



A NEW DEAL FOR RENTERS

INTRODUCING A NATIONAL STANDARD

The Greens' plan to dramatically improve the standards of Australia's rental stock, and so the lives of our nation of renters.

Our rental market is broken and it's time to take urgent action to improve the conditions for 2.4 million Australian households living in rental housing. The Greens are the only party standing up for renters and for a better, fairer housing system.

The private rental market is a critical part of the Australian housing system, with 1.994 million households renting privatelyⁱ and another 415,000 in social housing. This brings the total to almost 2.4 million households or 30% of the population.

With an increasing proportion of Australians now seeing renting as their only option, including the emergence of 'renters for life', and an increasing proportion of renters under extreme pressure from a lack of choice and unaffordable rents, improving the conditions of our rental stock as well as the rights of tenants is well overdue.

Yet there is no national standard that actually governs the rental market, and very little advocacy or support provided to tenants.

In Australia we have national standards that cover our education, healthcare, work safety; there are even separate standards covering bike parking facilities and plastic monobloc chairsⁱⁱ. More than 95% of our rental housing is provided by the private market. Imagine if our health and education system operated in this way, without the strong protections of consistent, national standards. Housing should be no exception.

> IT'S TIME

The Greens strongly support a coordinated and fairer system for Australian renters.

In New Zealand the Greens have introduced performance standards to ensure "warm, healthy rentals" and in the ACT the Greens have introduced a 'Fair Go Rentals' bill which sets minimum energy efficiency standards to improve the cost of living and social equity. Our Greens colleagues in Victoria are also set to introduce a bill that will introduce minimum standards on rental properties. What is needed is a national package that sets stronger, fairer standards for renters and assists landlords to meet them.

The New Deal for Renters package would:

- **Establish a new national body responsible for setting, introducing and overseeing a new National Standard for all rental tenancies.** The cost is estimated to be \$0.3mpa.
- **Provide a funding package worth \$500 per property to assist private landlords make upgrades to meet the standard.** This would be phased in and occur at the change of lease or through tenant or landlord referral to the new body, through a simple checklist. A total package up to \$100 million per year would be allocated.
- **Urgently review and increase funding by \$3 million per year for Tenancy Advice Services** in each state and territory. This will dramatically increase the level of advocacy and consumer protection provided to renters.

This gives a total cost of \$103.3 million per year.

> A NEW NATIONAL STANDARD

The Greens new National Standard would set specific minimum standards for the urgent issues facing tenants today, including:

- **Security of tenure**
- **Stability and fairness of rent prices**
- **A new 'efficiency standard' to ensure the home is cheap to run and comfortable to live in.**
- **Safety and security of the home**
- **Better protection for vulnerable groups**



> THE CURRENT SITUATION FOR RENTERS

Tenants' rights across Australia are currently determined by respective state or territory legislation (*Residential Tenancies Acts*) and are extremely inconsistent. In almost all States and Territories there are variations on a formula that premises must be fit for habitation and in a state of reasonable repair. However, there is currently no national, consistent minimum standard for rental properties across Australia. As VCOSSⁱⁱⁱ describes:

“This makes it perfectly legal for a landlord to rent out a property that has no heating, is not weatherproof, or has no window coverings.. It does not have to be possible or affordable to keep the property warm in winter or cool in summer.”

Surveys of rental housing in Victoria have found 10 per cent of properties have no fixed heating and that more than half of tenants have structural or repair issues with their properties^{iv}.

The 2010 “Better Lease on Life” report compared current tenancy laws across each state and territory and identified a number of significant concerns. It recommended a coordinated approach to tenancy law reform and the establishment of a nationally agreed minimum standards framework for tenants^v (See snapshot). It found significant inconsistencies and a many areas needing urgent improvement.

Landlords enjoy considerable power over tenants, particularly in Australia's tight rental market, and are able to offer rental housing to prospective tenants on a take-it-or-leave-it basis. The Greens don't want to take away any protections for landlords, but want to set a level playing field that is fair to both parties and nationally consistent and enforceable.

The Greens propose a model that is based on the same body that administers similar programs such as the Universal Design standard for housing policy, which supports the implementation of liveable housing designs for those with disabilities. The body would research, consult and set the standards, and oversee their implementation. Establishing minimum standards could either be met through COAG agreement or using Commonwealth funding as an incentive.

While ultimately the new national standard would be decided by the body, the Greens put forward the following five areas to be covered.

1. Improving security of tenure

The Greens Rental Health Survey revealed worrying figures on insecure tenure:

A SNAPSHOT OF HOW TENANTS' RIGHTS VARY ACROSS AUSTRALIA

There is great variation in tenancy laws and tenants' rights across Australia which highlights the need for a nationally agreed policy approach.

- All jurisdictions except Tasmania allow tenants on periodic leases to be evicted without grounds, and notice ranges from 42 days (NT) to 26 weeks (ACT).
- No jurisdiction has a cap on how much the rent can be increased, and almost every jurisdiction allows rent to increase every six months (SA, TAS, Vic, NT, QLD, WA), except for ACT (one per year).
- While all jurisdictions have minimum notice periods for rent increases but the notice periods vary from 42 days (NT) to 8 weeks (ACT). Most are 60 days.
- WA provides no mechanism for tenants to challenge excessive rent increases. All other jurisdictions allow the tenant to appeal to the Tribunal (or equivalent) but the onus of proof rests on the tenant to prove the increase is excessive, and hearings are based on a market price test which is a self-fulfilling prophecy. (ACT being the one exception when rent increases are above 20% CPI). Tenants' appeals are infrequent due to fear of eviction.
- NSW is the only jurisdiction to pay tenants interest on their bonds.
- There is no nationally consistent law regarding maintenance and repairs obligations by landlords.
- Victoria is the only jurisdiction that includes energy or water efficiency, stating that any water appliance requiring replacement must be with an A rated appliance, however even this is inadequate as the best practice water rating is AAA (or 3 star)¹.
- In some jurisdictions people in the most marginal housing situations are not covered by tenancy laws, leaving them vulnerable to evictions at short notice, rent increases, and no means of getting repairs done. This includes boarders and lodgers people in emergency accommodation, caravan parks and even students in on-campus student accommodation.
- In WA and QLD the Tenants' advice services have recently been shut down.



- 65% of respondents have been forced to leave their rental through no fault of their own, 22% of them more than once in the past 5 years. The most common reason mentioned was that the house was sold
- 56% said they have had to stay with friends or family because they couldn't find a place to rent
- 50% have been renting for more than 10 years - but most (65%) have been in their current house less than 2 years
- 68% said they would like to be able to enter into a long term lease (of at least 2 – 5 years)

The Greens know that Australian renters endure conditions that leave them extremely insecure in their tenure.

This includes the ability to terminate tenancies using 'without grounds evictions'^{vi}, and the high rate of 'periodic leases' (or month to month leases) where tenants are literally renting from month to month and can be evicted with as little as 4 weeks' notice. Landlords are also not required to advise tenants' of the anticipated lease period when they commence the lease, which means the tenants have no long-term security or certainty. It's hard to make a home when you can only plan a month to one year maximum ahead.

Research shows security of tenure enhances household health and education outcomes^{vii}, especially for those in high need, and also enhances social connectedness^{viii}.

2. Stability and fairness of rent prices

A crucial task of the National Standard will be to investigate and introduce mechanisms that make rent more stable and fair.

The Greens Rental Health Survey found:

- 61% of respondents do not consider their rent affordable
- 75% had their rent increased in the past 2 years – most (28%) increased by \$11 - \$25 per week – but 14% by more than \$50 per week!
- 63% of respondents said they have moved, or considered moving due to rent increases
- 67% are in rental stress, paying more than 30% of their income on rent. Of these 47% are paying between 30–50% of their income on rent, and 14% pay between 51-70%.

Median rental prices have spiralled out of control over the last decade to a median weekly rent of \$404 across Australia, up from \$187 per week in 2000 – an overall increase of 116%. Darwin (\$471), Sydney (\$470), Perth (\$450) and Canberra (\$440) have the highest prices currently and on average have almost

tripled since 2000^{ix}. Australia's regions and boom towns like Port Hedland in WA which hit \$2100 this year^x.

The average Australian rent has tripled in Brisbane, Perth, Darwin and Canberra since 2000; and in every other city has at least doubled in the same period. The private rental sector has the greatest number and percentage of households affected by housing stress^{xi}.

Currently there are no checks and balances on rent rises - and in any other sector 10% - 50% price inflation, year on year would not be tolerated. Why should this be the case with our housing?

The new national standard should look at limiting the number of times rent can be increased, a fair minimum period of notice for an increase and by how much, and prescribing a formula linked to general pricing levels, such as the CPI. It could also set clear provisions for when and how rent can be increased, and provide an objective standard for determining whether an increase is excessive (as is done to some degree in the ACT, and in the Netherlands). In Sweden the Tenants' Union negotiates rent increases.

The standard could also introduce minimum notice periods for rent increases (National Shelter recommend four months), reverse the onus of proof that rent increases are excessive to the landlord not the tenant; and limit the number of times rent can be increased^{xii}.

Rather than being a radical idea, rent capping already exists in jurisdictions overseas including New York. A motion on rent capping was even proposed and defeated at the 2012 National Labor conference which read; "Labor will monitor the rent costs in the private rental market and examine mechanisms to maintain affordability such as the introduction of rent capping legislation."^{xiii}

3. A new efficiency standard that makes rentals cheap to run and comfortable to live in

Research has shown rental housing is the worst performing housing stock in terms of environmental and efficiency standards^{xiv}. This is supported by the Greens Rental Health Survey, which found:

- 75% of people said that their rental property was not cool in summer and warm in winter
- Just 13% said their home is well suited to their climate
- Only 4% of rentals have solar hot water and less than 3% have solar panels
- More than 70% do not have insulation
- 34% don't have windows that open with flyscreens



Insulation helps to ensure dwellings are warm in winter and cool in summer, and can assist in reducing household power bills and greenhouse gas emissions. In 2011, more than two-thirds (69%) of Australian households had insulation, with comfort being the most commonly reported main reason for households having installed insulation^{xv}. However homes in the private rental market are twice as likely not to be insulated as other housing^{xvi}.

The Greens acknowledge that poverty is tightly linked to rentals and increasing utilities prices. Poor quality housing is commonly identified as the number one cause of high costs of living, and VCOSS and Uniting Care for example have prioritised the provision of efficient fixed appliances such as heating and hot water heating as a way to address affordability. Low-income households make up a disproportionate share of the rental market and also spend a higher proportion of their income on energy^{xvii}.

An energy efficiency minimum standard would be a significant measure to mitigate climate change. In the VCOSS “Future focussed housing standard” the provision of fixed heating, and energy and water efficient fixed appliances is a key minimum standard^{xviii}.

NSW and Victoria are the only states requiring landlords to install water-efficient fittings^{xix}.

The new standard would explore a nationally consistent package to encourage retrofitting in rental properties.

4. Safe and secure homes

The Greens Rental Health Survey found:

- 32% of renters said they did not feel safe
- Less than 50% have basic security installed (security screens or locks on windows, security screens on doors or sensor lights); and
- Just 54% have deadlocks on doors

This is because there are no consistent requirements for landlords to provide repairs, maintenance, or adequate security. Due to short term leases and renewal being up to the landlord, tenants are often hesitant to request better security or maintenance and upgrades out of fear they will be perceived as a pest and their lease will not be renewed.

Safety and security in public housing has also been identified as a serious concern, with a 2012 study showing 18% of public housing tenants have unmet safety/security needs, 16% have unmet privacy needs, and 19% of tenants have unmet fencing and yard space needs. This is why the Greens are also announcing an initiative specifically to address safety in public housing. A national standard is imperative for improvements to be made in private and public rental housing.

5. Better protection for vulnerable groups

Those most vulnerable to homelessness often have the least rights of all. People in boarding and lodgers houses, crisis accommodation, caravan parks and even student housing for example are not covered by residential tenancies legislation in some states, leaving them vulnerable to evictions or rent increases with no or little notice, and no means to resolve disputes or of get repairs done. Care for these tenants across Australia is irregular and a priority for reform.

One of the first jobs of the National Standard would be to investigate and determine a way that renters in marginal housing are better protected.

> A STRONGER VOICE FOR TENANTS

The Greens Rental Health Survey found there is strong need and support for tenant’s advocacy services;

- 53% of respondents have needed to contact a tenant’s advocacy service for issues with their rental property in the past
- 73% would like to see more funding for services that provide information on their legal rights and improving tenants’ conditions more broadly
- 85% think renters need better representation in Australia
- 92% support a nationally consistent model of consumer protection for renters that includes legal advice, dispute resolution and advocacy

Yet tenants’ services that provide assistance and advice to tenants are under attack in many states.

The Greens will provide an additional \$3 million per year to existing Tenants advocacy services to help them provide a stronger voice for tenants and a new national model of ‘consumer protection’ for renters. This would include better funding for legal advice, dispute resolution, and advocacy for tenants.

The Greens’ Access to Justice Initiative also includes doubling the funding to Community Legal Centres, worth \$120.8million over forward estimates^{xx}.

A strong tenant advice and advocacy service is a crucial part of a national approach to preventing homelessness.

The Greens package would also provide more funding for specialist Indigenous tenants advice services or Indigenous advocates. With more than 60% of Indigenous households in the rental market it is a priority to provide more support for Indigenous tenants through a specialist Indigenous tenants’



advice service, which would include advocacy and community education for tenants and housing providers.

> AN INTERNATIONAL COMPARISON

The VCOSS report *A Future Focussed Housing Standard*^{xxi} identifies that preferred models of housing standards are those where basic standards for decent living conditions are clear and enforceable, for example:

- The UK has a *Housing Health and Safety* rating system and a *Decent Homes Standard* which sets out minimum standards and ensures housing is warm, weatherproof and has modern facilities. The UK government also provides financial incentives for landlords to upgrade rental properties of vulnerable households
- US states of Oregon and Vermont include enforceable maintenance of premises and in California tenants can undertake repairs and deduct the costs from rent (or withhold rent where repairs are a serious threat to health or safety) if the landlord has been advised and not acted.
- Canada's provinces of Alberta and Ontario have Residential Tenancies Acts which require properties to have minimum structural or repair standards covering weatherproofing, heating and comfort, and are enforced by local council property inspections.

Tenancy laws in France, Sweden, Denmark, Spain and Luxembourg also provide very strong protections for tenants.

In Denmark landlords seeking to increase rent must make a written application three months in advance, stating the reasons for increase and reminding the tenant that he/she may raise an objection to the notice^{xxii}. Tenancy agreements can also be for a limited or unlimited period, and unlimited tenancy contracts can be terminated by the tenant at three months' notice, whereas the landlord can only give notice under very strict conditions outlined in the Private Housing Act.

Tenants in the Netherlands also have strong protections. In the Netherlands a lease can only be terminated by the tenant - not by the landlord (except in circumstances such as failure to pay the rent). Leases do not automatically end after the expiry date, and a temporary contract is only allowed in very rare and specific situations. The landlord cannot simply charge what they like for an apartment, either. Instead every apartment has a maximum rent, which is calculated using a points system. Tenants in Amsterdam for example can also ask for an independent assessor to visit the apartment and perform the calculation at no cost. If a tenant is found to be paying more than the maximum rent according to this points system, they are entitled to have their rent reduced.

In France, the Greens are introducing a package of new laws dubbed the *Loi Duflot* to improve settings for landlords and renters. Renters will benefit from a capping of agents' fees, and rent capping in high demand areas such as inner Paris. Landlords charging more than 20 per cent above the neighbourhood's median rent will be assessed annually by a "local rent observatory" and rental contracts above the limit will be brought down when they are renewed.

Landlords will benefit from a cap on the tax they pay on rental earnings if their property is in an area of shortage, and significantly, both tenants and landlords will pay into a government run insurance fund against unpaid rent. If a tenant defaults, landlords will no longer have to chase them through the courts, but simply apply to the fund for reimbursement. This fund will pay the landlord upfront, then investigate the claim themselves. The crucial change is that a potential burden is taken off landlords' shoulders, and in turn this may encourage them to consider lower income tenants less of a risk and take more of them on.

ⁱ ABS Housing Occupancy and Costs 2009-10 Catalogue 4130.0 p13 – most recent data at April 2013.

ⁱⁱ <http://www.standards.org.au/Documents/0668-projects-by-standard-31-July-2013.pdf>

ⁱⁱⁱ VCOSS 2009

<http://www.vcss.org.au/documents/VCOSS%20docs/Housing/VCOSS%20minimum%20housing%20standards%20Oct%2009.pdf>

^{iv} VCOSS 2009

<http://www.vcss.org.au/documents/VCOSS%20docs/Housing/VCOSS%20minimum%20housing%20standards%20Oct%2009.pdf>

^v <http://www.shelter.org.au/archive/rpt1004betterleaseonlife.pdf>

^{vi} Note that provisions already exist that allow landlords to terminate tenancies "with grounds", such as the case of negligence or non-payment of rent

^{vii} AHURI, 2005

^{viii} Beer and Faulkner, 2008

^{ix} REIA figures at July 2013 for quarterly median rents 2 bed apartment since 2000 (for the March quarter, 2013)

^x 'Tax deal boosts NW Real Estate' West Australian Friday 16 July 2010 p12

^{xi} National Housing Supply Council (2012) Housing Supply and Affordability – Key Indicators, 2012. Table 5.6

^{xii} <http://www.shelter.org.au/archive/rpt1004betterleaseonlife.pdf>

^{xiii}

http://www.reia.com.au/userfiles/MEDIARELEASE_1322692033.pdf?phpMyAdmin=0c70cb215c2690207f494b39453571e7

^{xiv} AHURI, 2005

^{xv} Source: ABS *Environmental Issues: Energy Use and Conservation, Mar 2011* (cat. no. 4602.0.55.001)

^{xvi} Australian Bureau of Statistics (ABS), *Housing characteristics and decisions: a comparative study of Sydney, Melbourne, Adelaide and Canberra 1991*, Canberra, 1992.

^{xvii} Just Change Evaluation Report Energy Efficiency for Low-income Renters in Victoria at <http://www.cuac.org.au/database-files/view-file/4066/>

^{xviii}

www.vcss.org.au/documents/VCOSS%20docs/Housing/VCOSS%20minimum%20housing%20standards%20Oct%2009.pdf

^{xix} The NSW Residential Tenancies Act 2010 will require rented premises to be water efficient if tenants of separately metered premises are to pay for water. The standards for water efficiency will be determined when the regulations are made later this year.

http://www.fairtrading.nsw.gov.au/About_us/Legislation/Changes_to_legislation/Residential_Tenancies_Act_2010.html

^{xx} <http://www.theaustralian.com.au/business/legal-affairs/greens-pledge-842-million-in-aid/story-e6frg97x-1226698062826>

^{xxi}

www.vcss.org.au/documents/VCOSS%20docs/Housing/VCOSS%20minimum%20housing%20standards%20Oct%2009.pdf

^{xxii} <http://www.globalpropertyguide.com/Europe/Germany/landlord-tenant-law>