

**In confidence**

Office of the Minister of Housing  
Cabinet Economic Policy Committee

**Residential Tenancies Act 1986 Amendments: Termination of Tenancy and Other Provisions**

**Proposal**

- 1 This paper seeks agreement to changes to the Residential Tenancies Act 1986 (RTA) that will:
  - 1.1 Reintroduce 90-day 'no cause' terminations for periodic tenancies.
  - 1.2 Return notice periods to 42 days for specific landlord termination grounds, and to 21 days for tenants, for periodic tenancies.
  - 1.3 Reintroduce the ability of a landlord to end a fixed-term tenancy at the end of the term without requiring a specific ground.
  - 1.4 Improve clarity and efficiency through other minor changes.

**Relation to government priorities**

- 2 The Coalition Agreement between the National Party and ACT (the Coalition Agreement) agrees that the Coalition Government will progress the policies set out in paragraphs 1.1 and 1.2 in this Parliamentary term.
- 3 National's Housing Plan commits to make sensible changes to our tenancy laws to incentivise landlords into the market. The key proposals in this paper related to tenancy termination provisions are aligned with government priorities as stated in the Coalition Agreement and National's Housing Plan. These proposals sit alongside the proposals in my companion paper *Residential Tenancies Act 1986 Amendments: pet bonds and other pet related matters*.

**Executive Summary**

- 4 There are challenges for tenants with increases in rents and competition for rental properties in a tight market. There are also concerns from landlords and property managers about recent regulatory changes. They consider the regulatory changes have impacted property owners' willingness to rent out their property and put upwards pressure on rents.

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- 5 To incentivise landlords into the market, I propose to:
- 5.1 reinstate landlords' ability to end a periodic tenancy by providing 90 days' notice without requiring a specific ground;
  - 5.2 return tenants' notice period to 21 days and landlords' notice to 42 days for specified grounds for periodic tenancies;
  - 5.3 reinstate previous laws around the ending of fixed-term tenancies, so landlords can terminate a tenancy at the end of the fixed term without specifying a termination ground;
  - 5.4 removing some provisions to terminate tenancies which will be redundant when 90-day no cause terminations are reintroduced.
- 6 I propose clarifying the RTA to confirm that landlords may prohibit smoking indoors. In addition, I am seeking agreement on minor and technical changes to the RTA. These will improve efficiency, such as enabling online lodgement of payments. They will also correct minor errors and modernise practices.

7 s 9(2)(f)(iv)

## **Background**

- 8 New Zealand's private rental market was 27 percent of the total housing stock in 2018, compared to 14 percent in 1986.<sup>1</sup> In 2018, the latest year for which Census data is available, almost one in three households rented.
- 9 There are challenges for tenants with increases in rents and strong demand for rental properties. While housing supply has continued to grow in recent years, including rental supply, it has not kept pace with demand. This has led to increases in rents. Officials advise me that rent prices have primarily been driven by income growth and housing supply relative to population growth.<sup>2</sup> Nationally rents grew by 7 percent in the year to December 2023.<sup>3</sup> This is significantly higher than the five-year average of 3.6 percent per annum.<sup>4</sup>

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<sup>1</sup> Saville-Smith, K (2021) Housing Stock Ownership Concentration 1986-2018: A Brief Comment on Trends, Transformation and Implications. <https://www.buildingbetter.nz/publication/housing-stock-ownership-concentration-1986-2018-a-brief-comment-on-trends-transformation-and-implications/>

<sup>2</sup> Housing Technical Working Group, Ministry of Housing and Urban Development, Reserve Bank of New Zealand, The Treasury. (2023). What Drives Rents in New Zealand? National and Regional Analysis. <https://www.treasury.govt.nz/publications/jp/what-drives-rents-new-zealand-national-and-regional-analysis>

<sup>3</sup> Stats NZ (2023) Selected price indexes. <https://www.stats.govt.nz/information-releases/selected-price-indexes-december-2023/>

<sup>4</sup> Stats NZ, Actual rentals for housing - flow measure, 5-year average annual change from January 2019 to December 2023.

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10 The Residential Tenancies Amendment Act 2020 (the 2020 Amendment Act) amended the RTA to remove ‘no cause’ terminations<sup>5</sup> and replaced them with a list of specific grounds a landlord may use to end a periodic tenancy.<sup>6</sup> Tenancies may also be terminated by the Tenancy Tribunal upon application, including for rent arrears and other serious breaches by the tenant. The table below sets out some of the rules around terminations before 2020 and how they were changed in the 2020 Amendment Act.

**Table 1: Termination rules before and after 2020**

Law before 2020	Change in 2020
Landlords can end a periodic tenancy <b>without having to give a reason</b> by giving 90 days’ notice.	Removed. Landlords can end a periodic tenancy for <b>one of the reasons specified in the RTA</b> by giving 90 days’ notice. Landlords can also apply to the Tenancy Tribunal for new termination reasons.
Landlords can end a periodic tenancy with 42 days’ notice for three specific grounds: <ul style="list-style-type: none"> <li>• The owner requires the property as a principal residence for themselves or their family.</li> <li>• The landlord customarily uses the property or has acquired the property for occupation by their employees (noted in the tenancy agreement) and the property is required for an employee.</li> <li>• The owner is required to give a purchaser vacant possession under an unconditional agreement for sale of the property.</li> </ul>	Changed to: <ul style="list-style-type: none"> <li>• 63 days’ notice</li> <li>• 63 days’ notice</li> <li>• 90 days’ notice.</li> </ul>
Fixed-term tenancies convert to periodic tenancies at the end of the fixed term unless: <ul style="list-style-type: none"> <li>• Landlord or tenant gives notice to end tenancy between 21 and 90 days before the end of the fixed term; or</li> <li>• Parties agree to extend or renew the fixed term.</li> </ul>	Fixed-term tenancies convert to periodic tenancies at the end of the fixed term unless: <ul style="list-style-type: none"> <li>• Landlord gives notice using one of the <b>specified grounds</b>; or</li> <li>• Tenant gives 28 days’ notice; or</li> <li>• Parties agree to extend or renew the fixed term.</li> </ul>

11 Some landlord and residential property manager stakeholders have raised concerns about the changes made by the 2020 Amendment Act, including that the changes have reduced supply, pushed up rents, and increased vetting of tenants.

12 The Government is focused on increasing supply in the housing market, including the rental market. There are over 600,000 households in rental

<sup>5</sup> A no cause termination is where a landlord can give notice to a tenant to end a periodic tenancy without providing a reason to the tenant.

<sup>6</sup> Most of these termination grounds require 90 days’ notice, but some require 63 days’ notice.

properties. There were 25,389 applicants on the Social Housing Register as at 31 December 2023. Increasing supply should support households into the private rental market and may reduce the number of people waiting for social housing at the margin.

## Termination provisions

### ***Landlords and property managers have raised concerns about the current law***

- 13 Landlords and some residential property manager stakeholders have raised concerns that the removal of 'no cause' terminations has reduced supply, as landlords may have chosen to withdraw their property from the rental market. When setting rents, some landlords may be factoring in an increased risk due to a limited ability to terminate the tenancy. It is likely that the reduced ability of landlords to terminate a tenancy has resulted in more stringent vetting of tenants by some landlords, and consequently tenants who are perceived as higher risk may find it harder to secure a rental property.
- 14 Landlords have also raised concerns about the removal of the ability to terminate a tenancy at the end of the fixed-term without stating a specific ground. This change means that landlords do not have certainty that they will be able to regain possession of the property at the end of the fixed-term and effectively makes 'fixed-term' tenancies into 'minimum-term' tenancies.
- 15 The change to fixed-term tenancies may have had unintended consequences, particularly in some regions. For example, in tourist areas such as Queenstown, there is some anecdotal evidence landlords may have shifted to short-term rentals or do not rent properties out, particularly where they want certainty over repossession so that they can use the property as their personal holiday home.
- 16 In student markets such as Dunedin, there is some anecdotal evidence of confusion on how and when to give notice to end a tenancy. Many student rentals are let on one-year fixed term tenancies, with arrangements being made months before the tenancy starts. It appears to have been difficult for some landlords and tenants to have certainty of being able to sign a tenancy for the next year, when it is unclear if the current tenants will move out at the end of their fixed term.

### ***I propose reinstating no-cause terminations and the ability for landlords to end a fixed-term tenancy at the end of its term***

- 17 I propose reinstating the ability for landlords to end a periodic tenancy by providing 90 days' notice, without requiring a specific ground. This will provide landlords with greater flexibility and greater certainty that they will be able to regain possession of the property if required.
- 18 I also propose returning notice periods to 42 days for three specific grounds:
  - 18.1 The owner requires the property as a principal residence for themselves or their family.

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- 18.2 The landlord customarily uses the property or has acquired the property for occupation by their employees (noted in the tenancy agreement) and the property is required for an employee.<sup>7</sup>
- 18.3 The owner is required to give a purchaser vacant possession under an unconditional agreement for sale of the property.
- 19 Reducing the notice period for these grounds reflects that in these circumstances, a landlord will often require possession of a property under shorter timeframes, and requiring a longer notice period may significantly disrupt a landlord's ability to manage the property as required.
- 20 I propose reinstating the ability for landlords and tenants of fixed-term tenancies to give notice at least 21 days and up to 90 days before the end of the term, to terminate the tenancy at the end of the term. This will provide landlords with greater certainty that they will be able to regain possession of the property at the date agreed in the tenancy agreement. This change may alleviate issues experienced in places like Queenstown and Dunedin.
- 21 Tenant advocates have previously indicated that the 90-day no cause termination notice can make some tenants reluctant to raise concerns about quality issues or landlord behaviour for fear of termination. I note that giving a termination notice in retaliation for a tenant seeking to enforce their rights is already unlawful under the RTA. The Tenancy Tribunal can declare a retaliatory notice has no effect. This relies upon a tenant or the regulator making an application to the Tenancy Tribunal.
- 22 It is possible there is a degree of 'pent up' demand for terminations due to the 2020 Amendment Act changes. There may be a small spike in terminations following reinstatement of 90-day no cause terminations. This spike could lead to increased demand for emergency and transitional housing. I expect that the rate of terminations would soon settle into a 'new normal'.
- 23 The proposals will impact on actual and perceived security of tenure for many tenants compared to the status quo. On balance, I believe these are sensible changes that will encourage landlords to offer their properties for rent in the private sector market. They rebalance protections for landlords' property rights and security of tenure protections for tenants. Alongside the changes in this paper, this Government is progressing a range of other changes to encourage rental supply, for example, the reintroduction of interest deductibility for residential properties and changes to the Overseas Investment Act 2005 to enable build-to-rent properties. Increasing supply is critical to provide renters with more choice and moderating rent increases.

### ***Treatment of other termination grounds introduced by 2020 Amendment Act***

- 24 The 2020 Amendment Act also introduced a number of other grounds for termination via notice or Tenancy Tribunal decision, largely as a quid pro quo for the removal of 90-day no cause terminations. A number of these grounds

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<sup>7</sup> This includes the situation where the Crown owns the property, and the employee is employed by a school board.

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will have continuing value, even if 90-day no cause terminations are reinstated.

- 25 I propose retaining the following grounds, which remain useful in providing flexibility for landlords to end tenancies in different situations:
- 25.1 A landlord's ability to terminate a tenancy with 14 days' notice when the tenant has assaulted the landlord/owner, a member of the landlord/owner's family, or the landlord's agent, and a charge has been filed against the tenant by the Crown.
  - 25.2 A landlord's ability to apply to the Tenancy Tribunal to terminate a periodic tenancy for repeated anti-social behaviour where the landlord has given three notices of anti-social behaviour within 90 days.
  - 25.3 A landlord's ability to apply to the Tenancy Tribunal to terminate a periodic tenancy for repeated rent arrears where the landlord has given three notices within 90 days that the tenant is at least five working days in rent arrears.
  - 25.4 A landlord's ability to apply to the Tenancy Tribunal to terminate a periodic tenancy on the ground of hardship.
  - 25.5 A tenant's ability to withdraw from a tenancy by providing two days' notice if they are a victim of family violence. This provision supports victims to leave an unsafe situation and seek safety.
- 26 Some stakeholders have indicated they do not support the retention of the anti-social behaviour notice and repeated rent arrears provisions. Kāinga Ora and Community Housing Providers (CHPs) have indicated it can be a useful tool to manage tenant behaviour by giving them a warning to encourage them to comply with obligations. In instances of repeated behaviour in quick succession, it may provide a quicker alternative to terminating a tenancy than issuing a 90-day notice. Landlords who do not wish to use the anti-social behaviour or rent arrears provisions can use the 90-day no cause termination notice.
- 27 I propose repealing a number of provisions relating to when periodic tenancies may be terminated with 90 days' notice. These provisions are set out in **Annex A**. I consider these provisions are no longer useful, as landlords can use the 90-day no cause termination to end a tenancy for any reason.

### ***Treaty of Waitangi analysis of the termination proposals***

- 28 The proposals may benefit some tenants through improved access to the rental market and potential increase in supply at the margins. Any benefits are likely to disproportionately favour Māori, as Māori are more likely to live in rented accommodation.
- 29 At the margins, any positive impacts on supply from the proposals may be felt in those areas with high Māori populations and limited housing supply (such as the Bay of Plenty, Far North, and Te Tairāwhiti).

### Other changes to improve clarity and efficiency

- 30 As legislation is required to enact my proposed changes, it is a good opportunity to make some other changes to improve the operation of the RTA.


#### *Clarifying the enforceability of no-smoking provisions*

- 31 Many tenancy agreements include a prohibition on smoking inside the premises. While this may be considered consistent with a tenant's obligation to keep the premises reasonably clean and tidy, this is not made explicit in the RTA. One recent Tenancy Tribunal decision has found a clause in a tenancy agreement which prohibited smoking inside the premises to be of no effect on the basis that the ban was an unreasonable interference with the tenant's right to quiet enjoyment.<sup>8</sup> This has left landlords and tenants uncertain about the enforceability of such provisions.

- 32 I propose the RTA is amended to clarify that clauses prohibiting smoking inside in tenancy agreements are enforceable. I consider this is reasonable, due to the risk of damage to the premises arising from smoking inside, and the health risks to other tenants. I propose that the ability to prohibit smoking does not include detached non-living space outbuildings, such as garages or sheds. Outbuildings with living spaces such as sleepouts could be subject to smoking prohibitions.

- 33 I am also seeking agreement to minor and technical changes to the RTA set out in **Annex B** to improve efficiency for regulated parties, through enabling online lodgement of bonds and allowing the Tenancy Tribunal to make decisions on the papers.<sup>9</sup> I am seeking agreement to make technical amendments to some termination grounds through clarifying withdrawals from tenancy following family violence and clarifying service tenancies managed by Ministry of Education on Crown land. Other changes will improve Tenancy Tribunal operations by confirming the jurisdictional limit for consolidated applications and clarifying the retaliatory termination notice provision. I also propose to modernise service of documents.

s 9(2)(f)(iv)



### Implementation

- 35 Implementation of the change to enable online bond lodgement will occur through the new bond services platform, which is already in progress. The Ministry of Business, Innovation and Employment (MBIE) has commissioned

<sup>8</sup> *Queenstown Lakes Community Housing Trust v Maria Edwards* [2023] NZTT 4511115.

<sup>9</sup> Where the adjudicator makes a decision on the basis of the written information they have received, rather than by having a telephone, video or in person hearing.

a modern, customer friendly IT platform for bond services. The current tenancy bond system has reached end-of-life. s 9(2)(b)(ii)

36 s 9(2)(f)(iv)

### Cost-of-living Implications

37 Reintroducing the 90-day no cause terminations for periodic tenancies directly addresses an issue which landlords report is causing them to leave the market or consider leaving which would reduce rental supply. This could therefore incentivise landlords to stay in the market, which maintains supply, and incentivise landlords who may have left or new landlords to enter the market, which could increase rental supply at the margins. Costs (actual or perceived) would reduce for landlords and may further translate into reduced pressure on future rent rises, which would benefit tenants.

38 However, if the changes result in increased turnover in the rental market, it may increase costs for tenants. These costs are associated with finding a new tenancy, moving, and any settling-in costs (for example, new furnishings or whiteware if different to previous tenancy).

### Financial Implications

39 There are no direct financial implications of the proposals.

### Legislative Implications

40 A Bill will be required to implement the proposals in this paper. s 9(2)(f)(iv)

41 The RTA contains a provision that the Act binds the Crown.

### Impact Analysis

#### *Regulatory Impact Statement*

42 Treasury's Regulatory Impact Analysis team has determined that some of the proposed amendments to the RTA and the HHS are exempt from the requirement to provide a Regulatory Impact Statement on the grounds that they have no or only minor impacts on businesses, individuals and not-for-profit entities. These exempt proposed amendments are set out in **Annex B**.

43 A Regulatory Impact Statement (RIS) for the tenancy terminations proposals has been prepared and is attached to the Cabinet paper as **Annex C**.

44 A Quality Assurance Panel from HUD reviewed the RIS. The RIA Panel at the Ministry of Housing and Urban Development – Te Tuapapa Kura Kāinga has



reviewed the regulatory impact statement for “Residential Tenancies Act tenancy termination amendments” prepared by Tenures and Tenancies and confirmed that it meets RIS requirements. The panel noted that the analysis has substantial prior consultation and engagement, from previous reform to this Act. This informs the analysis but further consultation at other stages of these changes will be required to validate stakeholder views.

### ***Climate Implications of Policy Assessment***

- 45 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this proposal as the threshold for significance is not met.

### **Population Implications**

- 46 The aims of my proposals are to support supply of rental housing, keep downward pressure on rents, and encourage landlords to consider tenants who are perceived as ‘higher risk’. These aims, if realised, will support both landlords and tenants.
- 47 However, there may also be negative impacts on existing tenants’ security of tenure if landlords can terminate without cause and the rollover from fixed term to periodic is reset. Security of tenure is linked to positive employment, education, and health outcomes. Part of the proposals is a return to landlords giving 42 days’ notice for specific reasons. For some population groups, such as disabled people, it may be difficult to find a suitable home in that time.
- 48 Some population groups are more likely to be renters than others:
- 48.1 52.8 percent of Māori were living in rented homes in 2018<sup>10</sup> compared to 37.7 percent of the general population.<sup>11</sup>
  - 48.2 65 percent of Pacific peoples were living in rented homes in 2018.<sup>12</sup>
  - 48.3 47 percent of disabled people were living in a rented home in 2018.<sup>13</sup> Māori and Pacific people have higher rates of disability (32 percent of Māori have disabilities compared to 24 percent of the general population) and can experience compounding disadvantage.
  - 48.4 20 percent of over 65s pay rent (and 35 percent of Māori kaumātua and 46 percent of Pacific matua over 65).<sup>14</sup> While older people are still more likely to own their own home, the percentage of older people renting has been steadily increasing.

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<sup>10</sup> Homes that were not owner-occupied or held in a family trust, a small proportion of which would not be paying rent.

<sup>11</sup> Te Pā Harakeke: Māori housing and wellbeing 2021 | Stats NZ

<sup>12</sup> Pacific Housing: People, place and wellbeing in Aotearoa New Zealand | Stats NZ

<sup>13</sup> The disability gap 2018 | NZ Stats

<sup>14</sup> Te Ara Ahunga Ora – Retirement Commission, 2022 Review of Retirement Income Policies [RRIP\\_2022.pdf \(retirement.govt.nz\)](#)

49 Any negative impacts will be felt disproportionately by these groups.

### **Human Rights Implications**

50 This proposal appears to be consistent with the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993. A final view on whether these proposals are consistent with the New Zealand Bill of Rights Act 1990 (NZBORA) will be made once legislation is drafted.

51 The proposals contained in this Cabinet paper engage with section 27 of the NZBORA right to natural justice. Specifically, the ability of the Tenancy Tribunal to make decisions on the papers creates a limit on the right to be heard. The Tenancy Tribunal will not be able to hear applications for termination of a tenancy or access to a rental property on the papers. To hear decisions on paper, the Tenancy Tribunal must first be satisfied the hearing is appropriate. The adjudicator will give parties an opportunity to be heard. For example, the adjudicator could invite both parties to present written submissions, or to advise if they would like to have an oral hearing. This allows Tenancy Tribunal adjudicators to turn their minds to natural justice and help mitigate against the potential for unjustifiable limits on the right to be heard.

### **Use of External Resources**

52 No external resources were used throughout the policy development process for these proposals.

### **Consultation**

53 The following agencies were consulted on the development of this Cabinet paper: Ministry of Business, Innovation and Employment, the Ministry of Social Development, the Ministry for Primary Industries, Kāinga Ora – Homes and Communities, the Treasury, Te Puni Kōkiri, the Ministry of Health, the Ministry of Education, the Ministry of Justice, Parliamentary Counsel Office, Te Puna Aonui, Whaikaha – Ministry of Disabled People, the Office for Seniors, Land Information New Zealand, the Office of the Privacy Commissioner, the Ministry for Pacific Peoples, and the Principal Tenancy Adjudicator. The Department of Prime Minister and Cabinet was informed.

54 My officials also discussed the workability of the anti-social behaviour and repeated minor rent arrears provisions with the Real Estate Institute of New Zealand, the New Zealand Property Investors Federation, and three CHPs.

### **Communications**

55 I propose issuing a press release to announce these changes at an appropriate time. My officials will prepare a communications plan to support an announcement.

- 56 MBIE will also use existing information channels for tenants, landlords and others involved in the sector to ensure customers are informed of the changes to tenancy rights and obligations at the appropriate time.

### Proactive Release

- 57 This Cabinet paper will be proactively released within the prescribed 30 days of these decisions being confirmed by Cabinet. Proactive release will be subject to redactions as appropriate under the Official Information Act 1982.

### Recommendations

The Minister of Housing recommends that the Committee:

- 1 **note** that the National Party-Act Coalition Agreement agrees to amend the Residential Tenancies Act 1986 (RTA);
- 2 **note** that Cabinet will be considering a separate paper *Residential Tenancies Act 1986 Amendments: pet bonds and other pet related matters*;

#### *Termination provisions*

- 3 **agree** to amend the RTA to reinstate 90-day no cause terminations for periodic tenancies;
- 4 **agree** to amend the RTA to reintroduce the ability for a landlord to give 42 days' notice when:
  - 4.1 the owner required the property as a principal place of residence for themselves or their family;
  - 4.2 the property is customarily used for employees and the landlord wishes to house an employee; or
  - 4.3 the property is subject to an unconditional agreement for sale with vacant possession;
- 5 **agree** that recommendation 4.2 above include the situation where the Crown owns a property and grants a tenancy for occupation by an employee or contractor of a school board;
- 6 **agree** to amend the RTA to revert to pre-2020 law on terminating fixed-term tenancies, allowing landlords to give notice to end the tenancy between 21 and 90 days before the end of the term without having to provide a specific ground;
- 7 **agree** to amend the RTA to allow a tenant to end their periodic tenancy with 21 days' notice;
- 8 **agree** to retain provisions for a landlord to apply to the Tenancy Tribunal to terminate a tenancy for repeated anti-social behaviour or repeated rent arrears;

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- 9 **agree** to remove the termination grounds for periodic tenancies set out in Annex A from the RTA;

*Other changes to improve clarity and efficiency*

- 10 **agree** to amend the RTA to provide for the enforceability of clauses that prohibit smoking inside in tenancy agreements, but that the prohibition may not extend to outbuildings that do not include living spaces;
- 11 **agree** to the minor and technical amendments set out in Annex B;

*Communications and drafting*

- 12 **note** that the Minister of Housing will issue a press release and inform key stakeholders about the amendments at an appropriate time;
- 13 s 9(2)(f)(iv) [REDACTED]
- 14 **authorise** the Minister of Housing to issue instructions to the Parliamentary Counsel Office to give effect to the recommendations in this paper;
- 15 **authorise** the Minister of Housing to make final decisions on minor and technical changes not inconsistent with the policy intent of the proposals in this paper.

Authorised for lodgement

Hon Chris Bishop

Minister of Housing

## **Annex A: Termination provisions to be repealed**

Landlords can terminate periodic tenancies with 90 days' notice where:

- The premises are to be put on the market.
- The landlord is not the owner and their interest in the premises is due to end.
- The premises are required to facilitate the use of nearby land for a business activity.
- The premises are to be converted into commercial premises.
- Extensive renovations are to occur, and it would not be reasonably practicable for the tenant to remain in occupation while the work is undertaken.
- The premises are to be demolished.

Social housing tenancies may be terminated with 90 days' notice if:

- the tenant is no longer eligible for social housing,
- a community housing provider (CHP) is no longer registered as a CHP, or
- a public landlord needs to transfer a tenant to a different property.

**Annex B: Other changes to improve clarity and efficiency**

Topic	Current RTA provision	Proposed Amendment	Why
<i>Improving efficiency for regulated parties</i>			
<b>Online bond lodgement</b>	Current provisions in the RTA makes it compulsory for both landlords and tenants to sign the bond lodgement form before it is lodged with Tenancy Services. The Ministry of Business, Innovation and Employment (MBIE) has commissioned a modern, customer friendly IT platform for bond services.	I propose removing the requirement for signatures when lodging bonds to enable online bond lodgement.	This amendment will be cost-effective and efficient, improving customer experience for both landlords and tenants. These amendments will streamline the bond lodgement process by removing an unnecessary requirement and therefore enable a more efficient and customer-friendly process.
<b>Tenancy Tribunal decisions on the paper</b>	The RTA requires the Tenancy Tribunal to hold a hearing in person (with limited exemptions for cases related to abandoning tenancies). This can add extra costs and delay resolution for matters where disputes are unlikely for example, applications for unpaid levies under the Unit Titles Act 2010. <sup>15</sup> It can also be useful where the dispute can be decided from submissions, for example, where there is an application for the payment of legal costs. I note the Tenancy Tribunal had an ability to make	I propose the Tenancy Tribunal has the ability to decide when to hear matters on the papers. To safeguard tenants, recognising that the tenancy premises are their home, I propose that applications for terminations of tenancy or access to a tenancy are not able to be considered by the Tribunal for on the papers hearings.	This will support the Tenancy Tribunal to be efficient, reducing time and costs associated with attending Tenancy Tribunal hearings for stakeholders. It aligns with a similar approach by some other Tribunals. For example, the Legal Aid Tribunal and the Immigration Advisors Complaints and Disciplinary Tribunal hold all their hearings on the papers. It also frees up physical court space, as Tenancy Tribunal hearings take place in District Courts. My officials have heard landlord and unit title stakeholders are in favour of streamlining processes to have minor matters dealt with more efficiently. Tenancy stakeholders are likely to support the safeguards for tenants.

<sup>15</sup> The Tenancy Tribunal hears matters in relation to the RTA and the Unit Titles Act 2010.

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Topic	Current RTA provision	Proposed Amendment	Why
	decisions on the papers under temporary COVID-19 legislation.		
s 9(2)(f) (iv)	[Redacted]	[Redacted]	[Redacted]
<b><i>Technical amendments to termination grounds</i></b>			
<b>Withdrawal from tenancy following family violence</b>	A tenant can withdraw from a tenancy with at least two-days' notice if the notice is accompanied by qualifying evidence that the tenant has been a victim of family violence. There is no current provision to allow a tenant to withdraw if a dependant of the tenant is a victim of family violence. This may create barriers for refuge from abusive relationships due to ongoing liabilities such as rent or	I propose allowing tenants to withdraw from tenancies where a non-tenant resident of the property (who is a dependant of the main tenant) is a victim of family violence.	This clarifies the law to remove barriers that prevent victims from leaving abusive situations. I note this proposal requires minor consequential amendments to the Residential Tenancies (Termination for Physical Assault by Tenant and Withdrawal Following Family Violence) Regulations 2022.

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Topic	Current RTA provision	Proposed Amendment	Why
	being able to afford alternative accommodation.		
<b>Service tenancies managed by Ministry of Education on Crown land</b>	The RTA defines a service tenancy, as a tenancy granted to a tenant as part of their employment or contract for services, and where the landlord is the employer. The RTA also refers to a termination ground where the Ministry of Education is the landlord, and the property is required for a new tenant who is employed by a school board.	I propose amending the definition of service tenancy to include where the Crown is the landlord, a board is the employer, and the tenant is the employee or contractor and amending the termination ground so that it refers to the Crown, instead of the Ministry of Education.	<p>The Ministry of Education has legal advice that only Land Information New Zealand can grant tenancies of Crown land on behalf of the Crown.</p> <p>At times, the Ministry of Education acts as landlord to school employees on behalf of the Crown, but the school's board is the employer. These tenancies do not fit the current definition of a service tenancy under the RTA due to the landlord and employer being different entities.</p>
<b><i>Tenancy Tribunal operations</i></b>			
<b>Jurisdictional limit for consolidated applications</b>	MBIE can make an application to the Tenancy Tribunal on behalf of a tenant or landlord. MBIE can also make a consolidated application (a claim for more than one tenancy) when each individual application has the same landlord. The Tenancy Tribunal does not have jurisdiction to consider claims exceeding \$100,000 including consolidated claims that exceed this limit. Any applications exceeding \$100,000 must be processed through District Court.	I propose allowing the Tenancy Tribunal to hear consolidated claims exceeding \$100,000, so long as each individual claim does not exceed \$100,000.	These changes increase efficiency for MBIE, the Tenancy Tribunal and landlord by allowing them to address multiple applications across property portfolios rather than processing separate applications individually or applying to the District Court. It does not affect the overall liability of landlords, as MBIE can make separate applications.
<b>Retaliatory termination</b>	The RTA provides that giving a termination notice in retaliation	I propose a clarification that the Tenancy Tribunal can also order a	This would reduce ambiguity and provide clarity in line with the intent of the RTA provisions.



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Topic	Current RTA provision	Proposed Amendment	Why
<p><b>notice provision</b></p>	<p>for a tenant seeking to enforce their rights is unlawful and the Tenancy Tribunal can order the notice to be of no effect. However, the RTA does not specify what happens if termination notice is given after the regulator (MBIE) takes action to enforce the tenant's rights.</p>	<p>termination notice is of no effect if it was motivated by the regulator's actions against the landlord.</p>	
<i>Service of documents</i>			
<p><b>Alternative address for service</b></p>	<p>The RTA states landlords and tenants must provide a physical address for service and may provide a PO Box, facsimile number or email address for service. This current process only legally recognises email threads or formal letters as a way of communication, however instant messaging or text is already common practice.</p>	<p>I propose including mobile numbers, instant messaging accounts or other electronic address for service.</p>	<p>This can provide an easier way to communicate and allow for these different modes of communication to be utilised as evidence in the dispute resolution process.</p>
<p><b>Service following application after tenancy has ended</b></p>	<p>The RTA does not allow email addresses to be included as a method of service on a tenant where an application to the Tenancy Tribunal is filed more than two months after a tenancy ends.</p>	<p>I propose allowing documents to be served via email where:</p> <ul style="list-style-type: none"> <li>• the tenancy was terminated less than two years prior to the landlord's application and the email address was provided by the tenant as an address for service; or</li> <li>• the tenancy was terminated two years or more prior to the</li> </ul>	<p>This change will provide consistency in methods of service. It can also ensure notification of Tenancy Tribunal proceedings are received and responded to in a timely manner, as people may retain an active email address for longer than they remain at a physical address.</p>

**IN CONFIDENCE**

<b>Topic</b>	<b>Current RTA provision</b>	<b>Proposed Amendment</b>	<b>Why</b>
		application and the email address was provided by the tenant within two years before the application.	



# Cabinet Economic Policy Committee

## Minute of Decision

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*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

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### Residential Tenancies Act 1986 Amendments: Termination of Tenancy and Other Provisions

Portfolio                      Housing

On 6 March 2024, the Cabinet Economic Policy Committee:

#### Background

- 1        **noted** that that the Coalition Agreement between the New Zealand National Party and ACT New Zealand includes a commitment to allow 90-day termination notices without cause for periodic tenancies, and to reintroduce 21-day notices for tenants wishing to move and 42-day notices when landlords wish to sell a property;
- 2        **noted** that the Cabinet Economic Policy Committee is also considering other amendments to the Residential Tenancies Act 1986 (RTA) in the paper *Residential Tenancies Act 1986 Amendments: Pet Bonds and Other Pet related Matters* [ECO-24-SUB-0016];

#### Termination provisions

- 3        **agreed** to amend the RTA to reinstate 90-day no cause terminations for periodic tenancies;
- 4        **agreed** to amend the RTA to reintroduce the ability for a landlord to give 42 days' notice when:
  - 4.1      the owner requires the property as a principal place of residence for themselves or their family;
  - 4.2      the property is customarily used for employees and the landlord wishes to house an employee; or
  - 4.3      the property is subject to an unconditional agreement for sale with vacant possession;
- 5        **agreed** that paragraph 4.2 above include the situation where the Crown owns a property and grants a tenancy for occupation by an employee or contractor of a school board;
- 6        **agreed** to amend the RTA to revert to pre-2020 law on terminating fixed-term tenancies, allowing landlords to give notice to end the tenancy between 21 and 90 days before the end of the term without having to provide a specific ground;
- 7        **agreed** to amend the RTA to allow a tenant to end their periodic tenancy with 21 days' notice;

- 8 **agreed** to retain provisions for a landlord to apply to the Tenancy Tribunal to terminate a tenancy for repeated anti-social behaviour or repeated rent arrears;
- 9 **agreed** to remove from the RTA the termination grounds for periodic tenancies set out in Annex A of the paper under ECO-24-SUB-0017;

### Other changes to improve clarity and efficiency

- 10 **agreed** to amend the RTA to provide for the enforceability of clauses in tenancy agreements that prohibit smoking inside, but that the prohibition may not extend to outbuildings that do not include living spaces;
- 11 **agreed** to the minor and technical amendments set out in Annex B of the paper under ECO-24-SUB-0017;

### Communications and drafting

- 12 **noted** that the Minister of Housing (the Minister), alongside the ACT Party, intends to issue a press release and inform key stakeholders about the amendments at an appropriate time;
- 13 s 9(2)(f)(iv)
- 14 **invited** the Minister to issue drafting instructions to the Parliamentary Counsel Office to give effect to the above decisions;
- 15 **authorised** the Minister to make final decisions on transitional provisions, and minor and technical changes consistent with the policy intent of the decisions in the paper under ECO-24-SUB-0017.

Jenny Vickers  
Committee Secretary

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#### Present:

Rt Hon Winston Peters  
Hon David Seymour  
Hon Nicola Willis (Chair)  
Hon Brooke van Velden  
Hon Shane Jones  
Hon Chris Bishop  
Hon Simeon Brown  
Hon Erica Stanford  
Hon Judith Collins  
Hon Tama Potaka  
Hon Matt Doocoy  
Hon Melissa Lee  
Hon Simon Watts  
Hon Penny Simmonds  
Hon Chris Penk  
Hon Andrew Bayly  
Hon Andrew Hoggard  
Hon Mark Patterson  
Simon Court MP  
Jenny Marcroft MP

#### Officials present from:

Office of the Prime Minister  
Officials Committee for ECO  
Office of Hon Chris Bishop  
Office of Hon Judith Collins  
Ministry of Housing and Urban Development  
Ministry of Business, Innovation and Employment