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RENTERS EXPOSED BY OUTDATED LAW

The Tenants Union of Victoria released research today showing that many renters in suburbs with good employment opportunities exposed to high bond and advance rent payments due to an outdated section of Victoria's rental laws.

The *Residential Tenancies Act 1997* requires the maximum bond payable not exceed the monthly rent unless the amount of rent payable for one week exceeds \$350 (Section 31). Similarly, a landlord must not require a tenant to pay rent in advance beyond one month unless the amount of rent payable for each week exceeds \$350 (Section 40). These sections are intended to ensure those renting properties at moderate rental levels are protected from large bond and rent in advance payments while providing for higher bonds for higher value properties.

"This limit has not been amended since the legislation was first drafted in 1997. Between 1997 and 2010 median weekly rents in Melbourne have risen steadily to the point where \$350 per week no longer represents the upper end of the rental market and is now just below the median weekly rent for a 2 bedroom house" said Toby Archer, Policy and Liaison Worker at the Tenants Union of Victoria.

Data from the Real Estate Institute of Australia shows the median weekly rent in Melbourne for the June quarter of 1997 for a 3 bedroom house was \$171 and for a 2 bedroom unit/townhouse was \$149. In 1997 \$350 per week represented more than double the median rent. The Office of Housing Rental Report for March 2010 shows the median weekly rent for a 2 bedroom house in Melbourne was \$350 and for a 2 bedroom unit/townhouse was \$340.

Based on a search of online advertisements, fewer than half of the properties advertised in well located suburbs are below the limit of \$350 per week. Percentage of properties available within the limit:

- Inner north and CBD: 25 percent
- Inner south: 29 percent
- Box Hill, Mitcham and Burwood: 43 percent
- Oakleigh and Mount Waverley: 43 percent

"This means the average renters looking to stay close to jobs and educational opportunities are more likely to be exposed to higher bond and rent in advance payments. For households on an average income, it is extremely difficult to budget for a large bond or to pay several months rent in advance" said Mr Archer.

"We believe the State Government should act immediately on this anomaly and increase the limit to at least \$650, which represents about double the current median rent" said Mr Archer.