

# Rent, bonds and other charges

Submission to the issues paper for the  
*Residential Tenancies Act 1997* review

April 2016

## About VCOSS

The Victorian Council of Social Service (VCOSS) is the peak body of the social and community sector in Victoria. VCOSS members reflect the diversity of the sector and include large charities, peak organisations, small community services, advocacy groups, and individuals interested in social policy. In addition to supporting the sector, VCOSS represents the interests of vulnerable and disadvantaged Victorians in policy debates and advocates for the development of a sustainable, fair and equitable society.

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# Introduction

VCOSS welcomes the opportunity to provide feedback on Consumer Affairs Victoria's issues paper on rent, bonds and other charges.

The rental housing market in Victoria is already unaffordable for many people. Average rent in Victoria has increased by 40 per cent since 2007,<sup>1</sup> nearly double the general rate of inflation of 21 per cent over the same period.<sup>2</sup>

Private rental is no longer a transitional housing option for many people before buying their own home, and the shortage of social housing means many low-income and vulnerable people and families are increasingly living in private rental properties. There are now more than half a million rental households, 35 per cent more than in 1996.<sup>3</sup> Of these, more than 275,000 are low-income Victorian households, more than three times the number of households in social housing.<sup>4</sup>

The way that rental bonds are calculated, contested and apportioned, and the way that rents are collected and increased can all have very real effects on the financial stress and ability to afford housing of low-income households.

This review of the *Residential Tenancies Act 1997* provides an opportunity for the Victorian Government to make meaningful changes to residential law to introduce stronger consumer protections against mistreatment of tenants. The law should protect people, especially those living in low-income or disadvantaged households, from being taken advantage of in rental accommodation, and ensuring they have fair access to obtain and sustain an affordable rental home.

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<sup>1</sup> Department of Health and Human Services, *Rental Report June 2015 and Rental Report September 2007*, accessed online 7 December 2015.

<sup>2</sup> Reserve Bank of Australia, *Inflation Calculator*, <http://www.rba.gov.au/calculator/annualDecimal.html>

<sup>3</sup> Victorian Government, *Residential Tenancies Act Review: Laying the Groundwork - Consultation Paper*, p.16

<sup>4</sup> Australian Bureau of Statistics, *Housing occupancy and costs 2013-14: Additional tables – low income rental households*, Cat. No 4130, 2015.

# Recommendations

## Fairer rental bonds

- Remove the exemptions to bond limits, so the existing limit of one month's rent applies equally to all tenancies
- Wherever possible, refund an undisputed bond to the tenant fourteen days after a tenancy ends, including any undisputed portion
- Require landlords to providing evidence to substantiate claims against the bond in their initial application
- Expand access to bond loan schemes by:
  - Granting applications where a person has a previous loan outstanding that is being used for a bond that has not yet been released
  - Investigating methods of granting bond loans without requiring disclosure to a landlord
  - Ensure granting a bond loan does not mean removal from the public housing waiting list (or its successor)
- Expand VCAT ability to better apportion liability between co-tenants, especially in situations of family violence.

## Fairer rent setting and collection

- Prevent rental bidding by ensuring landlords include a fixed price when advertising a home for rent, and may not rent the property at a higher price.
- Landlords should bear the onus of showing rent increases above a suitable index are reasonable and not excessive.
- Restrict rent increases to once each year.
- Allow all tenants the right to pay rent fortnightly to match their income payments
- Require landlords to provide tenants the option of at least one free and reasonably convenient method of paying rent
- Require Centrepay to be available to any eligible tenant if the landlord or their agent is eligible to be a Centrepay business
- Provide for a minimum notice period of 28 days where the termination is landlord initiated as a result of tenant breach, including for rental arrears.
- Develop a hardship process that is triggered when a tenant is in 14 days rental arrears, to prevent unnecessary evictions.
- Prohibit holding deposits.
- Limit administration fees for changes of tenancy details to where there have been three or more changes in a year.

# Fairer rental bonds

## Apply bond limits equally for all tenancies

### Recommendation

- Remove the exemptions to bond limits, so the existing limit of one month's rent applies equally to all tenancies

Moving is a stressful life event. This is compounded by associated financial burdens. People moving into a rental property face significant up-front costs, including moving furniture, paying rent in advance and commencing utilities. These are exacerbated if the person is moving from another tenancy, potentially incurring overlapping rental payments, cleaning and making good on the previous tenancy. Paying rental bonds exacerbates these costs.

For people living on low-incomes, the lump sum required as bond is a significant amount of money that can cause financial insecurity, or be a barrier to moving or securing a property. Many people living on low incomes have limited savings, and high bonds can prevent people from successfully commencing a tenancy. Often a person is waiting on a bond return from the previous property, and so has two bonds being held at the same time, requiring careful cash flow planning.

Difficulties with paying high costs at the beginning and end of a tenancy can lead to financial stress, and people may turn to high-cost credit, such as pay-day lenders, which makes them more financially vulnerable. High rental bonds contribute to these costs, and perversely make tenancies more financially vulnerable if tenants experience financial difficulty as a result. It is in landlords' best interest to ensure that tenants are financially secure and can sustain their rental payments.

The costs associated with commencing and ending tenancies are a major cause of friction in the rental market. In effect, these costs act as barriers to entry and exit, making the market less efficient, and giving landlords greater power to extract above-market rents. Placing a ceiling on bond amounts helps the rental market operate more efficiently.

Under current legislation, a landlord can ask for an amount in excess of one month's rent where the weekly rent is more than \$350 per week. This prescribed figure no longer reflects the Victorian rental market. In the September 2015 quarter, the median rent for a two bedroom house in

metropolitan Melbourne was significantly more than \$350.<sup>5</sup> The figure of \$350 is arbitrary, and is increasingly ineffective at restraining disproportionately high bonds.

The current legislation also exempts properties where the owner resides in the property immediately before the tenant, and intends to reside there immediately after tenancy agreement ends. It is unclear why these circumstances should require a higher rental bond, which introduces an inequity into the rental market, where otherwise similar properties have different provisions for bonds.

VCOSS recommends removing these exemptions from the legislation. This would bring Victoria in line with other jurisdictions, including NSW and Tasmania, which limit bonds to four weeks rent with no exceptions. Indeed, there is also benefit of a minor change in the limit from one month to four weeks, so the bond amount is more easily calculated. Most rental properties advertise a weekly rental price, and it is much easier for people to calculate four weeks rent than one month's rent.

Removing the exemptions create a number of benefits. It would simplify the legislation, meaning tenants and landlords can easily determine the appropriate maximum bond amount. It would help limit the costs of changing tenancies, help the market operate more efficiently, and help reduce the barriers faced by low-income tenants with limited access to financial reserves to pay a bond.

## Streamline return of bond processes

### Recommendations

- Wherever possible, refund an undisputed bond to the tenant fourteen days after a tenancy ends, including any undisputed portion
- Require landlords to providing evidence to substantiate claims against the bond in their initial application

Bonds are tenants' money. VCOSS members report many people living on low incomes report difficulties in getting their bond money returned. As a result, people can face financial hardship, difficulty in finding and securing new accommodation and experience feelings of powerlessness, frustration or stigma.

VCOSS member organisations report there are often unnecessary delays in returning bond money to tenants. People can face long periods of uncertainty, waiting for resolution of bond disputes by VCAT. They are often trying to carefully balance their financial situation, and unexpected or unreasonable delays can turn finely balanced cash flows into a financial crisis.

If the landlord and tenant do not agree on the allocation of the bond, the landlord currently has fourteen days to make a claim to the Registrar or VCAT. However, VCOSS members report that many landlords fail to comply with this time limit, and VCAT regularly grants extensions or does not

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<sup>5</sup> DHHS, *Current Rental Report – September Quarter 2015*, <http://www.dhs.vic.gov.au/about-the-department/documents-and-resources/research,-data-and-statistics/current-rental-report>

enforce the limit. As a result, tenants are left facing longer periods of uncertainty, unable to access their funds.

The current legislation only allows the bond to be returned to the tenant with the agreement of the landlord, even when the landlord's fourteen day period to lodge a claim against the bond has passed. This anomaly in the legislation should be amended, allowing the Residential Tenancies Bond Authority (RBTA) to return a bond to a tenant where it is reasonably satisfied:

- a tenancy has ended; and
- the landlord has not made a claim on the bond within 14 days of the tenancy ending.

Similarly, if a landlord has only made a claim on a portion of the bond, the RBTA should be able to return the undisputed portion to the tenant in the same circumstances.

The RBTA should be obliged to take all reasonable steps to ensure that bond money is returned to its owner. This includes taking pro-active steps to investigate circumstances where they may be holding bonds for tenancies that have ended, and to locate people to whom money may be owed.

VCOSS member organisations report that claims against the bond by the landlord are sometimes vague, unsubstantiated or inflated. They report that evidence to support claims against the bond is often not provided until a VCAT hearing, making it difficult for tenants to prepare for the hearing, assess whether the claim is reasonable and justified, and get appropriate advice.

Any claim against a bond by the landlord should be accompanied by any reasonable evidence substantiating the grounds and the costs, such as quotes for repairs or photos. VCAT or the Registrar should have the ability to reject any claims that are not accompanied by evidence substantiating it, and allow the bond to be returned to the tenant. This has the benefit of encouraging landlords to make timely claims, and to only make claims where they can substantiate the reasons and costs.

## Improving access to bond loan schemes

### Recommendation

Expand access to bond loan schemes by:

- Granting applications where a person has a previous loan outstanding that is being used for a bond that has not yet been released
- Investigating methods of granting bond loans without requiring disclosure to a landlord
- Ensure granting a bond loan does not mean removal from the public housing waiting list (or its successor)

More than 12,000 Victorians received assistance through a bond loan in 2013-14.<sup>6</sup> The bond loan scheme in Victoria is managed through the Department of Health and Human Service (DHHS),

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<sup>6</sup> AIHW, *Housing Assistance in Australia 2015*, Financial Assistance Supplementary Tables, Table 8, May 2015.



and assists low-income people to secure private rental properties. VCOSS welcomes the provision of bond loans to help remove the financial barrier bonds present to securing a rental home.

VCOSS and our member organisations have identified weaknesses in the current bond loan scheme which point to ways which bond loans can be improved to assist more people.

In general, a person can only access a bond loan when all previous bond loans or amounts owing to DHHS have been repaid. This can disadvantage people moving properties, where they must provide a bond on the new property, before having the bond returned on the previous property. The DHHS policy regarding the bond loan scheme states that the department can accept applications for bond when an existing bond has not yet been returned, if the tenant provides written evidence from the landlord that the bond will be returned. However, VCOSS consultation participants reported that in practice, this does not always occur. Landlords may be hesitant to guarantee the return of a bond before the tenant has vacated and they have had a chance to undertake a final inspection. VCOSS members also report instances where despite providing this evidence, bond loans have not been approved.

Some tenants are also reluctant to access bond loan schemes, as they fear landlords will discriminate against them, making it more difficult to secure a property. Some landlords ask prospective tenants whether they will be using a bond loan to pay their bond, potentially as a screening mechanism, while tenants worry that if a landlord becomes aware they are seeking financial assistance, the tenancy may not proceed. As the bond loan is a credit arrangement between DHHS and the tenant, there is no immediate reason why a landlord must be informed of the arrangement, and other credit providers do not require this.

One member organisation reported that sometimes when a person is granted a bond loan, they are removed from the public housing waiting list. With nearly 35,000 households on the social housing waiting list, and lengthy waiting periods, many people have no choice but to live in private rental while they wait for a property to become available. Approval of a bond loan should not affect a person's eligibility for social housing.

## Fairer apportioning of bond between co-tenants, and in instances of family violence

### Recommendation

- Expand VCAT ability to better apportion liability between co-tenants, especially in situations of family violence.

All legal co-tenants are jointly and severally liable for the property. As a result, when one co-tenant is unable to pay their rent, or causes damage to the property, it is often the other co-tenants who bear the cost. VCAT can only apportion liability between co-tenants in limited circumstances, and

although these include instances of family violence, there remain difficulties for survivors of family violence in apportioning liability.<sup>7</sup>

The Royal Commission into Family Violence has recommended that the Act be amended to:

*“provide a clear mechanism for apportionment of liability arising out the tenancy in situations of family violence, to ensure that victims of family violence are not held liable for rent (or other tenancy-related debts) that are properly attributable to perpetrators of family violence.”<sup>8</sup>*

The links between family violence and homelessness are well known. Family violence accounts for about one third of all people receiving assistance from specialist homelessness services.<sup>9</sup> The housing crisis is making it increasingly difficult for women experiencing, or at risk of, family violence to find secure, stable homes. Where a woman experiencing family violence has co-signed a lease with a violent perpetrator, she can be liable for rental arrears or damage to the property, even if she has left the property for her own safety.

The RTA can be amended to better apportion liability for the bond between co-tenants in situations where there is violence. Victims of violence should not be held liable for debts or damage made by violent perpetrators. VCOS consultation participants highlighted the DHHS example, where landlords are not permitted to claim against the bond in cases where people have experienced family violence, providing there is evidence to support the claim.

Family violence is not the only situation where tenants can be liable for the actions of co-tenants over which they have little control, nor ability to foresee. The jurisdiction of VCAT could be expanded to cover disputes between co-tenants more generally, including more appropriately apportioning the bond.

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<sup>7</sup> For a more detailed discussion of these provisions, see Justice Connect Homeless Law, *Home Safe: Submission to the Royal Commission into Family Violence*, May 2015, pp.22-25

<sup>8</sup> Royal Commission into Family Violence, Volume IV: Report and recommendations, March 2016, p.125

<sup>9</sup> AIHW, *Specialist Homelessness Services data cubes*, <http://www.aihw.gov.au/shs/data-cubes>

# Fairer rent setting and collection

## Prevent rental bidding

### Recommendation

- Prevent rental bidding by ensuring landlords include a fixed price when advertising a home for rent, and may not rent the property at a higher price.

Rental bidding occurs when offers are invited or encouraged for a property at a rent higher than the advertised amount. VCOSS member agencies report that rental bidding is becoming increasingly common, and is no longer limited to high cost rental properties. This practice places low-income prospective tenants at a further disadvantage for a number of reasons:

- It encourages landlords to underquote rental prices, knowing that faced with large numbers of applications, they can encourage the price to be bid upwards
- It encourages people to inspect and apply for properties which are ultimately rented at a price higher than they can afford, wasting people's time and resources
- The lack of transparency means landlords or their agents may encourage prospective renters to make an offer higher than the advertised price to secure the property, even in circumstances where no other prospective tenant has done so
- It creates unnecessary upward pressure on rental market prices
- It results in prospective tenants feeling pressured to make bids higher than they can afford to secure a property.

For housing markets to operate efficiently, the price mechanism must be transparent, with both landlords and tenants able to see accurate prices reflected in the marketplace. There are general protections in the Australian Consumer Law against false and misleading conduct, including about price, as well as specific protections against 'bait advertising'. These principles should be strongly reflected in the *Residential Tenancies Act*, by making sure that landlords rent properties at advertised prices.

Property agents should not be able to advertise a property without a fixed rent price, advertise a rent range, or ask for offers. The legislation should prevent agents and landlords from receiving or requesting an offer above the advertised price. VCOSS supports the recommendation of the Tenants Union of Victoria that Victoria adopt a similar provision to the Queensland *Residential Tenancies Act* s57, which requires premises be offered for rent at a fixed amount and makes it an offence to accept a bond when a fixed amount was not stated.

## Prevent excessive and unreasonable rent increases

### Recommendations

- Landlords should bear the onus of showing rent increases above a suitable index are reasonable and not excessive.
- Restrict rent increases to once each year.

Unpredictable rents push people into financial difficulty and cause unexpected moves. Unexpected or excessive rent increases can push low income tenants beyond already stretched budgets, forcing them into rental arrears, to move, or to reduce their spending on other essential goods and services, such as healthcare or education costs. At worst, an excessive rent increase may result in homelessness. The current legislation places the burden upon tenants to contest unreasonable rent increases, who may be unaware of their ability to do so, or are reluctant due to fears of a deterioration in the relationship with their landlords as a result, or retaliatory action by the landlord for doing so, including being evicted ‘without cause’.

VCOSS supports a healthy rental market that ensures landlords have sufficient income to keep their properties and maintain them to a high standard. We seek to find a balance between providing certainty and predictability to tenants that protects them from unreasonable or excessive increases, and providing reasonable returns for landlords.

VCOSS was disappointed at the analysis of this topic in the issues paper. It dismissed any action to restrain excessive and unreasonable rent increases as ‘rent control’. VCOSS does not advocate for rent control, stating in our previous submission that it:

*“is important that landlords are not prevented from increasing rent where it is fair and reasonable to do so, as this could encourage landlords to evict tenants so they can reset the rent with a new tenancy arrangement.”<sup>10</sup>*

The examples used to justify mechanisms for preventing excessive and unreasonable rent increases in the issues paper were limited, and failed to look at Victoria’s context or the range of options available for limiting unreasonable rent increases.

For example, the discussion paper said that rent control in New York and San Francisco increased non-controlled rents and disadvantaged low-income households. However, rent control in these cities is a much more restrictive model than any proposed by VCOSS or other tenant advocates in this review. As an illustration of the difference, rent control does not apply to all New York rental properties. Only to 1.8 per cent of New York rental housing stock are subject to rent control. Rent stabilization applies to approximately 45 per cent.<sup>11</sup>

VCOSS looks to international and domestic jurisdictions that have adopted different mechanisms for protecting tenants from arbitrary, retaliatory or excessive rent increases. For example, in

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<sup>10</sup> Victorian Council of Social Service, Making rental housing secure: Submission to the issues paper for the Residential Tenancies Act 1997 Review, December 2015, p.25

<sup>11</sup> Furman Centre for Real Estate & Urban Policy, *Rent Stabilization in New York City*, New York University, 2012.

Germany, initial rents are based on a local average and must not be increased by more than 20 per cent in a three year period. In France, rent increases require six months' notice and are only allowed if the existing rent is considered undervalued. The ACT requires that for all increases above a certain threshold, the landlord must justify that the rent increase is not excessive.

The assessment of whether an increase is excessive is not always straightforward, as there is no reliable measure of market rent. The current process involves VCAT ringing local real estate agents to make an assessment, which may not always take into account the age of the property, its state of repair, or other relevant variables.

Victoria could adopt a mechanism where there is an onus on landlords to show proposed large rent increases are reasonable and not excessive. One proposal suggested by VCOSS is that landlords could unilaterally make small annual increases, in line with the consumer price index (CPI), under the existing appeals mechanism, but require more scrutiny if they wished to make larger increases. This could be by application to an external arbiter, such as the Registrar or VCAT, accompanied by evidence of the reasoning for the disproportionately large increase in rent. By requiring an external body to approve large rent increases, landlords would be less inclined to make arbitrary, excessive, exploitative or retaliatory rent increases.

VCOSS notes that community housing providers have different rent structures, based on income, below-market rent or other factors. As a result of the different models, applying a mechanism linked to CPI to community housing across the board may be more difficult than market-based rents in the private markets. We suggest the review continue working with community housing providers and tenants to identify strategies for ensuring rent increases are appropriate and do not place tenants at increased risk of financial hardship.

Under the RTA, rent can be increased up to twice each year, which is more often than other Australian states and territories including NSW, Tasmania and South Australia. In many industrial agreements and the usual practice of workplaces, wages are increased annually. Similarly, the Fair Work Commission makes annual minimum wage determinations. VCOSS believes the most appropriate time period for regular rent increases would be to match the annual cycle of wages increases, so that the two match. Rent increases also mean tenants must adjust any automatic payment processes they use to pay rent, and the change in rental amounts can be a cause of mistakenly low rent payments, potentially putting tenants unwittingly in arrears. Limiting the disruption of rent changes to once annually would be of benefit to both tenants and landlords.

VCOSS proposes that rent increases should be restricted to once per year, in line with other jurisdictions, to match annual wage increases and minimise rent payment disruptions.



## Paying rent fortnightly

### Recommendation

- Allow all tenants the right to pay rent fortnightly to match their income payments

The rent payment cycle can be a major source of financial stress. If rent payments are too 'lumpy', and divorced from a person's regular income payments, managing cash flow becomes more difficult, as people have to continuously save up their income in order to have enough to pay the rent in full.

In Victoria, most people receive their income on a fortnightly basis. Most employers pay wages fortnightly, and income support payments are paid fortnightly. The ideal rent payment cycle for most people would be paying rent fortnightly to match their income payments, ideally a couple of days after 'payday', when they are most likely to be assured of having sufficient money.

Paying rent in advance is another barrier to people living on low-income securing a rental property. As well as finding money for a bond and other moving costs, landlords can require one month's rent in advance at the beginning of a lease. In total, tenants may have to find two months' rent in a lump sum in order to commence their tenancy.

Like bond amounts, the Victorian legislation limits the amount of rent that can be taken in advance to the equivalent of one month. However these limits do not apply where the weekly rent is more than \$350 per week. This prescribed amount is outdated and arbitrary.

Other Australian states limit the amount of rent that can be taken in advance to the equivalent of two weeks.

VCOSS recommends that all tenants always have the right to pay their rent fortnightly, and not be required to pay their rent a month in advance. Ideally, this would be accompanied by the ability to move the rent cycle to align with their income cycles, so they could pay when they were most likely to have sufficient money, and be more amendable to setting up automatic payments to make sure rent is paid on time. This will reduce financial stress, make securing a tenancy more affordable, and ultimately help landlords receive the correct amount of rent on time, making the tenancy more sustainable for both parties.

## Provide appropriate methods of paying rent

### Recommendations

- Require landlords to provide tenants the option of at least one free and reasonably convenient method of paying rent
- Require Centrepay to be available to any eligible tenant if the landlord or their agent is eligible to be a Centrepay business

Some landlords and real estate agents outsource rent collection to a third-party company. These companies sometimes require tenants to pay some fees. Many tenants are not offered a choice about how they pay their rent, nor provided an alternative fee-free method. The RTA does not require landlords to provide a convenient and free method to pay rent.

These third party schemes may have some benefits for landlords and agents, including administrative efficiency and reduced accounting and bookkeeping costs. If this is the case, the landlord or agent should bear the cost of the service, as they are receiving the benefit.

The RTA should be amended to require that at least one fee free method of paying rent be provided to tenants. VCOSS members noted that the fee free method should be accessible to everyone. Some people, including older people, are less likely to use online banking, and may be further disadvantaged if this option is the only one available to them.

Centrepay is a voluntary free bill paying service for people who receive Centrelink payments. It can help people budget for rent, utilities and other household essentials. Approved Centrepay businesses pay a small transaction fee on each deduction to cover the costs of the scheme. Many, but not all, real estate agents are approved Centrepay businesses. If a landlord or their agent is eligible to be a Centrepay business, and a tenant wishes to pay using Centrepay, the landlord should be obliged to provide this service.

## Managing rental arrears

### Recommendation

- Provide for a minimum notice period of 28 days where the termination is landlord initiated as a result of tenant breach, including for rental arrears.
- Develop a hardship process that is triggered when a tenant is in 14 days rental arrears, to prevent unnecessary evictions.

Currently landlords can issue tenants with a notice to evict if they are 14 days in rental arrears. VCOSS believes eviction for breaching a term of the lease should be a last resort. Before a notice to vacate is issued, all reasonable steps should have been taken to resolve the issue by other means, and the eviction should be a proportionate response.

Sometimes rental arrears are a result of one-off financial circumstances. The tenant is likely to be able to continue paying their rent in the future, but needs some short-term flexibility to manage a current situation. In this case, it is better to preserve the tenancy, preventing the tenant from unnecessary eviction, greater hardship, and perhaps risking homelessness. The landlord avoids the difficulties of eviction and finding a new tenant.

However VCOSS members report landlords and real estate agents often do not seek to resolve issues before issuing a notice to vacate and ensure eviction is a proportionate response. For example, VCOSS members report that tenants are sometimes evicted for rental arrears, even though the tenants have paid the arrears prior to the repossession order hearing or are in a position to pay via a repayment plan.

VCOSS proposes an alternative process, where instead of issuing a notice to vacate, 14 days rental arrears triggers a hardship process. Other essential services providers, like energy and water companies are required to have these kind of hardship programs in place. The hardship process could involve a conversation with the tenant about their financial circumstances, negotiating a repayment plan and/or information about financial counselling, advocacy and assistance available to tenants. If the payment plan is not complied with, or the rental arrears continue to 28 days, then a notice to vacate could be issued.

Notice to vacate forms should be updated to reflect this. They should include information about the tenant's legal rights, assistance available, and a financial hardship checklist for landlords to complete, to assist VCAT in making its determination.

VCAT should also be able to examine the circumstances of breaches that have led to evictions. The current RTA does not require an eviction to be reasonable in the circumstances. This means when considering a possession order, VCAT members have little discretion to consider whether it is unreasonable or inappropriate, whether the hardship likely to be experienced by the tenant as a result of the eviction and what other action could be taken to preserve the tenancy. The RTA should be amended to allow VCAT to consider the reasonableness of the eviction, and the hardship likely to be experienced by the parties as a result.

VCOSS recommended in its response to the *Security of Tenure* issues paper that all notice periods for landlord initiated evictions, as a result of tenant breach, be 28 days. We regard this as the minimum period where a person may be able to secure, finance and relocate to an alternative tenancy, although even this may be too short for many people. Longer notice periods may be required for longer term tenants, who have lived in the same house for 20 years or more. In its *Security of Tenure* response, VCOSS recommended additional notification periods on a sliding scale for very long tenancies.

## Other charges

### Recommendations

- Prohibit holding deposits.
- Limit administration fees for changes of tenancy details to where there have been three or more changes in a year.

Holding deposits are where a tenant must pay an amount in order to merely apply for a tenancy, and can be up to one month's rent. These create an uneven playing field, where higher income prospective tenants may be able afford to apply for multiple tenancies, while low-income people may be unable to afford to pay for more than one at a time, meaning they cannot even apply for the opportunity to be considered as a tenant.

Given the demand for rental properties in Victoria, they are an unnecessary benefit for landlords. VCOSS recommends holding deposits should be prohibited.

Landlords can also charge tenants an administration fee for the change of tenancy details or a bond transfer. This can happen regularly in share housing arrangements, where co-tenants may change more regularly. VCOSS members suggested this be prohibited, or at a minimum restricted to when there are multiple changes (say, three or more changes) in a calendar year.

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