

A message from your Property Manager

Saturday 3rd November 2018



Residential Tenancies (Prohibiting Letting Fees) Amendment Act 2018 Passed

This bill has now been passed into law. During the bills final stages the date it was to become active was brought forward by the Government to December 12th 2018.

What does it all mean?

This bill was designed to outlaw tenants being charged a letting fee when signing a new tenancy. There remains an allowance to charge the tenant for reasonable expenses when they are seeking to vary the tenancy. For example, if a tenant seeks to exit a fixed term early they will be liable for the expenses in obtaining a replacement tenant. We will have to wait and see what the tribunal thinks is reasonable. This will become clearer over time.

In our case, as a low-cost provider letting fees are around 20-25% of our revenue, and letting expenses are a major cost factor for us. Our understanding is that most property management companies will now charge the letting fee onto the owner. We have no choice but to make this change to our terms. We expect this law will result in higher rents over time and we will be looking for this to happen so we can recover this expense for our clients.

Healthy Homes & RTA Reform

Submissions have now closed on these Government initiatives. Hopefully soon we will know the actual heating standards which will be applied and under what time frame they will need to be implemented. We have some tenancies which require heating upgrades and we have had to put these on hold, as we do not know what level to improve the heating. As for the RTA reforms, we have no idea what will come out of this yet. Submissions appear to be uniformly negative on the changes, and many submitters remarking on how no attention at all was given to the problem of rent arrears recovery for landlords. Will the Government care?

Other Changes

The ever increasing compliance costs being imposed on landlords and property managers has forced up to make a change. From 1st January 2019 WeRent will now have to start charging for property inspections. The charge is currently \$40 per inspection. As with the letting fee change above this comprises a change in our terms and will be deemed to have been accepted by continuing with our services.