
Residential Tenancies Act Review



To whom it may concern

Subject: Response to FSH Residential Tenancies Act Options Paper

We write to express our deep concern regarding some of the proposed options outlined in the FSH Residential Tenancies Act Options Paper.

As a landlord/property owner in Victoria we are already bound by a substantial number of obligations and restrictions. We urge you to take these into account as you consider further changes to the Residential Tenancies Act.

We wish to place before you issues which we regard are crucial for fairness to Property Owners such as ourselves.

ITEM 1: NOMENCLATURE - 'PROPERTY OWNERS'

It is proposed that the term, 'Landlord' be changed to 'Property Owner'.

There continues to be a perception that 'landlords' are much the same today as in begone times - that is have little regard to the person/s renting the property, focused on financial return, allow the property to become into disrepair for the want of fixing/replacing items.

1. Property Owners who take pride in what we own

We are Property Owners who want our properties to be well cared for as we take pride in what we have worked so hard for and so wish to have the property well maintained.

To find the funds to buy, we have both taken second jobs, foregone new clothes, travel, outings such as the movies and other expenditures with the aim to buy well built and maintained properties.

2. Property is our investment for old age

We have through personal endeavour bought properties to support us when we are elderly - our superannuation, if you will.

Our purpose in purchasing rental properties is to generate funds for:

2.1 The short-term through rent ie to cover the costs of rates, upkeep, water and such. In our experience money is not to be made from the rent, but rather capital growth over a long term ie we hold on to the properties once purchased.

2.2 The long-term through capital growth.

We, therein, seek to ensure the property is well maintained ie best condition possible.

3. Well maintained properties = tenants taking pride in where they live

When advised by the property manager of a matter that requires attention such as a leaking tap, a new water heater, replacement flooring, etc we act promptly.

The reason being we want the tenant/s to take pride in the place they live in and take care of it.

ITEM 2: PETS

Based on our experience of tenants who have had pets in our properties, we strongly attest that pets should only be permitted in rental properties by agreement between landlords/property owners and tenants.

We support the REIV's call for recognition and enforcement of additional contract terms, including 'no pets' clauses.

EXAMPLES

We have experienced significant problems with pets in our rental properties that resulted in financial outlays that were not recovered from the tenants.

1. DOG

Substantial damage was done to the structure of the property.

Result

- 1.1 Doors and door frames - scratched so deeply that they incurred expenses to fix and replace.
- 1.2 Heavily stained carpets that had to be replaced.

2. PARROT

2. Ate/gouged timber indiscriminately throughout the home.

Result

- 2.1 Repair of timber ie window sills.

ITEM 3: PROPERTY MODIFICATIONS WITHOUT LANDLORDS CONSENT

Based on our experience of tenants we strongly attest that no tenant may make any modification to a property without the landlord's consent.

The nature of the modifications lay bare the questions of:

- 3.1 How extensive?
- 3.2 At whose cost initially,
- 3.3 and that cost is passed back to the landlord at re-rental and what about on-going maintenance of the modifications after the tenant has vacated the property such as plumbing, painted surfaces, window treatments ie curtains, lighting and electrical, gardens, etc?

Minimum standards for residential property are already established in Victoria – as set out in the Victorian Building Regulations and Codes.

EXAMPLE

One significant problem we have experienced was when the tenants painted the lounge wall 'pink/burgundy colour' in an otherwise neutral coloured apartment.

We were asked by the property manager if they could paint the wall, we advised, 'no' as it was not in keeping with the design of the apartment and

may not be to the liking of another tenant when they left the property.

The property manager did not report a change of colour.

The leasing list was sold when our property management firm was bought out by another real estate agency.

In due course the tenants vacated and the property manager did an inspection. We received photographs that showed the changed wall colour.

The tenants asserted that the previous property manager had said we gave permission, which we did not and the new property manager said they were not responsible and the file had no record of the matter. Therein, they reimbursed the tenants their bond and the landlords received nothing.

Result

We paid to have the walls repainted.

ITEM 4: SUB-LETTING WITHOUT LANDLORD'S CONSENT

We strongly and actively oppose sub-letting without landlord approval.

Sub-letting without the landlord's approval runs counter to contract law - undisclosed third party with the complications of enforcement of provisions such as bond, damage, insurances, rental agreements, supply of utilities, use of property, vehicle spaces and upkeep.

ITEM 5: A SALIENT ISSUE

A salient issue is that a tenant does not become the owner of a property upon leasing ie a house, apartment.

Over a period of time a rental property will have many renters who each have different lifestyles and preferences ie wall colour, curtains, taps, lighting fixtures, benchtops and so forth. Let alone those who wish to turn a bedroom into an engine dismantle/building space, a place to grow illicit drugs and the electrical/lighting requirements, run child-minding business where the children have gouged into wooden doors, draw with permanent markers on painted on internal walls and external brickwork. We have directly experienced the first and third example of changed property use.

It is we the property owner who provides a place for people to live, but when those people move on it is we, the Property Owners, who bear not only the brunt of financial loss, but also the emotional burden.

In conclusion, we strongly oppose any unfair changes that increase the financial burden to landlords or agents, such as those detailed in the Attachment.

We thank you in anticipation of an outcome that considers the aforementioned items in fairness to landlords such as ourselves.

In the meantime, should you wish to discuss any of the above and to determining ways where there may be opportunities to work together, please do not hesitate to call on +61 (0) 457 988 224.

Yours faithfully,



Carolynne Bourne AM
and on behalf of
Michael Bourne

ATTACHMENT

The RTA Review – Major Issues: REIV

Some of the key issues for the property sector - that spring out of the RTA Options Paper - are outlined below.

Key REIV issues:

□ Fixed term tenancies.

Option 3.3 (page 33) - proposes extending fixed-term leases for a subsequent period without approval from landlords.

This severely limits landlords 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.

ATTACHMENT

□ 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.