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Tenancy Services Guidance for Rent Negotiation Discussions

Tenancy Services

Guidance for rent negotiation discussions

Many people's situations have changed as New Zealand has progressed through the different lockdown levels in response to COVID-19. As a result, there may be a need for tenants and landlords to discuss and negotiate rents. Tenancy Services has provided some guidance on rent discussions to help you during this time.

As some situations remain uncertain, it is understandable that stress levels are high for many tenants and landlords. We encourage tenants and landlords to continue to be kind and work together where possible to reach an agreement.

Please note, the rent increase freeze remains in place to 25 September 2020.

Prepare to talk

Tenants and landlords are encouraged to talk to each other as soon as possible if there are going to be any issues around paying rent. If you would like to discuss a rent negotiation, plan a day and time that will suit both parties. Come prepared to the discussion with key points you would like to discuss, including:

- Pre-determine a rent negotiation amount that considers your situation

- If you are a tenant:
 - Have a good think about how much you can afford, prepare a budget and be prepared to discuss your situation openly with your landlord.
 - You may wish to share information about any change in your financial situation (<https://privacy.org.nz/furtherresources/knowledge-base/view/554>) with your landlord, such as reduced income from loss of job or reduced work hours.
 - Don't agree to a figure you know you cannot afford.
 - Think about what evidence you can share with your landlord about your change in circumstances, and the other avenues you have tried to be able to afford your rent.
 - Remember the rent the landlord receives is their income and they may not be in a position to have their income reduced by the amount you are seeking.
- If you are a landlord:
 - Consider your tenant's history with you.
 - Consider the benefits of keeping a tenant in place compared to the cost and uncertainty of changing tenants during this time.
 - Have a good think about if you can afford to accept either a temporary rent reduction or rent deferment.

- Have a start and end date in mind as part of your rent negotiation. Make sure you consider other factors including employment that may affect your ability to pay rent.
- Have a payment plan in mind. If you are a tenant, consider the amount and frequency of payments to your landlord.
- If you are a landlord, ensure you have planned for any rent negotiations that might impact your responsibilities and property.
- Set out any agreement you reach clearly and what the review or end date is.
- If possible, talk to other tenants or landlords who are in similar positions and see what agreements they reached. Real-life examples can help both parties to understand what a rent negotiation might look like. For instance, a tenant might be able to provide a copy of a payment plan that a family member or friend in a similar situation has agreed to with their own landlord.
- Remember, the tenancy agreement between the tenant and the landlord is a legally binding document between both parties. Any agreement you reach in relation to rent will only vary those specific terms. Your responsibilities as agreed in the tenancy agreement remain.

It's important both parties try and look at this situation as a whole, and not just the individual view. Try to think about some of the issues the other person may face, and what you can do to help.

Once you have determined key points you would like to discuss, write them down as notes and refer to these during your discussion.

We encourage tenants and landlords to be kind and patient during these discussions. Stick to the agreed times and give each other the opportunity to share their key points. If you are unable to make your agreed discussion time, let the other person know as early as possible.

Have you considered all your options?

Tenants and landlords might want to consider the following rent-related options where possible:

- Temporary rent reduction.

Landlords may be able to provide reduced rent for a period of time. After the period has ended, the rent is reinstated to its original amount.

- Rent payment plan.

Both parties might reach an agreement that negotiates rent payments and rent arrears payments. This could include allowing tenants to continue their tenancy with an agreed repayment plan in place for any arrears.

In some instances, this might mean looking into the government support that is available. There may be support available that can help you in your rent negotiations.

- **The Wage Subsidy Extension** will be available from 10 June 2020 until 1 September 2020. Eligible employers will need to reapply through the Ministry of Social Development (MSD) once their current 12-week subsidy has come to an end.
- Workers who become unemployed due to the COVID-19 crisis will be eligible for the **COVID-19 Income Relief Payment**, which is a weekly tax-free temporary income support payment for 12 weeks. The payment is intended to help the newly jobless adjust and find new employment or retrain. It is scaled depending on the hours worked (full-or part-time) and is available to students.
- If your housing is at risk and you have no way to pay the rent you owe, talk to the Ministry of Social Development or visit their website www.msd.govt.nz to see if there is any assistance available for your circumstances.
- Services such as www.sorted.org.nz offer New Zealanders free, impartial information and calculators to help manage money.

Reaching an agreement

Any agreement you reach must be recorded in writing and signed by the tenant and landlord. Make sure you both have a copy of the signed agreement. You may wish to seal your agreement through FastTrack Resolution www.tenancy.govt.nz/disputes/fasttrack-resolution/

Disputes services are available if you are unable to resolve any tenancy related issues, depending on your situation.

More information on disputes and the disputes process
www.tenancy.govt.nz/disputes/