

# What the f\*\*\* are letting fees?

A crowdsourced submission on the Residential Tenancies  
(Prohibiting Letting Fees) Amendment Bill from members of the Victoria  
University of Wellington Students' Association community



**VUWSA**  
YOUR STUDENTS' ASSOCIATION



23/05/2018

From the **Victoria University of Wellington Students' Association (VUWSA)**

To the **Social Services and Community Committee**

Submitting on the **Residential Tenancies (Prohibiting Letting Fees) Amendment Bill (the Bill)**

## **Introduction**

VUWSA is the Victoria University of Wellington Students' Association, representing all students (roughly 22,000) enrolled at the institution. We advocate for our students within the university, Wellington, and nationally. We also provide a number of welfare services and because of this we are very much on the front line of a housing situation in Wellington that is severely damaging the region, and our students. We are submitting on the Bill because the prohibition of letting fees is a necessary first step to fixing the imbalance of power which currently favours landlord over tenant. We have been vocally opposed to letting fees for a number of years now, and we are determined to see this change through. Our submission is based on cases our advocate deals with, and feedback from our students. **We also wish to make an oral submission.**

This submission is made on behalf of all of our students, but we have also asked our students to submit their answers to three questions:

1. What is a letting fee?
2. Where does money from letting fees go?
3. What would you have spent your letting fee on instead?

These questions were asked to showcase the lack of clarity, unreasonableness and opportunity cost caused by charging student tenants letting fees.

# **Letting Fees and Students**

## **Mobility**

The ability of our students to move from one flat to another is severely impacted by the existence of letting fees, as students often simply do not have the funds to make the payment upon moving.

A tenant may wish to move flats for several reasons; bullying within the flat, falling out with another flatmate, inability to pay rent and bills in that flat, physical health issues due to issues within the flat, and mental health issues as a result of any of the above.

This added cost means students are less likely to move flats. One common strategy to avoid moving costs (including letting fees) is that students continue renting and paying for flats over the summer, even though they return to their hometowns to work, which is an unnecessary expense and also a waste of housing resources which are rented but unoccupied. This ties up the market so that rental choices are less free, fluid and accessible.

## **Finances**

Clearly letting fees have an impact on the finances of our students, and it's important to reinforce this point. Students are sometimes going up to a week or two without money for food because of letting fees. Furthermore in the current climate a student at Victoria will often sign up for their flat just before university begins, meaning when they have to pay the first few weeks rent, bond, and then a letting fee they are left without much for themselves. The beginning of university is already a time of immense stress, and having to struggle for food from the get go is disastrous for some students.

## **Lack of Transparency**

Letting fees are often charged in a murky way. Fees are sometimes not disclosed upfront and are charged in an unreasonable manner. Not only that, but some property managers include GST in that cost. In this way letting fees contribute to a system that unreasonably tips the balance of power in favour of the landlord.

Sometimes "mum and dad" investors also charge letting fees. This is unfair and was not the intention of the legislation. Students feel unable to challenge these fees due to the scarcity of accommodation in Wellington.

## **Recommendations**

For these reasons, we recommend and support the government's move to ban letting fees.

Furthermore, we recommend that it is entrenched in legislation that any property-management related service costs are paid by the landlord, not the tenant.

## **Conclusion**

The removal of letting fees is an important first step in restoring power to the tenant. We look forward to making an oral submission on this matter, and hope the committee takes the time to read some of the comments provided by our students which we have attached to our main submission.

Kind regards,

**Marlon Drake**

**President**

**Victoria University of Wellington Students' Association**

Te Rōpū Taurira o te Kura Wānanga o te Upoko o te Ika a Māui

---

Level 4 Student Union Building, Victoria University of Wellington, Kelburn

PO Box 600, Wellington 6140

04 463 6986 | 021 0233 2471

[www.vuwsa.org.nz](http://www.vuwsa.org.nz)