

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

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From: [REDACTED]
To: [Community Support and Services Committee](#)
Subject: Submission of Objection with the Queensland Parliamentary Committee appointed to view the proposed Bill.
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To Committee Secretary,

Attached and below is our submission of disapproval which we are lodging with the Queensland Parliamentary Committee appointed to view the proposed the Residential Tenancies and Rooming Accommodation (Rent Freeze) Amendment Bill.

Dear Minister,

As Landlords and suppliers of rental accommodation (both affordable and market rate) for in excess of 25 years, we are writing this submission to confirm our objection and opposition to the proposed amendments to the *Residential Tenancies and Rooming Accommodation Act 2008*. Legislation should treat tenants and landlords equally and fairly. This legislation is clearly far from equitable and creates at platform for further inequality. It is clearly a reactionary approach rather than pragmatic approach which considers all issues. Our opposition is in relation to the proposed changes include:

1. freezing of rents at no more than the amount advertised by the lessor, or agreed by a lessor and lessee, on or before 1 August 2022
2. applying a 50-penalty unit fine to lessors who fail to observe the rent freeze or who move a property from the private rental market to the short-term accommodation market during the rent freeze period
3. capping rental increases after the 2-year rent freeze period at no greater than 2% every 2 years
4. setting rent for properties that have not been rented for over 12 months as the median rent for comparable properties in that postcode
5. providing the power to the Residential Tenancy Authority (RTA) to compel lessors to provide information about the amount of rent payable with respect to a residential tenancy agreement for which a rental bond has not been lodged with the RTA, with a 50-penalty unit fine applying to lessors who fail to provide that information.

Our objections are in opposition to the above 5 mentioned points and we provide further representations below.

1. Freezing or capping rents or a similar practice is considered to be restraint of trade. This places an unreasonable restriction on person's freedom to engage in trade and is unenforceable at common law.
2. Applying penalties to lessors / owners, who fundamentally contribute supplying much needed rental housing in the State is objectionable to those who want to invest in Qld. There are many other investment opportunities here and worldwide (e.g. Shares). Why discourage people

from investing in this state.

3. Lessors / owners undertake educated but challenging risks in the form loans and repayments, external payments such as maintenance, rates, land tax and the like. These risks are real and genuine. Such freezes or capping rents will create even more uncertainty, stresses and risks for owners. In short creating another unnecessary burden.
4. It has been suggested that rent controls including a rent freeze on residential properties would help solve the current housing crisis in Qld. History has consistently proven that “Government” intervention in such matters often generates the opposite and or worsening circumstances. Rental controls would discourage investors leading to a reduction in rental house investment. Hence reducing the supply and quality of housing available and place even more pressure on public housing.
5. Increasing these burdens / obligations and costs and or reducing the returns will discourage investment and lead to investors exiting the market. This is already occurring with property investment where new regulations reduce the owner’s ability to effectively manage their investment, adding significant risk and onerous obligations.
6. Investors are being met with substantial cost increases particularly repairs (materials and labour), insurance, finance, land tax and council rates. For their investment to remain viable, owners have no choice but to pass these escalating costs on to tenants. Any rent control where investors would be forced to make a loss would lead to owners selling or re-purposing their properties.
7. Incorrect assumptions are being broadcasted by various media (and non media) outlets is that all landlords are wealthy and making large profits on the backs of suffering tenants, and that rent control will reign this in. This is simply not true.
 - While high land values and the hope of capital gains make owners look wealthy on paper, these can only be realised if there is sufficient investment yield or demand by owner occupier buyers.
 - Rent that no longer covers escalating costs results in negative yield. Some investors can use tax tools such as negative gearing and deferring losses to later years to reduce impact, but ultimately making a loss is undesirable.
 - In addition to property investment being time consuming and risky venture, particularly as there is no certainty that capital gains will materialise at the time when the property is sold.
8. Many comment on citing rent controls in other parts of the world. However these can be grossly misrepresented when picking elements that suit the commentator. This includes:
 - Many of those schemes are very different to the ones proposed here, for example, some include subsidies by government to landlords, freezing taxes or other costs to those participating, or only relate to large corporate landlords.
 - Rent control schemes have generally been far from successful. For

example, wait times and turn over of rental properties.

Overall, unreasonable rent controls present a negative and ineffective approach to dealing with the housing crisis.

Further Observations

What is needed are positive and effective solutions to address the housing crisis. Clearly more social and public housing can go some of the way, but they face substantial problems. History saw much of the onus of rental housing transition over the Australian investors in the early 80's. Since then the observation has been Governments have gradually removed itself from supplying high volumes of social housing to encourage all people can live the same areas / suburbs rather than facilitate social housing enclaves which are common in the United Kingdom. This approach has been proven to be a success on many fronts.

Over the past few decades, we have seen the privatisation throughout essential sectors such as energy, utilities, communications, transport, security, health and others. The main aim of privatisation includes improving efficiency, more private investment and reducing cost. Why then would housing be so different that some wish to do the opposite and nationalise it in the form of public housing.

All three levels of governments impose taxes on tenanted properties (which are lower or tax-free for owner occupied property) and include Capital Gains Tax, Stamp Duty, Land tax and Council Rates. These in some capacity are passed onto tenants however are also absorbed by the owner. Clearly, for some rent-relief is provided to tenants than this is the easiest cost for government to waive as an offset. This was actually the case during the lengthy Victorian lockdown where landlords who provided rent relief were entitled to an equivalent relief in state taxes.

Reducing risks to investors is another key incentive. The biggest risk to many investors is the prospect of an undesirable tenant who may damage property or fails to pay rent. Providing an efficient and streamlined process to deal with undesirable tenants must be a priority, as the majority of desirable tenants are being adversely impacted by this minority. If the parties cannot reconcile, then the eviction process must be fast and straightforward.

Legislation should treat tenants and landlords equally and fairly. This legislation is clearly far from equitable and creates a platform for further inequality. Current legislation is heavily biased in favour of undesirable tenants. It imposes almost no penalty for tenants breaching legislation but many for landlords despite trying hard to follow the rules. A retaliation provision that only applies to landlords but not tenants. Also, tenants allowed to leave anytime and, if they know how, without notice, penalty or reason, while landlords must adhere to strict rules, timeframes and reasons.

Of course, the biggest and most pragmatic solution to the housing crisis is simple:

build more houses. Briefly, more houses (plus more incentives for investors) means more rental stock, therefore more supply, more competition among landlords and therefore more competitive rents. As an urban planner my observations is there are clear deficiencies in the planning legislation at both Local and State government levels. This must be addressed at all levels.

Expediting the process of obtaining planning and building permits fast and inexpensive would be assist in this matter. Investment in building new satellite and regional cities where essential services such as transport, jobs, schools and other services are fast tacked to coincide with population threshold targets within this areas are a must.

Please accept this as our formal objection.

Mark Kierpal
Landowner

