

# Residential Tenancies Act Review

## 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 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.

As per the paper "The RTA Review – Major Issues: REIV" which I have included herewith, prepared by a professional body with an unbiased representation of the major issues with The RTA Review:

- Fixed term tenancies. Option 3.3 (page 33) - proposes extending fixed-term leases for a subsequent period without approval from landlords. This severely limits landlord's rights; it could affect the potential selling price.
- Minimum standards. Option 8.13D (page 103) proposes minimum standards for vacant premises, or when agreements are renewed. REIV believes implementing minimum standards could lead to significant financial costs to landlords, with difficulties in recouping the expenses without increasing rents across the state. Furthermore, if higher standards were to apply, property managers and landlords are unlikely to hold the necessary qualifications to establish whether rental premises are compliant. There should only be one standard for residential property and the fact that a property is rented out should not require a higher standard. These minimum standards are already set out in the Victorian Building Regulations and Codes.
- Urgent repairs. Option 8.32 (page 130) proposes reducing the time for landlords to dispute an urgent repair from 14 days to 7 days. This would place unnecessary pressure on property managers and landlords when tenants can already undertake urgent repairs up to the value of \$1,800.
- Landlord repairs maintenance bond Option 8.35 (page 132) proposes that a landlord lodge a prescribed bond as security against future claims for non-performance or repairs, or failure to reimburse a tenant for repairs within seven days. REIV sees no benefit in requiring landlords to lodge a bond to ensure they meet their obligations. Tenants already have sufficient recourse through VCAT which can order rent paid into a special fund until repairs are repaid. As outlined above, tenants are also entitled to be reimbursed for expenditure of up to \$1800 on urgent repairs.

- Remedies for breach of repairs. Option 8.37 (page 133) proposes an increased range of remedies for breach of repairs duty including an order prohibiting the landlord from charging market rent, freezing rental increases and prohibiting reletting prior to rectification to minimum standards. This could cause unfair financial impact on the landlord and an administrative impact on property managers.
- Modifications. Option 8.20B (page 116) proposes that “non-structural” modifications can be made to a rental property without landlord consent. This could lead to financial loss to a landlord and an impact on property managers. Tenants should only be allowed to make modifications to a property under guidelines, and with landlord consent.
- “No specified reason” notice to vacate. Option 11.27D (page 202) proposes removing the notice to vacate for no specified reason. Although used rarely, property managers and landlords may have cause to utilise the “no specified reason” notice to vacate. Removing the notice to vacate for ‘no specified reason’ will take away a valuable right available in every other major Australian state, including New South Wales.
- Landlords to provide their home address. Option 4.8A (page 42) requests that landlords provide their address to tenants for the “provision of service documents”. This creates a risk, and significant safety concern for landlords.
- Notice for entry. Option 5.8 (page 57) proposes a landlord is required to give 48 hours’ notice for entry to show to prospective tenants within 21 days of termination. In Option 5.7 (page 57), there is also a right to compensation for tenants, for inspections that are held. Open for inspections (OFI’s) are vital, in managing and leasing properties. Constraints on entering properties will, in turn, impact on property managers and landlords.
- No lease break fees. Option 6.5 (page 66) proposes tenants in special circumstances could end a tenancy with 14 days’ notice and should not be required to pay lease break fees. This is not currently the case – the Act already has flexibility for hardship cases.
- Goods left behind. Option 6.6B and 6.6C (pages 68-69) streamlines the procedure for tenants’ goods stored – and states that the period for all stored goods is 28 days; irrelevant of the value in 6.6A. Landlord can sell goods after that period with specific requirements. This creates significant and unnecessary expenses including removal of goods, storage costs and costs to discard the goods if they are not claimed. Organising transport and storage is time-consuming for the property manager and landlord and there is no incentive for tenants to remove items quickly. The onus would also be placed on the agent or owner rather than CAV for a claim from the tenant for valuable items left behind and removed.
- Change timeframe for final inspection report. Option 8.2 (page 86) proposes changing the timeframe for a condition report. REIV considers it crucial to retain the existing 14 days (10 business days) to provide the final condition report along with estimates, quotes, invoices or receipts relating to a bond claim so that a landlord can travel and/or inspect the property within the timeframe. “

*It is without doubt that Landlords throughout the state of Victoria would agree with the REIV’s presentation herewith.*

Additional Concerns regarding RTA Review:

The current number of obligations and restrictions on Landlords are heavily weighted in Tenants favour. Should the proposed changes come in effect; residential property leasing will become very unattractive to Landlords.

Landlords will lose control over their property and will not be able to protect their property as they require, or as they do so currently. There are serious ramifications for LL insurance and building insurance coverage also to be considered here.

Some Landlords will seek other avenues of investment with fewer obligations and restrictions, and will vacate this market. Alternatively, some landlords may not seek to have a formal agreement with their tenants, as the formal agreement will not protect the Landlord as required. Also, some landlords will seek short-term letting, or seek higher returns through holiday letting. *The Net result is fewer properties available for HOUSING.*

Some Landlords invest their life savings (obtained through much sacrifice and hard work) in their properties, which they provide to the public for HOUSING. Landlords have a huge responsibility in providing this service to the community. Despite hiring professionals to cope with these demands, there is much stress, time, and money required to meet all the day-to-day demands of providing HOUSING.

Also, the RTA/regulation does not allow for enough flexibility for the Landlord, nor does it currently protect the Landlord enough.

FURTHER REVIEW CONSIDERATIONS TO NAME A FEW:

Currently, Tenants can give 14 Days' Notice to the Landlord. This is not enough notice to the Landlord, who has to currently give 120 Days' Notice - FOR NO REASON. This is simply not enough Notice for the Landlord. The Tenant is paying rent monthly, but can give 14 Days' Notice if the Tenant has received a Notice to Vacate 120 Days' Notice - FOR NOT REASON.

Currently, Tenants can swap and change room-mates, and the Landlord has little control over who is coming and going due the RTA. This situation is resulting in real day-to-day issues for Landlords. The Landlord cannot unreasonably deny any application; however, this does not leave enough discretion to the Landlord. There are no restrictions on the number of changes in room-mates for example.

There are little or no PENALTIES for Tenants who break the rules in the RTA. There should be set penalties for set breaches by Tenants who break the rules.

Currently, the costs associated with VCAT are worn by the Landlord, even when the Landlord is not at fault. If the Tenant is at fault, the Tenant should be responsible for these costs associated with VCAT.

There is little or no flexibility in the RTA currently. No protection for Landlord on a number of issues which may relate to their property, as they are required to use a blanket RTA Lease. For Example, tenant agreement to professionally cleaning carpet after residing in the property for 12 months. It is requested that LL have more flexibility to include such clauses in leases.

I PROPOSE THAT:

- A. OPTIONAL CLAUSES are too made available for Landlords/Tenants to be included in RTA, allowing more flexibility for Landlords/Tenants. These OPTIONAL CLAUSES can be included in Leases should the Landlord/Tenant agree. For example ...
  - 1. Tenant will professional clean carpets at the end of their 12 month lease, and provide a receipt to the Landlord.
  
- B. ADDITIONAL TERMS AND CONDITIONS are able to be included if agreed by the Landlord/; for example ...
  - 1. The Landlord requires 21 Days' Notice to VACATE should the Tenant receive a 120 Day Notice to Vacate - FOR NOT REASON.
  - 2. The Landlord agrees to consider 1 small suitable pet upon written application from the Tenant; provided the pet does not damage the property or cause a nuisance to other Tenants. Should these conditions not be met, permission will be withdrawn with 30 days written notice.
  - 3. Additional 1 week rent to be paid by Tenant for Pet Bond.
  - 4. If Tenant at fault, VCAT fees to be paid by Tenant and if LL at fault, VCAT fess to be paid for by LL.
  
- C. The RTA be extensively further reviewed to be more evenly weighted.

IT IS REQUESTED THAT:

- 1. The deadline is extended to enable more feedback.
- 2. A survey for Landlords/Real Estate Agents/Tenants/General Public is provided to enable a more extensive review of the RTA.

The Landlords of Victoria are providing HOUSING, which is of great benefit to the community. The Landlords of Victoria require more protection and flexibility than that provided in the current RTA, not less and more stringent regulations as that proposed in the RTA Review.

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

I wish to remain anonymous at all times.

Yours sincerely

Victorian Landlord