

Submission to the Victorian Government's Inquiry into the rental and housing affordability crisis in Victoria

My name is Lachlan Simpson. I have been both a long term renter - over 25 years, moving on average once a year, across primarily Victoria, but also Tasmania and NSW - and a landlord.

The factors leading to low availability and high costs of rental properties

When I was put in the position of having to let a property I owned (with my partner), the rental price was always dictated by the Rental Agent. They definitely gave the impression that that decision was ours to sign off on - but not to negotiate or to have an opinion on. We only own one property, and were moving interstate for work - so we had no visibility or understanding of how rental prices were set, what variables impact the rental price, or even how to find the appropriate information to inform our decision. The process of price setting done by agents is opaque, and not easily accessible. So we did what we were told. While I feel that Home Owners are partially to blame for rental prices, I feel the Rental Agents and the Real Estate industry are a greater factor in the rises. Their payment model - a percentage of the rental price - also puts them in a position to maximise the rent on any property. They are disincentivised to make housing affordable.

The adequacy of regulation with regards to standards and conditions of rental housing

While we were interstate, the law changed and we had to do significant work to the house to make it "livable" - primarily putting in extra heating. While this expense was unexpected, that we could claim it as an expense against the rental income meant the cost wasn't significant or impactful to us. Further, it was exactly the impetus we needed to make the house a better place to live. I would like to take this opportunity to apologise to the first group of tenants that didn't have access to that heating.

Having said that, I would hope that the new regulations were enforced strictly; and that tenants, and the tenant's union, are given fast access to a quick complaint and resolution mechanism. On this, I fall heavily on the tenant's side - landlords should be significantly financially disincentivised to not fulfil the standards. If the fine for non compliance isn't two years of the market value of rental return on the property in question, the fine is insufficient.

The adequacy of the rental system and its enforcement

To be honest, the main takeaway we had from the experience was the lack of regulation and policing of the real estate industry, and the lack of options available for recourse when the industry behaved poorly.

As long term renters before owning (25 years renting), I thought the chasing of the property manager was purely a renter's nightmare. As a landlord, I discovered that chasing property managers was a burden for both sides of the equation - neither renter nor landlord is well served by the industry.

Easy examples include the post-move inspection. As a renter, I had always been subjected to bond deductions for dust on walls that didn't exist. Yet as a landlord, I found our property damaged - literal holes in the walls, next to the entrance - after the tenants moved out but not mentioned by the property manager in their post tenancy inspection report. By the time I found the issue, the bond had been returned to the tenants. While the cost of repair was minimal, that is what the bond is for, and there is no mechanism for me to be compensated for that cost by the property manager.

Another example of this behaviour was the property manager not collecting a full set of keys from the previous tenants, creating a situation where locks need to be replaced but the landlord bearing the cost of the property management's failure to do the basics of their role.

A recurring issue on both sides (renter and landlord) was knowing who the property manager was - the name at the end of the email or phone would change regularly. There was no consistency or notice. I know people change jobs - but I don't expect there to be three different property managers a year. There is no way to develop a relationship when this is happening. It gives the impression that the property manager's job is not an enviable or well compensated job. Which is not in the interest of the least powerful in this situation, the tenant. I feel that there should be regulation on job security and/or minimum wages for property managers to prevent the high levels of churn.

When a property moves between property management companies - we found this in both the case of poor performance and then when we took it off the market on return from interstate the property management companies become less responsive. Their percentage has already been taken, and there is no more on the way. Any work for the landlord is devalued and deprioritised. I would like to see laws or regulations compelling proper finalisation of agreement between landlord and property manager.

The passing of information from the previous property manager to the new property manager should be legislated there can only be a short list of necessary information current or previous tenant's details and state of their bond; the location of all sets of keys; any outstanding repairs, requests, or complains, and other business.