

**Email:** [CSSC@parliament.qld.gov.au](mailto:CSSC@parliament.qld.gov.au)  
Committee Secretary  
Community Support and Services Committee  
Parliament House  
George Street  
Brisbane Qld 4000

Dear Committee,

My name is Neil Hallett-Carpenter, and I have been a private residential landlord in FNQ since 2008. During that period my partner and I have been scrupulous in using the RTA contracts and following the legislation.

Thank you for the opportunity to make this submission. This submission is made in response to the Residential Tenancies and Rooming Accommodation (Tenants' Rights) and Other Legislation Amendment Bill 2021. This submission is in relation to the Housing Legislation Amendment Bill 2021. I have submitted a similar document in response to the Private Member's Bill brought before the Queensland Government by Amy MacMahon, Member for South Brisbane (Greens) on 26th May 2021.

The reduction of the time available for response to the two proposals, combined with the COVID impact and financial year-end have unfortunately adversely affected the quality of my responses.

If the resultant legislation adversely disturbs the existing precarious balance between Tenant, Agent and Landlord, it seems highly likely that the lower end of the rental market will move into deficit – there will be fewer properties than renters, and the unemployed will find themselves homeless until social housing is made available. There is a very real danger that, if Phase I doesn't do it, Phase II certainly will.

*[The following section appears in both submissions]*

There is currently a very tight rental market in Queensland and a reduction in rental stock as Landlords sell into a rising market. Similarly, State investment in Social Housing has failed to keep up with demand. The major unintended consequence of imposing further strictures on private sector Landlords is that more of them will sell their rental property, displacing tenants, and the Social Housing queue will grow even longer. There is a need for unprecedented investment in housing by Queensland State Government, or the acknowledgement that a housing crisis is upon us.

- The urban and rural property markets are completely different. Rural property has been sold under replacement cost for many years, and rental prices have often been capped by the market.
- Jobs in rural Queensland (especially in tourism and accommodation) have been decimated by lockdowns and isolation from international tourism. Paradoxically, businesses have experienced increased difficulty in bringing in staff during the increased Federal support for the unemployed. With the reduction in such support, many renters are suffering rental stress, as their income drops, and the percentage of income dedicated to rent exceeds 30%.
- There are four trends influencing the rental market:
  - The COVID exodus of renters and owners from cities (and in some cases States) has pushed up Queensland immigration.
  - Returning ex-pats (again, driven out by COVID) are returning to their retained properties, pushing out renters, or competing with renters while they look to buy.

- After years of negligible property value growth in rural areas, some rental property owners are selling into a rising market.
- Whilst there has been some offset as Federal and State incentives encourage renters to purchase property, there are signs that the property sector is straining to keep up with demand, as supply chains narrow and snap under the demand. Smaller developers and builders are being swept away as they cannot access materials.
- Ironically, the nature of the support for low-income purchase of property with low deposits and low rates mirrors the seeds of the housing crisis in the US between 2007 and 2010.
- The growth in demand for Social Housing has not been fulfilled by an increase in State-provided accommodation.
- Rents are strongly correlated to house prices. Rural rents have risen to the point that the number of properties under the threshold of 30% for a Centrelink recipient has radically decreased. There are signs of displacement, as renters move to cheaper areas.
- Around ten per cent of the housing waiting list is victims of domestic violence, and it is by no means clear how the increased risks and costs that DV necessitates (increased security, locks, accesses, early release from leases) can be accommodated.

*[End of repeated section]*

I would like to comment on the key new points of the legislation as it is proposed:

#### **Emergency repairs to be made (by Tenant or Agent)**

The proposed new sections 219A and 221 seem to be likely to clog QCAT and invalidate insurance. As a means of ensuring timely maintenance, it is not likely to solve a situation in which the tenant fears that their lease will not be renewed if they insist on repairs, and seems likely to generate uncontrolled and subjectively-based misinterpretations of the regulations by the tenant.

- The landlord carries insurance for the building – but will insurers pay if the work causes issues? In fact, action by Tenant or Agent is likely to invalidate any insurance claim for the work, as it will not have gone through the appropriate process (obtaining estimates and making a claim prior), and work will have been done under instructions from another party.
- Whilst the Tenant is, in theory, responsible for ensuring that emergency repair work is carried out by an appropriately-qualified party; what happens if this is not the case?
- The possibility of collusion between Tenant and worker exists. The temptation to perform other, non-emergency work under the same bill also exists.
- What happens if the work overruns the allowed amount?
- The Agent will need to reimburse the Tenant for emergency repair within seven days. However, what happens if there is insufficient balance in the trust account? The Agent is bound by Trust law, and can only request money from the Landlord in shortfall. It is easy to envisage a situation in which problems ensue.
- Who polices or arbitrates whether the work was truly required, classified as an emergency, or has resulted in a cost-effective solution? How can this even be done after the event?
- Reasonable time frames need to be defined for both routine and emergency repairs to avoid later disputes.

### **Removal of the ability for lessors and providers to end tenancies without grounds**

The ‘no grounds’ end of a tenancy has been misrepresented in various ways including conflating it with ‘eviction’. It must be remembered that the Landlord takes a financial hit every time a tenant leaves, through Agent fees, advertising and loss of rent, so when a tenant is not given a renewal, there is usually a compelling reason.

Landlords may have insurance problems if a fixed-term lease lapses to periodic leases; as a result, many now avoid running out a fixed term lease without agreeing a renewal outside the notice period. Best practice is for the offer of a new fixed-term lease prior to the sixty-day notice period (the asymmetry of notice periods is problematic). At present, a tenant electing to go periodic may cause the landlord to issue a notice to leave. Consideration should be given to removing periodic leases. It is possible that the issue of periodic leases is driving a large percentage of ‘no grounds’ non-renewals.

- Periodic leases can invalidate Landlord insurance.
- The nature of a periodic lease runs contrary to the Governmental research findings that tenants are seeking increased security and longer leases.
- Avoidance of periodic leases by the Landlord (or failure for a Tenant to accept a new fixed-term lease in the window afforded by the legislation) may be a major driver in ‘no grounds’ evictions.
- The additional provisions for tenants to end tenancies in combination with the removal of the rights of landlords further tips an already unbalanced situation. Allowing tenants to end a tenancy because the property is not in good repair is open to dispute and or misuse. “Good repair” should be clearly defined.
- Ironically, closing the ‘no grounds’ option to Landlords is more likely to result in Tenants being identified for poor behavior, poor payment history, or unnecessary expenses. Failing to provide an exit mechanism after a contract is completed is dangerously close to controlling the asset, which is completely inappropriate.

One approach is to afford both parties the same rights to end a tenancy contract by giving the appropriate notice without grounds. It seems reasonable to recognise and add a clause in the tenancy agreement stating that the Landlord is willing or unwilling to countenance a periodic lease.

### **Ensure all Queensland rental properties are safe, secure, and functional by prescribing minimum housing standards and introducing compliance mechanisms**

A minimum housing standard is, on the face of it, a sensible approach. Unfortunately, expectations have shifted over the years and continue to shift. Is air conditioning a human right? Building inspections will cause an increase in costs, and thus rent. The risk is that accommodation at the lower end of the cost scale will dry up – the exact opposite of the intention.

- Inspection for conformance with minimum housing standards will come with a cost, that inevitably equates to increased rent. This will disproportionately affect the lower end of the market.
- The proposal for the entry condition report to be returned by the tenant from 3 days (current law) to an increase of 7 days is an issue, as a week after entry allows a material change in condition.

- Proposed Schedule 5A (regulations) states 'good repair', but the definition of 'good repair' is required, rather than relying on a vague descriptor. A structure with two walls and a roof may be in good repair, but fail the minimum housing standard.

**Strengthen rental law protections for people experiencing domestic and family violence**

The laws to assist victims suffering domestic and family violence have had unintended consequences. There have been an increasing number of occasions where domestic violence has been used as an excuse for early termination of a lease (as an analogy, consider the number of couples who state that they are living apart for increased Centrelink payments). Landlords and Agents should, and do, react quickly, without 'proof'. However, it would be useful for the tenants to understand that, should the landlord incur an expense and insufficient proof of domestic violence be provided later, the tenants should be made responsible for these costs.

Yours sincerely

Sent via email from [REDACTED]

EUR ING Neil Hallett-Carpenter BSc CEng MIET  
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