
From: [REDACTED]
Sent: Tuesday, 13 July 2021 12:00 PM
To: Community Support and Services Committee
Subject: Submission: Housing Legislation Amendment Bill 2021
Attachments: Czechowski_HLAB2021_submission.docx

Dear Committee Secretary and members,

Please find my submission re: the Housing Legislative Amendment Bill 2021 attached.

While I appreciate the attention that is being turned to these issues, the proposed changes will not improve conditions/rights for renters in Queensland. Substantial review and amendment of the RTA Act will be required to adjust the imbalance that currently exists between tenants and landlords/property managers.

I have not looked at the domestic violence provisions, but the others are a waste of time. You would better invest the Government's resources to go back, and develop a framework that ensures such lofty goals as minimum housing standards and pet-ownership are applied in practice, not just framed in legislation.

If my submission is made public, please ensure that all personal contact details are removed/redacted from the public version.

Kind regards,

Courtney Czechowski
[REDACTED]

Submission to Community Support and Services Committee: *Housing Legislation Amendment Bill 2021* (the Amendment Bill)

As both a landlord and a long-term renter in Queensland, I am keenly interested in seeing the *Rental Tenancies and Rooming Accommodation Act 2008* (the RTA Act) overhauled to reflect the needs of both tenants and the reasonable rights of property owners.

I have been alarmed by recent public statements by both the Real Estate Institute of Queensland (REIQ) and CEOs of the 'Big Four' Australian banks, which make it increasingly and irrefutably clear that these organisations are concerned with maintaining high (and increasing) property prices, increased private investment in housing, increased borrowing and the existing power imbalance between landlords and tenants. That Queensland, and other Australian Governments, seem to heed the advice of these organisations does a great disservice to the electorate—most especially those members of the electorate who rent their homes.

My submission has three sections:

- Queensland overarching approach to renting, affordable housing and public housing
- response to the current legislative amendments to:
 - o support tenants and residents to enforce their existing rights by removing the ability for lessors and providers to end tenancies without grounds
 - o provide an expanded suite of additional approved reasons for lessors/providers and tenants/residents to end a tenancy
 - o prescribing minimum housing standards and introducing compliance mechanisms to strengthen the ability to enforce these standard
 - o support parties to residential leases reach agreement about renting with pets
- additional amendments required.

Queensland approach to housing: affordable housing, public housing and renting

Consider these facts.

- o The most recent forecasts for home ownership in Australia—which were compiled before the recent COVID house price spike—anticipate that just under 50 per cent of millennials will never own a home. With recent property price spikes, one would have to assume that number will have increased.
- o The Australian pension is (barely) enough to support a retiree who owns their primary place of residence.
- o Mandated employer contributions to superannuation have stalled, and wage growth has been stagnant for almost ten years.

Over the next 20 to 30 years, Queensland is facing the first of several waves of retirees of whom half (or more) will not own their primary place of residence, will not have large enough superannuation balances to afford rent in the private housing market, whose children won't have had access to the capital needed to break in to property markets (and thereby unlikely to have space for retiring parents live with them). This generation will possibly live longer than any generation before them.

The Queensland Government needs to decide whether residential property is an investment market or an essential service—a right. Should any Queenslanders, if they work hard and save, have the potential to eventually own their own home? Or is this Government willing to embrace a Queensland in which property market access is limited to those, or those whose families, already own property, and can leverage that capital

to acquire more? I believe our state has reached the tipping point: policy decisions now will directly influence the future class structure of Queensland. Policy decisions around property are no longer territory for cheap political wins (i.e. first home buyers grants)—families in the future will be able to reflect on housing policy and pinpoint this moment in time as the point they realised they would be tenants forever. Fifty per cent of them.

If the Queensland Government decides to push back the housing market—which will see 50 per cent of residential properties generating profit for the other half—I have some suggestions.

1. Public-private housing developments—except the ‘private’ part of the partnership that profits from the arrangement are Queenslanders, not property developers. All new residential property developments in the State should remain the property of the Queensland Government. Would-be-homeowners pay a one-off-access fee (to cover the establishment of basic public infrastructure) and then have permanent residential leases, to build their own home. When they are ready to move on, homeowners can sell their home back to the Government or to a new home-owner, but at a capped price (reflecting that the Government owns the land). This type of ‘affordable housing’ would retain the value of land for residents—not transfer it to property developers. It would also reduce the demand (and price pressure) for existing housing stock.
2. End first home-buyer and home-builder grants. These are quickly captured by existing home-owners or builders, via higher prices. I appreciate how great these types of subsidies are for election purposes (everyone wants to be given \$10,000!), but they are ineffectual in achieving their stated goals—it is just another way for existing property holders and market participants to push prices up across the market. New home-buyers—and everyone else in the property market—just end up paying more.
3. De-incentivise private investment in rental markets. While some of these policy levers will be federal (i.e. negative gearing), others can be far better calibrated by the state to promote residential home ownership, rather than investment. For example, land taxes for residential properties which are not the owners primary place of residence.

I’m sure there are a suite of other policy options that could be explored to redirect property markets away from investment and capital growth, and toward home-ownership. 50 per cent of future Queenslanders depend on the Government to investigate these options, and pivot toward a Queensland where they can afford to live.

Response to the current legislative amendments.

The changes proposed are conceptually nice. However, they will not improve conditions for renters in Queensland, until tenants have the right to remain beyond fixed term rental agreements AND until the Residential Tenancies Authority (the RTA) has the ability to enact meaningful consequences/penalties.

Presently, renters have several rights, for example, the right to have a property maintained to the same standard as when they commenced their residency. If a landlord chooses not to maintain a property to that standard, the tenant has the option to leave or to badger the landlord to execute property maintenance. This is how those two options play out in real life.

Leave

In order to leave, the tenant has commit time to find and apply for another property and pack-up their entire home, and pay moving costs (\$1,000-\$3,000), bond cleaning (\$650-750) and a new bond (4x weekly rent). To get their bond back, even if they are completely ‘in the right’, they will have to wait for the RTA to facilitate a mediation session (4-6 week waiting period), then a tribunal hearing (6-10 month waiting period). If they are

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eligible for a hardship exit, they can apply for 'urgent' consideration—which requires them to have already submitted a Form 13 (Intention to Leave) to their current landlord and will still take 6 weeks to process.

Meanwhile, the tenant is still required to pay their full rent, until they leave. The tenant is also dependant on the landlord providing a reference and rental ledger to prospective property owners.

When the tenant leaves, the landlord simply brings in another tenant.

Badger for repairs

If the tenant stays, the landlord can continue to do nothing.

Persistent requests for property maintenance can also result in a landlord refusing to renew a fixed term agreement or increasing rental prices at the end of a lease.

It doesn't matter how many Form 11s a tenant submits, they only power they have is to vacate (which, as shown above is costly and doesn't guarantee any better outcome at a future property).

There are no legislative levers in place to compel a landlord to adhere to the existing RTA Act requirements. I have encountered property managers who simply decided to ignore the rights of tenants relating to:

- water costs—requiring tenants to pay full water costs (even though a property was not water efficient)
- maintenance—refusing to repair: external doors, perimeter fences, dishwashers, outside deck areas etc.
- sub-letting rooms or granny flats
- property condition—requiring properties are cleaner/in better condition than at the end of a lease.

Extending the list of tenant entitlements by adding minimum property standards or allowing pets, is not going to help tenants, unless it is accompanied by legislative amendments that introduce equivalent and enforceable consequences for property managers and landlords. These should include:

- tenant rights to remain (subject to a property remaining a rental property)
- mutual obligation extinguishment (i.e. if a landlord chooses not to adhere to minimum property standards, tenants are not required to pay rent until the issue is rectified)
- cost of unintended departure (i.e. if landlords choose not to maintain properties or operate within the rules of the RTA Act, they should be liable for cost to the tenant to vacate)
- penalties for frivolous or false tribunal claims, paid to the tenants or the tribunal.

Theoretically, currently legislated renter rights are reasonable, and the proposed changes would make them better. However, in practice, renters bear 100 per cent of the risk and cost associated with landlords choosing to ignore existing rights, and the proposed legislative changes don't change that. I am sure REIQ and others would love to cast this as a situation of 'a few bad eggs', but in reality it really, really isn't. It is the standard operating approach of every property manager I have had for the past 17 years, and those of other renters I know. The current model—which effectively relies on landlords and property managers to self-regulate—does not protect or enforce the basic rights of renters. The proposed legislative amendments do nothing to rectify the current imbalance.

If the Queensland housing market continues to move toward a 50/50 split of home ownership and rental market, the RTA Act and related public entities (i.e. the RTA, the Tribunal) will require substantial review, alteration and investment.

Additional legislative amendments

To adjust the power imbalance between renters and landlords, and ensure that renters rights are applied without prejudice (i.e. refusal to renew a fixed term lease agreement because a tenant requests property maintenance or pesters to have minimum housing standards met), the following changes are necessary immediately—far more urgently than minimum standards or permission to have pets (and yes, I do have a dog!).

Independent reference database

Currently, a renter's ability to be accepted for a prospective/future property depends on the willingness of their current landlord/property manager to provide a reference. This severely limits the ability to tenants to leave situations where their rights under the RTA Act are not being met.

An independent reference database, maintained by the RTA, would adjust this power imbalance.

Landlords/property managers should be required to submit 4 monthly reports for every renter, aligning with property inspections, and documenting key rental metrics (i.e. is the property being maintained, has the property been damaged, have neighbours/body-corporate raised any concerns). Tenants should be notified if their reference becomes negative, so they can rectify. Future landlords/property managers would no longer apply to previous managers for a reference—they would access a prospective tenant's rental history from the reference database.

Right to remain

If a tenant's rental metrics and rental ledger are both positive, they should retain the right to remain in a rental property, subject to reasonable rules re: property price increases (which would also need to be introduced).

Financial penalties to be paid to the tenant would be required to deter landlords from falsely removing a property from the rental market in order to remove a tenant—for example, eight weeks of rent to be paid to the exiting tenant if a property that was taken out of the rental market re-appears on the reference database within four months of them exiting.