

In Confidence

Office of the Minister of Housing and Urban Development

Chair, Cabinet Business Committee

Prohibiting letting fees under the Residential Tenancies Act 1986

Proposal

- 1 I seek Cabinet approval to amend the Residential Tenancies Act 1986 (RTA) to prohibit the charging of a letting fee, or any other fee charged to a tenant in respect of charges for services rendered by a letting agent, solicitor, or any person for the:
 - 1.1 grant, continuance, extension, variation, or renewal of any tenancy agreement; or
 - 1.2 assignment of a tenant's interest under any tenancy agreement; or
 - 1.3 subletting of the whole or any part of the premises by a tenant.
- 2 Landlords (or letting agents on a landlord's behalf) will retain the ability under the RTA to seek reimbursement from tenants for expenses reasonably incurred when a tenant requests to reassign their tenancy, sublet, or part with possession of the tenant's interest in the tenancy. This will ensure landlords and their agents do not have a disincentive to considering their tenants' requests.
- 3 I am also seeking Cabinet's agreement to delegate authority to myself as Minister of Housing and Urban Development and the Leader of the House to make minor policy changes to this proposal required during the legislation drafting process.

Executive Summary

- 4 Purchasing a home is becoming increasingly difficult for first-time buyers. As a result, home ownership rates are declining and renting is becoming more common, with approximately one third (or 500,000) households now renting in New Zealand.
- 5 Due to the costs faced at the beginning of tenancies such as letting fees, renters can find it difficult to meet the high costs associated with moving to a new rental property.
- 6 Initiatives like KiwiBuild will support an increase in the supply of housing to help make both home-ownership and renting more affordable. As we work to restore the Kiwi dream of home ownership, we should take action now to improve the affordability of rental accommodation, and prohibiting the charging of letting fees to tenants is a good first step in achieving this.
- 7 In proposing to prohibit the charging of letting fees to tenants, we acknowledge that the service of letting a property will still be required, but will ensure that the costs of providing that service rest with the landlord, who benefits from that service.

- 8 This proposal will reduce the up-front costs faced by tenants when trying to secure a rental property, thereby reducing the financial burden of moving. It is likely that letting agents will charge landlords for providing the letting service, and this may result in landlords passing these costs on to tenants through increased rents. However, it is arguably easier for renters to absorb these costs if they are spread out over the course of the tenancy.
- 9 Landlords (or letting agent's on a landlord's behalf) will retain the ability under the RTA to seek reimbursement from tenants for expenses reasonably incurred as a result of a tenant assigning, subletting, or parting with possession of the tenant's interest in the tenancy. Retaining this ability will ensure there is no disincentive to considering a request to sublet or assign the tenancy from their tenant. For example, if a tenant is refused a request to reassign a fixed term tenancy due to a change in their personal circumstances, they could be required to keep paying rent in their original tenancy as well as taking on another in a different city. This could result in financial hardship for the tenant.
- 10 I am seeking these decisions now, instead of including amendments to address letting fees as part of the broader review of the RTA as removing letting fees will provide some immediate relief for tenants by reducing the up-front costs faced when moving into a rental property.
- 11 Turnover or churn in the tenancy market is seasonal, with strong peaks in tenancy turnover from November through to February across the country. If the prohibition on letting fees can come into force before or during this period, it will provide the greatest benefit to renters whose tenancies end over this period.

Background – the rental market in New Zealand

- 12 Home ownership rates have declined from around 74 per cent in 1991 to around 63 per cent in 2017. Approximately 576,000 households currently rent in New Zealand, 500,000 of which rent from the private market. Based on 2013 census data, 60 per cent of renters moved within three years, while only 30 per cent of owner-occupied homes moved within five years.
- 13 Māori and Pacific populations are over-represented in renting statistics. Since 1986, the proportion of Māori living in private rentals has increased by 88.3 per cent, whereas across the total population renting increased by 42.7 per cent. Over the same period, the proportion of Pacific and Māori children living in a rental property increased from around 50 per cent to around 61 per cent for Māori and 71 per cent for Pacific children.
- 14 Renting arrangements in New Zealand are governed by the RTA, which, amongst other things, prescribes the costs that can be charged to tenants in regards to the establishment of a tenancy (e.g. including letting fees).
- 15 In a supply constrained market, renters may be subject to more frequent moves and those who are forced to move may struggle to find suitable, alternative accommodation. This transiency may also result in a change in the schooling or employment arrangements for those households if they are unable to find rental accommodation in the same town or suburb.

- 16 One factor contributing to the difficulty in finding suitable alternative rental accommodation is the up-front costs faced by tenants. Tenants can face up to four weeks' bond, two weeks' rent in advance, and a letting fee¹ as up-front costs before being granted a tenancy. Based on the average weekly rent of \$516 in Wellington, this could amount to \$3,689 in total up-front costs; \$593 (or 16 per cent) of which is the letting fee.
- 17 These up-front costs are on top of the other transactional costs of moving such as transport of household goods which, over the course of a renter's life, are greater due to the higher level of housing mobility.

Prohibiting letting fees will help us to improve the experience of renters

- 18 This Government committed to making life better for renters, and prohibiting the charging of letting fees to tenants is one of a number of options we outlined during the election campaign to achieve this.
- 19 Letting agents (including property managers), and solicitors, are able to charge letting fees to tenants for the administrative costs of listing and advertising a rental property, conducting open-homes, and vetting prospective tenants at the beginning of a tenancy.
- 20 The payment of key money² by a tenant (or a prospective tenant) is currently prohibited under the RTA. Key money does not include rent in advance or bond.
- 21 However, the RTA includes an exemption that enables letting agents (as well as solicitors) to charge a tenant any fee or other charge for services relating to the grant or assignment of the tenancy. Because of this, letting fees can be charged regardless of the duration of the tenancy.
- 22 While letting agents can charge a letting fee under the RTA, private landlords that choose to find and vet a tenant themselves cannot charge tenants for the costs incurred with letting the property to them. However, the RTA does enable landlords to seek reimbursement from a tenant for reasonable costs incurred if the tenant assigns, sub-lets, or parts with possession of their interest in the tenancy.

Letting fees can act as a price-barrier for some tenants in accessing suitable rental accommodation

- 23 When moving into a new rental property, a tenant can be expected to pay up to as much as four weeks' rent as bond, two weeks' rent in advance, and one week's rent plus Goods and Services Tax (GST) as a letting fee. This presents a large up-front cost for tenants in securing a new rental property, on top of the other costs associated with moving, such as transport.
- 24 Even if letting fees are removed from the up-front costs of finding an appropriate rental property, moving to a new rental property remains an expensive exercise for many renters. That is why, in addition to reducing the up-front costs faced by renters, I am undertaking a broader review of the RTA to support greater security of tenure for renters who meet their obligations.

¹ It is common industry practice for letting fees to be equivalent to one week's rent plus Goods and Services Tax (GST).

² Key money is defined as any sum of money demanded for the reimbursement of expenses, administration charges, or otherwise as consideration for the grant, continuance, extension, variation, or renewal of a tenancy agreement.

- 25 The Ministry of Social Development (MSD) provides some support to renters to reduce cost barriers to securing a rental property such as an Advance Payment of Benefit and Letting Fees Assistance. Letting Fees Assistance is one of a number of Housing Support products designed to assist people who are moving into alternative housing. The maximum amount payable for this assistance is one week's rent plus GST. However, it is not necessarily the government's role to subsidise the costs for services to private companies such as letting fees.
- 26 While there are arguments to be made for the charging of bond and rent in advance upfront, the same cannot be said for the charging of a letting fee. A bond at the start of the tenancy acts as a security for costs incurred by the landlord as a result of tenants actions during the tenancy that need to be remedied (e.g. rent in arrears, damage), but can be reclaimed by the tenant at the end of a tenancy. Rent in advance represents a payment to secure the rental property for the tenant for the coming weeks.
- 27 Letting fees do not represent a refundable security or a payment for service for the tenant like a bond or rent in advance. A letting fee is charged to the tenant for the costs incurred by letting agents when granting a tenancy, a service provided ultimately for the benefit of the landlord (e.g. tenancing the property and ensuring that prospective tenants are appropriately vetted).

There is little incentive for letting agents to charge less than one week's rent as a letting fee

- 28 In a tight rental market, letting agents have little incentive to charge less than the industry practice of one week's rent as a letting fee because tenants have limited ability to shop around for a property that is not charging a letting fee.
- 29 Additionally, letting agents are incentivised to minimise the costs that are passed on to landlords in order to secure additional work and compete in the property management market. This incentivises letting agents to recoup costs from tenants where possible (including through letting fees). There is no market pressure on letting agents to reduce or minimise letting fees as the party choosing, and contracting with, the letting agent is not the party who pays the fee.
- 30 In 2017, 93,478 bonds from property management companies were lodged with MBIE. Based on an average rent of \$436.00,³ if every property management company charged a letting fee alongside requiring the bond, this could have resulted in up to \$47 million in letting fees paid to property management companies in 2017. This figure does not include fees charged by property management companies to tenants for other services where a bond would not be lodged (e.g. a tenancy variation). However, as not all letting agents charge a letting fee, it is likely that the real value of letting fees is lower.

There is little transparency of costs associated with granting a tenancy

- 31 The amount charged as a letting fee does not appear to be indicative of the costs associated with letting a property. The RTA allows letting agents to charge a letting fee which, based on common industry practice, is generally one week's rent plus GST. However, rents vary by region and even within cities, while the service provided by the letting agent is unlikely to differ significantly.

³ The average for bonds lodged from property management companies.

Policy proposal – prohibit the charging of letting fees to tenants

Reducing barriers to accessing a rental property

- 32 The purpose of prohibiting the charging of letting fees to tenants, and any other fee to be paid by the tenant, is to reduce price barriers that could prevent some tenants from accessing suitable rental properties.
- 33 Amendments to the RTA for this purpose should also ensure that other types of fees cannot be charged in place of letting fees. Scotland, for example, prohibits the charging of letting fees to tenants; however, in 2012 the legislation required a clarification amendment as letting agents were circumventing the prohibition by charging other administrative costs to the tenant in the letting fee's place.
- 34 The amendment to the RTA will be clear that letting agents, solicitors, or any other person cannot charge fees to tenants at the beginning, or during the course of the tenancy for the service that is being provided for the benefit of the landlord.
- 35 To ensure this amendment to the RTA does not result in other fees being shifted to the tenant at the beginning of the tenancy, the prohibition on letting fees will include a ban on the requirement of payment by the tenant in respect of the:
- 35.1 grant, continuance, extension, variation, or renewal of any tenancy agreement; or
 - 35.2 assignment of a tenant's interest under any tenancy agreement; or
 - 35.3 subletting of the whole or any part of the premises by a tenant.
- 36 Assignment of a tenant's interest occurs when a tenant is replaced and the person who replaces the tenant takes over all the tenant's responsibilities under the tenancy agreement.
- 37 Subletting can occur where the tenant moves out of the house they are renting and on-rents the house to someone else, such as for a residential tenancy or for a short term holiday purpose. Subletting can also occur in situations where the tenant parts with possession of part of the rental property and gives someone else exclusive use for any period of time. However, the tenancy of the tenant who moves out continues meaning that the tenant remains responsible to the landlord, but also becomes the landlord of the people who move into the house (i.e. to the people that have sub-let the property).
- 38 It is acknowledged letting agents may incur costs as a result of providing a service on behalf of the tenant for example when a tenant requests to sublet or reassign a tenancy. Landlords and their agents will retain the ability under the RTA to seek reimbursement for actual costs reasonably incurred relating to the assignment, sub-letting, or parting of possession of a tenant's interest in a property.
- 39 Landlords and their agents retaining this ability to seek reimbursement will ensure there is no disincentive to considering a request from their tenant. For example, if a tenant asks to reassign a fixed term tenancy due to a change in their personal circumstances, they could face ongoing financial hardship if landlord refuses to consider their request.
- 40 The prohibition on charging letting fees will also apply to boarding house tenancies so that letting fees cannot be charged to boarding house tenants.

Ensuring transparency in letting agent charges for services rendered

- 41 The amendments to the RTA will help to ensure that the fees charged by letting agents for the services they provide more closely reflect the costs associated with providing those services. This is because letting agents will be required to absorb the costs of providing the service as part of their weekly fees to landlords (estimated at around 8 per cent of weekly rent for a property) or charge the fee to the landlord directly.
- 42 This approach ensures that fees charged by letting agents rest with the beneficiary of the services provided (that being the landlord), and the person with the decision-making power to contract the letting agent, rather than resting with the tenant who receives no or marginal benefit from the services of advertising and vetting tenants.
- 43 Due to the competitive nature of the property management business, this means that letting agents will ensure that fees charged for granting a tenancy more closely reflect the real cost of providing those services.

Implementing these changes now will ensure that tenants can benefit as soon as possible

- 44 While a broader review of the RTA is underway, I propose progressing this separate legislative amendment to prohibit the charging of letting fees now so that we can reduce the burden of up-front costs faced by tenants as soon as possible.
- 45 Rental churn or turnover reaches peaks between November and February each year. If a prohibition on charging letting fees is implemented before or during this period, this will maximise the benefit to renters from reduced up-front costs for moves during this period.

Benefits of the approach – improved accessibility to rentals

- 46 The proposal will prohibit letting agents or solicitors from charging fees to tenants at the beginning, or during the course of, the tenancy.
- 47 Reducing the up-front costs to tenants in securing a rental, will support renters in accessing a suitable rental property. Letting fees can represent up to 16 per cent of the total up-front cost faced by tenants and reducing this price barrier will reduce the burden on tenants of securing a suitable rental property.
- 48 This approach also means that tenants will not face fees for tenancy renewals or variations, and letting agents will not be incentivised to provide short fixed-term tenancies in order to charge tenants fees for these services.

Impacts on letting agents

- 49 Implementing a prohibition on the charging of letting fees, or any other fee charged to the tenant, may have a moderate impact on the property management sector. In the United Kingdom, it was estimated that letting fees make up approximately 20 per cent of letting agent turnover.
- 50 Based on MBIE bond data from 2017, approximately \$47 million in letting fees could have been gathered by property management companies (assuming every property management company charged a letting fee with a lodged bond).

- 51 However, there is evidence that letting fees are not charged in some places around New Zealand, or are charged on a flat fee basis reflecting the cost of the service provided. This means the actual turnover from letting fees is likely to be lower.
- 52 Letting agents are likely to pass letting costs on to landlords either by charging additional fees or increasing the weekly fees they charge landlords for their services. It is anticipated that some landlords will be opposed to being charged an additional fee on top of the proportion of weekly rent already collected by letting agents.
- 53 It is expected that the fees that are charged by a letting agent following the prohibition will be reduced to better reflect the real cost of providing a service, rather than the variable amount currently charged based on the weekly rent of a property.
- 54 If the costs are passed on to landlords, landlords may increase the weekly rent of their property to reflect the cost of letting the property. However, the cost of a letting fee spread out over the course of a tenancy is likely to have a marginal impact on weekly rents paid by a tenant.
- 55 However, it is debatable whether the prohibiting the charging of letting fees to tenants will lead to an increase in rents. Evidence from the United Kingdom could not find a strong causal link between prohibiting letting fees and a subsequent increase in rents.
- 56 If rents do increase as a result of prohibiting the charging of letting fees, it will have an impact on the value of Accommodation Supplement payments, and potentially the Temporary Additional Support (TAS) funded by MSD. Due to the timeframes associated with this proposed amendment, MSD has not done any modelling to work out what these financial impacts might be.
- 57 It is acknowledged that in some circumstances, letting agents may incur costs as a result of providing a service on behalf of the tenant e.g. subletting or assignment of the premises by the tenant.
- 58 Landlords and their agents will retain the ability under the RTA to seek reimbursement for actual costs reasonably incurred relating to the assignment, sub-letting, or parting of possession of a tenant's interest in a property. These costs may arise during the course of a tenancy. This exemption does not allow landlords or letting agents to charge a fee to a tenant to secure or retain the rental property.
- 59 Where a landlord or letting agent seeks reimbursement for the actual costs reasonably incurred, these costs would not be present at the start of a tenancy where the cumulative impact of additional costs is greatest for tenants.

Transitional arrangements

- 60 It is anticipated that the prohibition on charging letting fees will be effective from the date on which the amendment bill commences. This means that a letting fee will still be able to be charged for tenancy agreements entered into prior to the commencement of the prohibition, irrespective of when the tenancy itself starts (e.g. if it starts after the commencement of the prohibition).

- 61 There may be circumstances where a tenant enters a tenancy agreement before the prohibition on charging letting fees commences, but the tenancy itself does not begin until after the prohibition commencement date. This is not expected to have a significant impact on renters as they are unlikely to be incentivised to sign a tenancy prior to the commencement of the ban if possible.
- 62 However, it will be important to make sure the transitional arrangements dis-incentivise letting agents increasing tenancy turnover prior to the prohibition on letting fees coming into effect. This is because some letting agents may try to re-let properties to new tenants, or have tenancy agreements signed, prior to commencement of the prohibition, in order to secure additional revenue from letting fees prior to the prohibition.
- 63 Prohibiting the charging of letting fees will likely have an impact on the business models used by letting agents. These agents will require some time to consider how to shift the costs they incur, although this is expected to be minimal. Letting agents will also potentially need to amend their business model to reposition administrative costs associated with the grant or continuation of a tenancy either by absorbing the costs under their standard fee schedule or by charging an additional fee to the landlord.
- 64 MSD will need to work through how it deals with situations where letting fees can still be charged for tenancies prior to the commencement of the ban, even if the tenancy itself starts later. This is because MSD needs to know how long it might continue to need to have letting fees represented in its Advance Payment of Benefit guidelines or ability to pay letting fees assistance through the Housing Support Products.
- 65 It will be important for MBIE to engage in a high level of communication with the sector and MSD to ensure that they understand the changes this amendment will bring, when the prohibition will commence, and how the proposed prohibition will fit in with the other changes proposed as part of the broader RTA review.
- 66 It is expected that a six month timeframe would be sufficient to accommodate a transition. It is not expected that any specific transitional requirements will be needed as renters are unlikely to be incentivised to sign a tenancy agreement prior to the commencement of the prohibition on charging letting fees if it is possible for them to delay entering into a tenancy agreement.

Enforcement of the unlawful act of charging a letting fee

- 67 The RTA currently provides that if key money is charged, the Tribunal may order the letting agent or solicitor to pay up to a maximum of \$1,000 in exemplary damages. Due to the similarity in harm caused between charging key money and charging a letting fee, I propose that \$1,000 should be the maximum amount of exemplary damages that a letting agent, solicitor, or any person may be ordered to pay for the unlawful act of charging a tenant a letting fee.
- 68 There is a risk that some tenants may not apply to the Tribunal if a letting agent charged a letting fee, as the tenant may not want to upset the relationship or lose their rental property.

- 69 Officials will be considering the enforcement provisions as part of the broader review of the RTA to ensure that the right incentives are in place to dis-incentivise unlawful acts such as charging letting fees. This may also consider whether the exemplary damages of \$1,000 is sufficient to deter letting agents from charging a letting fee in the first instance or if an infringement regime, or similar, should be adopted.

Further policy decisions

- 70 It is possible that minor policy amendments may be required to give effect to this proposal. I am seeking Cabinet's agreement to delegate authority for such decisions to myself and the as Leader of the House to approve minor policy amendments as necessary to give effect to the intent of the policy proposal. This will help ensure that we can get drafting of the bill underway so amendment legislation is introduced in a timely manner to allow the greatest amount of time for renters to benefit from the prohibition on charging letting fees.

Consultation

- 71 Due to the time constraints, it was not possible to undertake consultation with representatives of the tenancy sector. However, the tenancy sector will have the opportunity to make a submission on the Bill through the Parliamentary select committee process.
- 72 The Treasury, Ministry of Justice, Housing New Zealand Corporation, Te Puni Kōkiri, and Ministry of Social Development were consulted on the proposal. No substantive concerns with the policy proposal were identified.

Financial Implications

- 73 There will be minimal costs involved for MBIE relating to internal training and communications which will be absorbed by business as usual (BAU) funding.
- 74 In terms of information and education, there will be costs involved in update collateral, (website, publications, etc.) and MBIE will need to bring in a contractor to complete some of this work. There may be a limited amount of simple communications, and perhaps some facebook advertising. These costs can be covered by BAU funding.
- 75 As previously mentioned, there will be some costs that have to be absorbed by letting agents, or passed on to landlords.
- 76 There may be some financial benefits to MSD in a reduction in financial support provided to renters to support them into rental properties, but this may be countered to some degree if landlords pass on the costs by increasing rents for the course of the tenancy. However, due to the timeframes available, an estimate of the potential value of this benefit has not been calculated.

Human Rights

- 77 New Zealand has committed to working towards the United Nation's Sustainable Development Goal 11 to make cities inclusive, safe, resilient and sustainable. Part of this goal is to ensure access for all to adequate, safe and affordable housing by 2030.

- 78 Prohibiting the charging of letting fees is the first step this Government can take to improving access to affordable housing by reducing the price barriers faced by tenants when moving into a rental property.
- 79 This policy proposal is consistent with the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Legislative Implications

- 80 This policy proposal will require amendments to the RTA. Therefore a bill is required to implement the proposals contained in this paper. This will require Parliamentary Counsel Office to draft the proposed amendments to the principal Act.
- 81 I intend to introduce legislation to the House on 22 March 2018.
- 82 It is anticipated that the amendment bill will be binding on the Crown.

Regulatory Impact Analysis

- 83 An impact statement has been prepared by MBIE and is attached.
- 84 MBIE's Regulatory Impact Analysis Review Panel (RIARP) has reviewed the attached Impact Statement. RIARP consider that the information and analysis summarised in the Impact Statement does not meet the criteria necessary for Ministers to fairly compare the available policy options and take informed decisions on the proposals in this paper. This is because no consultation has taken place, and the time constraints have materially limited the impact analysis and the scope for consideration of alternative options.

Gender Implications

- 85 The proposed amendments to the RTA will not have any gender implications.

Disability Perspective

- 86 The proposed amendments to the RTA will not have any disability implications.

Publicity

- 87 If this proposal is agreed to by Cabinet, I intend to make a press release announcing the Government's decision to introduce legislation that will prohibit the charging of letting fees as soon as practicable.

Recommendations

The Minister of Housing and Urban Development recommends that Cabinet:

1. **Note** that letting fees are charged by some letting agents to tenants for the costs associated with listing a property and vetting prospective tenants at the start of a tenancy, and that these can present an additional cost barrier for some tenants in accessing a rental property;

2. **Note** that the prohibition on charging letting fees is one of the Government's commitments to make life better for renters that were campaigned on during the 2017 election;
3. **Note** that I have instructed my officials to undertake a broader review of the Residential Tenancies Act 1986 which will consider things such as rent increases and the market rent provisions, and that the proposal to prohibit the charging of letting fees is consistent with that review;
4. **Note** that in order for the policy to be effective, other fees should not be able to be charged by letting agents, solicitors, or any other person to tenants for the granting of, or during the course of, a tenancy;
5. **Note** that introducing this legislative change now will help ensure that changes are implemented in a timely manner to provide relief from the additional up-front costs faced by tenants when moving properties. If the legislative change can be implemented by the end of 2018, this would provide the greatest benefit to tenants as tenancy turnover is highest between November and February;
6. **Agree** that the Residential Tenancies Act 1986 should be amended to prohibit the charging of letting fees, or any other fee charged to the tenant in respect of services rendered by a letting agent, solicitor, or any person for the:
 - 6.1. grant, continuance, extension, variation, or renewal of any tenancy agreement; or
 - 6.2. assignment of a tenant's interest under any tenancy agreement; or
 - 6.3. subletting of the whole or any part of the premises by a tenant.
7. **Agree** to amend the Residential Tenancies Act 1986 so that it is an unlawful act for a letting agent, solicitor, or any person to charge a letting fee, and that the maximum level of exemplary damages that can be ordered by the Tenancy Tribunal in respect of that unlawful act is \$1,000 (consistent with the damages for charging key money);
8. **Authorise** the Minister of Housing and Urban Development to issue drafting instructions to the Parliamentary Counsel Office to draft an amendment bill for the Residential Tenancies Act 1986 to give effect to the policy proposals in recommendations 6 and 7 above;
9. **Note** that this proposal will not prevent landlords (or their agents on their behalf) from seeking reimbursement from the tenant for actual expenses reasonably incurred relating to the assignment, sub-letting, or parting with possession of the premises during a tenancy as is currently permitted under the Residential Tenancies Act 1986;
10. **Agree** that landlords (or letting agents on a landlord's behalf) will retain the ability under the Residential Tenancies Act 1986 to seek reimbursement from tenants for expenses reasonably incurred as a result of a tenant assigning, subletting, or parting with possession of the tenant's interest in the tenancy;
11. **Note** that in order to give effect to the policy intent of the proposal, additional minor policy changes may be required to those outlined in this Cabinet paper;

12. **Authorise** the Minister of Housing and Urban Development and the Leader of the House to make additional minor policy changes that may be necessary to give effect to the policy intent of the proposal to prohibit the charging of letting fees.

Authorised for lodgement

Hon Phil Twyford

Minister of Housing and Urban Development