

**Submission regarding the *Residential Tenancies and Rooming Accommodation (Rent Freeze) Amendment Bill 2022* (the Bill).**

To: Community Support and Services Committee

I am writing to you about the *Residential Tenancies and Rooming Accommodation (Rent Freeze) Amendment Bill 2022* (the Bill).

It is obvious that Dr MacMahon represents a demographic of tenants in a very expensive area of Brisbane, and her constituents might be the primary informers of her data, and opinions.

I represent a small syndicate of mum and dad investors/landlords and for the purposes of this submission will use some examples to support our argument as to the dangers and inappropriateness of the proposed legislation. In particular we wish to bring to the attention of your Committee, some of **Dr MacMahon's provocative social media comments** (attached) that she is using to cause outrage, and at which we take offence.

Landlords invest large sums of money into residential investment properties. They take enormous risks, and they know that this type of investment is long term, but should return some gains in the long run. They expect that property ownership will impact on their retirement funds, both positively with rental income in the future, but negatively in precluding them from government benefits of many types.

Tenants are acutely aware of the fact that they are paying for an asset when they either cannot afford to buy at this time, or renting suits their current needs.

Tenants' unions and advocates lobby governments hard for their rights, and are listened to. Landlords' groups tend to be less vocal, and at times, toothless tigers, mostly ignored by the government.

The multiple issues cross the political boundaries of Federal, State and local governments.

It may be perceived to be creating division by creating an 'us and them' situation. Landlords with strategically well located properties always have the option to not put up with the hardships any longer, and could start selling to large developers who will build either more viable commercial properties, or expensive residential units (well out of reach of low income renters).

The smaller landlords are those who have had to tighten the belts, reduce any already small profit, and try to make ends meet because they are not financially strong enough to withstand the demands created by a significant proportion of tenants. Landlords supported some of them through Covid-19 with reduced and frozen rents, but the **governments did not assist landlords at all, in any way whatsoever**.

By introducing legislation like this the government is destroying the whole foundation (the requirement for shelter for all budgets) of the monetary system and the movement of the free market. Landlords are not burdens on the system and it is clear that there is a misunderstanding regarding how negative gearing, and capital gains tax work, and the negative impact that changes to these in the past have hurt the most vulnerable.

**The real reasons for rent increases:****Land Tax (State tax)**

The most insidious of the obstacles for landlords is Land Tax. This wipes away any small profit that small investors might have made, particularly those with properties that have grossly appreciated in the last few years. And there has been no increase in the tax-free threshold for many years. These investors have had to sell, in fact that's what the politicians tell them to do when landlords have lobbied against this. No state

government wants to tackle that issue because it is a very lucrative income for them, and they make landlords out to be the rich villains that can afford it. The truth is, most of the small investors can't afford it.

- Land Tax is a very punitive tax that does not discriminate between properties that have a high-earning capacity or a low one. Hence people that own affordable residential property in a high value area will not necessarily be earning a reasonable income from that property, and land tax wipes away, in most cases every bit of profit.
- Land Tax imposes significant financial hardship on elderly self-funded retirees who used property investment as a source of income for their retirement when superannuation was not available. Many pre-baby boomers fall into this category and in their old age cannot even afford residential aged care because of the implications of the value of their properties purchased in the mid-1900's. Many of these owners are actually providing the most affordable of rental accommodation.

### **Accommodation Services (State)**

The Department of Communities and Housing, under many previous iterations and changes of name and ownership, drove many affordable properties out of the market by their hounding and bullying of small investors.

The Residential Services (Accreditation) Act 2002 expired on 31 August 2017, however during their term there was targeted harassment from this Department, and many owners were cajoled into registering as a service provider when some didn't have to. Coupled with the high costs of appeasing the Department, it was the beginning of the end of the real affordable housing.

Often the type of demands they made were outrageous and vindictive, targeting properties where tenants were actually quite happy but causing huge problems for the owners, right down to the most petty of demands. They drove affordable accommodation investors into different markets, and tenants had to seek more expensive alternatives as their units were decommissioned.

### **Tenancy Laws and Tenant / Agent Demands (State)**

The new tenancy legislation has swung totally in favour of tenants. Any previous rights that landlords may have been able to exercise has been eroded by:

- Domestic and family violence protections – so if a breach occurs it can be blamed on domestic violence, and the tenants are not responsible.
  - They are not required to compensate the owner for damage if caused by domestic violence.
  - They can leave a heap of rubbish behind and they are not responsible.
- Renting with pets – “reasonable grounds” provides very few rights for the landlord.
- Changes to approved reasons to end a tenancy.
- Minimum Housing Standards – currently reliable tradespeople are almost impossible to find, with long waiting periods and contractors able to pick and choose jobs. Cost of labour and materials has risen sharply, almost unaffordable.
- Agents pushing landlords to make capital improvements e.g. paint every five years, change carpet every five years, when these improvements are treated like capital improvements by the ATO, and not repairs and maintenance. These costs are exorbitant.
- Emergency repairs now raised to four times the weekly rent – this is a prime target for abuse by both unscrupulous contractors, and unsuspecting property managers.

Actual Case study: Tenants request to install air conditioning “because it is a necessity in Queensland”. If there is no air conditioning, the rent is priced accordingly. Tenants have been known to take a property, then complain about the heat or cold and start demanding air conditioning. They may offer a small increase in rent,

but this can be a large financial demand on the landlord who initially offered a more affordable premises without air conditioning.

#### Utilities and Rates (Local Government & State Water)

Rates and utilities costs are burgeoning, yet landlords are expected to absorb these costs. Extract of a real Urban Utilities account received by us indicating an **increase of \$550 to \$600 per quarter**:

We need you to double-check your account and property details in the table below. Why? Because, from Friday 1 October 2021 onwards, they'll affect how the charges on your bills are calculated, so they must be accurate.

[REDACTED] WINGSIDE 4170	
Size/s	W25
(mm)	
Number of pedestals	4
Land Use Code <sup>2</sup>	3 Multiple Dwelling
Discharge Factor <sup>1</sup>	0.9

Based on the information in the table above your estimated water usage volumes in FY22 and indicative FY22 water and sewerage prices, we estimate your **quarterly bill may increase by around \$550-\$600 per quarter<sup>4</sup>** as a result of the Simpler Pricing changes. Please note, this estimate also includes costs associated with the State Bulk Water Charge<sup>5</sup>, which is set and controlled by the State Government and passed directly through to customers on their bills without any mark-up.

Land Use Codes are based on property records, site inspections and account assessments and indicate the predominant use for which a property is utilised or adapted to be utilised by virtue of its structure, fixtures and fittings. Please contact the Simpler Pricing Customer Help Team to update or request a review of the Land Use Code for your property.  
<sup>1</sup>percentage value identifying the proportion of water used at a property that is considered to be discharged back to the sewer network. Discharge Factor percentages are determined by Land Use Code and differ across property types. Please contact the Simpler Pricing Customer Help Team to update or request a review of the

This legislation has not been thought through properly. Landlords should not be the punching bags of the hyperinflation situation currently in play. The landlord revenue side of the equation should not be artificially manipulated whilst the costs to landlords in the form of interest rates, utilities and taxes continue to rise to suit the requirements of the economy. The repercussions cannot be fully quantified at this stage however regulating a market rarely has the effect of making it cheaper to the end user (history has many case studies).

In conclusion, artificially and constantly manipulating the income/outgoings ratio of any investment erodes the confidence of the investor. Lack of confidence delays or even prevents investment decisions. This in turn affects all of the industries that support that investment type. In the case of property, it is the construction and services industries. These industries are the backbone of our economy and the Committee MUST examine all of the issues carefully, being sure not to knee jerk at any inappropriate social media posts trying to undermine these foundations. If this is Dr MacMahon's method of gaining support for her ill-thought out legislation, then it is a poor example of public leadership, and this legislation should be carefully scrutinised, and seen for what it is – a further nail in the coffin of affordable rental accommodation.

This letter has been composed with assistance and input from like-minded small investors and I am happy to discuss this matter further.

Yours sincerely

Maria Gaudiello

**Attachment: Provocative Social Media Posts designed to outrage both tenants and landlords:****Amy MacMahon - Greens MP for South Brisbane**

August 19 at 3:52 PM · 🌐

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I'll tell you what I'm more outraged about than [Jonathan Sriranganathan, Councillor for The Gabba](#) putting up provocative Facebook posts –

I'm more outraged that 20,000 homes are sitting empty across Brisbane, when working families are sleeping in tents because they can't find a rental property.

I'm more outraged that the state government cut \$61 million from their social housing construction budget from last year, while 50,000 Queenslanders languish on the social housing waiting list for another year.

I'm more outraged that property investors have hiked up rents in Brisbane by 20% over the last year, and the state government doesn't care enough to even consider rent caps.

And if a provocative Facebook post is what it takes for the government and media to finally pay attention to this abysmal situation, then good.

**Amy MacMahon - Greens MP for South Brisbane**

August 27 at 4:13 PM · 🌐

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Just finishing up my Saturday reading about how I'm the "landlord's nightmare" 🤖

This one is a bit of a no-brainer for me: we're in a housing crisis. So yes I care more about making sure that kids aren't forced to sleep in tents due to an unaffordable housing market, than whether a property investor is getting high returns on their 5th property.

I do think "battling investors" might be a bit of stretch from the Courier Mail here. Over the last year the median Brisbane house price has increased by \$162,181 – i.e. the property made \$162,181 alone before any rent came into the picture.

And if they're losing money on the rental, the federal tax concessions prop them up anyway. It's estimated that federal government expenditure on property owners amounts to \$36 billion per year, and this is primarily delivered through tax concessions like negative gearing.

If it's too tough out there for property investors, that's okay too, they can sell their investment property and put them on the market for families to buy their first homes. I know there's no shortage of Queensland families who'd love to buy their first home if they had the chance.

At the end of the day, with inflation set to rise again over the coming months, governments must first and foremost ensure everyone has a secure and affordable roof over their heads. So that means doing everything they can to ensure owner-occupiers and renters can stay in their homes.

Freezing rents now – before things get even worse – is crucial to keeping roofs of families' heads.

**Amy MacMahon - Greens MP for South Brisbane**

August 27 at 9:21 AM · 🌐

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BREAKING: I'll be introducing legislation this week to freeze rents in Queensland for two years.

When Queensland kids grow up in tents and caravans while property investors make record profits, it's clear our housing system is broken. We need an emergency rent freeze.

A two-year freeze on all residential rent rises will give immediate relief to the hundreds of thousands of stressed Qld renters and will ease the cost of living crisis.

Sign the petition to tell Queensland Labor to back my rent freeze legislation.

[https://www.amymacmahon.com/rent\\_freeze](https://www.amymacmahon.com/rent_freeze)





**Amy MacMahon - Greens MP for South Brisbane**

August 26 at 8:27 AM · 🌐

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You'd think this was a [The Betoota Advocate](#) headline 🙄

Putting an affordable roof over every Queenslanders's head is more important than boosting the profit margins of wealthy property investors. Freeze rents now.



**Amy MacMahon - Greens MP for South Brisbane**

August 24 at 2:42 PM · 🌐

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Yesterday I spoke with Channel 7 about the 87,000 empty homes across Queensland.

On census night, a third of homes were vacant in the block behind me. While some of these are likely people away on holidays or away for work, we know that thousands of investors are deliberately leaving homes empty.

Often the profit that investors are getting from skyrocketing house prices is much more than what they'd get from rent. To them, it's better to landbank than bother with renting.

The result is thousands of people struggling in the private rental market with increasing rents and thousands of people waiting for public housing.

This is what happens when we treat houses as a way to make a profit rather than as homes for people. This is what happens when it's easier to buy your fifth home than your first.

We need a vacancy tax, caps on rent increases, and hundreds of thousands of new public homes.



**Amy MacMahon - Greens MP for South Brisbane**

August 5 at 11:07 AM · 🌐

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In the middle of a housing crisis, with the steepest rent increases on record and homelessness rates skyrocketing, the landlords' association are showing their true colours. They don't care about working families getting kicked out onto the street - they only care about the profits of property investors and real estate agents.

What gets me really mad, though, is Queensland Labor was told this would happen with their weak rental reforms. They were told by [Tenants Queensland](#) that landlords will find a way to evict tenants. Yet [Leeanne Enoch MP](#) rejected the Greens' calls for a ban on end-of-term evictions and cracked under the tiniest pressure from the real estate industry.

We need a government with the courage to stand up for everyday Queenslanders by stopping the ridiculous rent rises across our state and ending the eviction crisis.



Amy MacMahon - Greens MP for South Brisbane

August 16 at 4:13 PM · 🌐

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For decades, the real estate lobby has argued against any improvements to rights for renters, saying that big investors will sell their properties.

If the only way you can keep an investment property is by making your tenants' lives awful, then sell.

While some landlords bemoan calls for better rental standards, and say they will sell up if such changes occur, Martin was not concerned.

“To any landlords who say they can’t hack that and will leave ... we should be saying ‘good’,” he said. “We are driving out the exploiters and the incompetent and making rental housing better and leaving more space for people to own their own homes, and for the non-profit rental housing providers.”