



COMMUNITY SUPPORT AND SERVICES COMMITTEE

Members present:

Ms CP McMillan MP—Chair
Mr SA Bennett MP
Mr JE Madden MP
Dr A MacMahon MP
Mr RCJ Skelton MP

Staff present:

Ms L Pretty—Committee Secretary
Ms R Mills—Assistant Committee Secretary

PUBLIC HEARING—INQUIRY INTO THE RESIDENTIAL TENANCIES AND ROOMING ACCOMMODATION (RENT FREEZE) AMENDMENT BILL 2022

TRANSCRIPT OF PROCEEDINGS

MONDAY, 5 DECEMBER 2022

Brisbane

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The committee met at 2.07 pm.

CHAIR: Good afternoon everyone. I declare open this public hearing for the committee's consideration of the Residential Tenancies and Rooming Accommodation (Rent Freeze) Amendment Bill 2022. I would like to respectfully acknowledge the traditional custodians of the lands on which we meet today and pay our respects to elders past, present and emerging. We are very fortunate to live in a country with two of the oldest continuing cultures in Aboriginal and Torres Strait Islander peoples whose lands, winds and waters we are now so lucky to share.

On 31 August 2022, the member for South Brisbane, Dr Amy MacMahon MP—and we welcome Dr MacMahon as a visiting member of our committee substituting for the member for Maiwar—introduced a bill into the Queensland parliament. On the same day the bill was referred to the Community Support and Services Committee for its detailed consideration. The purpose of today is to assist the committee with its deliberations and examination of the bill. My name is Corrine McMillan. I am the member for Mansfield and chair of the committee. With me here today are: Stephen Bennett MP, the member for Burnett and very capable deputy chair; Mr Michael Berkman, as I mentioned, is being substituted by Dr MacMahon; Jim Madden MP, the member for Ipswich West, who is substituting for Cynthia Lui MP; and Robert Skelton MP, the member for Nicklin. Dr Mark Robinson MP, the member for Oodgeroo, is unable to attend today.

The committee's proceedings are proceedings of the Queensland parliament and are subject to the standing rules and orders of the parliament. Proceedings are being recorded by Hansard and broadcast live on the parliament's website. Media may be present and will be subject to my direction at all times. The media rules endorsed by the committee are available from committee staff if required. All those present today should note that it is possible you might be filmed or photographed by media during the proceedings and images may also appear on the parliament's website or social media pages. I ask everyone present to turn mobile phones off or to silent mode. Only the committee and invited officers may participate in the proceedings. As these proceedings are proceedings of the parliament, under the standing orders any person may be excluded from the hearing at the discretion of the chair or by order of the committee. I also ask that any responses to questions taken on notice today are provided to the committee by 5 pm Monday, 12 December. The program for today has been published on the committee's webpage and there are hard copies available from committee staff.

HILLS, Mr Jackson, Manager, Policy and Strategic Engagement, Q Shelter.

WINZAR, Ms Peta, Chief Executive Officer, Community Housing Industry Association (via videoconference)

CHAIR: The committee welcomes you to our hearing this afternoon. We thank you for giving up your very valuable time and we also appreciate the knowledge and experience that you so willingly on many occasions share with our committee. Good afternoon to you both. I will hand to both of you separately to give us a brief opening statement after which our committee will have many questions.

Ms Winzar: Thank you for the opportunity to appear from Melbourne via videoconference. The current rental housing situation is something that deeply concerns community housing providers across Queensland. While we are pleased to see this bill because I think it raises some very important issues for the parliament to consider, we do have a couple of concerns. One is that we feel that there are more substantive ways to reduce the pressure on renters across the state, noting that some of those solutions might take a little while to put in place, and we would be particularly concerned if the rent freeze provisions provided for in the bill, not just the immediate two-year rent freeze provisions but the proposal to cap rents at two per cent after the freeze is lifted, led to any reduction in either the overall supply of rental housing or the quality of rental housing because landlords were not able to keep up with repairs and maintenance. That is probably enough by way of an introduction from me.

CHAIR: Thank you, Ms Winzar. I will hand to you, Mr Hills, for a brief opening statement.

Mr Hills: Q Shelter welcomes the opportunity to participate in the inquiry today reviewing the Residential Tenancies and Rooming Accommodation (Rent Freeze) Amendment Bill. At the outset Q Shelter would like to draw the committee's attention to the connection between safe, secure and Brisbane

affordable accommodation and the health and wellbeing of communities and individuals. We acknowledge the intention of this bill, given the current housing crisis in Queensland, and we commend the member for South Brisbane for bringing it to the parliament for debate and consideration. Our contribution today seeks to provide objective analysis of the research already undertaken on many of these topics, as well as outline some alternative methods to achieve rental affordability.

Just on that around evidence and rental control around the world, we know that Canada, China, France, the Netherlands and some states in the US have varying forms of rental control in place, including capping of annual rent increases at an agreed percentage often linked to the rate of inflation or CPI. Very few countries, however, freeze rents, but there have been examples where this has occurred, and I cite that in the explanatory memorandum, including recently during the COVID-19 pandemic, during world wars and the Great Depression. There is some existing research on the effectiveness or otherwise of rent control in the form of a rent freeze. Most of these research contributions largely conclude that one of the unintended consequences of rent freezing can be the decrease in supply of rental properties and a disincentive for owners to maintain properties to the standard we might consider adequate.

However, with the above in mind it is important that we recognise what has led to this bill being considered today: the current rental environment faced by many Queenslanders. We have record low availability, nine consecutive quarters of rental vacancy rates below one per cent in most parts of Queensland, and record high rental prices. The Community Housing Industry Association unmet housing need report just last week showed four Queensland regions, including the Gold Coast, Logan, Sunshine Coast and Ipswich, with the highest levels of unmet housing need in the country. It is imperative we find a path to rental affordability in Queensland and it will likely require some market intervention. There are alternatives to improve affordability which we are happy to discuss today. They will come in the form of supply and support measures, some of which were announced by the government last week. I seek permission to table a submission today, if that is possible, with recommendations that Q Shelter would propose.

CHAIR: Committee, Mr Hills has proposed to table a document. Is leave granted?

Mr BENNETT: Do we need to look at it first?

CHAIR: Are there copies, Mr Hills?

Mr Hills: I am happy to take that on notice and provide copies if it is received by the committee. It is largely the contribution I have just made with a set of recommendations around affordability measures.

CHAIR: Deputy Chair, I might let you have a quick look.

Mr BENNETT: We know Mr Hills. I am sure it is fine.

CHAIR: Leave is granted to table that document. We will make sure every member gets a copy. Does that complete your opening statement?

Mr Hills: It does.

Mr BENNETT: Ms Winzar, I note in your submission something I was not aware of—that is, a quite alarming statistic from the Taxation Office that 54 per cent of landlords did not make any profit in the last financial year. That is quite an alarming statistic. Obviously your members are hearing that across the board.

Ms Winzar: Our members would not hear that statistic per se, but they certainly feel the impact of the shortage of affordable rental homes. The interesting thing about the rental housing sector is it is incredibly dynamic. The committee may be interested to know that the Australian Housing and Urban Research Institute produced a report only last month that suggested that roughly a quarter of all tenancies that end are the result of a home being withdrawn from the rental market. We tend to think there is rental housing and there is home ownership, but the tenants are moving all the time. The homes are actually moving in and out of supply all the time as well. That AHURI research suggested that within five years most rental homes would leave the rental sector: they would be sold for either capital gain, which is probably half the time, but in over a third of cases homes are also sold because either maintenance costs are too high or the landlord feels that the rental income is too low to continue as a landlord.

Again, we can look at this from different ends of the telescope, if you like, but I think the picture is if there are things that we can do to encourage home owners into becoming landlords in the rental market I think that would be positive. If we can minimise any disincentives to withdraw homes from rental housing that would be a good thing too. The Taxation Office's statistics of about 54 per cent of landlords not making a profit, I think in good times that is okay because they will eventually recoup

their losses through a capital gain over time, but when interest rates have doubled as they have in the last 12 or 18 months and the prospect of increased capital gain is fairly remote in the near term, I think there will be a few more landlords tossing up whether or not they keep their homes as rental properties.

Mr SKELTON: My question is to Ms Winzar. Would you please comment on the proposed rent settings for community housing and what impact, if any, the proposed rent freeze would have on your sector?

Ms Winzar: Community housing is a little different in that for the most part our rents are almost hedged against inflation because most of our tenants are on statutory incomes. Pensions and benefits would be the main source of income of our tenants. They are indexed according to CPI and although there is a slight lag between when CPI increases and when pensions and benefits are adjusted and then when rents are adjusted, eventually community housing rents will rise in progression with inflation. Rents in community housing are generally reviewed every 12 months or so—more frequently, obviously, if tenants' circumstances change. For example, if they get a new partner moving into the home, for example, that might be a trigger to review rents, but otherwise the rent would be stable until the next 12-monthly review.

Dr MacMAHON: Thanks to both of you for being here. You have both mentioned in your submissions or elsewhere support for rent caps in some form. I wonder if you could each talk about what kind of rent cap you think would work here in Queensland.

Mr Hills: I think there is some similarity here in the position so thank you for the question. I think from our perspective it would be nice to see the parliament—this committee and the government—consider the time in which rents can be increased. I know Tenants Queensland is speaking today and I am sure Penny Carr will elaborate on this further, but we would love to see that period increased. At the moment it is six months in Queensland. In New South Wales and Victoria it is every 12 months. As a minimum standard we would love to see consideration given to moving that to 12 months with a framework around CPI or inflation to guide rental increases from there. I will let Peta elaborate further.

Ms Winzar: Mr Hills is right. In fact, it is only Queensland, WA and the NT, I think, that have six-monthly rent increases. All the other jurisdictions have 12. We would suggest immediately moving to a 12-month rent adjustment. The ACT has a very interesting model because it basically puts the onus on the landlord to seek the permission of a tribunal for a rent increase that is more than 10 per cent above the rental component of CPI. That sounds a little convoluted, but I think it is something that the committee may wish to consider because it allows some reflection of any increased cost or amenity that the landlord provides. If I give you an example: if a landlord put in a heat pump that might cost them \$4,000 or \$5,000, which may save the tenant \$1,400 or \$1,500 a year—which it probably would in Canberra; I am not sure about in Brisbane—the landlord can then seek the tribunal's approval to increase the rent to in part recover some of the cost of their investment. That is positive from my perspective, just from the environmental angle, to encourage landlords to make those sorts of investments, but also from the point of view of the amenity of the tenant I think it is important too. Having that extra step in the ACT to require the landlord to go to the tribunal to get approval to raise the rent above a certain amount I think is a good one. The standout feature of that ACT legislation is that the tribunal is instructed to take into account not just comparable rents across the market but any increased costs that have been incurred by the landlord.

Mr MADDEN: Before I ask a question I declare that I do have a rental property in Lowood—my former principal place of residence. My question is for each of you. Do you think the provisions of the bill will have any benefits or outcome for people who are currently experiencing homelessness?

Ms Winzar: My first response is no, in the sense that this bill would immediately benefit people who are currently paying rent because it would cap their rents. If you are homeless it is going to have no immediate benefit for them. I might just leave it there, I think.

Mr Hills: I do not have a lot more to add. We know that there are circa 25,000 people who are homeless in Queensland. That is of great concern to all of us. I am not sure that the rent freeze bill would change that in any way at this particular stage.

Dr MacMAHON: Ms Winzar, I wanted to ask about the AHURI research that you referenced. I note in their conclusion they say the research finds little evidence that rental tenancy law has impacted investment in private rental housing. I wonder if you could reflect on that in the context of the concerns you have about housing supply.

Ms Winzar: Yes, it does say that. That is the conclusion it draws about tenancy regulation in the broad. It does not actually, from memory, draw any direct link between constraining rent increases, regulating rent increases, and housing supply. While it does go to the question about rental

standards, home modifications, eviction protections and so on and so forth and how they have not, at least in the couple of states that they have examined, had any impact on landlord attitudes, I do not recall that it goes to that question about rent capping.

CHAIR: Earlier you were speaking about reduced capital gains in the current climate. The current climate has seen a tremendous lift for home owners in terms of value of properties. Could you elaborate on what you meant by reduced capital gains in this current context? I was not following you.

Ms Winzar: It is really the period over which we measure that capital gain. If you were buying an investment property today your prospect of huge capital appreciation would be far, far less than it would have been if you bought that home or that unit five years ago. My comment was in the context of landlords may be willing to wear a greater loss on their rental income at the moment if they have a prospect of recouping that loss through a greater capital gain down the track, but I think when capital gain prospects are lowered it becomes a much less compelling argument for landlords to say, 'Yes, I will take the loss now knowing that this is a great long-term capital investment.' If you take into account that AHURI research which suggests that most rental properties only stay in the rental market for five years or less, that is quite a short period of time over which to recoup any rental losses that you might have incurred.

CHAIR: Thank you, I appreciate that clarification. That makes perfect sense now.

Dr MacMAHON: I wonder if you could tell us a bit more about the research that Q Shelter has been doing into the impact of the Olympics on housing.

Mr Hills: Absolutely. Earlier this year Q Shelter commissioned Urbis to assist with a piece of work around planning for 2032. It was a year into the announcement of Queensland hosting the games. We knew anecdotally the impact that mega events had had on population displacement around the world. As a sector peak representing community housing and also homelessness services, we were concerned that hosting the games might have the same impact here. We have completed that research. It is available publicly and it has been presented to various members of the state government on all sides of politics.

One of the things that we would love to see the Queensland government commit to is ensuring that affordable housing and responding to homelessness is a key legacy feature in the planning for the 2032 games. We know that a conscious approach, a legacy framework that includes those measures, has had the best success in other events around the world. Glasgow would be the example that has achieved some positive impact in this space, but there are many examples of past games that unfortunately have not had that impact. We have seen speculation in the property market to the detriment of vulnerable families and individuals. We still think there is a lot of work to do in that space. There are a range of measures that can achieve a positive balance in that space.

Mr BENNETT: Mr Hills, seeing as you have given that report to some members of parliament, could we, as a committee, have that document?

Mr Hills: Yes. I am happy to provide that on notice or circulate it to everyone.

CHAIR: Thank you, Mr Hills.

Mr MADDEN: This is a question for you, Ms Winzar. Would you please elaborate on the statement in your submission that the mechanisms in the bill would worsen the rental crisis in Queensland, not improve it?

Ms Winzar: My comment was that the rent freeze and then the subsequent rent cap would create a risk that properties would be withdrawn from the rental market and that would worsen the rental crisis. I think to some degree we have covered that already in terms of ensuring that there are no further incentives for landlords to withdraw properties from the rental market.

Mr MADDEN: I think that is a good point. Thank you for your submission.

Dr MacMAHON: Ms Winzar, I want to pick up on your point about investors who are unable to cover the cost of maintenance. There is a valid concern that, if rents are capped, landlords will not be able to cover the costs of maintenance at the moment. The evidence that we have in front of us is that, even at the moment where there is no cap on rents, many landlords are not maintaining their properties. We have some minimum standards coming in place soon. Beyond just being able to increase rent every six months, what do we need to do to make sure that landlords are actively maintaining properties and maintaining the minimum standards that are coming in soon?

Ms Winzar: We are certainly looking forward to those minimum standards coming in. It cannot happen too quickly. Speaking both as a recent renter and as a current landlord, I think there is quite a lot of variation across the rental sector, to use that awkward term again, in terms of standards. The way I conceive this is that we really have a couple of different dimensions to the market: one is those

homes that are perpetually rented, if you like. They are bought as rental properties. They are sold as rental properties. They tend to stay in the rental sector, notwithstanding that ownership changes. I suspect that often the standards in those particular properties are not as high as we would wish.

There is another group of properties which are owned by landlords who may not fully understand what the costs of owning a property is. It is not trivial. If most landlords understood that they should be making provision over the longer term for at least one per cent of the value of their property being reinvested every year into a sinking fund or into a maintenance pool et cetera, they might think again about what the net returns are. I know people do get sucked in a little bit by the capital gains that are on offer and a lot of spruiking around the residential rental market. You can make a fortune apparently, but most investors do not make a fortune. They make modest profits. Most investors only own one property. Most investors are not sophisticated landlords in terms of understanding what the regulations are with which they should comply. Unfortunately, some landlords are not particularly concerned about the standards of the properties they rent.

There are a few things which I so hope we can get to in Queensland. Again, to draw on the example of the ACT, even in terms of thermal efficiency of buildings: when homes are sold in the ACT, they have to have a thermal efficiency rating declared with the 'for sale' notice. It would be so easy for that to also apply for every property that is put up for rent to know what the thermal efficiency of the property would be. That would have such an impact, I think, in terms of renters understanding what the cost of the property that they are renting is because it is a whole-of-house cost—not just the rent itself but how you operate it. It would also start to drive up gradually improvements in the standard of housing across this state.

I think there are some small things that can be done. Allowing tenants the flexibility to make minor modifications themselves to improve the amenity of homes will go a long way to improving the overall standard. It is unfortunate sometimes that tenants need to do that, particularly if we are talking about thermal efficiency or otherwise, but I think that is a good start. In terms of the more chronic conditions that we sometimes read about in the paper, such as health-threatening mould or other infestations, these are very serious concerns and I think the sooner we can get standards in place to protect tenants the better all of us will be.

CHAIR: Unfortunately, we will have to leave it there. Mr Hills and Ms Winzar, thank you very much for your time this afternoon. It is always a pleasure working with both of you. We certainly do appreciate the great contribution you have made and will continue to make to the provision of housing in Queensland. I note, Mr Hills, you have taken on notice to provide the report on the Olympics forecast from Q Shelter. If you would not mind sending that on to the committee secretariat and the committee will deal with that in our private meetings in the coming days. Thank you very much, Mr Hills and Ms Winzar. We wish you a very nice afternoon.

CARR, Ms Penny, Chief Executive Officer, Tenants Queensland

CHAIR: The committee now welcomes Ms Penny Carr, Chief Executive Officer from Tenants Queensland. It is great to have you with us again, Ms Carr. Thank you for giving up your time to contribute to this important work. We thank you for appearing before us. We invite you to make a brief opening statement, after which our committee will have questions.

Ms Carr: Thank you for your time. I refer you to our written submission. We have not had a lot of time to come back to this topic this morning or in the last week. We have had a lot of staff outages and a lot of people calling about rent increases. What I would like to say is that rental affordability is a hot and really important issue in Queensland at the moment. Our position is that something does need to be done urgently. Our preferred position is to limit rent increases in a similar way. I just heard the previous speakers talking about the ACT model which is to use indexation as a benchmark, whether that is 10 per cent or 20 per cent above the indexation rate, as a level of rent increase which could be provided annually during a tenancy agreement, and anything above that has to have reasonable ground for it—for example, improved amenity. That is our preferred position.

I have to say on a daily basis right now through our intake service, our 1300 number, we get multiple calls every day about rent increases, and they are not small rent increases. I noted in the paper that we presented that I did a review of six days of our operation, and there were 33 matters that came through and on average the rent increase was 35 per cent of the current rent. The highest amount was \$550 a week, so that was a \$1,200 property that went to \$1,750. I think there were only three that were less than \$50 a week. From memory, I think the lowest amount was \$30 a week.

There is a variety of tenants in that cohort of people. Some are single age pensioners whose rent is going from \$350 going to \$460 and they cannot afford it. There was a message on Facebook the other day from a 76-year-old pensioner who had lived in her property for 11 years and that was exactly her scenario—\$350 a week to \$460. She cannot afford that, so she is moving. She is in the process of selling all of her goods. She does not have anywhere to go. I actually do not know what has happened to that woman because that call came in only fairly recently and the tenancy was going to end in the very near future. That is just one of very many issues we are hearing on a daily basis that are happening for people out there. They are generally not \$5, \$10 or \$20 increases; they more than that.

CHAIR: Thank you, Ms Carr.

Mr BENNETT: Rent stabilisation was a key part of your submission. You have described it in some degree in your submission. Are there other forms of rent stabilisation outside the ACT model and what we have heard from Q Shelter and others? Have you done any research on the possible negative effects of that?

Ms Carr: I have not and I am not aware of any different models in Australia. I am aware of some overseas. If I were in Sweden, I would be sitting around the table with the real estate institute and deciding on how much rents could go up every year. It would be dependent upon each region because they have regional round tables.

Mr BENNETT: It would depend on complexities as well.

Ms Carr: Yes. Some other places have a limit on the amount rent can go up, and it is not just in sitting rents but also in starting rents. There are other countries where the rent limitations are just on the sitting tenant rents.

Mr BENNETT: The second part of what I was trying to extract was some of the issues about the possibility of more perverse outcomes of rent stabilisation. We hear other arguments about lack of stock or lack of maintenance and other things that are being proposed as well.

Ms Carr: The things that I have read where rent capping has had a negative impact is where it has been on certain properties or certain sorts of tenants. You have a differentiation in the market, so it has some sort of perverse effects. For most renters, they are able to absorb a moderate increase more regularly much better than if they were to have large increases. In fact, what we are seeing is that some of those people have had moderate increases regularly and we are seeing opportunistic, akin to price-gouging behaviour where there are no protections from it.

Mr SKELTON: Your submission states that most tenants have little to no ability to negotiate the larger rent increases. Are there any mechanisms you would recommend to better balance the power between tenants and landlords in relation to rent increases?

Ms Carr: I think the issue is tenure stability—where a tenancy can be ended with no grounds. We have new tenancy laws that commenced on 1 October. They included the end of a fixed term as a reason to end a tenancy. Where there is an ability to end it without any good reason—like the owner

is moving in or their family is moving in or the property is moving out of the market—that brings a great deal of instability to the sitting tenant. Limiting rent increases and protecting them against arbitrary eviction go hand in hand. You will not protect against large rent increases without protecting against arbitrary eviction.

Dr MacMAHON: What research has Tenants Queensland done around recurring claims that strengthening renters' rights will lead to investors leaving the sector? Many of the people on the panel today share that view, but I understand Tenants Queensland has done some research into decades of proposals. Could you talk a little bit about this?

Ms Carr: We did some research in 2007 and we updated it in 2018. Just recently I heard you talking about the AHURI report, which kind of builds on some of the things we looked at earlier. I have not had a chance to read the AHURI report in depth but I do know the key highlights. We had a piece of desktop research done on all of the research that had been done on the motivations of investors in Australia. We updated that again in 2018. Pretty much what it says is that tenancy law has little or no impact on the decisions of investors. The AHURI research said it has limited impact on decisions to enter the market as an investor. It has almost none to exit as an investor. At entry it is about due diligence; at exit it is usually about capitalising on gains, change-of-life circumstances.

The five-year issue, to go on a little bit of a tangent, sometimes is when people have bought a property to retire in so they are not necessarily selling out. They might be moving in and then the property where they have been living might go on the market or it might go on the rental market. The message from the research we did was that tenancy law has very little impact on the decisions that investors make. They make their decisions on fiscal and monetary policy. When people move in and out of the short-term letting market they might see that they have a better gain in those markets.

Mr MADDEN: You say in your submission that your preferred position is that rents be limited to annual increases in the rate of inflation unless there is a legitimate reason to increase it by any more than that. Would you outline why you think this is preferable to the measures proposed in the bill?

Ms Carr: We are not necessarily opposed to a rent freeze. We have been thinking about these things for a number of years, particularly because there has been—and will be—a second stage of tenancy law reform in Queensland, so just thinking about you protect people from the vagrancies of the market and the opportunities that are available now because of the dearth of properties and low vacancy rates. Not everybody is taking that opportunity, but there is definitely a lot of that behaviour happening. Our position is just about thinking in the long term where landlords can get some increased rent and increased income but tenants are not subject to the market conditions and, simply because you can, that your rent goes up by 30 per cent in six months and then it goes up again in another six months. We did not necessarily oppose the rent freeze; we just think in the long term that the rent stabilisation model is a more long-term solution for us.

Dr MacMAHON: I wonder if you could talk a bit about what impact you think a rent cap would have on the people that Tenants Queensland supports.

Ms Carr: It would have a very positive impact. We are getting the occasional rent increases at \$5, \$10 and \$15 per week and we are reality testing with those people because it is still a lot of money for some people who are on fixed incomes sometimes or even low wages. It is a lot of money for people to absorb. I think, particularly for those who are getting \$30, \$50, \$100, \$120, \$250 increases, it would give them money in their pocket to pay their other expenses. They would be able to pay their electricity bills, which are going up, or their gas bills and give them that little bit of extra money to send the kids on school camp or something.

Dr MacMAHON: Previously we heard from Ms Winzar from the Community Housing Industry Association. She says that a rent freeze might help people who are currently renting. I wonder if you could reflect a bit on how it might help people who are currently in rental properties.

Ms Carr: The other thing I should have said is that it will stop some people becoming homeless or at risk of homelessness because the pensioner I spoke about before is leaving her property as a consequence of the rent increase she got. There are people who know they cannot afford it. There are some people who will try to afford it and possibly keep their rental payments going and some who will fail and fall out in a fairly difficult way to get back into the rental market. It is a benefit to the people who are trying to get into another property as much as it is to people who are already in properties because it is moderating the rent of a property. At this point in time in Queensland and Australian tenancy law history we are not advocating a starting rent limit, but the market moderates itself if you are moderating some of those properties.

Mr SKELTON: Your submission recommends that Queensland tenancy and other laws should prohibit any practice where a landlord or agent solicits or invites any offer of an amount of rent that is higher than the advertised amount for rent. Would you please elaborate on that practice based on your clients' experiences?

Ms Carr: Rent bidding is already unlawful but it is a bit vague and it is not very clear. It is clear to us from the people we talk to that people are being encouraged to offer more rent. Sometimes tenants are offering it themselves because they are desperate to get a property and the only option for them to not be homeless is to offer six months rent up-front. They are also being invited in various ways to offer more for the property. I am aware of stories because people are turning up to inspections, and there might be two or three inspections and there are dozens of people at them. One example that comes to mind is someone who applied for 30 properties. They visited 15 themselves and they finally got one. When they got the property they found a line on the bottom floor of the house that said 'floods 2022' which they had not been told about. It is desperation. When they talk to some agents—not all agents—they are being encouraged to offer more money for the property. It is just a practice that should be discouraged because it is just pushing rents up. There is no value in it other than to put more money into the pockets of some people.

Dr MacMAHON: I was asking questions earlier about the cost of maintenance for properties and some concern that a rent cap or rent freeze would mean properties would go unmaintained. I wonder if you could reflect a bit on the current situation for the people whom Tenants Queensland supports.

Ms Carr: There is some evidence through ATO data—and I have not looked at this for a long time so I am digging up some memories—that owners of rental properties spend very little on maintenance. It is a business, and when people enter this business they should do due diligence about what it costs to maintain a property. The people on the lowest incomes tend to be living in properties in the worst condition, and I suppose that reflects their lack of leverage. They have low incomes; they have no negotiating power. I think it is true to say that, where people are not doing maintenance now, it is not going to make a great deal of difference in the future. There are also a lot of people who have owned a property for a long time. I rent a property I have lived in for six years and the previous tenants lived there for six years. The previous property I lived in I rented for 20 years and there were renters in there before. They are lovely places, but they are not in excellent condition. There are properties that are owned outright or they are negatively geared, so there is some benefit to the owner in owning the rental property. It is very hard to say. It is not black and white about what the impact is, but there are some very poorly maintained properties now.

Mr MADDEN: In your submission you state that tenants have little or no ability to negotiate large rental increases. Previous submitters talked about different states having different policies in that regard. One example is the ACT. Does your organisation have a preferred model for tenants to deal with landlords who want large increases in rent? Do you have a preferred position as to how that situation should be dealt with?

Ms Carr: I will go back to what I said before, which is that when a tenancy can be ended with no grounds it leaves little space to negotiate. There are two practices we are seeing at the moment. The first is where someone gets a renewal notice for a new fixed term agreement at the same time as they get a notice to leave. The new fixed term will have a significant rent increase in it and the notice to leave will end before the new agreement. It is basically a take-it-or-leave-it scenario and there is little negotiating power. Some people do go back and try to negotiate. I think when you get a notice like that it is pretty clear there is probably not going to be much negotiation.

The other practice is one that is best practice recommended by the REIQ, which is to issue the notice to leave before the end of a fixed term at the same time that the fixed term commences. Then they issue some information saying that you might get a renewal depending on what happens. I guess if you are in that scenario you are also fairly disempowered to then try to negotiate a new agreement with a lower rent.

Dr MacMAHON: I wonder if you could also reflect on the impact you think the Olympics might have on rental affordability and housing in Brisbane.

Ms Carr: It is a concern for us because there is going to be a lot of redevelopment and there are going to be a lot of people, even if it is for a short period of time, wanting to perhaps rent their properties out on the short-term market. The previous people who appeared talked about some long-term properties staying in the market. Even though that is the case, when they are sold they are often vacant in between and that is what gives a lot of instability for renters. The fact is that if you have a rental property or you are an owner-occupier, it is one market. The instability comes for renters

because those properties transition between those two markets. When someone wants to sell, whether they are owner occupied or rented they will often want it vacant. I think we are going to see potential capitalisation, so properties going up for sale and/or on to the short-term market. Given the scenario we are in now, and the Olympics are only 10 years away, it is hard to see things getting much better. I appreciate the Housing Summit report just came out and there was certainly a focus on the topic, but it is hard to see it improving with something as big as the Olympics coming to town.

Mr SKELTON: Your submission cites data about the low number of affordable rentals for people on income support. Do you think the bill will alleviate that situation in any way?

Ms Carr: I think it alleviates these big jumps that people have to absorb. If you are in a property or you are trying to get a property, hopefully the rents are moderated by what the market costs are. But once you are in the property, you are protected. The pensioner is an example of that: \$110 is a 30 per cent jump approximately. It is not achievable for people. In fact, one person said they had an \$80 rent increase offered to them, a new agreement, and they were going to be left with \$90 per fortnight in their pocket after paying rent. It would protect those really low-income people from big jumps.

CHAIR: Thank you, Ms Carr. Sadly, our time has come to an end. We thank you again for your contribution and your submission. The committee has certainly enjoyed the opportunity to explore some of the issues you raised in your submission.

ARMSTRONG, Mr Bernard, Chief Executive Officer, Cedar Pacific, Property Council of Australia

BEAVON, Ms Katrina, General Counsel and Company Secretary, Real Estate Institute of Queensland

IGNATIV, Mr Mark, President, Property Owners Association of Queensland

MERCORELLA, Ms Antonia, Chief Executive Officer, Real Estate Institute of Queensland

WALLACE, Mrs Helen Roslyn, Secretary, Property Owners Association of Queensland

WILLIAMS, Ms Jen, Queensland Executive Director, Property Council of Australia

CHAIR: Good afternoon and thank you for appearing before the committee today. I invite each organisation to make a brief opening statement, after which committee members will have many questions for you.

Ms Mercorella: On behalf of the REIQ, we wish to extend our appreciation to the Community Support and Services Committee for the opportunity to appear today to provide our feedback in respect of the Residential Tenancies and Rooming Accommodation (Rent Freeze) Amendment Bill. For simplicity I will refer to it simply as the 'rent freeze bill' hereafter.

The REIQ is the peak body for real estate in Queensland. For more than 104 years the REIQ has remained committed to ensuring the highest levels of professionalism and good governance are achieved through regulatory compliance and the advancement of best practice standards of professional conduct. The REIQ's enduring purpose is to lead a sustainable real estate industry which continues to make significant contributions to the Queensland economy and to strengthen conditions for those working within the industry.

The REIQ membership and customer base representation includes over 30,000 property professionals. This spans principal licensees, salespersons, property managers, auctioneers, business brokers, buyer's agents, residential complex managers and, of course, commercial and industrial agents in Queensland. Collectively, Queensland's real estate sector directly employs over 55,000 people and, of course, real estate is one of the state's top four industries which comprises over 50 per cent of Queensland's small business landscape and pays the second highest amount of state tax each year. In 2020-21 this was around \$8 billion.

The REIQ does not support the rent freeze bill for the reasons outlined in our submission. Although the rent freeze bill is focused on benefiting and helping tenants, we are concerned that rent control policies like those proposed in the rent freeze bill may unintentionally put even further pressure on an already strained rental market.

In the explanatory notes and the introduction speech, the challenges faced by tenants were well documented. We agree and acknowledge that tenants are facing critical shortages in rental housing and higher than normal rent increases. We, too, are concerned about the impact of dangerously low vacancy rates and the ever increasing property holding costs and rent prices. The severity of the situation has been evident for a number of years now and was, of course, in part the impetus for the recent Housing Summit held by the Palaszczuk government.

The rent freeze bill attempts to address the current rental crisis by artificially capping rents and controlling what owners may lawfully charge in line with market conditions. This is, in our view, a dangerously narrow approach. A rent freeze will not fix the current rental crisis in Queensland and, indeed, we submit that it may exacerbate rental market conditions.

The rental crisis we are facing has arisen due to a chronic shortage of rental accommodation in Queensland. Data shows that current market conditions have been directly caused by a declining supply of available permanent rental properties in Queensland. At the Housing Summit the Treasurer noted that Queensland is facing a shortfall of around 55,000 in its predicted rental properties. Against the backdrop of fewer rental properties, we have also experienced a higher than normal level of interstate migration, a fall in the number of cotenancies and an overall increase in rental demand. Most economists would agree that increasing rental housing supply is the most effective solution to combat high rents and address our rental crisis. This was also the general consensus formed by the stakeholders who participated in the recent Housing Summit.

To that end we have, of course, recently seen the state government release its preliminary report with a sharp focus on housing supply initiatives outlined therein. Meanwhile, the federal government has also confirmed that it is not considering a rent freeze as proposed by the Greens and, instead, it will focus on increasing supply via measures such as its Housing Australia Future Fund.

The rent freeze bill ignores commercial and market factors impacting the Queensland rental market. Like tenants facing increasing rent costs, property owners are also combatting higher mortgage repayments, rising local government rates and taxes, and more expensive repairs and maintenance. We concede that over the past two years rents have risen considerably in Queensland. This is not exclusive to rent. The rise in cost-of-living expenses is well documented. Notably, however, rents in Queensland for the past decade have risen by rather modest amounts when viewed against the actual cost of inflation. This is evident when comparing the average compounding annual growth in rent of 2.5 per cent over the last 10 years to an average rate of inflation of 2.6 per cent.

The rent freeze bill appears to expect property owners to absorb holding expenses and costs that are subject to market forces while tenants gain the benefit of capped rents. The consequences of this are self-evident. The rent freeze bill ignores the actual cause of our current rental crisis, namely, lack of supply. The reforms proposed in this bill will certainly not address and/or improve supply issues and may, indeed, worsen them in the long term.

CHAIR: I now turn to the Property Council of Australia to provide a brief opening statement.

Ms Williams: I have with me today Bernard Armstrong, the CEO of Cedar Pacific, which is a leading provider of purpose-built student accommodation in Queensland. Thank you for the opportunity to provide feedback on behalf of the property industry in relation to the Residential Tenancies and Rooming Accommodation (Rent Freeze) Amendment Bill. Antonia has touched on many of the points that the Property Council would share as well, but there are a few things that I would like to note.

We do provide a voice for a large, diverse and dynamic property sector and the Property Council is committed to participating in productive dialogue on important regulatory issues. We do acknowledge the bill is well intentioned and that bold and decisive action is needed to address Queensland's current housing crisis. However, it is apparent that the effect of the bill will actually be a retraction of much needed housing supply. With this in mind, the Property Council is not in a position to support it.

As everyone in the room is aware and as Antonia has just articulated, Queensland is in a housing crisis. The Treasurer himself at the Housing Summit said that as at June 2022 there were 55,000 fewer rental dwellings in Queensland than we needed. That is an astonishing amount of rental properties. The bill fails to factor in market dynamics that affect the housing market and would see many investors footing the bill for tenants to reside in their dwellings. There are lots of costs associated with owning a house. It is not just about the purchase price of a dwelling.

The government's recent Housing Summit report released last week outlines a range of key actions including expanding private rental assistance products and services, a commitment to reforms that balance the rights and interests of renters and property owners, and a focus on sustaining private investment. Note the inclusion of the term 'balance' and the requirement to sustain private investment. The introduction of this bill would be contrary to the government's own key actions from the Housing Summit which seek to see more people invest in housing and make more dwellings available for private rental.

Aside from the direct impacts on the mum-and-dad investors on whom we rely here in Australia to make their investment properties available for rental, I would like to draw the committee's attention to the bill's impact on purpose-built student accommodation, or PBSA. Operating on a build-to-rent model, PBSA is more susceptible to the financial impacts from the rent freeze legislation than other asset classes. It would make further development of PBSA in Brisbane unviable, which is a highly undesirable outcome given the importance of the international education sector to the Queensland economy, especially in these uncertain times.

The presence of PBSA makes a marked impact on the supply of private rental housing. PBSA is only available for students. It removes demand from the private rental market by giving students a customised housing choice available only to them. Without the existing PBSA beds in Brisbane, there would currently be an extra 16,000 students competing for leases in the private residential market. Increasing the supply of PBSA beds is the only way to further remove students from the broader residential market, opening up more opportunities for families, key workers and other Queenslanders to find appropriate housing. I will leave it there for now, but we are in your hands for questions. If we cannot provide a response, I am happy to come back to you.

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CHAIR: Thank you very much, Ms Williams. I will now turn to the Property Owners Association of Queensland for your opening statement.

Mrs Wallace: The Property Owners Association of Queensland thanks you for the opportunity to speak on behalf of our members on this very controversial Residential Tenancies and Rooming Accommodation (Rent Freeze) Amendment Bill. If this legislation is agreed and passed by parliament then we can assume that all rental properties can expect that council and government charges will also be frozen for the same period of time. At the moment there is a rental crisis in Queensland, and if this proposed legislation is agreed and passed by parliament the situation will not improve, resulting in more pressure put on the government to build and supply even more public housing. Investment by private renters should be encouraged. If this legislation is passed then the government will be held responsible for failing to address the current situation of tenants sleeping in cars, tents et cetera and children being taken from their parents and being placed in care. We urge you as a committee to reject this proposed bill. Thank you.

CHAIR: Thank you very much, Mrs Wallace.

Mr BENNETT: Good afternoon. On Dr MacMahon's bill I will rest my questions, but, Mr Armstrong, could you please give an overview on student accommodation, for the committee's benefit, please?

Mr Armstrong: Certainly. Are you looking for an overview of how the market works?

Mr BENNETT: A brief overview of how the student accommodation process works. Ms Williams mentioned the build-to-rent model as well.

Mr Armstrong: Purpose-built student accommodation is very similar to the build-to-rent model in that it is usually offshore capital investors who come in to finance this. So far there has been very little domestic capital invested in this. All of my investors and most of the other investors are pension funds, primarily public pension funds, from other parts of the world that are committing their capital to come in and get a return on that.

Our DAs that come out of council are for students. The only people who are allowed to stay in our buildings are students. By and large, the universities in Queensland have not invested—and this is true in the entire country. They have put their capital to work where it makes the most sense, which is on the academic side, and have not invested in this as an ancillary service, so it has relied on foreign capital to come in to do so as private investments.

A typical building in Brisbane—and there are quite a few in South Brisbane and South Bank—is 500 to 900 beds, typically rented at six to 12 months. Those students who are staying in our buildings get everything included in their price: free internet, all their air-conditioning, all their utilities, all pastoral care, the social aspect, gym, music rooms and in some cases art rooms, study rooms. It creates an instant community for them. A lot of the pastoral care that we provide around that is not just looking after their health but also looking after their wellbeing and their academic integration.

We are bound by a lot of the regulations that come with that, including what our DA says, so it has to be students. As Jen said, that takes approximately 16,000 students who would have been competing in the rental market for share flats and other homes and other apartments out of that and leaves those units available.

We are long-term owners. We renovate our buildings. We invest heavily in capital expenditure to keep them relevant and competitive. It is like a hotel; if not, they will go across the street to our competitors. Students are very discerning consumers, so our cost base relative to apartments is very high. That is not just capital expenditure; it is the fact that the cost of utilities that we pay for, the cost of internet that we pay for, the cost of staff—there are quite a few staff in the building—are all going up with inflation.

Mr BENNETT: How many beds do we have in Brisbane, for example, roughly? Do we know how many beds are available?

Mr Armstrong: Sixteen thousand.

CHAIR: Mrs Wallace, there is a belief that the provisions of the bill will likely have a devastating impact on housing supply. Could you elaborate on how you think the bill would impact the supply of rental properties here in Queensland?

Mrs Wallace: Because of legislation recently passed by the government. It more or less takes the control over the property, and it is devastating because it gives rights to the tenant. If this bill now is passed, people will lose control of their property and I believe they are going to sell their properties in preference to maintaining something they have no control over. People invest in properties for a

reason. I have been investing in properties for years, and I maintain my properties and I have a good clientele. However, if it becomes too hard for my husband and me to manage, we will probably sell. That is what it amounts to. The last legislation was overwhelming, and I think this new bill will put a lot of pressure on people because they just cannot afford to continue. Recent land valuations were high. Therefore that puts the council rates up. Government charges will rise; land tax will be put up. Water is an expensive item and people will just not be able to afford to maintain properties at a lower rent.

CHAIR: Mrs Wallace, the other inflationary measures—for example, water, cost of maintenance—would also have an impact on property owners?

Mrs Wallace: Yes, I think so, because in the older properties and in the older units and such, there is only one water meter; therefore, the cost of the water is passed on to all the tenants and the owners, whereas if the property was issued with a plumbing certificate, given that the property was water efficient, then you could pass some of the cost of the water on to the tenants. When you are paying big water prices, you cannot afford to give, because there might be two or three in the unit or in the house, so therefore you are getting high water bills.

Dr MacMAHON: Thank you, Ms Mercorella, for being here today. A number of the submitters who have been here today have noted that perhaps a rent freeze is too extreme but they would support a rent cap or another mechanism to limit rent increases. Is there a form or a rent cap that the REIQ might support?

Ms Mercorella: Our belief is that rent should be based on market conditions. I do not know that we are supporters of a form of rent control. We would submit that there are already certain statutory safeguards in place. For example, tenants can go to QCAT if they believe rent is excessive. We think that is an important statutory safeguard. Also, the act limits how rent can be increased. There are some fairly significant rules around how that works. Our position is that those safeguards already exist.

In terms of the issue of rents increasing at the moment, we acknowledge that rents are rising at far faster rates than we are accustomed to seeing in Queensland. As you will see in our submission, we show the way rents have performed over a number of years. We have seen, as I have already mentioned, very modest rises—again, very much in line with market conditions. I think what we are seeing in the last few years is an extraordinary set of circumstances, and at the same time that we are seeing those rents go up considerably we are also seeing the costs for property owners increasing significantly. That is the challenge we have. I think once you start to attempt to artificially cap what an owner can charge whilst their own expenses are not capped in the same way, we struggle to see the fairness or the viability in that.

Dr MacMAHON: If there was a significant increase in supply, at what point would you anticipate we would see a slowdown in rents or even a reversal in rents?

Ms Mercorella: It is a good question and there is some great data available that talks to that, I think. If you look at certain markets over the years, historical data shows us that when vacancy rates become very high—we classify the market as tight, healthy and then weak. It is very clear that when it sits in that healthy range, that is where we see a good equilibrium. It is a good position for both owner and tenant. Once we start to see what we classify as a weak market—very high vacancy rates—it is apparent that rents go down considerably. Mackay is a great example of that. When we saw the resources downturn and vacancy rates reached a very high level, we saw rents go backwards considerably. Similarly, even when we are sitting in that healthy range, we see that rents remain fairly consistent and that rents go up at a fairly modest pace.

Mr SKELTON: Short-term rental and holiday letting seem an attractive option for many investors. Are you finding that permanent lessors are moving to short-term letting, even in typically non-tourism regions, and do you think there are ways we could slow that trend?

Ms Mercorella: Yes, we are seeing that that is emerging. We are seeing owners putting their properties onto the short-term letting market. In tourist areas that is not new, but we are seeing it in some non-traditional tourism areas as well. There is a host of reasons it happens. First of all, it tends to not be regulated; it tends to not be governed by the residential tenancies and rooming accommodation legislation, so that arguably could be seen as appealing by some owners. Commercially, there are some benefits there. Sometimes it is possible to procure higher rents for a shorter period of time. Some owners want the ability to use that property for their own holiday purposes as well. It could be for one of those reasons or a number of those reasons that we are seeing that trend emerging.

Dr MacMAHON: Ms Williams, I similarly wanted to ask if there is a form of rent cap or a limit on rent increases that the Property Council might support.

Ms Williams: I would say similar to the REIQ as well. From our end, it is all about supply. We have been pretty clear on that in our conversations with government. It is an incredibly tight market at the moment. It does not matter if it is for rent or for purchase; no matter what it is, supply is an issue here in Queensland. The Housing Summit outcomes report provides mechanisms to boost supply, and we would rather see that avenue, which is a more sustainable long-term view, get followed rather than the artificial caps.

Mr MADDEN: Mr Armstrong, with regard to your accommodation for university students, does it have a standard name or do each of the buildings have different names?

Mr Armstrong: UniLodge is our operator.

Mr MADDEN: Are they all called UniLodge?

Mr Armstrong: There are other brands, but that is one of the operators and the largest one in Australia. It is purpose-built student accommodation. If I could clarify one thing on the last comment I made: the 16,000 beds I mentioned is PBSA in the state, not just the city, but most of it is here in Brisbane.

Mr MADDEN: This question is directed at the Real Estate Institute of Queensland. In your submission you remind the committee that the great majority of rental properties are owned by mum-and-dad investors and they take on the risk of ownership and all that goes with it. Do you have any comment to make as to what our state government could do to encourage and strengthen those mum-and-dad investors to enter the market or enlarge their investment?

Ms Mercorella: Yes. The data is very clear that the majority of some 650,000 rental properties do come from the private mum-and-dad investors. I think the most important point is that we have a regulatory framework that is fair and balanced. Certainly we do not advocate for a framework that unfairly gives too many rights to either party, but the feedback that we get—albeit we do not represent property owners per se, rather real estate professionals, but we receive an avalanche of correspondence from people who perhaps do not understand our roles and often that correspondence is from property owners—is that perhaps the pendulum swings too far the other way. In particular, off the back of stage 1 rental reforms, we have received lots of views about those reforms, and stage 2 is yet to come.

Again, I think it is important that we understand that sometimes there is a perception that these owners are very wealthy and quite greedy, and what I would say is that there is always going to be the exception, the outliers, of course—we do hear stories of property owners who do not do the right thing—but I think on the whole, in terms of the majority, the feedback we get is that these are people who are actually trying to do the right thing. However, I think it is important that we recognise that outside of the cost of initial acquisition costs, which can be quite significant, there are quite substantial costs that come with owning a property.

People have a choice as to where they invest their money, and we would like to see them investing in Queensland property. Queensland has always had a higher rental population than the national average; that has always been the case. In this marketplace, I understand the strain and the pressure that tenants are facing, but I think it is important to understand that, certainly when we speak to property managers, we hear lots of stories about property owners who, despite being told that they can achieve a higher price in terms of a market analysis, choose not to charge the tenant that much because they recognise it will be incredibly difficult for the tenant. I appreciate that they are not the stories that make the news, but I can assure you that there are some big-hearted and very decent property owners out there who are trying to gain financial security whilst also providing essential shelter for many Queenslanders.

Mr MADDEN: Would it be fair to say that what property investors want is just fair laws?

Ms Mercorella: I think so. I think fair laws is a really simple way of saying that; that is right.

Dr MacMAHON: Ms Mercorella, in your submission, and just now, you mentioned stage 1 rental reforms and that that might be a factor that is leading investors to sell properties. Can you point to what part of that legislation has been the most concern for people?

Ms Mercorella: Sometimes it is simply that tenancy laws are being reviewed. If you think about stage 1 rental reforms, you would characterise each of those laws as being beneficial to tenants. There is really nothing in that suite of reforms that is for the benefit of property owners. The most significant factors, in terms of what those reforms are and what perhaps has caused the most

controversy, I would suggest, based on the correspondence and feedback we have received, are likely to be pets and also the changes to the way that periodic tenancies work. They are probably the most significant. As you would be aware, there were a number of reforms that have been shelved and they will be dealt with as part of stage 2. The fact that there is more legislative change to come can sometimes be the impetus for some owners to decide that it is too onerous and they decide to sell their investment property.

Dr MacMAHON: Your submission makes reference to data. Is there anything that you are able to table for the committee's consideration?

Ms Mercorella: In terms of the impact that legislative reforms have on owners? This is always a very difficult question to answer. We are just about to embark on a survey to try to gather more feedback on this. It is rather complex. Again, we do have data which shows that, as I mentioned in our submission, certainly the number of long-term rental properties that are available has dropped significantly. In September 2022, if you compare that to the five-year average, the number of permanent rental properties is down by almost 50 per cent. It is difficult to know how much of that is attributable to those changes in tenancy laws or indeed planned future changes in tenancy laws. It is difficult. We did complete a survey a few years back where we asked some questions, but, again, it was just before stage 1 rental reforms, so it is difficult to hang your hat on something like that. As I mentioned, early next year we are looking at embarking on a new survey. It may be too late, but we would be happy to share that data once available.

Mr SKELTON: My question is directed to the Property Council. We have heard about the shortfalls. What measures would you recommend to address the current rental property shortage if not freezing or controlling rent? We have talked about supply. Can you be more specific on that?

Ms Williams: Certainly. The Property Council has been quite vocal in its support for the establishment of build-to-rent as an asset class in Queensland. Build-to-rent, or multi-family as it is known overseas, is the biggest single asset class in the States and one of the biggest emerging asset classes in the UK. Overseas there is a lot of institutional investment in residential rental accommodation which we do not have here. As the REIQ has pointed out, we rely on mum-and-dad investors to provide houses, one by one, to the market to rent. We would dearly love to see build-to-rent established here in Queensland. It provides security of tenure for tenants, and it also provides better maintenance, facilities and things for those renters. PBSA is an example of that.

Build-to-rent accommodation is typically owned by an institutional investor and it is an asset held in a single line, and then those dwellings within it are rented out, in the same way that you would rent out any other property. Because it is held by one person for a long period of time, they are able to provide long-term leases and they are held by one person who looks after the management and the maintenance of that property.

In other states around Australia there is an incentive for build-to-rent. Land tax is a massive barrier to the establishment of build-to-rent in Australia; it is a factor of our tax settings. Other states have a 50 per cent land tax incentive for developers to make these products viable. We do not have that in Queensland and we think that incentivising build-to-rent would really quickly see rental accommodation come to market that would help meet some of these issues and provide a better experience for renters as well.

Mr BENNETT: Ms Williams, this might be an opportune time, while we have you on Hansard, to do a plug for the academy and the great work you are doing in trying to address the issues of rental affordability and construction. So here is a free plug for you if you want to take the opportunity.

Ms Williams: In terms of Property Council Academy?

Mr BENNETT: Yes, indeed.

Ms Williams: Thank you. I know that you have done a few of the courses. The Property Council offers a range of different courses, from planning for non-planners through to build-to-rent and managing residential accommodation. These are courses that are available to members and non-members. They are professionally run by people within the industry who have direct day-to-day experience. As the member for Burnett will be able to tell you, they are highly beneficial and I would recommend—

Mr BENNETT: That all members attend.

Ms Williams: Absolutely. I am happy to direct you to where to find them.

CHAIR: We can always count on the member for Burnett to take those opportunities.

Ms Williams: I appreciate them.

CHAIR: Thank you very much, Ms Williams, and thank you to each and every one of you. Our time together has come to an end, but certainly our committee appreciates the knowledge and wisdom in the room in relation to this particular piece of legislation that has been put before the House and presented to our committee. We thank you for giving up your time this afternoon. We also appreciate all that you do in contributing to legislation here in Queensland. Thank you.

DAPONTES, Ms Alexandra, Private capacity

DOWNES, Ms Harmonie, Private capacity

GAUDIELLO, Mrs Maria, Private capacity

CHAIR: The committee now welcomes a number of submitters. We were thrilled to receive your submissions, so thank you very much. It is always wonderful when the public takes an interest in the work that is happening in parliament. Good afternoon to each and every one of you and thank you for appearing before our committee today. I invite each of you to make a brief opening statement and then our committee, I am sure, will have some questions.

Ms Downes: Thank you, Chair. I am sorry, I cannot see your name tags; I am a little vision-impaired. My name is Harmonie Downes. I live in Highgate Hill and I am in favour of the rent freeze for a number of reasons. Thank you also for taking the time out and hearing all of us. I am sure that in your electorates you have also had to face increases in rent, housing and homelessness and all sorts of pressure on your systems from Cape York to Nambour, Bundaberg to Brisbane—all over. I know it has been a really tough couple of years for everybody. I would like to comment, if that is okay, on some of the work that I have done in this space.

In 2021, I co-coordinated a documentary about the life of a homelessness worker. During that time, we found that there were so many different people who were struggling to find housing—people who were living in tents, people who were unable to afford their rent, people who were sleeping on verandahs and in cars. It was across the board. I feel that it is very hard at the moment, with one per cent vacancy rate, that there are no caps on how much the market can increase the rent rate, or increases at the moment with a 13 per cent Queensland average. That is more than it used to be, which would be a two to four per cent CPI increase. I do not feel that the wages are in line to support that.

On the announcement by Leeanne Enoch around some rent subsidies and rent grants, how will they be legislated so that it is not another financial payment that will be exploited by real estates? I know that sounds harsh, but we have seen that with the NDIS. When you say the word 'NDIS', people then double or quadruple the amounts of money they charge. That can happen in real estate as well. I saw a recent statement by Ray White that was encouraging real estate agents to increase the rent by 20 per cent. At the moment in postcode 4101, where I live, we have 9,048 renters. I worked out that there are around 4,200 people who are on the verge of—sorry, I am really nervous.

Mr BENNETT: Don't be. Have a drink of water.

Mr MADDEN: That's okay. Don't be nervous; it is fine.

Ms Downes: There are a lot of people living on the edge of housing stress with rent alone which they can barely afford. There are 4,000 of them who are only earning \$1,499 a week. They are also facing the costs of living. For those 61 per cent of renters in my neighbourhood, if we increase those rents—if they are not capped, if we do not have some kind of way to scale back—we are going to see another wave of homelessness in my area and our community services are so stretched already that we cannot support that. People are put in hotels. There is no social housing. That is a 10-year wait. Sorry, I am getting really passionate now and not reading my statement, but can we do something about it? Can we at least freeze the rent for two years and come up with some decent solutions so that we do not have a housing epidemic by the time the Olympics come? I would really urge that we support this amendment bill. Thank you.

CHAIR: Thank you, Ms Downes. I appreciate why you would be nervous, but we certainly very much enjoyed reading your submission and we felt that you had something very significant to offer, so we thank you immensely for coming in.

Mrs Gaudiello: Thank you for the opportunity to address the committee. I am speaking on my own behalf and also probably on behalf of a lot of mum-and-dad and private investors. I come as a private individual and I certainly do not have the qualifications of some of my fellow submitters, so you will have to forgive me. I was going to quote Ms Mercorella because I was interested to hear her television interview where she cited the incredibly high demand for rental properties and supply simply not keeping pace and meeting that demand as her reason for the shortage. In recent times I think the private sector has been shouldering most of the responsibility of providing rental housing.

Our family has been heavily invested in affordable housing since 1952. This amendment bill will backdate the freezing of rents to an amount on or before 1 August 2022. Backdating the legislation is really going to affect landlords because we have no ability to plan because it is backdated. We
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cannot effect anything as it is backdated to 1 August. I am going to illustrate some of my submission by using real cases. Let me use Mr Morris, who is elderly and has been a tenant of ours for over 20 years. He might be moving into aged care soon and his unit will require probably \$10,000 to \$15,000 worth of renovations and repairs. We have looked after Mr Morris for a long time—he is a little bit special—and his brothers continuously thank us for looking after him. He is paying \$190 per week for a one-bedroom brick flat in the inner north of Brisbane. The unit would be worth \$290 per week every day of the week, but we have had him for 20 years. We leave him there; he is precious. People like that are priceless and we respect our tenants. I have very good tenants because we do have this personal relationship.

How are we ever going to recoup any of that rent if we have to charge \$190 per week, which is backdated to 1 August, when we have spent \$15,000? We either do not do the repairs or we leave the flat vacant. You tell me how we are going to recoup that money. You cannot claim that expense on your tax. The ATO treats that as a capital expense and will only let you depreciate it. They will take certain elements and they will depreciate it at different percentages but you cannot just wipe \$15,000 off your income, so we are at a disadvantage.

It is across all levels of government that have caused this housing crisis. Trust me: I have written to ministers over the last 10 to 15 years about this affordable housing issue. Sometimes tenants will negotiate with an owner. Let's say they take a house that was only worth \$450 a week and it did not have air conditioning. They will say, 'Can you put air conditioning in?' We say, 'That's a big expense but, yes, we will help you. Can we revise that rent?' If there is a rental freeze we cannot legally do that, so we are not going to do these nice little things for tenants to help them along, and we have in the past. I think we have good relationships with our tenants because of that.

My second point is with regard to a 50-penalty-point fine for moving the property from rental to short-term. Last time I looked, an owner can do what they like with their house so long as it is legal. I think that is a bit draconian and I do not support that element of the bill. In terms of capping rent increases at no greater than two per cent every two years, that is not really fair when you consider that local government and council rates have risen by a lot more—different suburbs by varying percentages. In terms of water access, I refer you to my submission. We got a letter from Urban Utilities saying that our quarterly bill, which was about \$1,400, was going to go up by \$550 to \$600. How do you cover that? That is about a 30 per cent increase.

In terms of land tax, land tax is the most punitive of all the taxes. I have an eye-watering bill at home, but anyway. After I try to really help my tenants that is the reward I get, but that is what it is. The state government has not raised that threshold for decades, I believe. Body corporate fees are out of control. You cannot do anything about them. If you own a unit and you are renting out a unit, you have to pay them.

In terms of tradespeople, you cannot get them for love nor money at the moment, and they are charging exorbitant rates. The smoke alarm compliance laws severely impacted on our income because everybody made a meal of that. In terms of insurance premiums, our body corporate was told that because there was a certain type of tenant in one of the commercial units in a mixed use our insurance premium was going to skyrocket by about 30 per cent. With regard to damage from domestic violence, you cannot charge that to the tenant anymore; you have to claim it on insurance. Insurance companies cover themselves, so your premium goes up. You cannot refuse pets. I love pets—I am a dog lover—and I would really love to allow people to bring their pets, but not all owners are alike.

Tenants can now spend four times their weekly rent in repairs. I will use a real case that was told to me because we have been talking about this for a long time. A tenant had an electronic gate that was not opening and decided that it was the motor that had given in and suddenly decided that it was an urgent repair so they would call someone to repair the motor for the gate. They can spend four times the weekly rent for urgent repairs. When the tradesperson turned up, he found that it was the batteries in the remote control so he only charged the call-out fee.

CHAIR: Mrs Gaudiello, I am sorry to interrupt you, but we might have to move to Ms Dapontes and then we will come to questions.

Mrs Gaudiello: Sure.

CHAIR: We only have until 4 pm—

Mrs Gaudiello: I am sorry.

CHAIR:—but we certainly acknowledge how passionate you are about the issue. Ms Dapontes, would you like to make a brief opening statement?

Ms Dapontes: Yes, I will be very brief. Basically I object to the rent freeze and the rent cap because I do not believe that they will be successful and beneficial to the tenants. I am a very experienced landlord and have been a landlord for some 30 years now. If you regulate rental income and restrict investors from making money, they will simply cash in and off-load their loss-making investment.

The proposal is unrealistic and the government should focus more on encouraging supply and investment in private property markets. Without more houses and more investors, the supply issues will continue to worsen, and research has shown that such proposals will punish and restrict landlords which in turn will just create a more detrimental shortage in the rental property market. Landlords will not wear losses on their rental premises, and a lot of landlords I have spoken to are fed up and have sold their properties. This includes several of my friends who have owned big blocks of units on the north side, at Albion. They have just put them on the market and sold them. Landlords need incentives to keep their rental properties if the rent freeze laws come in. Other costs associated with maintaining a rental property—such as land tax, council rates, water bills and insurance—have escalated by a huge amount. Landlords will not have incentives to keep their rentals if they are suffering losses and they will sell, which will only worsen the rental crisis.

The market dictates the rent. As I said, I am a very experienced landlord. I always do my research on how much a rental property should cost and I drop it because I want to rent my property. I agree that there are some greedy landlords out there who are very silly, but the market does dictate the rent so if you put the rent too high you will not rent your property and it will be sitting empty for one year.

I will give you an example of the increases in costs associated with rental properties. I do not want to say which landlord it is, but this is a real case study. In 2021 the land tax bill in Queensland was \$6,315. This year, in 2022, the land tax bill has increased to \$7,579.95. This is an increase of \$1,264.95. Interest rates have also gone up significantly in the last six months alone. I cannot recall exactly how much, but all I know is that I am getting letters constantly from the bank saying that my home loan has gone up. I am too scared to look at it.

Basically, the problem with the rent freeze is that the other costs associated with the rental property do not get frozen and most landlords will not be able to wear those costs. I have a second job; I work at a law firm. I am nearly 60 years old. All of my friends my age are retired. If I had to quit my job in the office, I would not be able to keep my investment property. I have a tenant who has been renting my house on the north side, at Everton Park, for 15 years. I have not increased the rent once. She pays \$380 a week. I know I could easily get \$600 a week for it, but I have kept it low because I know she cannot afford it. I do maintenance. This particular tenant seems to think she owns the house, so I have to ask if I can please get someone to go around to cut the trees or put a new hot-water system in because she has been there such a long time.

I must say that it is getting harder because I am nearly 60 years old and I do have a second job. I do not know how much longer I will be working because I am married and my other half does not want to keep working. If his friends are not working and they are going out, he will obviously want me to quit. This puts a lot of pressure on me because I do not know if I could keep my rental property.

Currently, a lot of landlords have rental properties because they do not want to be a burden on society, like me. I do not want to have to go to Centrelink and say, 'Can you please help support me?' That is why I have worked very hard. I work seven days a week and I always have, since I finished high school and did studies later. I still work seven days a week; in fact, I always say I work eight days a week. With all of these increases in land taxes, council rates, insurance costs, tradesmen fees and materials from the hardware shop that tradesmen need, such as plumbing things, the rent freeze is not going to balance out and it will not be viable for me to keep my rental property. As much as I want to, it is just a matter of figures. That is all it boils down to. I am one of the lucky ones at 60 to still be working; there are a lot of landlords out there who are not working at 60. They have off-loaded their properties because it has got too hard for them financially and they are struggling.

CHAIR: We might have to leave it there. The committee has questions so we will get to them.

Dr MacMAHON: Ms Downes, I want to say that you have a very important role on this committee today. About 70 per cent of submitters were tenants, yet you are one of just two tenants to be on the panel today. What would a rent freeze or even a rent cap mean for you and people in your community?

Ms Downes: A lot. I have never done this before so thanks for having me as one of two here today. I have some Census data that I have collected. The median income in our neighbourhood is \$1,000 a week. I looked at the rental prices that people are paying. If we are looking at that 30 per cent where it says you are not below the poverty line, there are only 130 people paying rent out of Brisbane

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the 9,048 dwellings in my neighbourhood. The average rental amounts are as follows: for \$650 to \$749, there are 400 people paying that; for \$550 to \$649, there are 1,025 people paying that; for \$450 to \$549, there are 2,000 people paying that; and for \$350 to \$449, there are 2,093 people paying that. We have thousands of people in 4101 who are in housing stress. Being able to equalise that so people are not facing homelessness and on the streets with a family would make a huge difference.

I understand the points of the others at the table because I feel the rents they are charging are way below market value. I think that is a really honourable thing to do, but that is not happening in my neighbourhood with rental increases. From the SQM property research, there was \$7 billion in the last 12 months and the average increase was \$62 a week. Not everyone can afford that if the median income is only \$1,000 a week, so what do we do about this?

CHAIR: I thank you for your submissions. As we said, we chose you as submitters because we believed that you had something very valuable to contribute. We thank you immensely for your contribution as we deliberate the bill. We thank you for your time this afternoon because we know that you are all very busy people.

That concludes this hearing. On behalf of the committee, I would like to thank all of the witnesses and stakeholders who have participated today. I would also like to take this opportunity to thank submitters who have engaged with this inquiry. We thank our Hansard reporters. A transcript of these proceedings will be available on the committee's parliamentary webpage in due course. I declare this public hearing closed.

The committee adjourned at 4.03 pm.