



FAIR GO FOR PENSIONERS COALITION INC
VICTORIA

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C/o AMWU
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251 Queensberry St
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15 December 2015

Residential Tenancies Act Review
Consumer Affairs Victoria
GPO Box 123
Melbourne VIC 3001

Dear Sirs

Please find below a submission from Fair Go for Pensioners Coalition Inc in relation to the Security of Tenure Issues Paper - Residential Tenancies Act Review. Our recommendations include introducing longer leases of at least 10 years, rent increases in line with the Consumer Price Index (CPI), tenancy agreements that address the power imbalance between landlords and tenants to be enshrined in the Act, and properties to conform to basic home standards.

Fair Go for Pensioners Coalition Inc (FGFP) as representative of disadvantaged groups most of whom experience high levels of housing stress, strongly supports the statement in the Issues Paper as to why security of tenure is important.

FGFP reiterates the deeply distressing fact that disadvantaged people on low incomes have no ability to buy their own homes. The shortage of public housing forces them to rent from private landlords and insecurity of tenure does make them 'sick with worry' as a recent St Vincent de Paul research report demonstrates. http://issuu.com/gregorycaruso/docs/vinnies_sick_with_worry_report_2015.

FGFP strongly believes that the best way to provide security of tenure for disadvantaged people on low incomes is through increasing the provision of high quality public housing.

Thank you for the opportunity to respond to the Security of Tenure Issues Paper – Residential Tenancies Act Review. FGFP looks forward to your response.

Yours sincerely

Roger Wilson
President

Security of Tenure Issues Paper - Residential Tenancies Act Review
Submission from Fair Go for pensioners Inc. (FGFP)
Prepared by the FGFP Victorian Steering Committee

Fair Go for Pensioners Coalition Inc Victoria (FGFP) is an independent non-profit coalition of community-based organisations and individuals advocating for social justice for pensioners and other low income groups such as single parents and their children, renters of all housing types and the unemployed marginalised by financial hardship and poverty.

Our advocacy work, based on the FGFP Statement of Claims, involves delegations to federal and state governments and community peak bodies, rallies, petitions, submissions to influence State budgets, proposals for improved services, media campaigns, community organising and community awareness raising sessions.

FGFP provides the following response to the Residential Tenancies Act Review Issues Paper – Security of Tenure. This is based on the personal experience of the private rental market of our members and contacts.

Introduction

The right to housing is not merely ‘having a roof over one’s head’...rather it should be seen as the right to live somewhere in security, peace and dignity.

United Nations Centre for Human Settlements

The RTA does not provide tenants with security of tenure. This insecurity effects wellbeing due to the stress of not knowing whether their home is permanent.

Fair go for Pensioners as representative of disadvantaged groups that all experience a high level of housing stress, strongly supports the statement in the Issues Paper as to why security of tenure is important.

People on low incomes have no ability to buy their own homes. The shortage of public housing forces them to rent from private landlords.

People on low incomes crave stability and security in a place that they can make into a home. Private rental accommodation can never provide stable, secure affordable housing owing to the competing interests of landlords and tenants but the terms of the Residential Tenancies Act could be improved to provide tenants with more security.

The security of tenure issues paper circulated by the Victorian Government as part of its review of the current Act admits that there is a power imbalance between landlords and tenants:

"power imbalances between landlords and tenants may pose obstacles for some tenants in maintaining stable tenancies"

This power imbalance promotes a situation where tenants are made to feel grateful to a landlord for letting them live in the only accommodation they can afford, afraid to ask for repairs or modifications and terrified of rising rents. It also provides a reason for the fact that tenants seldom take action against their landlords

It is time that landlords were regarded as service providers running a business for profit with tenants as their customers buying accommodation; rather than as benefactors allowing tenants to live in their real estate.

Why is security of tenure important to tenants?

Insecurity of tenure:

- Places tenants under a great deal of stress that inevitably effects their wellbeing
- Tenants can be forced to move to an area where they have little community support and away from family and friends.
- Children may have to move school frequently
- The cost of moving house can be catastrophic for those on low incomes
- Frequent moves may affect ability to access and retain stable employment
- Older people and people with disabilities may have many physical limitations that make frequent moves difficult.
- Tenants who have security of tenure would be more likely to seek permission to improve the property if they feel it is a permanent home.

Barriers to security of tenure under the current legislation

- Under the current RTA landlords can issue leases of 12 months or less. When this lease expires it is seldom renewed placing the tenant on a periodic tenancy month to month basis. This enables the landlord to issue notices to vacate at will providing no security to the tenant.
- Industry practice of offering short term leases encourages a culture of regarding renting as a short term measure for a transient cohort of tenants.
- There is at present no minimum term for tenancy agreements.
- Landlords can issue notices to vacate for a myriad of reasons, or no reason at all, even when the tenants have not breached the tenancy agreement.
- Properties managed by estate agents provide estate agents with an incentive to move tenancies and increase profits.
- Being placed on a periodic lease can mean that landlords can raise the rent at regular intervals resulting in the tenancy becoming unaffordable. The tenant is then forced to seek accommodation elsewhere, and to pay moving costs that they can ill afford.
- Tenants are often afraid to ask for repairs for fear that this will lead to reprisals by the landlord in the form of a notice to vacate.
- In principle the RTA allows both parties, tenant and landlord, the freedom to negotiate the length of the tenancy but in practice the length of lease is dictated by the landlord. The scarcity of rental accommodation means that the tenant has no power to negotiate.

How can the Residential Tenancies Act provide for security of tenure?

Recommendations

- Long leases of at least 10 years.
- An end to periodic tenancies when a lease ends.
- At the end of the lease the landlord to provide a notice to the tenant giving the reason for ending the lease, or be able to issue a further lease.

- Tenants who required more flexibility would be able to end a tenancy early by providing 28 days notice to the landlord. Owing to the shortage of housing stock landlords would have no difficulty in finding new tenants.
- Abolition of “no reason” notices when the tenant has not breached the terms of the tenancy agreement.
- Tenancy agreements that address the power imbalance between landlords and tenants need to be enshrined in the act to make them legally binding.

What issues are there regarding the way in which provisions for rent increases in the Act affect security of tenure?

Affordability

At present landlords are able to raise rents every six months once a lease is terminated. The fear that the rent will become unaffordable is a major source of insecurity for tenants.

A recent report from Anglicare (Rental Affordability Snapshot, 2015) gave a definition of housing stress as when rent is more than 30% of disposable income and household income is in the bottom 40% of the income distribution. The Victorian Government's Fairer, Safer Housing consultation paper (2015) admitted that 39% of private rental tenants in the lower 40% income bracket are living in housing stress paying more than 50% of their income in rent. Wages have risen 41% but rents 54%

The present RTA cannot address the problem of existing high rents but could look at rent controls to provide tenants with some security. At present some leases include terms that allow rent rises during the time of the lease. Tenants desperate for housing can feel pressured into agreeing to such conditions. Landlords can use their superior bargaining power to suit their financial interests rather than the interests of tenants

Recommendations

- An independent rent panel to determine what is a fair rent for the type of rental property.
- Rent increases in line with the CPI.

What issues are there regarding the way provisions for repairs, maintenance and modifications in the Act affect security of tenure?

Maintenance

One of the reasons some tenants may want shorter leases could be that they are living in substandard accommodation and are hoping to obtain something better. Tenants are often afraid to ask for repairs for fear that this will lead to reprisals by the landlord in the form of a notice to vacate. Landlords often refuse permission for disabled or elderly tenants to make modifications appropriate to their needs thus forcing them to find alternative accommodation.

Recommendations

- Properties should have to conform to a basic standard for decent living conditions before they can be placed on the rental market.
- Further protections for tenants so that they feel empowered to ask for repairs without endangering their security of tenure

FGFP strongly believes that the best way to provide security of tenure for those on low incomes is through increasing the provision of high quality public housing.

Fair Go for Pensioners Coalition Inc (FGFP) was established in Victoria in 2007 and is an independent not-for-profit coalition of community-based organizations and individuals advocating for social justice for pensioners, single parents and their children, unemployed people and other low-income groups marginalised by financial hardship and poverty.

FGFP advocates for and mobilises pensioners, single parents and their children, unemployed people and other low-income groups and their supporters to gain significant improvements in income and related services for those living in poverty or in financial hardship.

Our work includes direct action, advocacy, community organising, building the coalition, media, public education and research and is underpinned by human rights and activism. We work towards a just society where everyone counts and gets a fair go at life.

Representative organisations on FGFP Victorian Steering Committee include Australian Pensioners Voice, Australian Unemployment Union, Australian Manufacturing Workers Union (Retired Members Division), Council of Single Mothers and their Children, Combined Pensioners & Superannuants Association of Victoria, Ethnic Communities' Council of Victoria, Federation of Greek Elderly Citizens of Melbourne and Victoria, Maritime Union of Australia (Victorian Veterans), W.O.W! Willing Older Workers, Victorian Trades Hall Council, Unitarian Peace Memorial Church, Melbourne, 3ZZZ Melbourne Ethnic Community Radio. A range of other community groups and churches endorse our annual action plans. FGFP also has an individual section established in December 2013.