

RESIDENTIAL LANDLORDS AFFECTED BY COVID-19

On 24 April 2020, the Northern Territory Parliament passed the Tenancies Legislation Amendment Act 2020. This provides the framework for the Territory's response to tenancy issues arising as a result of the COVID-19 emergency.

This fact sheet provides an overview of what you should do if you are a residential landlord.

Negotiate with your tenant and help them out if you can

The Australian and Territory governments are urging those landlords who can afford to help out a struggling tenant to do so. If you cannot afford to waive rent, consider deferring rent.

As the income of many tenants reduces, consider that there may be reductions in the market rent, and less demand for rental properties. It may well be worth your while to offer rent deferrals or reductions to keep an existing tenant.

Landlords should also be aware that during the emergency period, new tenancies entered into will be subject to conditions that mean the NTCAT can decide to waive or defer rent rather than terminate a tenancy, if the tenant satisfies the NTCAT they are in financial hardship caused by COVID-19.

If you are in financial difficulties yourself

Visit www.moneysmart.gov.au for COVID-19 financial advice or speak to your financial advisor. Speak to your bank about your options with mortgage repayments.

Remember, the COVID-19 laws do not require you to give the tenants on existing leases a rent holiday, so if you defer some of the rental payments, your tenant will be required to repay you in due course.

If you have landlord insurance, you should contact your insurer to find out the impact of waiving or deferring rent in relation to any claim you may wish to make on your policy in relation to non-payment of rent.

If you cannot afford to defer the tenant's rental payments, you can also apply to terminate the tenancy due to your own financial hardship.

DO NOT HARASS OR MISLEAD YOUR TENANT OR ASK FOR ADDITIONAL MONEY

There are legal processes for pursuing unpaid rent and termination of a tenancy. It is an offence to ask a tenant to pay rent in advance or more than 4 weeks bond, to harass the tenant to leave the premises, or to mislead the tenant as to your financial situation during negotiations. These offences carry up to a \$31,400 fine and misleading carries potential imprisonment if committed during the emergency period. Contact the Commissioner of Tenancies if you need advice about the correct way to approach dealing with unpaid rent, or a difficult tenant. Do not give your tenant unlicensed financial advice as this is a federal offence.

Collecting and handling information during negotiations

What kind of proof can I ask for from the tenant?

You can, but do not have to, ask your tenant to give you some evidence of hardship when considering their request.

It is fine to ask for the tenant to provide *one* of the following documents:

- a letter from their employer setting out that the tenant has lost their employment or has had a significant reduction in income, and that this is connected to the COVID-19 situation; or
- a copy of the tenant's approval for Job Seeker; or
- a certificate from the Commissioner of Tenancies stating that the tenant is suffering hardship due to COVID-19.

Tenants may voluntarily provide other more personal information but this should not be expected.

It can be an offence punishable by up to 2 years imprisonment if you do not keep information provided by the tenant during these negotiations confidential.

You must take care with information provided by a residential tenant about their financial situation or personal affairs.

It will also not be permitted to list tenants who cannot pay rent due to COVID-19 hardship on the residential tenancies database. Consider how you will keep this information safely so it is only seen by the parties, and destroy it when it is no longer required.

Agents are reminded that they may be subject to Commonwealth privacy laws.

Longer timeframes will apply

When a tenant is able to demonstrate they cannot pay their rent due to COVID-19, longer periods will apply to any termination. The exact time periods will be announced by the NT Government in the week commencing 24 April 2020, but you can expect there will be a longer period before you can issue a notice of termination to a tenant in rental arrears, and that the tenant will have a longer period of time to rectify.

Exceptions

The longer timeframes will not apply when:

- you are trying to terminate a tenancy for rental arrears that are not COVID-19 related; or
- you are applying to terminate a tenancy on the basis of your own financial hardship as a landlord; or
- the tenant is engaged in illegal or nuisance behaviour.

Other matters:

There will be further details released with the modification notice.

The time frames for **non-emergency maintenance** will be extended. If you are unable to attend to maintenance due to your financial situation, or unable to find a tradesperson who can attend to the work, you will have additional time to sort this out.

There will be changes to **inspection processes** to assist with social distancing and isolation requirements.