Long-term leasing

Information for landlords and property managers

# How to use this kit

Consumer Affairs Victoria has developed this kit for landlords; property managers and landlord advocacy groups; real estate agencies; and other related bodies to raise awareness of a new long-term lease agreement option in the Victorian housing market. We invite you to share this content on your communication channels, either as is or adjusted to meet your audiences’ needs. For more information, visit the Long-term leases page on the Consumer Affairs Victoria website: [consumer.vic.gov.au/LTL](http://www.consumer.vic.gov.au/LTL).

This kit contains:

* **Long article** – example, for use in printed and online newsletters
* **Short article** – example, for use in your email newsletter or website
* **Social media posts** – for posting on your social accounts
* **Fact sheet** – to help you understand and explain key points of this reform with your stakeholders.

## Long article

### Landlords can now offer tenants tailored long-term leases.

An investment property can be a lot of work, especially if you have a high turnover of tenants. The weeks or months without rent, arranging inspections, advertising the property and sorting through tenant applications takes time and money.

If you bought your property for investment purposes, or you know you will not want to live in it over the next five years or more, a long-term lease might be right for you.

It gives you the peace of mind that your house will be tenanted by someone you trust, as well as the security of a steady income stream.

#### What is different about a long-term lease?

A long-term lease allows you to tailor the lease to suit you and your tenant’s circumstances for a rental period of more than five years. You can use the existing agreement (Form 1) (which can now be used for both short and long-term leases) or the new Form 2 for long-term leases.

Note: Form 2 offers additional benefits, some of which are listed below. Find out more on the Long-term leases page on the Consumer Affairs Victoria website: [consumer.vic.gov.au/LTL](http://www.consumer.vic.gov.au/LTL).

#### Rental bonds

You will be able to top-up the bond amount after five years, if there are at least five years remaining on the lease.

#### Rent increases

You can increase the rent every 12 months and schedule the dates and amounts in the lease agreement. You can set the increase by a fixed dollar amount or percentage; the Consumer Price Index (CPI); or State-wide Rent Index (SRI).

#### Property modifications and inspections

The tenant must get your written permission before they can make any changes to the property. You can also include certain changes in the lease agreement that you are happy for the tenant to make during the lease period. This allows the tenant to make these changes without getting your written permission, as they are already written into the lease.

You or your property manager can inspect the property every 12 months, by giving the tenant 14 days’ written notice.

#### Breach of Duty

In a long-term lease, the landlord or tenant can apply to the Victorian Civil and Administrative Tribunal (VCAT) for a compensation or compliance order for breach of a term in the long-term lease without serving a Breach of Duty notice. You can still apply to VCAT for a compensation or compliance order after giving the other party a Breach of Duty notice.

#### Ending a long-term lease agreement

You cannot shorten the term of the lease agreement unless the tenant agrees, or they break one of the rules that allows you to give them a notice to vacate. You can still apply to the Victorian Civil and Administrative Tribunal (VCAT) if you need the lease to end early due to hardship reasons.

#### Find out if a long-term lease is right for you

Consumer Affairs Victoria’s new [navigation tool](http://bit.ly/LTLDecision) can help you decide whether a long-term lease is right for you.

#### How to get a long-term lease

If you are happy with your current tenancy arrangement and would like to continue it for more than five years, speak with your tenant about switching to a long-term lease. Make sure you negotiate the terms of the long-term lease agreement before ending the existing lease.

If you are going to rent out your property for the first time, it is a good idea to start with a short-term lease – for example, 12 months – to see if the arrangement is right for you. If you decide that it is, discuss with your tenant towards the end of the 12-month lease about whether they would be willing to sign a long-term lease.

If you are currently looking for a tenant who is interested in signing a long-term lease, you can list your property on [rent.com.au](http://www.rent.com.au) and select the ‘long-term lease’ option to show that it is available for more than five years.

For more information, visit the Long-term leases page on the Consumer Affairs Victoria website: [consumer.vic.gov.au/LTL](http://www.consumer.vic.gov.au/LTL).

## Short article

### Landlords can now offer tenants a new lease agreement that can be tailored for a longer rental period.

If you bought your property for investment purposes, or you know you will not want to live in it for more than five years, a long-term lease might be suitable for you.

#### What is different about a long-term lease?

A long-term lease allows you to tailor the lease to suit you and your tenant’s circumstances for a rental period of more than five years. You can use the existing agreement (Form 1) (which can now be used for both short and long-term leases) or the new Form 2 for long-term leases.

Note: Form 2 offers additional benefits, some of which are listed below. Find out more on the Long-term leases page on the Consumer Affairs Victoria website: [consumer.vic.gov.au/LTL](http://www.consumer.vic.gov.au/LTL).

#### Rental bonds

You will be able to top-up the bond amount after five years, if there are at least five years remaining on the lease.

#### Rent increases

You can increase the rent every 12 months and schedule the dates and amounts in the lease agreement. You can set the increase by a fixed dollar amount or percentage, the Consumer Price Index (CPI) or State-wide Rent Index (SRI).

#### Property modifications and inspections

The tenant must get your written permission before they can make any changes to the property. You can also include certain changes in the lease agreement that you are happy for the tenant to make during the lease period. This allows the tenant to make these changes without getting your written permission, as they are already written into the lease.

You or your property manager can inspect the property every 12 months, by giving the tenant 14 days’ written notice.

#### Breach of Duty

In a long-term lease, the landlord or tenant can apply to the Victorian Civil and Administrative Tribunal (VCAT) for a compensation or compliance order for breach of a term in the long-term lease without serving a Breach of Duty notice. You can still apply to VCAT for a compensation or compliance order after giving the other party a Breach of Duty notice.

#### Ending a long-term lease agreement

You cannot shorten the term of the lease agreement unless the tenant agrees, or they break one of the rules that allows you to give them a notice to vacate. You can still apply to the Victorian Civil and Administrative Tribunal (VCAT) if you need the lease to end early due to hardship reasons.

#### Find out if a long-term lease is right for you

Consumer Affairs Victoria’s new [navigation tool](http://bit.ly/LTLDecision) can help you decide whether a long-term lease is right for you.

#### How to get a long-term lease

If you are happy with your current tenancy arrangement and would like to continue it for more than five years, speak with your tenant about switching to a long-term lease. Negotiate the terms of the long-term lease agreement before ending the existing lease.

If you are currently looking for a tenant who is interested in signing a long-term lease, you can list your property on [rent.com.au](http://www.rent.com.au) and select the ‘long-term lease’ option to show that it is available for more than five years.

For more information, visit the Long-term leases page on the Consumer Affairs Victoria website: [consumer.vic.gov.au/LTL](http://www.consumer.vic.gov.au/LTL).

## Sample social media posts

Here are some suggested posts you can use through your social media channels. Consumer Affairs Victoria has also created some imagery which can be used alongside the posts for greater impact.

| Topic | Facebook | Twitter |
| --- | --- | --- |
| General – long-term lease under the *Residential Tenancies Act* is a new option in the Victorian housing market. | Want to spend less time managing your property and more time enjoying life? A new long-term lease option under the Residential Tenancies Act lets landlords offer a lease to a tenant for longer periods. Visit @ConsumerAffairsVictoria’s website and see if long-term leasing is right for you: (Link to [consumer.vic.gov.au/LTL](file:///%5C%5Cinternal.vic.gov.au%5CDJR%5CHomeDirs2%5CEBChan%5CComms%20Plans%5CFinalised%20Kits%5Cconsumer.vic.gov.au%5CLTL)) | Long-term leases are a new option under Vic renting laws for landlords who want to offer a lease to a tenant for longer periods. Find out more @consumervic and see if a long-term lease is right for you. (Link to [consumer.vic.gov.au/LTL](file:///%5C%5Cinternal.vic.gov.au%5CDJR%5CHomeDirs2%5CEBChan%5CComms%20Plans%5CFinalised%20Kits%5Cconsumer.vic.gov.au%5CLTL)) |
| Long-term lease – is it right for me?  | For landlords with tenants who want to stay settled in one location for a longer period, a long-term lease may be a good option to consider. Find out if long-term leasing is right for you on the @ConsumerAffairsVictoria website: (link to decision tree: http://bit.ly/LTLDecision ) | Landlords: Are your tenants happy with their current rental and want to stay settled in one location for a longer period? A long-term lease may be a good option. Find out if it is right for you @consumervic: (link to decision tree: http://bit.ly/LTLDecision ) |
| How to start a long-term lease | For landlords who want to offer a longer lease agreement to a desirable tenant, a new long-term lease option under Victorian renting laws is now available. Find out more from @ConsumerAffairsVictoria: (url to how to start a LTL: http://bit.ly/LTLHowTo) | For landlords who want to offer a longer lease agreement to a desirable tenant, a new long-term lease option under Vic renting laws. More @consumervic: (url to how to start a LTL: http://bit.ly/LTLHowTo ) |

## Facts about long-term leases (LTL)

* Under the Residential Tenancies Act, LTL are a new option in addition to current lease agreements of fewer than five years (also known as ‘short-term leases’) in Victoria.
* In Australia, more than one in five tenants have been renting the same property for more than five years. The new LTL agreement formalises this arrangement so that landlords and tenants can tailor it to suit the circumstances of a rental period of five years or more.
* Landlords and tenants can decide if an LTL is suitable for their circumstances – LTL is an **option** and not compulsory. Consumer Affairs Victoria’s navigation tool can help both parties decide if is right for them: http://bit.ly/LTLDecision.
* LTLs must be in writing and can be made on Consumer Affairs Victoria’s existing agreement Form 1**,** or the new prescribed Form 2**.**  Note that Form 2 includes additional benefits, such as the option for landlords to request rental bond top-ups, if there are five or more years left on the lease. Download the forms from the Consumer Affairs Victoria website: http://bit.ly/LTLHowTo.
* LTLs can create security, stability and certainty for both tenants and landlords. Long-term leases can benefit landlords who want a steady income source and the security of knowing they do not have to worry about having to find new tenants every few years. Tenants can benefit from the security of renting the same property for a longer period. Older Victorians and many families with young children are interested in a long-term lease because it lets them find a local job, have their kids go to the same school for the duration of their schooling years, and establish themselves in a community.
* Landlords who are happy with their tenant and are looking to offer a long-term lease, should discuss switching from a short-term lease to a long-term lease. Landlords can also list their property on the [rent.com.au](http://www.rent.com.au) website and select the ‘long-term lease’ option to show they are interested in leasing their home for more than five years.
* The tenant can make minor modifications to the rental property, with the written permission of the landlord on the agreement.
* The landlord can increase the rent once every 12 months and both tenant and landlord can agree on how the increase will be calculated; this can be by a fixed dollar amount or percentage; the Consumer Price Index (CPI); or State-wide Rent Index (SRI).
* A tenant can break the lease before the long-term lease period is up. If the landlord is unwilling, they can ask the tenant to pay one month’s rent for every full year left on the lease (capped at six months) or until the landlord finds a new tenant, whichever comes first. The tenant may also need to pay reletting or re-advertising fees if required.
* Both landlord and tenant can end or shorten the lease agreement by mutual agreement.
* As with a short-term lease, if a tenant or landlord does not meet their obligations, the other party can give a Breach of Duty notice, giving them 14 days to rectify the breach. If the Breach of Duty notice is not complied with, the tenant or landlord can apply to VCAT for a compensation or compliance order.
* In a long-term lease, the landlord or tenant can apply to the Victorian Civil and Administrative Tribunal (VCAT) for a compensation or compliance order for breach of a term in the long-term lease without serving a Breach of Duty notice.
* The landlord can only end the lease early by giving the tenant a notice to vacate for reasons such as causing malicious damage to the property; using the property for illegal purposes; or owing more than 14 days’ rent. If none of these apply, the landlord must wait until the end of the fixed term agreement to end the lease. The landlord can also end the lease early or reduce the number of years on the agreement if the tenant agrees.
* If the landlord wants to end the lease due to hardship reasons, such as financial or medical, they can apply to VCAT for a ruling.
* Tenants experiencing family violence can also apply to VCAT to end the lease agreement early.
* Most of the reasons and timeframes for giving tenants a notice to vacate still apply in a long-term lease. More info: <http://bit.ly/LandlordNTV>

For more information on long-term leases and whether they are right for you, visit the Long-term leases page on the Consumer Affairs Victoria website: [consumer.vic.gov.au/LTL](http://www.consumer.vic.gov.au/LTL).