

Letting Fees

The Ban on Charging Tenants Letting Fees to come into effect on 12 December 2018

As you are probably aware, The Residential Tenancies Amendment Bill (Prohibiting Letting Fees) has passed its third reading in Parliament and will come into force on the 12 December 2018.

You have probably seen some of the media stories relating to this and how it will affect the Landlords and the Property Management companies.

Currently, tenants are charged a letting fee by Property Managers when they sign up to a new tenancy agreement of one week's rent plus GST.

The law will prohibit the charging of letting fees, or any other fee, in relation to a new tenancy, directly to a tenant.

As a consequence, this fee will become a fee payable by the Landlord.

Tenants will continue to pay rent in advance and a bond.

Our Property Managers will endeavour to promote Fixed Term Tenancy where possible, however there will still be tenants that prefer a Periodic Tenancy or a shorter Fixed Term Tenancy.

For those tenants that are on a Fixed Term Tenancy, if the tenant opts to try and break their agreement, they will be liable for all reasonably incurred expenses.

Already, we have had Landlords offering to pay the letting fee, as some tenants are stalling signing up on a new property until the 12 December, so they do not have to pay a letting fee.



As you will appreciate, there is a significant amount of work involved when marketing a property for rent;

- Arranging access
- Viewings; week days, evenings, weekends including travel
- Handling unlimited enquiries; calls and emails
- Reviewing multiple tenancy applications
- Screening potential tenants
- Dedicated software
- Background checks and Reference checks
- Tenancy Agreement Documentation

It is crucial for Coutts & Co to follow the correct process and meet all requirements and regulations set out in the Residential Tenancies Act 1986 and subsequent amendments such as the prohibiting of Letting Fees being paid by tenants.

While it is hoped that this change as to who pays the letting fee will make a significant difference to tenants, speculation has suggested that this cost will be absorbed somewhere else, for example in rent increases.

Smoke Alarms



Working smoke alarms or detectors are compulsory in all rental homes. New smoke alarms must be photoelectric and have a long life battery, or be hard-wired.



Smoke alarms must be installed:

- within 3 meters of each bedroom door, or in every room where a person sleeps
- in each level or story of a multi-story or multi-level home
- in all rental homes, boarding houses, rental caravans, and self-contained sleep-outs.

All new smoke alarms must:

- be photoelectric
- have a battery life of at least eight years, or be hard-wired
- installed according to the manufacturer's instructions
- meet international standards.

Existing smoke alarms do not need to be replaced if they are working, and have not passed the manufacturer's expiry date.

Landlords and Tenants Responsibilities

Landlords must ensure smoke alarms:

- are in working order
- are working at the start of each new tenancy.

Tenants must:

- not damage, remove, or disconnect a smoke alarm
- replace dead batteries during the tenancy if there are older-style smoke alarms with replaceable batteries
- let the landlord know if there are any problems with the smoke alarms as soon as possible.

Landlords and tenants could be fined up to \$4,000 for not meeting their obligations.

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Insulation Clock is ticking



The healthy homes legislation was passed in late 2017 with landlords required to meet a minimum insulation standard by 1 July 2019.



For many Landlords the clock is ticking to meet the minimum requirement to have floor and ceiling insulation installed prior to the July 2019 deadline.

Landlords should organise to get this work done as soon as possible or at least book it before early next year or risk not having it done in time as suppliers become inundated with requests and fail to meet demand. As we expect early in the new year will see significant urgency and not enough capacity from suppliers to complete the install.

Landlords who don't meet these standards by the deadline risk getting a \$4,000 penalty payable to the tenant, and because of the public and political interest as well as the long lead in period we see no reason why the Tribunal wouldn't make awards at the top end of the scale.

If you are unsure of the current insulation, which needs to be declared to tenants, we can arrange an Insulation Assessment for \$50.00 plus GST.

Our recommendation to Landlords who are yet to comply is to make this a priority now to avoid any issues in the future, and to avoid missing the deadline. Your property manager is available to assist on 0800 10 80 80.