

Under pandemic pressure

A snapshot of how Victorian renters are faring under 'COVID normal'

March 2021

Summary

A financial cliff looms as a real risk for Victorian renters who have not regained their pre-COVID financial footing in the state that has endured no less than three public health lockdowns.

For many Victorian renters, financial pressures persist despite public health restrictions easing with the decline in community transmission of COVID-19. Reductions and withdrawal of support, as federal JobSeeker and JobKeeper payments progressively decreased in late 2020 and early 2021, and the imminent end of Victoria's eviction moratorium and rent relief grants at the end of March 2021, pose risks to many renters in the coming months.

These interlinked factors, combined with the end of rent reduction agreements that were introduced under Victoria's emergency pandemic measures and the impact of existing rental arrears when the eviction moratorium ends, loom as a stress point for many renters. This is specially so for those attached to vulnerable sectors such as hospitality, tourism and fitness, entertainment and leisure industries. Despite the resistance of some landlords and real estate agents, 71,370 reduced rent agreements were lodged with Consumer Affairs Victoria by March 7 this year, including extensions of existing agreements. With the end of the eviction moratorium renters are now expected to feel the pressure of attempts to recover rental arrears while seeking to find suitable cheaper accommodation.

Tenants have previously told us that their tenancies remain insecure, that they are stressed financially and that they are fearful for the future. Tenants Victoria undertook a survey, from 16 November 2020 until 5 January 2021, to gain insight into how tenants are coping with the latest stages of the COVID-19 pandemic. We found that:

- The pandemic highlighted, and in some cases exacerbated, the systemic problems experienced by renters before 2020, such as the lack of affordable housing in good repair.
- Common issues faced by renters remained, such as fear that their tenancy is at risk if they ask for repairs to their property, despite the limited moratorium on evictions. Renters report that agents or landlords used exceptions to the moratorium such as impending sale to regain occupation of a property, then put it back on the rental market.

- Renters have found that estate agents failed to respond to requests for rent reductions or discouraged renters pursuing this right. Misinformation from agents was a common complaint.

Renters' profiles

The respondents to our snapshot survey numbered 76 and were fairly evenly divided between long term residents renting their current property for over 2 years and those with shorter tenures. About 6 in 10 wanted to remain in their current home.

The picture on renters' incomes was bleak for the majority of our respondents. Over half lost some, or a significant portion, or even all, of their income. In contrast 4 in 10 experienced no income change, while a fortunate few found their income increased. When it came to the source of income, just over half of respondents were independent of government support payments. Nearly a third received JobSeeker and a further one-sixth received JobKeeper.

Renters' experiences

This snapshot survey focuses on the experiences of tenants as narrated by them, reflecting the themes of the individual stories to present a picture of the reality on the ground for Victorian renters.

Insecurity

Tenants who responded to us continued to feel that their homes were insecure during the pandemic, despite the protections implemented for public safety. This time of uncertainty was confusing and difficult for some to navigate. As one renter put it:

'Not much help from anyone. Landlord very heartless ... scheme confusing.'

Another renter said:

'At the 3rd VCAT hearing, when the Member [the person who decides cases] said I would be given a reduction to 30% of my income, the agent responded that they would sell the house and evict me.'

Other observations were:

'They tried to evict us in June, then applied to VCAT [the Victorian Civil and Administrative Tribunal] for termination and possession – so stressful and unprofessional on the agent's behalf and has made me anxious and fearful of losing my home of over 8 years.'

'My former real estate agent applied to VCAT to evict me while I was waiting for JobSeeker or the rent relief grant or my first pay from my new job to come through. The worst part was the agent lied about doing their part of the rent relief grant application. It was extremely stressful to the point I couldn't sleep especially because VCAT publishes tenant's details and I have a current intervention order against my ex-partner. There was supposed to be a moratorium but agents didn't care and there was no punishment so why would they obey the law? I moved in with a friend to spare my mental health even though I knew they were in the wrong. I am now in secure and much cheaper accommodation.'

'It was scary asking for a temporary rent reduction when I'd only moved in four months earlier, between the two lockdowns. It feels like as a tenant, you don't have any power in the situation. But because I'm getting JobKeeper through my secondary employer, my income was drastically decreased and I had used most of my savings by that point, so I needed some assistance with rent. I'm glad the government incentivised rent reduction agreements and I was grateful CAV [Consumer Affairs Victoria] were on standby to help if I couldn't come to an agreement with my landlord.'

Property standards

The need to remain in a home for protection from exposure to COVID-19 has highlighted the importance not only of security of tenure, but also of the physical fabric and comfort of the home. Tenants' landlords not getting essential repairs done has been a significant problem during the pandemic.

In Tenants Victoria's experience, poor property standards are often reported by the renters who seek our help. Those with limited financial resources live in the worst properties, as this is all they can afford to rent. The more disadvantaged the renter, the more vulnerable they have become during the COVID-19 pandemic.

'I was fine until the sewerage went through the unit. Because of COVID I could not move out, but was threatened I had to. And pay for a hotel ... not allowed in COVID, and still pay for the unit. I could get no help anywhere. The agent told me she did not have the number of the owners' corp. Only the owner could talk to them. I still have extreme asthma. I had nearly recovered before this happened and could run up and down the steep stairs. I paid for new mattress, packing \$800, cleaning \$340, removalist \$1300, new rental \$730 a week sight unseen ... very little left to live on. And about \$500 after Medicare for the needles in my blinded eye. And facing a mediation/court without any knowledge of what to do. or when or how it's done. Had my 79th birthday on Friday.'

'The standards for rental properties are so poor and this can have a significant impact on the health and safety of tenants, particularly during lockdown. Earlier in the year during the first COVID-19 lockdown, my family and I were in a rental house that was so run-down and poorly maintained it was difficult to heat properly (there was a crack in the wall above the only heating unit - you could see daylight through the crack in the wall). There were other issues that impacted our health and safety, such as a ceiling and wall leak where rainwater ran over electrical sockets. On a couple of occasions prior to lockdown this had triggered the fuse safety switch and left us without power in half the house until the electrical sockets dried. We had been asking for three years to have the leaks repaired. We gave up asking and moved to somewhere that was in slightly better condition. We had a written lease-break agreement with the landlord, waiving any fees. After we left, the landlord changed their mind and applied to VCAT for compensation from us. Our new home had other issues. The oven, grill and one of the stove burners weren't working properly from the beginning of the tenancy and the lack of ventilation in the property caused condensation on walls and windows – during the winter we had to keep the windows open to try and manage the condensation and prevent mould growth. Six months on, the oven still hasn't been replaced or repaired, despite asking four times. Our income reduced during COVID-19, not significantly though, and I didn't have the energy to ask for a rent reduction. If they won't even repair the oven, stove and grill we rely on to cook our food, it's unlikely they're going to reduce our rent.'

'I'm in an old home in a low-income area. There are some major repairs that need sorting, but I'm not game to push too hard to get them done as in the past I've been pushed out of rentals by high rent increases after repairs, or by the owners deciding it's too much hassle owning a rental and selling the place. I'm on disability, have severe chronic illness and live alone. To move at the moment would be a nightmare and it frightens me. COVID has brought with it more expenses too as I have tried to self-isolate and cope with being hospitalised in the middle of it all. On top of that the rents in low-income areas are climbing due to the demand for lower rents at the moment due to job losses.'

Role of estate agents

During the pandemic real estate agents, who act for landlords, should have been a conduit of information about rent reduction during this period of intense stress. However, there has been too much anecdotal evidence of poor behaviour.

In addition, in the early days of the crisis, the Australian Securities and Investments Commission (ASIC) wrote to real estate institutes expressing significant concern about some real estate agents advising tenants to consider applying for early release of their superannuation to pay their rent. 'Financial advice must only be provided by qualified and licensed financial advisers, or financial counsellors, not by real estate agents who neither hold the requisite licence, nor are an authorised representative of an Australian Financial Services Licensee,' ASIC told the real

estate institutes. It said these are likely to be breaches of the Corporations Act, for which there are significant penalties and for which it would not hesitate to act swiftly to protect vulnerable consumers.

Our respondents tell us that agents were often a barrier to rent reduction, stonewalling requests for rent reduction and providing misleading or even no information. This confirms our previous survey of renters¹ about the barriers put up by estate agents to safe secure and affordable renting. Just under half of respondents in this snapshot reported that their relationship with their agent or landlord had worsened during the pandemic.

Here's what they said:

'It's hard enough getting real estates to listen at the best of times. It's clear that they and body corporates are using COVID as an excuse to obfuscate and delay.'

'I had no help with any relief or how to get it from estate agent. Still expected to meet all obligations, no mention of any assistance.'

'Real estate agents didn't keep up to date with the changes put in place, adding more stress and worry to an already unfamiliar stressful situation.'

'My agent placed themselves and the landlord above laws, federal recommendations, and community decency by stalling my efforts to gain an outcome that would truly help me.'

'The real estate agents did send me a letter for an increase in rent in February 2020 and did try to raise it [in] April. Due to the COVID law of NO increase I had to push for my rights. Sent them the laws during this time. Apparently was the only one who did so, according to the agent. Other accepted the rent increase – the agent told me this. So advise them to contact the landlord to let him know rent rise can't happen until March 2021. Knowing your rights as a tenant is very important. Also keeping up with new laws is vital for rents. I'm under no contract as I'm a long-term tenant. I've been a renter all my adult life. I've always looked after every property I have lived as my home.'

Conclusions and lessons

There remains a great deal of uncertainty about how renters who face continued reduced income, and who may have accumulated rental arrears or other debts, will fare as the COVID-19 risks moderate into 2021. The reformed Residential Tenancies Act, legislated in 2018, will also present challenges from the end of March, as tenancies shift from the COVID-19 emergency measures to the new Act. This Act – intended to strengthen the rights of tenants – is most welcome.

¹ [Portraits of a Pandemic, August 2020](#)

However, the COVID-19 pandemic has highlighted and, in some cases, exacerbated the systemic problems experienced by renters before 2020. The lack of affordable housing in good repair is a longstanding issue.

Common issues faced by renters, such as insecurity and fear that their tenancy is at risk if they ask for repairs to their property, persist. Renters report that agents or landlords used the 'impending sale' or 'renovation prior to sale' exceptions to the eviction moratorium to regain occupation of a property, then put it back on the rental market.

Tenants have been scared to enforce their rights to safety by requesting COVID-safe inspections by their estate agent, fearing that this will result in a 'black mark' against them. Renters responding to our questions have asked that they remain anonymous for fear that they will not get their bond back or will be blacklisted by estate agents.

Renters have found that estate agents failed to respond to requests for rent reductions or discouraged renters pursuing this right. Misinformation from agents was a common complaint. At a time of heightened anxiety and change due to COVID-19, clear and accurate communication is essential. Yet renters told us about real estate agents who put up barriers instead of providing a gateway to safe, secure and affordable renting.

In light of the experiences reported to us, a strenuous effort is needed to improve knowledge and enforcement of the provisions of the Residential Tenancies Act and Estate Agents Act that support renters, and fulfill community expectations that renting will be safe, secure and fair as we further move into 'COVID normal' and beyond.

