

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

Harcourts Property Management Activate 2022

The Harcourts Annual Property Management Activate events scheduled for the beginning of the year were finally held in June in four locations around the country. The events were attended by over 200 Harcourts property managers, business development managers, business owners, managers and administrators.

Allison Mooney spoke at each event with her presentation 'Pressing the Right Buttons' which was well received as the team learned about different personality types and how we can relate to each other and our clients in the best possible way. Representatives from MBIE/Tenancy Services spoke at the events about how we can work together for the betterment

of the property management industry, as well as internal speakers/panelists and support from our valued business partners.

Harcourts property managers are enthusiastic learners. We are proud of the high attendance at our Activate events.



Landlord's Claim for Compensation - Denied

In a recent Tenancy Tribunal, a landlord claimed compensation from the tenant for kitchen vinyl and carpet stains, which was denied by the Tribunal.

The landlord claimed that the tenant had damaged the kitchen vinyl and stained the carpet during the tenancy and the Tribunal agreed that the damage was more than fair wear and tear and was likely caused by the careless actions of the tenant.

However, the claim for \$500 in compensation was dismissed, because neither the carpet or vinyl was repaired before the property was sold at the end of the tenancy, and therefore, the landlord could not establish that they had suffered any loss as a result of the damage.

If tenants or their guests carelessly damage a rental property, they are liable for the cost of the damage - up to four weeks' rent or the landlord's insurance excess (if applicable), whichever is lower.

Therefore, depending on the scenario, the landlord may have been able to claim the cost of the repairs against their insurance, with the tenant required to pay the excess. The repairs however, would need to be carried out in order for the landlord to claim for compensation.



Healthy Homes Standards: What Defines a Living Room?

The Housing Improvement Regulations 1947 set out the minimum requirements for housing, with the local authorities responsible for enforcing the minimum requirements under the Act. Effectively, a property must meet all these requirements unless it complies with the equivalent Building Code Requirements at the time it was built.

These regulations define a **habitable room** as any room which is used or intended to be used, or, in the opinion of the local authority, is capable of being used, as a living room, dining room, sitting room, or bedroom; and includes a kitchen having a floor area of 80 square feet or more, but does not include a room constructed and used as a garage. Therefore, a living room can be the lounge, dining, kitchen, or a combination of these spaces depending on the property's layout according to the Healthy Homes Standards.

The Healthy Home regulations require that the **largest room** used for general everyday living be used as the living room in terms of measuring heating capacity. Properties that only have heating in the smallest living area are likely to fail the heating standard, as the heating is required in the larger living area. An example of this could be that the kitchen/dining area is the largest living area and not the lounge/living room, so heating will be required in the kitchen/dining area.

The Healthy Homes Standards set specific and minimum requirements, and landlords can choose to provide heating over and above the minimum standards, heating other parts of the property and not only the main living room. This will ensure a dryer, warmer, healthier home, and one that is likely to be more attractive to tenants.



Selling a Rental Property

When a landlord decides to sell a rental property, they must tell the tenant in writing. Harcourts also recommends that this news should be given to the tenant either in person or on the telephone so that the tenant feels respected and involved in the sales process and has the opportunity to ask any questions they may have.

Selling a property can be stressful, and perhaps even more so when there is little benefit for the tenant due to the uncertainty that a potential sale provides.

Communication and negotiation with the tenants are important factors to facilitate a successful sale and reasonable access to the property. Once everyone has agreed to a schedule of access and what type of access is agreed to, it is recommended that this is put in writing and signed by everyone involved.

There are three different scenarios that could apply when a landlord sells a tenanted property.

Scenario 1: Selling a tenanted property and the purchaser takes over as landlord.

The landlord sells the property to a purchaser who continues to rent the property to the existing tenants. The purchaser then takes over the tenancy as the new landlord. The conditions of the tenancy are not affected in this scenario. Note that without vacant possession being part of the unconditional agreement, the purchaser may not be entitled to a pre-settlement inspection.

Scenario 2: Selling a tenanted property where the purchaser wants vacant possession.

The landlord sells the property to a purchaser who wants vacant possession on settlement. This must be a requirement of their unconditional agreement for the sale of the property.

If the current tenants are on a periodic tenancy, the landlord must give at least 90 days' written notice to end the tenancy so that the property will be vacant on settlement. This may affect the settlement date for the property sale. It is highly recommended that there is a period of vacancy between the tenant vacating and settlement so that a final bond inspection can be carried out and any repairs or cleaning attended to.

If the current tenants are on a fixed-term tenancy that was granted on or after 11 February 2021, the landlord can end the tenancy on the expiry of the fixed term (or later) with 90 days' written notice if the sale of the property has a requirement that the landlord gives the purchaser vacant possession.

If the fixed-term tenancy was granted before 11 February 2021, the landlord can end the tenancy on the expiry in accordance with the rules that were in place before the February 2021 law changes.

A fixed-term tenancy cannot be ended early by the landlord or tenant unless the tenant agrees in writing to end it. If the tenant doesn't agree, the property must be sold with the tenant and tenancy in place (see Scenario 1).

Scenario 3: Selling a property once the tenant has vacated:

If a landlord wants to put a rental property on the market without the tenant residing at the property, the landlord must give the appropriate notice to the tenant depending upon what type of tenancy they have, and they are required to put the property on the market within 90 days of the tenancy termination date.

If the current tenants are on a periodic tenancy, the landlord must give at least 90 days' written notice to end the periodic tenancy.

If the current tenants are on a fixed-term tenancy that was granted on or after 11 February 2021, the landlord can end the tenancy on expiry (or later) with 90 days' written notice.

If the fixed-term tenancy was granted before 11 February 2021, the landlord can end the tenancy on expiry in accordance with the rules that were in place before the February 2021 law changes.

Marketing of the property must not commence until the tenancy has terminated, if the reason to terminate the tenancy was so that the property could be marketed for sale without the tenant residing at the property.

It is important to note that for any of the above scenarios, a tenant on a periodic tenancy can give the landlord 28 notice to terminate their tenancy if they receive a notice of termination from their landlord.

Access to the property

Landlords must get the tenant's permission before entering the property to take photos. The tenant can refuse to allow photographs of their personal possessions. Landlords must also get the tenant's permission to show potential purchasers through the property, as well as professionals like a registered valuer, real estate agent or building expert.

Tenants can't unreasonably refuse access, but they can set reasonable conditions. They may:

- limit access to certain days and times of the week
- refuse open homes and auctions at the property.

Tenants can insist that the property be shown to potential purchasers by appointment only. They can also ask for a temporary rent reduction in return for permitting open homes (the landlord does not have to grant this). Tenants have the right to be always present at the home, including during open homes.

Harcourts recommends that landlords consider a temporary rent reduction when selling their property with a current tenant, as an act of goodwill designed to appease the tenants during the sale process, resulting in a higher level of cooperation.

If you are considering selling, remember to speak to your local Harcourts property manager. They will be able to assist you with the sales process from the beginning and enable you to achieve the best possible result.



PROUDLY SUPPORTING

HOSPICE NZ
GRANTS PROGRAMME



Harcourts is New Zealand's largest and most trusted real estate group*, with over 2600 sales consultants across 201 offices and a growing property management team. For more information visit www.harcourts.co.nz. While every effort has been made to ensure that the information of the publication is accurate; we recommend that before relying on this information you seek independent specialist advice.

*Readers Digest Most Trusted Brand Survey 2013-2022.

Harcourts