

Residential Tenancies and Rooming Accommodation (Rent Freeze) Amendment Bill 2022

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A RESPONSE TO THE PROPOSED BILL

TAKE NOTE: This Bill is dangerous, and may ultimately lead to an increase in suicide rates.

As a residential property landlord, as well as parents to six adult children, all but one are renters themselves, one is a property owner. The below is my considered comment.

As seen above, I have a personal interest in building the residential tenancy industry to allow a more competitive atmosphere for tenants, through solid supply of rental stock. I have also an interest in addressing low-cost housing and rental affordability, which I believe is capable of being achieved whilst meeting the investment needs of property owners. This outcome is achievable through finding the equilibrium in rights and obligations, between renters and property owners, a task which is clearly not achievable via the presented Bill, to which I now address.

The residential tenancy industry cannot survive without reaching and maintaining this equilibrium between renters and property owners. Tenants have a need to be able to rely on being able to afford to rent the property they are in without uncertainty. Having said that, with interest rates steadily on the increase, the cost of living just as strenuous for landlords as it is for tenants, as well as the cost of trades carrying out repairs and maintenance, this position is just as difficult and uncertain for landlords. With current legislation dictating the minimum standard of properties (for legitimate health, safety and welfare reasons), with ability to force owners to tend to repairs with the utmost speed, property owners must be able to have confidence that they have sufficient funds to conduct these legislated activities, without having to sell the property or go bankrupt, neither outcome is beneficial to the tenant. Without an equilibrium balancing tenants and landlord's requirements, property owners may be reluctant to rent out their properties, and decide instead to sell and reinvest in other areas, such as shares, or offshore portfolios. This will leave the rental industry with a potential and dire shortfall of rental accommodation that Australia has not seen previously. Solely taking into consideration level of rent to be charged, will likely have the undesired effect in the industry. When these decisions are being deliberated, a more wholistic approach must be considered, before the damage is unable to be rectified.

With the current lack of confidence that properties are not being protected on behalf of property owners, and the move to dictate rent level, owners are vastly becoming concerned and moving away from this industry, and I am considering this myself, and will likely occur if this illogical and counterproductive Bill become in force.

Specifically in relation to the Bill, I offer the following realistic outcome and comment in relation to certain proposed new sections. Please note that these sections do not represent the only sections flawed, however, provide enough commentary to support this submission.

Section 82A (and all references to this time period)

Having rent locked in for two years is likely to mean the difference between a landlord staying afloat and going under, or if they are lucky to catch the issue early enough, selling before bankruptcy. This should be lowered and the Bill have a mechanism to enable a review against CPI and other indexes, interest rates, etc, every six months.

Subsection 82B(1)(b)(i)

The mechanisms under this section are grossly flawed. The cost of living, increases and interest rates rise since August 2021 would be catastrophic to include in any adjustment. Using this date is illogical, counterproductive and is likely to result in a reduction of rental properties available, or landlords going under. Clearly not much thought has gone into arriving at this date as being appropriate.

Subsection 82C(2)

When identifying appropriate rent level for a property not rented previously in the period from 21 August 2021 onwards, is not clear cut nor easily done, with the mechanism in the Bill being grossly inadequate. There are of course some very similar properties, however, some may be furnished, include utilities, internet, additional shed, land size differs, gardening part of lease, different condition of property, higher standard of finishings, and so on. At least a third of properties in existence in Queensland probably fit into this category, I having owned a fair few of them previously. Subsection (3) offers nothing to make up for its shortcoming. It would be grossly unfair to limit a landlord's ability to be recompensed for expenses of renovating. Again, using this method is illogical, counterproductive and is likely to result in a reduction of rental properties available, or landlords going under.

Section 82D

When putting such a crippling strain on landlords, if you offer no incentive, no 'light at the end of the tunnel', you provide no anticipated relief for the landlords to consider prior to deciding to sell the property. In effect, this Bill seeks to freeze rent for two years, or back to figures relevant over a year ago, then minimise the amount thereon recoverable after the two years, for another two years, and thereon restrict rent after that each in a two year' cycle. This mechanism offers no real incentive or ability to suitably recover from the illogical initial rent freeze. Again, using this method is illogical, counterproductive and is likely to result in a reduction of rental properties available, or landlords going under.

The drafting of this Bill is considered extremely narrow minded, lacking in focus of the root cause of the matters at hand, and providing no logical mechanism for the desired outcome, unless the outcome is to reduce the residential property industry to rubble. This Bill would likely result in a semi-quasi government housing to fill in the inadequacies in the current system. The potential, and if this Bill is passed, it will be likely, for a 'melt down' of the industry, which will in turn result in more people including children, living rough on the streets, investment monies moving offshore, and cost of living still soaring, is surely worth proper, logical, careful, and broadminded consideration, with appropriate consult? This Bill, if it came into effect, may see suicide rates drastically increase, from homeless and soon to be homeless people, to landlords unable to keep afloat. This Bill is dangerous.

THE RESIDENTIAL TENANCIES AND ROOMING ACCOMMODATION (RENT FREEZE) AMENDMENT BILL 2022
MUST BE DREGARDED TO PREVENT FURTHER DEGRADE OF THE RENTAL MARKET AND THE ENVISAGED
MASS EXODUS OF LANDLORDS

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