**Economic recovery depends on a property market that is fair for all stakeholders**

*DRAFT LETTER FROM REAL ESTATE PROFESSIONALS*

* *Information provided below is to assist you in drafting a letter to your local MP.*
* *You may choose to address all the issues listed here or identify the ones that resonate with you.*
* *Please use your business letterhead and contact details.*
* *Delete this section and replace text highlighted below.*

*<Your Business Letterhead/ contact details>*

*<Dated>*

*<Your local MP>*

Dear *<MP name>,*

There is growing evidence that commercial and residential landlords are being left behind and all but forgotten as the government makes decisions regarding the property market under the emergency measures.

The decision to extend the rental moratorium to 28 March 2021 without attention to the impact this has on landlords, the real estate sector, and the property market, reflects a short-sighted and unbalanced approach. While the Andrews’ government is keen to support tenants, hardworking landlords and real estate professionals seem to be of much lower priority. We do not dispute that many tenants are doing it hard, what concerns us is the apathy towards the plight of landlords and the real estate sector.

The property market underpins the State economy, providing over 42% of the State’s annual revenue through duties, taxes, and fees. For most people, their home is their single biggest asset. Any instability in the market impacts asset values, mortgage repayments resulting in a compounding effect on the economy which touches every Victorian in some way.

We urge the government to put in place measures to balance the one-sided perspective that is currently in play. While it is important to support tenants in financial distress, suppliers of the accommodation need to be protected too.

**RESIDENTIAL RENT RELIEF MEASURES**

* **Negotiating rent relief**
	+ Submitting documentary evidence of financial hardship must be mandatory for rent relief negotiations or when submitting a 14-day Notice of Intention to Vacate.
	+ Failure to communicate with the Property Manager/Landlord should be grounds for a refusal of rent reduction.
* **Rent relief grants**
	+ Remove limits on the rent relief grant so landlords can receive some compensation over this extended moratorium.
	+ Financial support for property managers working at the front line dealing with stressed landlords and tenants
* **Dispute resolution**
	+ The backlog of cases at VCAT (over 4,000) and DSCV (over 1,000) must be addressed as a matter of urgency with additional resources and simpler processes.
	+ VCAT Orders must be effective immediately, not postponed to the end of the moratorium. This now means almost 12 months delay in justice for the parties impacted.
	+ Victoria police must execute Warrants of Possession and not hold them off until April 2021. This is unfair to landlords who are being denied legitimate access to their property.
* **Compensation for landlords**
	+ Landlords are doing the right thing by reducing their own contracted rental income to support a tenant in distress. Land tax relief is the only financial assistance offered to the landlord. In a majority of cases the tax relief currently offered barely equates to a couple of weeks’ rent. Land tax must be scrapped till the end of the eviction moratorium period to demonstrate government recognition of the landlord’s contribution.
	+ Many landlords have been impacted by unauthorised “rent strikes” and significant rental arrears. The government must compensate private investors who have been at the receiving end of bad behaviour from some tenants taking advantage of the biased rules.

**COMMERCIAL RENT RELIEF MEASURES**

* **Compensation for landlords**
	+ Landlords are doing the right thing by reducing their own contracted rental income to support a tenant in distress. Land tax must be scrapped till the end of the eviction moratorium period to demonstrate government recognition of the landlord’s contribution.
	+ The commercial landlord hardship fund must be expanded to allow more landlords to access the support. Raise the threshold to $3 million and allocate further resources to save many private commercial landlords from bankruptcy.
* **Rent relief grants**
	+ Introduce rent relief grants like those available for residential tenancies to provide some income to struggling commercial property owners.
	+ Financial support for property managers working at the front line dealing with stressed landlords and tenants.

**RESIDENTIAL TENANCIES ACT**

The constantly changing rules, remote working conditions and significantly reduced business incomes in the real estate sector have made it virtually impossible to prepare for the RTA. Scheduling a commencement date immediately following the end moratorium is not workable for the sector. The government must give landlords and property managers the time to resurrect their businesses and their people before introducing 125 amendments to the legislation. The commencement of the RTA should be delayed until 1 October 2021 at the earliest.

**RETAIL LEASES AMENDMENT BILL 2019**

The Bill must be withdrawn from Parliament and returned for further consultation with the Industry. The valuation measures included in the Bill are no longer feasible. Property values will be re-assessed once the economy opens and informed valuations can be made.

**PROPERTY TRANSACTIONS ARE THE FOUNDATION FOR ECONOMIC RECOVERY**

No amount of government grants and relief can restart the economy unless businesses like real estate are returned to capacity in a measured and controlled manner. Although shelter is an essential requirement, harsh limits and complicated rules have brought the sector to a grinding halt.

The eviction moratorium, restrictions on inspections and auctions, inability to list and promote property have crippled a buoyant property market. This hard-line approach will push most mum and dad investors into selling their property resulting in a shortage of rental properties on the market. The impact on lower cost rentals is expected to be the hardest.

The sector is inundated with property owners, buyers and tenants who are desperate for the market to open. People who have purchased a home, need to sell to access their finance; people who are looking to save by moving into a smaller property; people in financial distress and many more such situations.

The property sector has demonstrated that it can work safely and responsibly. The sector has followed the FAQ published by Business Victoria that imposed harsher limits on activity than the DHHS Directions. We urge the government to lay out a clear road map to bring the property sector back to pre-COVID levels.

* Allow inspections by private appointment with a clear pathway to conducting opens for inspections with a maximum on 10 people. It is unreasonable to expect anyone to purchase or lease a property without physically visiting it. Virtual inspections are helpful but are inadequate in most cases.
* Rental inspections regarding property maintenance must be permitted. A 12-month break between such inspections can lead to defects and issues going unaddressed.
* Auctions must be permitted with a maximum of 20 people. While virtual auctions help increase the reach of a property, they cannot replace attending an auction in-person. With the exception of June and July (when restrictions were eased) auction numbers since April have fallen by over 80% when compared to previous years.

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|  |  Monthly Auction Volume\* |
|  |  | % Change for the same month previous years |
|   | **2020** | 2019 | 2018 | 2017 | 2016 | 2015 |
| Jan | **263** | 67.5% | 3.5% | 6.5% | -19.3% | -5.1% |
| Feb | **3589** | 71.4% | 13.2% | 11.4% | 17.9% | 13.8% |
| Mar | **3107** | -6.5% | -38.9% | -29.7% | -9.0% | -27.7% |
| Apr | **358** | -83.2% | -89.8% | -91.0% | -90.8% | -83.7% |
| May | **592** | -74.8% | -85.0% | -85.6% | -83.7% | -88.2% |
| Jun | **1558** | -34.6% | -56.2% | -53.4% | -48.6% | -48.7% |
| Jul | **1265** | -19.3% | -45.8% | -64.5% | -50.3% | -54.9% |
| Aug | **471** | -82.5% | -83.4% | -86.8% | -84.0% | -89.2% |

*\*Data from Real Estate Institute of Victoria*

Real estate is a low risk sector. Property visits for private appointments, opens or auctions are always supervised by the presence of at least one real estate professional. The sector has embraced the COVID-Safe measures. There has been no recorded instance of transmission through real estate activity.

We urge you to take a balanced view of the situation and keep the property market open. Not doing so will impact every Victorian.

Yours sincerely,

*<Your details>*