
From: [REDACTED]
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To: Community Support and Services Committee
Subject: Re: Submission for RTRA Tenants Rights & Other Legislation Amendment Bill 2021 and Housing Legislation Amendment Bill 2021

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Committee Secretary
Community Support and Services Committee
Parliament House
George Street
Brisbane Qld 4000

Dear Committee,
Thank you for the opportunity to make this submission.

My name is Jamie Kean Wei Foong and together with wife Ann Foong, we are Property Owners / Investors in Brisbane, QLD.

We write to the Committee regarding the Residential Tenancies and Rooming Accommodation Tenants Rights and Other Legislation Amendment Bill 2021 and the Housing Legislation Amendment Bill 2021.

While I am not against reform to Queensland's rental laws to ensure reasonable living standards for rental properties and provide a stable rental market, any changes to the current legislation must be fair not only to tenants but also to mum and dad property investors who are investing for their own retirement while providing accommodation for those who need to rent.

The property market is driven by supply and demand and private sector investment is crucial to the supply and stabilisation of the rental market. Going too far with the changes will discourage investment and reduce supply while the demand for properties in Queensland continued to increase with increased migration into Queensland.

We strongly oppose the following changes proposed by the Residential Tenancies and Rooming Accommodation (Tenants Rights) and Other Legislation Amendment Bill 2021:

1. 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 rental increases is only going to push investors to invest in other free markets. The limiting of rental increases to once every 24 months and only by CPI is unfair. The Investor has to bear cost increases in rates, utility charges and new legislative regulations whilst maintaining repairs and services (eg termite inspections) that are uncapped. The new Smoke Alarm regulation from Jan 2022 is another case in point.

The Residential Tenancies and Rooming Accommodation Act (RTRA Act) already has provisions in place for rent increases during existing fixed term tenancy contracts, plus periodic tenancies. The tenant has ability to act and can apply to the 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, Section 71 adequately allows for tenants to seek assistance if they believe any rent increase is excessive.

There are already adequate provisions in place in the legislation without need for further regulation.

2. 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 already a penalty unit provision.

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

As a landlord, any reasonable minor modifications to a rental property proposed by my tenants will always be allowed. Who is to judge if the modification undertaken is "reasonable" or "minor". Is the government going to further legislate the parameters to what these term might imply?

Without landlord consent, property owners may end up with poor quality modifications that will not enhance the property at best or even cause damage. Would the tenant then be responsible to rectify any damages and return the property to its original state?

4. 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. Many other factors must be considered for this matter such as what is already included in the Housing Legislation Amendment Bill. There are also other relevant laws affecting particular property types including those subject to body corporate regulations.

5. 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

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 the 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.

We have concerns in the following areas of the Housing Legislation Amendment Bill 2021:

1. Lessors will be prevented from terminating a tenancy without grounds and required to rely on an expanded suite of specific grounds in the legislation to end the tenancy.

While the inclusion of 'a fixed-term tenancy agreement is due to expire' as additional grounds to end a tenancy available to lessors is welcomed, it was always a contractual right that should be protected. Any calls to remove this basic right should be opposed by the committee.

My concern is about the ending of periodic leases that were automatically reverted from fixed term leases, rather than not allowing lessors to end periodic lease without grounds, and the tenant not willing to switch back to a fixed term lease as a result, the legislation should allow the lessor to end the periodic lease without grounds after three months notice to encourage fixed term tenancy to give certainty for both parties.

Most tenants are reasonable people, as are most landlords, lessors and agents. The proposed legislation is already restricting 'retaliatory and revenge eviction', giving an extended period of notice of three months to move should be allowed and not considered as 'retaliatory and revenge eviction'.

There are also cases where tenants are abusive and aggressive towards property managers and landlords. The ability to end the lease peacefully with sufficient notice is better than a protracted dispute process through the RTA and QCAT.

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.

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

While it is agreed that we need to ensure properties continue to be safe and fit to live in, consideration must also be given to the financial status of investors, costs, availability of contractors if and as needed. There must be more clear definitions of minimum standards, for example, Section 17A (3) k, energy efficiency – will this require investors to pay thousands of dollars to make the property energy efficient?

3. Support parties to residential leases reach agreement about renting with pets.

Damages by pets are of great concerns to investors, pet odour can be very costly and difficult to remove. A pet bond in addition to the standard 4 weeks rental bond should be allowed to cover the potential damages and costs from pets as sometimes a complete carpet change may be required. Having a pet bond will ensure that tenants who wish to have pets are also mindful of the damage that may be caused and are willing to be responsible, avoiding extensive damage that may render the rental bond insufficient.

4. Tenant authorised emergency repairs

The cost of emergency repairs that can be authorised by the tenant will be increased from the equivalent of two weeks' rent to the equivalent of four weeks' rent, and property managers can arrange repairs to an amount agreed in writing with the owners.

There should also be measures that allow the landlords to dispute any excessive cost of repairs. The tenants should first attempt to use the repairers recommended by the landlords/agents instead of engaging their own contractors. A majority of investors engage the services of professional Property managers who act not only for their clients but in accordance with their own laws and regulations that require them to respond appropriately to tenants and their needs.

It appears that the recommended changes under consideration does not take into account the reasonable rights and expectations of ordinary investors like us who have managed to acquire property through hard work and sacrifice over many years. Owning an investment property has enabled us to partially fund our own retirement without being a burden to tax payers for the rest of our natural life.

Existing laws already recognise the rights of tenants to be treated fairly and there is legal recourse available to them in the current RTA and QCAT provisions.

Any proposed amendments should also take into account reasonable protection for the interests of ordinary landlords and their agents. There will be no appetite for private investment into the provision of rental accomodation if the laws and regulations are favourable only to one party and unreasonably onerous and detrimental to the other.

Kind Regards

Jamie

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