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To whom it may concern,

Subject: Response to FSH Residential Tenancies Act Options Paper

I write to express my concern regarding some of the proposed options outlined in the FSH Residential Tenancies Act Options Paper.

As a landlord & property manager in Victoria I am already bound by a substantial number of obligations and restrictions. I urge you to take these into account as you consider further changes to the Residential Tenancies Act. I have real concerns regarding a number of proposals including:

- Minimum standards;
- Extending leases without consent; and
- Pets in rental properties.

I also have concerns regarding:

4.6 Terms of tenancy agreement

The existing CAV Tenancy Agreement is insufficient. The REIV Tenancy Agreement is preferred for the inclusion of the additional terms. Tenancy Agreements can differ between agencies, therefore a standardised tenancy agreement would make it easier for tenants to understand their obligations when moving between properties/agencies/landlord.

A standardised agreement should be comprehensive in his prescribed terms and be balanced between the rights of the landlords and tenants. VCAT should have authority to enforce additional terms as they form the basis of the agreement between the parties. If additional terms are unenforceable, then why have them?

5.2 Pets in rented premises

Landlords should retain the right to refuse pets in their property and a tenant keeping a pet in a property without landlord consent should be an enforceable breach of agreement.

Pet bonds have been unlawful for several years in Victoria. However, some landlords may be more agreeable to having pets in a property with the security of a pet bond. Very clear guidelines and processes as to how pet bonds are to be managed and administered would need to be provided:

- How pet bond is calculated
- Maximum pet bond, if applicable
- Where the pet bond is to be held (ie agency or as part of bond at RTBA). If bonds were to be retained by agent/landlord, they may not have an established separate trust account for it to be held. As such, an agent would be required to set up a trust account and then incur the fees & charges that come from operation of such an account. If the property is self-managed, where would the landlord hold the funds?
- Guidelines for disputes relating to the pet bond at the end of a tenancy

5.3 Rights of entry for sales campaign

The reasons for a landlord choosing to sell an investment property are varied and at times, personal. The right of a landlord to dispose of an asset they no longer require is paramount and should be preserved.

Option 5.5 which would require 7 days notice for general inspection severely hinders the sale process and does not respect the right of a landlord to dispose of the property.

Option 5.7 severely hinders the right of a landlord to dispose of the property. There is a 2 week period before the property can even be made available for inspection. In the event of non-agreement of inspection times, limiting the allowed inspections to 2 per week severely hinders the landlords ability to sell the property. Many landlords do provide some sort of 'incentive' or 'compensation' to their tenants when selling, however to mandate compensation may financially disadvantage the landlord. What is considered 'reasonable' compensation. It's a broad and subjective term and it may in instances be difficult to achieve agreement on what is considered to be 'reasonable'.

6.1 Break lease fees

The current method of calculating lease break fees is clearly defined with landlord receiving payment for rent until the property is re-leased and the agent receives payment for re-letting fee and any advertising costs incurred.

Questions regarding a Fixed break lease fee:

- what is the distribution / calculation between landlord for loss of rent and agent for advertising & re-letting fee
- Who is responsible for maintaining the property (ie lawns, gardens) during the break lease period if the tenant is not in possession or residing in the property

8 Property Conditions

8.1 Expanded circumstances in which a condition report is required.

It is not always feasible nor practical for a tenant to inspect a property in a vacant state prior to moving in. What are the implications if a tenant then changes their mind about leasing the property after seeing it in a vacant state?

Condition reports are prepared on the basis on the property being in a vacant state, preparing a condition report upon each periodic inspection would prove difficult for property managers when a tenants furniture & possessions are in place and may mask defects (for example: a picture may hide a hole in the wall, a rug placed over a stain in the carpet). Inspection reports are prepared, provided to landlords & retained on file following periodic inspections and is considered sufficient.

8.10 Urgent repairs

The introduction of an 'urgent repair bond' is not practical. As per a pet bond, very clear guidelines and processes as to how this type of bond would be managed and administered would be required including:

- dispute resolution - who authorises access to the funds
- where the bond is held (ie Agency/landlord/RTBA). If the bond is held externally how is access obtained in the event of urgent repair. Not all agencies or landlords may be set up to handle additional bond transactions.
- Existing landlords - required to comply or only new? Transition period?

- Would the 'urgent repair bond' money need to be topped up if part of it is used for a repair?

In the majority of cases, urgent repairs are attended to in a timely manner and disputes in relation to urgent repairs are not common.

CAV acknowledges that many landlords are highly geared – in that sense, paying a bond places a financial impost on landlords.

8.5 Health, safety and amenity standards at point of lease

The Building Regulations and Acts provide for minimum standards in all newly constructed homes. Rental properties should not be subject to different or in fact higher standards other than those already regulated purely because they are rental properties.

Whilst there may be some unscrupulous landlords & agents, it is maintained that most landlords & agents apply a level of common sense & practicality, to 'minimum standards' when leasing out a property. A property that is not fit for habitation would, quite simply, not be rented out by respectable agents.

11 No reason notice to vacate

A tenant on a periodic tenancy can provide a landlord with 28 days written notice of their intent to vacate the premises and is not required to provide a reason for doing so.

Therefore, strongly advocate that a landlord's right to terminate for 'no reason' be retained in its current form. The timeframe of 120 days is considered appropriate.

Thank you for considering my response. I look forward to seeing a fair outcome for landlords upon conclusion of the RTA review.