



Summer 2008/09

# The Rent Rant

Newsletter of the Tenants' Union of Tasmania Inc

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## Telephone Advice

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## 'Adequate Housing Is A Right' Poster Launched

The Tenants' Union recently designed a poster calling on the Tasmanian Parliament to include the right to adequate shelter in a Charter of Rights. The poster was launched on October 6<sup>th</sup> to coincide with International Tenants Day and featured speeches by academics George Williams and Barbara Hocking, MLC Terry Martin and the TU's Sandy Duncanson.

The poster is supported by twelve community organisations who believe that adequate housing is vital to the wellbeing of people as it provides a platform from which other human rights can be

pursued. A Charter will pressure governments to ensure adequate housing for all as well as give greater legal protections to individuals. In Victoria, where they have enacted a less comprehensive Charter than the one sought by the TU, a pregnant single mother has used the Charter to prevent eviction and subsequent homelessness.

The TU is encouraged by recent reports that Attorney-General Lara Giddings is investigating a Charter including rights to housing, health and education.

If you would like copies of the poster please email or call the TU.



*From L to R: Sandy Duncanson, Barbara Hocking, Terry Martin and George Williams*

## TU continues fight against corporatisation of Housing Tasmania

On July 14, the Tenants' Union and supporters held a protest against the proposed corporatisation of Housing Tasmania (HT). The protest took place outside the Housing Tasmania head office and featured a banner and information pamphlets given to passers by.

The Tenants' Union is concerned that a corporatisation of Housing Tasmania will result in a profit focus leading to undesirable outcomes for tenants.

Since that protest, the State Government commissioned an options paper from KPMG investigating various structures for Housing Tasmania. It was released in November and of the three structures modelled in the paper, none are based on the existing government department model.

The paper is vague on important policy, financial and economic information and the TU is concerned that this inhibits effective community consultation and democratic transparency.

From what could be ascertained from the information available, the paper assumes the following money will be available to make the new structure viable:

- \$45 million of the \$60 million promised earlier in 2008 for public housing.
- The Commonwealth debt of \$242 million to be wiped (which currently costs HT nearly \$17 million per annum to service),
- \$80 to \$90 million from the State Government to clear the maintenance backlog on existing dwellings, and
- \$20 to \$30 million per year in Rent Assistance for tenants that allows the new organisation to charge extra rent without increasing the burden on tenants.

With a present operating deficit of around \$10 million per year, it is clear that HT would be able to operate effectively, and indeed, expand its service with the above injections. It seems that the changes are ideologically driven, as the new models would only survive with huge additional subsidies.

The TU and several other community organisations have provided a joint response to this paper and are seeking a community roundtable to discuss the queries raised.



Protesters outside Housing Tasmania HQ on July 14

## Rent Increases after the Global Financial Crisis

When tenants receive a notice for a rent increase, landlords often cite higher rates, taxes, and loan repayments as the reason for these 'unfortunate increases'. Recently, the TU has called for a RENT HIKE HOLIDAY for those tenants who have had their rents ratcheted up in the name of higher costs.

In fact, following that logic we call for a rent reduction for those tenants because the repayments on a \$250,000 loan (which is the median Tasmanian housing price) have fallen by \$92 per week since the start of the global financial crisis.

However, we know that most private landlords charge according to what the market will bear. With that in mind, the next few years should be very interesting with regard to rental prices.

The variables that influence market rents are complex, but two major factors are the vacancy rate and market value of dwellings.

### Vacancy Rate:

In the short to medium term it is difficult to see the demand for rental properties falling. According to Tasmania Together statistics home ownership is further from the reach for the average income household with the ratio of average house price to income increasing from 3.4:1 in 2001/02 to 5.5:1 in 2005/06. This means a swelling pool of renters. Putting further pressure on demand is the population expansion and trend to smaller households.

Meanwhile the supply of properties available isn't rising enough. The effects of the National Rental Affordability Scheme will be small in such a large housing market, government housing stocks are stagnating or contracting, and despite schemes such as the First Home Owners Grant, the private market is fundamentally failing create enough new housing (And no, free marketeers, it is not a land supply problem). According to economist Steve Keen, of all housing loans during the 'housing boom' less than 10 per cent were used to build new accommodation.

### Market Value of Dwellings:

Even before the global financial crisis had hit Tasmanian housing prices were stagnating. After a stock market fall of the magnitude seen in late 2008, property prices tend to fall within 12 to 18 months. However, with the relative undersupply of housing in Tasmania (and Australia) it is difficult to determine what effect this will have on housing prices. Most predictions range between holding steady and 20% falls for standard residential housing.

### The Effect on Rents:

Even if housing prices fall it is difficult say with certainty whether rents will fall in the short-run, but in the long-run that should reduce rents. However, the vacancy rate is unlikely to improve in Tasmania in the short to medium term, and this may counter any downward pressure on rental prices.

The positive is that we are unlikely to see the escalating rents of the 'housing boom' repeated in the next few years.

## TENANTS' UNION OF TASMANIA

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We're on the Web!

[www.tutas.org.au](http://www.tutas.org.au)

## Quick News, Views

The TU recently gained a Tasmania Community Fund grant to create a new website and make a TV commercial to advertise our services. One of the goals for this grant is to improve access for rural and remote Tasmanians. The website and TV ad should be completed by mid 2009.

\*\*\*\*\*

Tenant unions around Australia have reported that landlords have been seeking 'one-off' fees to coincide with the December 'Pensioner Bonus'. In Tasmania, TU clients have reported that they have been asked to pay double rent and special 'bonus' fees. These are illegal and unethical. If you hear of this type of unscrupulous behaviour please contact the TU.

\*\*\*\*\*

Congratulations to the Private Residential Tenancy Support Service (PRTSS) for winning a Housing Institute award for their excellent service. It is thoroughly deserved.

## Rent Increase Scoreboard

The TU is trying to get legislation amended to prevent excessive rent increases during the term of a lease.

Presently, if your lease allows for a rent increase there is no limit to the increase as long the rent does not exceed "the general level of rents for comparable residential premises in the locality or a similar locality".

Some of the more extraordinary rent increases reported to the TU recently include:

Mowbray:	from \$225 to \$300
West Moonah:	from \$330 to \$390
Howrah:	from \$280 to \$320
Newtown:	from \$270 to \$330

Remember, if a landlord or agent tries to increase your rent mid-lease under a fixed lease, it must be in your lease that they can do so, and usually they must give 60 days written notice.

## Our Staff

### Principal Solicitor:

Alexander (Sandy) Duncanson

### Solicitor:

### Solicitor (North-West):

Sarah Hiller

### Bookkeeper:

### Administrator/Advocate:

Phil Hoffen

### Volunteers:

Bob Jones

Mick Lynch

Alex Fry

Tracey Chapman

Kirsty Abercromby

Alex Alcock

Stacey Webb

Aneita Browning

Ben Bartl

### Management Committee:

Rowland Atkinson

Michelle Parker

Kristie Johnston

Tim Bullard

Tamieka Colbeck

Gemma Misrachi

Sue Chapple

Jane Byrne

Naomi Bryant

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