

For the Urgent attention of: Regulation Policy and Governance Services, Department of Justice and Community Safety

<https://engage.vic.gov.au/rentingregulations>

We believe the following changes to the Victorian Residential Tenancy Act will unfairly impact the 34,500 property owners that the Barry Plant Group represents. As a consequence of these changes the ongoing costs to our owners will definitely increase.

These increases will be significant on many levels and as such we believe many owners will be unwilling to carry these increased costs. As a result, we anticipate significant impact on the sector with rental providers either selling their investment properties, reducing the amount of available properties in the marketplace, or passing on the additional costs to their current and future renters, resulting in higher weekly rents.

We calculate that the associated costs of completing the works required will require owners to pass on a rental increase of more than \$20 per week, in addition to any rise in rents in the local rental market. We do not believe this to be the intention of the Governments reforms – however it is our opinion that it may be a consequence of the additional requirements if not modified.

Here are the changes we oppose along with what we believe are fairer alternatives:

Modifications to rental properties

We do not believe renters should have the right to make prescribed modifications to a property without the rental providers consent, specifically items such as adding picture hooks, caulking to stop draughts, securing furniture to walls and adding flyscreens or blinds.

While we understand why renters might need these alterations, all works undertaken at the rented premises should require the rental provider's consent before such modifications are undertaken. Many of these changes require a skilled person to perform them correctly and if done poorly they may result in damage to the property or added costs to rectify the changes at the end of a tenancy period.

Compensation for sales inspections

Compensation (paid by rental providers to renters) for each time a property is to be made available for a sales inspection, is proposed to be half a days' rent payable under the rental agreement. As scheduled Opens are usually only half an hour in duration, we believe this should be reduced to an hourly amount for the time the renter is required to have the property open for viewing and not a compensated for a half a day.

End of fixed term renewal – limit on use of 90 Day End of Fixed Term to the initial tenancy period.

This clause may force rental providers to remove their renters at the end of every 12-month fixed term because they are unsure of the suitability of the renter or they have not decided what they want to do with the property moving forward. This will result in a greater turn-over of renters. This directly opposes the aim of the policy to provide longer term rental housing for renters.

Rental providers should have the ability to issue a 90 day End of Fixed Term Tenancy for all subsequent tenancies, in addition to the initial lease.

Maximum bond amount

We strongly disagree with the proposed change to limit collection of a higher bond for properties unless the weekly rent is greater than \$900 pw.

The current median rental in Victoria is \$400 per week. These regulations won't be reviewed for around five years, at which point we expect the median rental to be \$450 per week.

The approximate time taken to remove a non-paying renter from a property is almost seven weeks, which means that a rental provider will lose a minimum of three weeks rental – and this does not take into consideration the cleaning and damage that is left behind after the eviction, which can range from \$500 - \$5000 in many instances.

A more appropriate Bond Limit would be \$500 per week.

As a result of this change, rental providers will have to ensure that they are highly selective during the renter selection process. Unless applicants have strong rental references from well-known and reputable Agents to attest to their suitability then rental providers will be reluctant to accept them as renters. This will deepen the accommodation crisis for renters leaving them without suitable rental properties. As a result of the reduction in the Bond amounts taken, rental providers will not be prepared to give 'second chances' to renters that may not have an impeccable track record.

Goods left behind

No time limits have been proposed for the keeping of the items referred to as prescribed goods. Rental providers should not be burdened with the inconvenience (and possible cost) of holding on to urns, trophies, medical equipment, prescriptions etc. indefinitely.

We propose that after six months of holding these items that they would be disposed of, as they are obviously unwanted and out of date by this time.

Conclusion

At Barry Plant we have 34,500 rental properties under management. We have a team of 300 property managers who are closely involved with rental providers and renters on a day-to-day basis. They are dealing with the balancing act of protecting their rental provider's investment while allowing renters to enjoy undisturbed peace. We genuinely believe that many of the changes proposed are an unreasonable impost on rental providers which will result in both a decrease in properties available for rent and an increase in rents, which is not a great outcome for Victoria's society.

We trust that you will strongly consider our recommendations in relation to the changes to the Residential Tenancies Regulations, before the Draft has been approved.

Yvonne Martin

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The Barry Plant Group