

Submission in Response to the Residential Tenancies and Rooming Accommodation (Tenants' Rights) and Other Legislation Amendment Bill 2021

Submitted by: James Reeve

Mailing Address: [REDACTED]

Email: [REDACTED]

Telephone: [REDACTED]

Submitted to: Committee Secretary, Community Support and Services Committee, Parliament House, George Street, Brisbane Qld 4000

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Proposed Change

Limit rent increases to once every 24 months and by no more than CPI per year, including if there is a period for which the property is not rented or if current tenants move out and new tenants enter on a new lease

General

This proposed changes appears to have been made on the incorrect assumption that all current rents are already at the maximum market rent for the property type and area. In reality, landlords will often keep rents lower for good tenants as the maintenance costs are lower and the tenancy is considerably less stressful to manage. No provision appears to have been made for this scenario. Locking all rents at their current rate other than CPI increases will mean landlords of the properties currently being rented at below market rent will be forcibly locked into accepting less than market rent permanently. This is grossly unfair and punishes the landlords that are doing the right thing for good tenants.

Australia currently has extremely low interest rates. These will eventual rise again and landlords with mortgages will need to increase rents in line with their higher costs. Having to wait 24 months to do this may not be viable as landlords will not all have rental income greater than their expenses, and therefore no spare funds to buffer the rate rises while keeping the rent static. Apart from interest rate increases, wage increases are also typically annual. The proposed 24 month rent lock would be completely out of step.

This proposed measure goes against a free market economy. It is the wrong approach to reducing rents and it is the proposed change most likely to seriously damage the private rental sector. Balancing the rental market will require an increase in supply. Imposing this form of rent control will reduce supply by stifling investment.

Examples

The following examples are from my personal experiences.

1. I have a tenants that have not had a rent increase in 5 years because they are great people who look after the property extremely well, always pay their rent on time and are pleasant to deal with. Under the new proposal I would not be able to return the property to market

rent if the current tenants moved on and, to avoid the property falling further behind in rent, I would no longer be able to keep the rent static.

2. I recently purchased a property as a rental investment. The market rent is \$50 per week above the current rent (estimate from the agent, June 2021), but the current tenants are paying below market rent as they knew the previous owner. I have chosen to increase this by \$20 at the upcoming lease renewal to avoid a sudden rent shock and to maintain tenants with a good reputation. Under the proposed changes this would not have been a viable investment and I would not have bought it. It would have been unattractive to any investor if the proposed changes were in place.
3. Before buying my own investment properties, I rented a property for 10 years. In that time I have only 1 rent increase as I maintained good tenancy practices. Had the proposed change existed at the time, this would not have occurred and I would have paid considerably more rent over that 10 year period.

Risks and Consequences

1. Properties rented at below market rent when the new proposal becomes law will be locked into low rent forever. This will cause properties to become unviable as investments. New investors are unlikely to want to buy them, so the only option a landlord will have will be to end the tenancy and sell the property as a non-rental property. This will reduce the rental pool in an already-tight rental market.
2. Private investors buy properties to let as long-term investments for their futures. This proposed changes will destroy confidence in property investment in Queensland and the investment is likely to go interstate. As well as taking money out of Queensland's economy, it will cause a serious reduction in the rental pool at a time when more rental properties are desperately needed.
3. Ending a free market is a dangerous precedent to set, especially in such a heavy-handed way. This may reduce confidence in other aspects of the Queensland economy and drive investment away.

Proposed Change

Improve lease security by removing the ability for “no grounds” evictions or evictions for sale contract by the lessor, and replacing these provisions with two new grounds for a notice to leave

General

This proposed change will remove the only escape landlords have when faced with the stress of extremely difficult or testing tenants in situations where existing or the proposed new grounds for eviction are unsuitable or unavailable. This is especially important where tenants “play” the system, cause excessive wear and tear, are aggressive or hostile to deal with and are unreasonably demanding. Dealing with such tenants can have a detrimental effect on the mental health of the landlord. Under the current legislation, the tenancy can be ended when the agreed fixed term ends. Under the proposed changes, this one option for a landlord to bring a potentially unbearable situation to an end will be lost. Landlords are people too, and this seems to have been forgotten in this proposal.

Furthermore, the proposed change will essentially end the concept of fixed-term tenancies as all tenancies will effectively become open-ended.

Examples

The following examples are scenarios based on my experience working in social housing for seven years.

1. A tenant may have caused more wear and tear in 1 year than multiple previous tenants caused over many years of rental, yet they believe the level is reasonable. They may regularly break appliances or fixtures and fittings and claim they "just broke". (My experience in social housing has shown this to be a very common problem). This type of problem can be difficult to handle via QCAT.
2. A tenant may vindictively wait until after hours to deal with electrical or plumbing failures in order to maximise the cost to the landlord. They may also make false claims of intermittent electrical faults to impose costs on the landlord, or to try to strengthen their side of a dispute.
3. A tenant may dispute valid water bills or dispute valid entry notices regularly, either out of vindictiveness or in an effort to reduce their own costs or delay inspections. The disputes will eventually be resolved by the RTA, but this does not prevent the tenant submitting further unfounded disputes or complaints as the opportunities arise.
4. Some tenants are aware of the loopholes in the current RTRA Act and will exploit these as far as possible, causing the maximum difficulty to the landlord without the landlord being able to issue a valid notice to leave before the end of the tenancy.

Risks and Consequences

1. Landlords may end up with a tenant for life, so they will naturally exercise extreme care in selecting a tenant. This will have the effect of further limiting the rental market to tenants deemed 'likely' to be problem tenants. Those in the poorer socio-economic demographics are the most likely to lose out.
2. Where a landlord is faced with an aggressive, vindictive or overly demanding tenant, or a tenant that is causing an unreasonable level of wear and tear (but believes it is within reason), is regularly late with rent, but remains just within the bounds of breach notices, or commences repeated unfounded disputes with the RTA, the extreme stress of the situation, where there is no way out, may lead to increased mental health problems or suicide among landlords and will almost certainly lead to the QCAT system being inundated with disputes.
3. The inability to end a tenancy when the agreed fixed term expires is likely to drive private investors (especially those who cannot afford to use an agent and those who have experienced bad tenants) from the rental market, thereby shrinking the rental pool.

Proposed Change

Allow tenants to make minor modifications to a rental property without first obtaining the landlord's consent

General

Whilst hanging pictures, installing shelves or painting walls may seem like innocuous activities, when done incorrectly they can lead to damage, injury and litigation. This will be exacerbated by existing legislation that prevents a landlord insisting on the use of paid professional services.

Examples

The following examples are scenarios based on my experience working in social housing for seven years.

1. A tenant puts a screw into a wall to hang a picture, but they do not locate it in a wall stud or use a specified hollow wall fixing, they just screw it into the plasterboard. The tenant later leaves, but the landlord or agent would have no way of knowing the screw was incorrectly installed. Then next tenant uses the screw to hang a heavy mirror which soon after falls off, breaking the mirror, damaging the wall and injuring a child. The risks include property damage, the safety of the occupants and liability litigation.
2. A tenant paints an internal wall using oil-based paint. This is extremely difficult to cover later. When they leave they apply thick layers of water-based paint over it, but, as they didn't use specialist primers, within 12 months the covering paint flakes off. The tenant is long gone and the landlord has no recourse for remediation.
3. A tenant paints a wall, but does a very poor job. The landlord asks for it to be done properly, but the tenant claims it is good enough. This is then disputed at the end of the tenancy. The landlord is then forced to either take the financial loss or engage QCAT to resolve the dispute.
4. A couple rents out their house while they are working overseas for 2 years. They like their home and don't want changes made, but the tenant paints multiple walls in colours of their own taste and installs multiple picture hooks. This can be difficult and expensive to remediate to the original condition.
5. A tenant installs shelving which later starts to fall down due to poor installation. As the shelving will be considered "fixtures and fittings" under the current legislation, the tenant then demands the landlord pays a contractor to have it fixed. There is also a question over liability if the shelving breaks something or causes an injury as it falls.

Risks and Consequences

1. When control of modifications is taken away from the landlord, there is no way the landlord can know whether a change has been done correctly, safely and in a manner that is reversible. This is unfair to the landlord who, after all, owns the building.
2. Modifications made by a tenant may be unsafe which could lead to injury and legal battles over liability.
3. Poorly done work, such as using the wrong paint type, the use of very dark colours or the use of incorrect fixings can cause significantly increased maintenance for years. This is likely to result in an equally significant increase in QCAT applications and unfair costs imposed on landlords.
4. When an item installed by a tenant, it becomes a "fixture and fitting" under the current RTRA Act and the landlord is liable for its upkeep. This places an unfair financial burden on the landlord.

Proposed Change

Give tenants the right to keep a pet unless the lessor applies successfully to the Queensland Civil and Administrative Tribunal (the Tribunal) for an order refusing the pet on reasonable grounds

General


I make the following comments based on my experience working in social housing for the past seven years.

In general I agree with this change, but an exception needs to be made for community and social tenants. Tenants in community and social housing are there due to their financial situation.

Although some community and social housing tenants are able to afford appropriate care for their pets, unfortunately they are in the minority. The overwhelming majority of the tenants simply cannot afford to pay for the care a domestic pet needs and deserves. Community and social housing staff and industry support workers are able to (and currently do) assess individual cases. The default position should be that permission is required for pets in community and social housing. If the default position is that tenants can have pets without permission, their financial situation will go unchecked and ultimately the animal will suffer the consequences. It is also far worse to take a pet away from a tenant with a QCAT order than to disallow it in the first place.

I make the following comments based on my experience working in animal rescue for the past 16 years.

It has been argued that allowing rental tenants to have pets without permission will reduce the number of pets in shelters and pounds. Whilst it is true that there would be an initial reduction in the number of animals looking for homes, there is no reason to expect that rental tenants will be any less likely to abandon or mistreat pets than homeowners. The shelters and pounds are already stretched to breaking point. The increase in pet ownership will quickly result in an equivalent increase in the number of abandoned or rescued animals, and the rescue sector will not be able to cope. Significant new funding for this sector will be needed.

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| Signature |  |
| Date | 28 June 2021 |

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