

New Residential Tenancies Act making it harder to house people

One of the changes to the Residential Tenancies Act has been the removing the 90-day no-cause termination and the inability to give a tenant a trial period to assess their suitability.

“This makes it harder for a private landlord to ‘give someone a go’, says Sharon Cullwick, executive officer of the NZ Property Investors’ Federation (NZPIF)

Before the 11th February 2021 changes, a landlord may have been willing to put a marginal or borderline tenant in to a rental property. This could have been achieved by giving the tenant a 90-day fixed-term agreement. If everything went well that could then have been rolled over in to a periodic tenancy or another fixed term agreement of a more extended period. Now a 90-day fixed-term trial to ascertain the desirability of a tenant is not permitted. This change by the Government has created many unintended consequences.

NZPIF does not believe that the difficulty of obtaining a rental has to do with the ethnic background of the prospective tenant. There is no place for racism in the industry and discrimination on the basis of race is not permitted. However, tenants with poor rental histories and bad credit have always found it hard to secure a tenancy. The lack of supply of rental houses has only highlighted the fact that landlords are choosing the best tenants available for their properties.

In a survey of NZPIF members, respondents indicated that because of the law changes, members would increase the number of their background checks and keep their rentals vacant for longer rather than take a chance on a marginal applicant. This will make it even more difficult for all tenants to find rental accommodation.

The best approach for a tenant, who has a bad credit rating and no references, is to pay off all outstanding debts. This will enable them to prove that they would be a suitable tenant who will pay their rent on time and in full.

“In the meantime,” says Cullwick “it will be tenants with no issues in their backgrounds and good references who will be successful in securing a rental property in the current very competitive market due to lack of supply and high demand. As a consequence we will see the emergency housing waiting list steadily growing.”

Sharon Cullwick
NZPIF Executive Officer
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