

"Our team at Professionals are here to help you with all your rental requirements"

Renting the Smart Way



Buying a residential investment property can be an excellent investment for both yield and capital gain. One thing you should consider is that looking after an investment property can be hard work, but a good property manager can take the day to day hassle off your hands, helping in instances of insurance claims and tenancy wrong doing. It is important to be aware of all the rights and responsibilities of landlords and tenants, and to know the best way to set up, maintain and end tenancies.

Presenting your Property

When tenants look for a rental property, they are quite often looking for the same attributes as someone who is buying their own home. They often evaluate each property with the following in mind:

1. Is the property clean and tidy? Does it require renovation or repair?
2. What is the location like?
3. Is it close to public transport, schools and community services?
4. Is the home quiet, warm and dry and will you be comfortable living here?
5. What facilities does the home have?
6. Does the home have enough power points, phone jacks and television cables?
7. What parking is available?
8. What security is available?
9. What are the neighbours and the community like?

Most rental properties are now advertised on property websites, as well as the more traditional newspaper classifieds and in Real Estate office windows. Some companies also profile properties with large "For Rent" signage. Make sure you get the highest profile for your property to ensure the best possible tenants.

Arranging a Tenancy

Before choosing a tenant for your rental property, it is imperative you check their history. This should include a full credit check, a Tenancy Tribunal check as well as speaking to previous landlords and employers. Always get a copy of the tenant's ID so you know exactly who you are dealing with!

Once you have selected a tenant, you need to complete and sign a tenancy agreement. This should include basics such as details of the tenant, landlord, property and rental terms. Also consider things like who pays for water rates, who maintains the gardens, and if smoking and pets are allowed. Always collect all the money upfront before handing over the keys! The maximum you can require upfront from a tenant is 4 weeks bond and 2 weeks rent in advance.

Another important thing to consider when a tenant is moving in is a property detail report. This should be a thorough inspection of the property noting the condition of the property when the tenant moves in. Photos are a good idea or even video, highlighting areas of existing damage/disrepair. Get both parties to sign and keep a copy of the report; this will make life easier when allocating the bond at the end of the tenancy.

Repairs

Landlords are responsible for most repairs and maintenance at a property, unless the damage is caused by the tenant. You should always factor into your financial projections a budget for repairs and preventative maintenance. This will allow you to keep your tenants happy, and protect and enhance the value of your investment.

If you discover damage to the property that the tenant is responsible for and you are unable to sort it out by phone, then you can issue them a 10 working day breach letter asking them to make any necessary repairs. The tenant can also issue the landlord a 10 day breach for any repairs that have not been carried out in a timely manner.

Ending a Tenancy

Notices to end a tenancy should always be issued in writing, with details including the date of notice, the date of the end of the tenancy, the property address and details of the landlord and tenant. Unless you hand deliver a notice, you should allow 4 extra days to any notice period if it is sent via post.

Fixed term tenancies cannot be ended with notice, except by the agreement of both parties or by a Tenancy Tribunal ruling.

For periodic tenancies, the tenant must give a minimum 21 days notice to the landlord. If the landlord has sold the property unconditionally, then they may give the tenant 42 days notice. If the landlord or one of their family members are intending to move into the property, then the 42 day period applies as well. For all other cases, a landlord must give 90 days notice to a tenant, and no reason needs to be specified for this.

Bonds

A bond of up to 4 weeks rent must be lodged with the Department of Building and Housing Bond Centre within 23 days after it has been paid. Bond lodgement and refund forms are available from the Department of Building and Housing, or from their website www.dbh.govt.nz.

At the end of the tenancy, once any arrears or tenant damage, cleaning etc have been agreed to, both the landlord and tenant must sign the bond refund form and return it to the Department of Building and Housing. If the landlord and tenant cannot agree to the bond refund allocation, then the bond will be put into dispute and either party can then make an application to the Tenancy Tribunal who will decide the outcome.

Disputes

Disputes between tenants and landlords happen from time to time. These could arise from a disagreement about bond refunds, repairs, rent arrears, damages etc. Communication is the most effective tool to deal with these disputes before they escalate, and this is where a good property manager can help. If a satisfactory outcome cannot be reached then the Department of Building and Housing can provide information and advice, as well as a mediation service, and, failing that, the Tenancy Tribunal where an adjudicator's decision will be issued as a Tribunal Order (Court Order).

Whether you are looking to rent or looking at finding a tenant, taking care at the beginning of the process should see you having a positive and happy experience. Our team at Professionals are here to help you with all your rental requirements