



The Tenants Union of Victoria (TUV) conducted a survey in February, 2015, of approximately 800 Victorian tenants living in the private rental market to gain a better understanding of the thoughts and experiences of tenure security for households living in this sector. The respondents were broadly representative of Victorian private renters across a range of demographic characteristics such as age, gender, geographical location, employment status, household income and household composition.

This research suggests that renters generally prefer 'flexibility' over 'security' when considering their tenure situation, particularly with regards to their preferred length of lease. 55 per cent of respondents favoured short-term leases of 12 months or less, compared to 45 per cent who favoured longer-term leases of more than 12 months. However, although this may be the general case, the research indicates that there are particular sub-groups within the Victorian private tenant population who would prefer to sign a longer lease. Shorter-term leases were particularly popular for younger renters. Longer leases, in contrast, were more likely to be preferred by older renters, households on low incomes or receiving income support, and families with children.

The largest proportion of respondents (40 per cent) preferred a lease term of 12 months or less with the tenant given the option to extend the lease if he or she desired. This situation was particularly preferred by younger respondents – under 35 years of age – who were more likely than the average to select this option (48 per cent). For those respondents who preferred a short-term lease, their comments were revealing. These tenants sometimes cited upcoming changes in their circumstances such as returning to study, changing jobs or expanding their family. Other tenants only considered themselves to be short-term renters because they were planning to buy a house or would need to move for work, study or family. In addition, a number voiced concern about potentially not liking the property or area, or getting an unsatisfactory landlord, particularly regarding repairs. Indeed, the major theme running through these and more general comments on why tenants favoured shorter-term leases was a desire to maintain a level of flexibility, not wanting to be 'locked in' and being able to 'move out if they wanted to or if they needed to'.

A significant proportion of respondents preferred a longer term lease that commits both the tenant and the landlord (30 per cent). A longer lease was preferred by a number of sub-groups of Victorian private tenants such as people over 55 years of age (43 per cent), people who were unemployed or retired (37 per cent) and those receiving income support (39 per cent). As expected, single parents (36 per cent) and couples with children (35 per cent) were more likely than average to prefer a longer term lease that commits the tenant and the landlord. However, it should be noted that these households with children were just as likely, if not more likely to prefer a shorter term lease (35 and 39 per cent, respectively). Respondents who preferred longer leases were typically seeking security and stability. Many of these households had small children and wanted to raise them in a 'stable home environment'. A substantial number didn't want the 'stress or worry' of potentially having to renegotiate a lease or move out after 12 months. While others simply 'liked where they live' and wanted to stay, or were seeking 'stable rents' and the capacity to 'budget'.

Crucially, the survey demonstrates that those tenants preferring longer leases remain cautious about a number of issues related to a tenant's obligations, particularly regarding compensation if they had to break the lease and the conditions governing rent increases over the term of the lease. A large majority (68%) were willing to take on more responsibility for minor repairs and maintenance in return for a long term lease. However, 63 per cent of respondents would not prefer a longer lease if it meant they had to compensate the landlord if they broke it. In addition, a significant majority (92 per cent) of respondents considered the conditions governing how rent increases could be applied (frequency and amount) to be important, including 74 per cent who determined this to be 'very important'.

Overall, it is not clear whether households are typically experiencing excessive tenure 'insecurity'. Approximately one-third (34 per cent) of respondents had not moved in the last three years while another 54 per cent had moved once or twice in the preceding three years. For households who had moved, the three major reasons for leaving their previous dwelling were: needing to move for work or study (20 per cent); landlord moving in or selling property (18 per cent); and wanting a bigger or smaller dwelling (18 per cent). Emphasising the importance of the level of rent in determining the housing situation of tenants, the fourth most selected reason for moving from their previous dwelling was because the 'rent was increased' (10%). Similarly, the top three reasons cited for their previous move were the same for other moves in the last three years, by respondents who had moved more than once. Only 19 per cent of tenants said they were likely to move in the next six months. Again, two of the same reasons appear to be key drivers: the dwelling did not meet the needs of the household (34 per cent); and needing to move for work or study (21 per cent). The third reason frequently selected was purchasing a home (22 per cent).

This research illustrates that the issue of tenure security is complex. In general, tenants in the Victorian private rental market do not prefer longer leases. However, there are some households that are more likely to favour longer leases such as older households, families with children and, arguably, more vulnerable households on low incomes and income support. Importantly, the provision of longer leases must consider the implications of rules governing rent increases and compensation if the tenant breaks the lease. The main reasons for tenants moving house are related to work and education opportunities, or wanting a more appropriate dwelling that suits changing family needs. So long as tenants are forced to react to changing economic and social circumstances, locking all tenants into longer leases may not necessarily be a desirable outcome.