

Tenants Victoria's top 3 state election asks



Looking to the horizon for renters

Our experience of the COVID-19 pandemic has reinforced a home truth that there is an inseparable link between our home, our health, and our wellbeing.

As Victorians look to a post-pandemic horizon, too many tenants are experiencing rental stress amid crises in housing availability and affordability. Those hurting include people on low incomes and even middle-income earners, as well as disadvantaged groups of renters – including people with disabilities, Aboriginal people, renters from multicultural backgrounds and single parents and their children.

At Tenants Victoria, more than a quarter of referrals to our financial counselling service in the past year were people in rental situations that were already deeply unaffordable.

In a silver lining, amid the pandemic upheaval, in March 2021 over 130 welcome reforms to the Residential Tenancies Act 1997 came into operation.

But a number of key policy areas can still be improved. Here are our three top priorities for the next Victorian Government to pursue to help renters.

Rent increases

Policy priority: A 'fairness formula' needs to be legislated by the Victorian Government to regulate future rent increases.

Challenge: Housing affordability remains an ongoing and deep challenge for Victorian renters. Amid a recent tightening of the private rental market, we have seen a flurry of recent rent increases. Since 1 July 2022, renters on low to middle incomes have reported to our service rent increases ranging from \$30 to as much \$320 a week.

Under the Residential Tenancies Act 1997, there is no fixed formula to calculate a rent increase. If a rental provider (landlord) wants to increase the rent, there are rules about how they notify the renter of their intention. There are also limits on how often the rent can be increased and a rent increase can be challenged via Consumer Affairs Victoria, which triggers a review. But the missing piece is the lack of a prescribed method to arrive at the dollar value of the rent increase.

Despite having some of the most progressive rental laws in Australia, when it comes to calculating rent increases our rental laws and regulations have nothing to say. The Australian Capital Territory has gone a step forward and fixed a method for calculating rent increases. It's time for Victoria to take the next step and account for what is reasonable and affordable for a renter to pay in the capricious private rental market – we need to implement a 'fairness formula'.

Recommended: The Victorian Government should undertake a public consultation, including renters and rental providers (landlords) and their representatives, with the goal of legislating a 'fairness formula' to regulate rent increases. This will ensure more certainty for renters in the private rental market.



Tenants Victoria Level 2, 255 Bourke St, Melbourne Victoria 3000

ABN 36081348227 | ACN 081 348 227

tenantsvic.org.au

Safe, secure and affordable homes

Early intervention – tenancy legal support services

Policy priority: As a community, we need to urgently invest in more targeted support services for renters, including Tenants Victoria as the state-wide specialist tenancy community legal centre. Tenancy legal support services need to be better recognised as part of the ecology of early intervention responses against homelessness. The majority of tenancy matters are resolved quickly after the intervention of an advocate. More Victorian renters need to be able to access such legal help.

Challenge: Some 681,419 Victorian households rented in in 2021, up from 607,354 households in 2016, according to the census. This represents 28.5% of all Victorian households renting in 2021; further, more than 90% of all tenants rent their homes in the competitive private rental market.

In the past financial year, Tenants Victoria’s intake and legal team responded to over 10,000 tenancy matters. However, in the social and economic context of more people renting their homes and for longer with rental costs escalating, our service faces a daily dilemma: we can only answer a proportion of inquiries to our advice lines. Demand from renters remains intense – and too often unmet – because of our resource constraints. In this context, Victorian renters are being disadvantaged and urgently need more of the frontline legal support services we offer.

The Victorian Government’s support for residential tenants in the early stage of the pandemic was the best of any Australian state and territory. In recognition of new rental realities twinned with the pandemic’s ongoing economic impacts for some renters, the Victorian Government must lift its investment in legal services for renters.

Recommended: Significant increase in investment in Tenants Victoria and other legal support services accessed by renters in the community.

Alternative dispute resolution

Policy priority: A timely alternative dispute resolution pathway for simple rental disputes should be considered by the Victorian Government. Rental repairs, compensation, and bond disputes often involve relatively simple disputes of fact that suit a more simplified process. Rent arrears disputes, before they reach the eviction stage, may also fall within this ambit.

Challenge: The Victorian Civil and Administrative Tribunal (VCAT) is the forum which presently adjudicates most disputes between rental providers (landlords) and renters. It was conceived to be informal and inexpensive – to resolve disputes quickly. But during COVID-19, a case backlog of many thousands of rental disputes mounted at VCAT, made up of mainly bond and/or compensation matters.

Tenants Victoria has tracked simple disputes at the tribunal that are delayed for over 12 months for resolution, often compounding the financial stress for renters involved.

Meanwhile, while available, minimal alternative dispute resolution (ADR) has been used at VCAT in recent years to resolve tenancy matters. In 2020-21, just 10 of more than 44,000 rental disputes lodged at VCAT were resolved via conciliation and one at mediation.

Earlier in the pandemic, Victoria introduced a time-limited Residential Tenancies Dispute Resolution Scheme, an alternative dispute mechanism to resolve mostly rental reduction disputes. Its success – over 20,000 matters alone were processed through ‘frontline resolution’ – shows how effective such a pathway can be in providing a timely and fair resolution for tenancy disputes.

Recommended: A new residential tenancies alternative dispute resolution scheme, independent of government and VCAT, should be considered to resolve simple rental disputes as a precursor to the

tribunal process but for exceptional circumstances. It would likely encourage more renters to assert their rights as many renters in the community remain intimidated by the process to seek remedies at VCAT.

For more information, contact the Director of Community Engagement Farah Farouque at farah.farouque@tenantsvic.org.au.

