



Submission to the

Residential Tenancies Act Review

Laying the Ground Work Consultation Paper

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Introduction

Melbourne City Mission is one of the State's oldest and largest community services organisations, with a diverse service platform that supports marginalised community members to forge a pathway to social and economic participation.

A significant proportion of the 9,500 people accessing Melbourne City Mission services each year rely on income support¹. Whilst these community members have long faced barriers to home ownership, they have increasingly been locked out of opportunities in the highly competitive private rental market², and face extensive waits for public and social housing. As a consequence, many people we support are:

- Precariously housed (for example, staying in short-term crisis accommodation or in rooming houses)
- Inadequately housed (for example, large families living in overcrowded dwellings; young adults with disabilities and high support needs who are living in residential aged care because of a shortage of housing options in the community)
- Living in housing stress³
- Priced out of inner and middle ring suburbs and living in outer areas/growth corridors that are poorly serviced by jobs, lack adequate 'hard' infrastructure (for example, public transport) and have limited social and community infrastructure.

Housing is "*the base camp for a good life*"⁴. Without safe, affordable and secure housing that is fit for purpose⁵, many of the people that Melbourne City Mission supports are unable to realise their goals in other life domains, such as participation in education, training, work and other forms of community engagement. Melbourne City Mission welcomes the State Government's review of the *Residential Tenancies Act 1997* and, running parallel to this process, ongoing reforms in the rooming house sector and the exploration of housing issues for women and children as part of the Royal Commission into Family Violence. Our perspectives on the *RTA Review Consultation Paper* are provided over the page.

¹ For example, family payments, the Disability Support Pension, the Newstart Allowance, the Youth Allowance and the Unreasonable to Live at Home Allowance.

² For example, in Frankston, where Melbourne City Mission is delivering family-centred early intervention for young people who are vulnerable to homelessness, there is a "renting population" of up to 43.3 per cent and the trend vacancy rate is only 2 per cent. (The *RTA Review Consultation Paper* notes that a 3 per cent vacancy rate "*is considered to represent a balance between the supply and demand for rental housing*".)

³ Again, using Frankston as an example, according to Council data published in 2010, 60 per cent of one-parent families with young children who live in rented accommodation are in housing stress.

⁴ Youth Disability Advocacy Service (2013), *Housing and Support for Younger People with Disabilities Transitioning to Independent Living: Elements for Success in the Design and Implementation of DisabilityCare Australia, a National Disability Insurance Scheme*

⁵ By 'fit for purpose', we mean housing stock that matches need – for example, housing that is accessible for people with disabilities, as well as housing that can cater for diverse household sizes, from sole tenants to large families.

Melbourne City Mission's feedback on the Consultation Paper

Real estate agents act as gatekeepers for landlords and make discretionary decisions about tenancy applications. Melbourne City Mission has noted the following discriminatory practices in the private rental market:

- ***The misuse of the identification process to 'cherry pick' tenants.***

All tenants are required to produce 100 points of identification as part of the application process. Typically, this will involve providing certified copies of a driver licence, Health Care Card or other prescribed forms of identification.

Melbourne City Mission notes that real estate agents sometimes require a copy of a recent bank statement, additional to the 100 points of ID.

Staff from Melbourne City Mission's Adult and Family Homelessness Service have observed that whilst many real estate agents advise applicants that they need this information to verify previous rental history (i.e. evidence of regular payments), some real estate agents appear to be using this process to review the full range of an applicant's spending. There is evidence that some agents are making moral judgements about how an applicant is spending their income (for example, spending at licensed venues) and screening some of our clients out of private rental opportunities on the basis of these judgement calls.

Bank statement requirements also present barriers for women escaping family violence, who have been subject to financial control/abuse and:

- may not have access to bank statements or
- may not have bank accounts in their name or
- whose partners have a bad credit history, impacting on their financial 'health'.

Melbourne City Mission staff are now advising clients, as a matter of course, to 'black out' any payments unrelated to rental payments where they are required to provide bank statements. However, on principle, we do not believe that real estate agents should have access to applicants' bank statements. 100 points of identification should be sufficient.

- ***Resistance to Centrepay.***

Centrepay is a free direct bill paying service available to people who receive a Centrelink payment. It is a well-established Commonwealth Government initiative (in place for well over a decade) that is designed to help highly vulnerable people budget for essential household bills, such as rent.

When private rental tenants elect to pay their rent via the Centrepay direct debit system, there is a \$1 charge per transaction to the real estate agent. Whilst this \$1 amount is presumably passed on to the landlord, via property management fees, Melbourne City Mission has come across significant resistance to Centrepay by real estate agents, with instances of some agents refusing to accept rental payments via Centrepay.

In one case, a woman with two children accessing support from Melbourne City Mission was evicted from a property specifically because of the Centrepay issue, despite repeated representations on her behalf by Melbourne City Mission workers to the real estate agent. She and her children subsequently spent three months in emergency accommodation.

The woman had spent significant periods in refugee camps prior to settling in Australia, recognised she had compromised financial literacy as a consequence of her refugee experience, and had proactively engaged with Centrepay with the intention of helping to secure her family's future.

- ***Agents use different tenancy data bases when checking for 'blacklisting'.***

Melbourne City Mission believes that data bases should be regulated with clear criteria/guidelines for adding or removing tenants. Tenants should be notified when added to, or removed from, data bases.

Melbourne City Mission also notes difficulty for clients in obtaining a rental property when a previous tenancy ended with rental arrears or damage relating to family violence.

- ***There is inconsistency with how agents operate 'open for inspections' and key collections via the office.*** These are also expensive. Some Melbourne City Mission clients are precluded from the process because they are not able to pay the \$100 deposit fee.

Additionally, Melbourne City Mission notes:

- ***Lack of clarity around what constitutes housing stress across the private rental market, public housing and social housing.***

The Department of Health and Human Services guidelines state that anything over 55 per cent of an applicant's income is not affordable and constitutes housing stress. The Tenants Union of Victoria advises that the threshold is around 30 per cent of income.

- ***The need for a more 'nimble' system in relation to bonds.***

The Office of Housing has a loan facility that enables vulnerable tenants to pay a bond. Currently, tenants moving from one property to another are not able to transfer the bond across. Instead, they must wait for the bond to come back to them. In a competitive private rental market, where real estate agents are requiring bond almost immediately, vulnerable tenants with no or limited disposable income risk losing the property while they wait for Office of Housing disbursement processes.

- ***Concerns about the 120-day Notice to Vacate (NTV) period.***

In Melbourne City Mission's experience, the 120-day NTV is often used in a punitive way – for example, following a request for maintenance or difficulty with payment of rent.

Melbourne City Mission believes Notice to Vacate without Reason should be within a longer time frame if this clause remains into the future.