



NEW TENANCY LAWS GETTING CLOSER

We've covered the new Residential Tenancies Act 2010 previously, but it doesn't hurt to do a recap, particularly with the Act coming into effect later this year.

The Act has undergone a major review since the laws were introduced more than 20 years ago. As part of the process, more than 2000 submissions received from individual tenants, landlords, agents, and key interest groups. NSW Fair Trading examined the tenancy laws in place in other states and territories to identify best practice approaches that have been successful elsewhere, and these have been adopted in a range of different areas in the Act.

The main objectives of the review were to ensure the Act:

- Fairly balances the rights and obligations of tenants and landlords
- Modernises and updates the law in line with current practices
- Reduces the level of disputes, by providing greater clarity and certainty in the legislation

Amongst the major reforms are:

- **'No grounds' termination notices:**

The Act increases the notice given to tenants who are no longer in a fixed term lease from 60 days to 90 days. It also gives landlords certainty of recovering possession through the Tribunal where a tenant does not move out in accordance with the 'no grounds' notice.

- **Rent arrears evictions:** The Act will shorten the time it takes for a landlord to have their application heard by the Tribunal where the tenant is behind in rent. It also gives a guarantee to tenants that their tenancy can continue if their rent arrears are paid or if they follow an agreed repayment plan.

- **Alterations:** The Act gives tenants greater flexibility to add fixtures or make minor alterations at their own expense, provided they obtain the landlord's consent.

- **Rent payment:** All tenants will be given at least one free and easy option to pay their rent.

- **Security of tenure:** The Act includes measures to encourage more long-term leases and gives greater protection against eviction for tenants who have lived in the same premises for over 20 years.

- **Sub-letting:** The Act gives tenants greater flexibility to sub-let part of the premises or bring in an extra co-tenant, provided they obtain the landlord's consent.

- **Water efficiency:** The Act will require rented premises to be water efficient if tenants of separately metered premises are to pay for water.

- **Goods left behind:** The Act will streamline procedures and reduce costs for landlords when dealing with goods left behind when a tenant vacates.

- **Pre-tenancy:** The Act will permit holding fees to be charged only after an application for a tenancy has been approved.

- **Breaking a lease early:** The Act will enable tenants to break a lease early without penalty in certain situations, such as when they accept an offer of public housing or need to move to a nursing home.

- **Sale of rented premises:** The Act requires the tenant to be told before a rental property is placed on the market. It obliges the selling agent to make reasonable efforts to agree with the tenant on the days and times the premises will be available for inspection.

- **Safety and security:** The Act gives guidance as to what is meant by rental properties needing to be 'reasonably secure.'

- **Co-tenant disputes:** There are new measures to resolve disputes between co-tenants or shared households, including domestic violence situations.

- **Tenancy databases:** The Act limits the type of information that can be listed in a 'bad tenant' database and the period of time such information can be kept. It also gives the Tribunal broad powers to resolve disputes about listings.



NEWS FROM THE UK

It's always interesting to keep an eye on housing markets overseas. Since 2008, housing has probably been one of the most internationally observed sectors ever.

I see that in the UK, the house-price gauge in June fell to the lowest level in 11 months. This was due to weaker demand and increasing numbers of homes for sale, according to the Royal Institution of Chartered Surveyors (RICS).

The number of homes being put up for sale was at its fastest pace since May 2007, primarily due to the government's suspension of the Home Information Packs scheme. Home Information Packs put sellers of residential properties in England and Wales under a duty to provide a pack of standard information to potential buyers when marketing the property for sale. The suspension means vendors can put their homes on the market with less cost and hassle.

Anecdotally, I heard from a contact, who's been in real estate in London for many years, that, generally, prices have continued to rise. That's borne out by RICS, which stated that the number of real estate agents and surveyors saying prices rose exceeded those reporting declines by nine percentage points, compared with a reading of 21 points in May.

However, it looks like that will be nipped in the bud as the UK government prepares to introduce austerity measures – the biggest public spending cuts since World War II. Plus with supply of property now starting to outstrip demand, there's a risk of some modest fall in prices during the second half, says RICS.

MEANWHILE, BACK IN OZ

After the high highs and then the lows when the federal government phased out the First Home Owner Boost scheme, recent figures from the Australian Bureau of Statistics show the plunge in first home buyers is bottoming out. According to the ABS housing finance figures, May was the first month since last year in which total finance offered to first home buyers didn't fall.

The number of loans to owner occupiers rose by 1.9 per cent, although it is still more than 20 per cent lower than the peak in 2009. However, it appears owner occupiers are still reticent, with the total value of loans falling by 0.7 per cent.

BIS Shrapnel believes first home buyer demand will start to pick up towards the end of the year, with the demand probably as low as it's going to get. This would have a flow on effect to other sectors of the market, with upgraders having a market to sell to, leading to activity at higher price brackets.

Investors also seem to be making some noises again in the market. The ABS figures showed a surge in investor interest in new property, and finance leapt 28.1 per cent in May, after rising steadily for the previous two months. Investor demand has risen in nine of the past 10 months, and investors now account for 42.1 per cent of the value of housing finance.

WE NEED YOU

Unprecedented demand for rental properties means that currently we are unable to satisfy the demand. So we need more rental stock! Come and experience Charles+Stuart's property management services. Call us on (02) 9327 6444 and let us give you a free rental appraisal and discuss with you how we can manage your property.



ANDREW VERON
PRINCIPAL