

Mrs D Read
[REDACTED]
[REDACTED]

Committee Secretary
Community Support and Services Committee
Parliament House, George St
BRISBANE QLD 4001

11th July 2021

Attn Committee Secretary,

Letter of objection re proposed changes to tenancy legislation in QLD

My husband and I are the the owners of two small rental units in [REDACTED] As self funded retirees, we rely on the rents to provide some of our income during retirement. The proposed changes are of major concern to us and we feel that they favour the tenants excessively and leave landlords out in the cold. Should the proposed changes go through, we will look to sell our investment properties when they next become vacant and no doubt many other landlords will follow suit. The nett result will cause an ever increasing shortage of rental properties and this will be of no benefit to anyone.

Of biggest concern to us is the removal of our right or ability to sell our units in a fair market. What we mean by the above is if we are forced to sell the units as “tenanted” then we are restricted to selling into the investor market which is likely to be depressed as a result of this proposed legislation. We will be prevented from selling to an owner occupier. This is extremely unfair and restrictive. Further, if the existing tenant is unattractive to an investor then you will have removed our ability to sell at all.

As self funded retirees we will at some point in the near future need to sell one of our units to fund our retirement. This legislation is likely to restrict or even prevent this.

The proposed changes should be rejected on the following grounds:

Limit rent increases to once every 24 months and by no more than CPI per year, including if there is a period for which the property is not rented or if current tenants move out and new tenants enter on a new lease.

Regulating rents and when rents can be increased will lead to investor concern, scarcity and looking to diversify in other free markets. This is the worst case scenario. To be fair and balanced, and deal with any unintended consequences, leaving status quo is recommended. The Residential Tenancies and Rooming Accommodation Act (RTRA Act) has provisions in place for rent increases during existing fixed term tenancy contracts, plus periodic tenancies. The tenant has ability to act and if need, apply to Tribunal (QCAT) to decide if a rent increase is excessive (Sections 91 and 92). Section 94 allows for rent to be increased in a six month period only. For fixed term tenancy agreement contracts that are renewed and effectively enter into

another fixed term contract (known as lease renewals), section 71 adequately allows for tenants to seek assistance if they believe any rent increase is excessive. There are adequate provisions in place in the legislation without need for further regulation.

Remove the lessor or lessors' agent's ability to accept rent bids from prospective tenants.

Rent bidding is an emotive, unjust, misused and unfair word. There is no evidence rent bidding occurs in the industry. The use of the word rent bidding alludes to the thought that there is a form of 'auction' occurring which is not the case. The RTRA Act requires rent be advertised at a fixed amount (section 57). Words such as negotiable and price ranging are prohibited. Property managers cannot encourage or solicit offers from prospective tenants. Section 57 is a penalty unit provision.

Allow tenants to make minor modifications to a rental property without first obtaining the landlord's consent.

Section 217 to 219 of the RTRA Act currently cover tenants making fixture or structural changes to the property. There is no need to further regulate as these provisions adequately cover the rights of either party in this instance.

Give tenants the right to keep a pet unless the lessor applies successfully to the Queensland Civil and Administrative Tribunal ("the Tribunal") for an order refusing the pet on reasonable grounds.

The provisions in the Housing Legislation Amendment Bill 2021 regarding pets are by far more practicable and reasonable than this Bill. So many additional factors must be considered for this matter such as what is included in the Housing Legislation Amendment Bill including relevant local laws and body corporate laws.

Ensure certain inclusions in regulations made regarding minimum standards for rental homes.

The proposed amendment is of concern particularly amending section 17A to insert must as opposed to the current may and having a minimum standard for all provisions listed. Leaving section 17A as may allow for Government to react and respond if and as needed, amending this provision to must is fraught with risk. There are so many factors to consider including cost to investors, availability of contractors if and as needed. This proposed provision has added a complexity that is unnecessary. Section 185 of the RTRA Act sets out lessor obligations currently.

Improve lease security by removing the ability for "no grounds" evictions or evictions for sale contract by the lessor, and replacing these provisions with two new grounds for a notice to leave, being:

- Occupation by the property owner or the owner's close relative - Major renovations to be made to the property - Vary minimum notice periods for a notice to leave, including: - 6 months' notice for owner/ relative occupation and major renovations.

The Government need to consider another approach regarding the ending of tenancies.

An unintended consequence which appears to not have been considered is Landlord insurance and risk. Most landlord insurance policies provide no, or limited coverage for periodic tenancies. Common practice of industry since the notice to leave without grounds provision was increased to two months in 2009 is for lessors to be contacted by their agents around 2.5 to 3 months prior to a fixed term agreement contract expiring. The only reason this best practice procedure occurs is in the event the lessor wishes for the tenancy contract to end at the end of the fixed term agreement, and the two months' notice can be provided to the tenant.

The Regulatory Impact Statement (part of the 2018/209 review) notes Queensland has some of the highest fixed term tenancy contracts in Australia. The reason this would long be the case is due to security of all parties, best practice and particularly, landlord insurance. If a tenant is offered a new agreement contract (lease renewal), and refuses to enter into a lease renewal, the tenancy reverts to a periodic. This leaves the investor in a serious position of risk due to reasons noted above; most lessor insurance policies provide limited and no coverage in the event of loss if a tenancy contract is periodic. Due to insurance and management of risk and security, tenants may be given a notice to leave without grounds if they do not wish to enter into a new tenancy agreement (lease renewal).

Most tenants are good people, as are most investor lessors and agents. Bad things happen to good people meaning if the tenant does not want to enter into a lease renewal agreement, as they want the flexibility of a periodic lease, and the lessor does not have a proposed prescribed reason to end the tenancy, the investor is left in a dangerous position if the tenant situation and life changes. Examples include addiction, job losses, relationship dispute as opposed to violence and more. In the event the good tenancy 'goes bad', and the lease is periodic, there is great risk of loss to the investor.

There are genuine concerns investors may leave the market due to their loss of right to end a tenancy contract for their asset without grounds. This is a possibly the Government cannot find afford to risk, given supply and demand drive rental market price, plus, the lack of social housing and homelessness. All parties will suffer should the removal of without grounds proceed.

There are genuine concerns investors may leave the market due to their loss of right to end a tenancy contract for their asset without grounds. This is a scenario the Government cannot afford to risk, given supply and demand drive rental market price, plus, the lack of social housing and homelessness. All parties will suffer should the removal of without grounds proceed.

Investors should always have the right to lawfully terminate a tenancy without reason. If investors comply with legislation, a lessor should have the right of possession without having to state a reason. Tenants are protected if lessors act outside the legislation. This is fair and balanced for all parties.

Please take note of our concerns.

Regards

Deborah Read
