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Sam Jenkin
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Dear Sam

Re: Sale of Land (Exemption) Regulations 2020 – Implementation Consultation

Thank you for the opportunity for the Real Estate Institute of Victoria to provide feedback on the proposed Sale of Land (Exemption) Regulations 2020.

1. Terms Contracts

In our letter to you dated 14 October 2019, we supported the government's option for a sale price of \$750,000 to be the threshold amount for terms contracts. In our view the continuation of terms contracts in residential property sales with a threshold is a legitimate method of providing alternative options for first home buyers entering the market. Additionally, the threshold protects vulnerable consumers unable to access conventional mortgage finance. It is relevant that we again raise the need (in the absence of indexation of the threshold amount) to ensure regular reviews of the amount in order to maintain its applicability for the purpose intended and not to unfairly limit the availability of terms contracts in a dynamic market. We would recommend the threshold be monitored against the variability of the median house price (and possibly the first home owners grant threshold).

2. Rent-to-buy arrangements

The REIV does not support rent-to-buy arrangements as we consider this method exposes buyers to significant financial risks. Having said that we do support in principle, the exemptions for rent-to-buy arrangements for contracts entered into by the Director of Housing and by a registered housing association. We do not support the approach taken to prescribe what is termed "...the essential elements required to be included in a rent-to-buy agreement...".

In our view this applies an unnecessary layer of complexity to an arrangement we do not support. As such we make no recommendations for the inclusion of additional items in section 5 of the proposed regulations.

In conclusion the REIV notes that our recommendation to require persons entering into such arrangements to seek professional legal advice from a certified financial advisor. We understand that is not something the government might want to see in a regulatory framework. Notwithstanding this, we would urge that consideration be given to including this as a strong recommendation in any information sheets or other collateral made available to those proposing to enter into such an arrangement.

Thank you once again for this opportunity. Please do not hesitate to contact me should you require any further information in this regard.

Yours sincerely

A handwritten signature in black ink, appearing to be 'G King', with a long horizontal stroke extending to the right.

Gil King
Chief Executive Officer