

## 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, 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.

**ENDS**