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Ristic

ISSUE

FEB – MAR

2023

THE INVESTOR

PROPERTY COMPLIANCE

IT IS OUR DUTY OF CARE TO SAVE LIVES AND PROVIDE SAFE PROPERTIES TO RESIDE IN

This is an important reminder that it is our duty of care as a managing agent to ensure that rental properties comply with the minimum legislative standards for the protection of rental provider and the safety of renters.

This includes maintaining the basics such as functioning locks, working kitchen appliances and toilets; providing hot and cold water; adequate ventilation throughout the rooms and heating where applicable; that the property is structurally sound and, more importantly on a serious note that smoke alarms are present, compliant, and serviced as well as ensuring that safety switches meet the electrical safety standards.

As we all know, owning an investment property has become more regulated by the governing powers. We understand that many investors are struggling and experiencing financial hardship in their households in keeping up with these minimum standards alongside the current increased interest rate rises and cost of living.

However, whether we like or disagree with these minimum standards, it is the law in varying degrees across the nation.

When reaching out to our investors to ensure that properties comply with legislation requirements, we must act promptly to prevent renters from taking action, as well as potential compensation claims or fines, where applicable.

Managing a property that is not compliant puts our agency and you at risk.



DISPUTE RESOLUTION & THE TRIBUNAL COURTS WHERE DO YOU DRAW THE LINE?

There is no disputing that owning and managing an investment property has become more challenging over recent years with the shift in the economic climate. As managing agents, we often comment that our role as property managers should be changed to 'people' managers, as managing the 'property' is the easy part of our role. The property cannot communicate with us, dispute issues, breach agreements, or get emotionally involved.

However, renters are becoming more educated and demanding of their needs, and rental providers have more expectations and pressures placed on them.

These current times are affecting everyone, and as your managing agent, we are trying to navigate these pressures as best we can in being the frontline to all communications.

Our focus is always on trying to alleviate, negotiate, and work towards a win/win outcome for all parties with empathy.

As many long-term investors will know (through their own experiences), when managing properties, there is often no black and white clarity to an array of challenges that can arise during all stages of the tenancy.

Although there is legislation that governs the rights and obligations of both parties, there is also a broad scope of grey areas. These grey areas often lead to disputes and frustration for property owners that we must deal with and mediate on your behalf.

If a dispute does arise and the parties cannot reach a resolution, often our only course of action is to lodge an application with the tribunal courts to seek 'their' decision and orders, which in some circumstances can take weeks or months to obtain a hearing. If a claim is made, this can often lead to an undesired outcome on the orders you seek, depending on how the tribunal/court member overseeing the hearing feels on the day or interprets the evidence presented.

P.T.O.

WHERE DO YOU DRAW THE LINE? Continued...

The tribunal courts will consider fair wear and tear, what is reasonable, depreciation and what they perceive to be fair. When a dispute cannot be settled, our agency will take the time to explain how the legislation could impact the situation and the possible outcomes and then take your instructions on how you would like to act.

During this process, it is important to consider the dollar value in question, the circumstances, and possible outcomes to determine if it is financially viable to pursue the matter. Depending on the claim, it can be beneficial to compromise rather than just being focused on one outcome.

Areas where common disputes can arise:

- Required maintenance at the property
- Appliance breakdowns at the property that are not replaced
- End of tenancy bond disputes
- Excessive water accounts
- Rental increases
- Damage to the property

As your managing agent, you need to understand that we are focused on working in your best interests to maximise your income and optimise capital growth.

WHAT TO CONSIDER WHEN CHOOSING THE BEST RENTER APPLICATION FOR YOUR PROPERTY

With rental properties in demand across most parts of Australia, the industry is seeing a rise in the number of renter applications being submitted on properties, which can be time-consuming to choose the best renter for your property. Due to this increase, we wanted to share with you some of the techniques that we use to short-list the best applicants.

When choosing a renter, the top two concerns for investors are whether they will take care of the property and pay their rent on time.

The first short-listing check we look at is to ensure the renter/s can afford to pay the rent. To assist us in doing this, we use the 30/70 rule, similar to what the banks reference during the loan application process. We combine the household total net income and then apply 30% to the affordability of rental payments. For example, if the household's total income is \$1800 (then in theory), they can afford to pay \$540 per week, with the other 70% being allocated to living expenses.

We then look at the number of renters wishing to reside in the property, as this can impact the wear and tear on a property.

Depending on the length of tenancy term a rental provider is looking for, we will consider their past tenancies to see if they have been short-term or long-term renters.

Meeting the renters and developing a conversation with them can also disclose much information about the renter, which we are skilled in doing.

Once we have short-listed the applications, it is then essential to conduct a national renter database check to determine if they have breached or defaulted on a prior tenancy.

When processing renter applications, we are careful in the way that we collect reference information to ask open-ended questions and validate the contact details.

Once we have short-listed the renter applications, we will then refer all of the relevant information to the rental provider, so we can take instructions on which renter you would like to choose for your property. Getting the renter selection process right from the outset is critical to the ongoing management of your property.

Waiting for the right renter can reduce disputes and breaches during the tenancy.

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FOR SALE

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ARE YOU LOOKING TO BUY OR SELL, OR DO YOU OWN ANOTHER RENTAL PROPERTY?

We are on the lookout for more properties.

Talk to the Experts

CALL US TODAY

Melodi Brown
Kaan Ristic
Managing Directors

Ristic