

Law Change to Assist Landlords



The Government is now considering legislative action in response to the Court of Appeal's decision in [Holler v Osaki](#).

The changes proposed by Building and Housing Minister Dr Nick Smith would allow tenants to be held liable for damage caused by carelessness or negligence, up to a maximum of four weeks' rent.

This follows staunch criticism of the current law from industry stakeholders. Landlords and property managers have argued that it is now nearly impossible for landlords to claim any costs for damage caused by tenants.

The Principal Tenancy Adjudicator has detailed the practical effects of the Osaki decision on the Tenancy Tribunal in a [letter](#) to Housing Minister Dr Nick Smith. In that letter, Ms Poole states that disputes over damage have become significantly more complex as in each case the Tribunal must now enquire about a landlord's insurance status. The impact has even been felt by those seeking to settle disputes privately as mediators have found themselves unable to record binding agreements for a tenant to pay for damage, even in circumstances where that is what both parties wish.

There are 450,000 tenanted properties in New Zealand making certainty in this area of the law particularly important. The proposed changes will aim at achieving a practical solution that works for both tenants and landlords.