

Is a tenancy renewal fee unfair?

by Adam Smith

Things have been getting heated in Christchurch lately, with reports from social agencies of tenants being required to pay a second letting fee on their rental property when their tenancy comes up for renewal. This week's article on stuff.co.nz [reports](#) one tenant was stunned by her property manager's \$450 re-letting bill and had fears this same fee would be imposed every year upon renewal.



We believe that the fee being discussed is unjustified and unethical. Taking a week's rent is excessive, especially when one week's rent varies from property to property, yet the time involved in tenancy renewal would be fairly standard.

From our perspective a letting fee is there to cover the costs of the initial tenancy setup – that means it's a one-off fee. [Pam Marshall, Iron Bridge Property Management's General Manager](#), says, "Letting fees must be a fair and reasonable representation of the cost of re-leasing a home. In the case of fees for renewing tenancies, it's not an issue for Iron Bridge as we don't charge our tenants a renewal fee – and we don't anticipate the need to do so."

"Yes, it takes time to renew a tenancy, but in our opinion it is not enough to require a full additional week's rent to be paid as a fee for the 'privilege' of renewing your tenancy," she says. "And the convenience of keeping a steady tenant on for another term definitely outweighs the graft involved in re-letting a property. After all, we're employed by the landlord, primarily to keep the property tenanted."

If you use a Property Manager, make sure you find out about their policy on tenancy renewals. It may be that they charge the tenant a fee, but whether it's fair and reasonable is up to you. We don't believe it's worth losing a good long-term tenant over an exorbitant fee. If you feel the same, have a chat to us about [Iron Bridge Property Management](#) – no obligation at all.