

Committee Secretary
Community Support and Services Committee
Parliament House
George Street
Brisbane Qld 4000

12 July 2021

Dear Committee,

Thank you for the opportunity to make this submission.

My name is Frederick Leonard Stratford and I am a Property Owner / Investor in the [REDACTED] area, living in that area myself.

I write to the Committee regarding the [Residential Tenancies and Rooming Accommodation \(Tenants' Rights\) and Other Legislation Amendment Bill 2021](#) and the [Housing Legislation Amendment Bill 2021](#).

While I am not against that a reform to Queensland's rental laws is needed to ensure a minimum living standards for rental properties and provide a stable rental market, any changes to the current legislation must be fair not only to tenants but also to mum and dad property investors who are investing for their own retirement while providing accommodation for those who need to rent.

The property market is driven by supply and demand, private sector investments to provide more rental properties is crucial to add to the supply and stabilise rental market. Going too far with the changes will discourage investment and reduce supply while the demand for properties in Queensland continued to roar since the pandemic.

I note that the submission to the Committee timing has been significantly reduced by bringing forward the submission date from August 6 to 12PM July 13 this year. Such a reduction makes me deeply suspicious of the motivation for such a change. It may be that the Committee is anxious to progress given the overly long hiatus imposed by COVID-19, however there remains a lingering suspicion that the haste is driven by wanting to progress stealthily so that legislation comes into place without adequate review. The Committee may well try to argue that a public review process with resulting changes has already taken place and that a suitably "independent" review has been made and found "consequences" to be negligible. However some have less faith than others in such reviews and such outcomes are often dependant heavily on the brief given to the review team in the first place.

I note with concern the unbalanced nature of the proposed amendments particularly with respect to the restrictions placed on landlords and the relatively unencumbered position of tenants. While I respect the difficulties of tenants it must be remembered that landlords run a business and excessive restrictions on conducting that business will lead to the contraction of the rental market as landlords sell their properties to private owners if it is not worth staying in the business of providing accommodation. Such a change will be slow of course, but will lead to a level of inflexibility in the market as rented properties dwindle. Investors are not afraid to vote with their feet and in the current market a sale to a private owner is certainly not out of the question.

Also worthy of note is that landlords and their agents have a plethora of penalties applying to their actions. Where are the penalties applying to tenant malfeasance? I am not saying that landlords and their agents are always free from actions which are less than ethical, but to believe that tenants are the only ones free from blemish is laughable.

I have concerns around minimum standards particularly Clause 6, s 17A: Minimum standards is a difficult issue. A variety of standards to which tenants can match their requirements is a key factor in rental housing. There is no doubt that rental accommodation must be safe and secure, but beyond that attempts to

quantify such a standard is fraught with unintended consequences. Just as private accommodation has varying standards based on the means and the requirements of those dwelling there so rental accommodation have such variability. Do not create a monster in legislation which the rest of us must manage, and which later will require significant legislative amendments equivalent to back downs. There are some things you cannot legislate however attractive that may seem.

With respect to Clause 7 s 57, clause 9 S79A and as noted as well below it is important to understand that rental prices vary with supply and demand. You cannot practically legislate the costs around rental properties just like it is impossible to legislate the costs of groceries in a supermarket. Market pressures control these and the items listed in the clause are just a few of the items which might impact rental costs. They are by no means exhaustive or even representative of the true cost drivers. I do note that the clause has a "subject to agreement" component by the tenant, however legislation is heavy with authority and there will be some tenants who will try to use that in an unintended way when the matter of rent arises.

The legislation implies that it is possible to define a rental increase formula: $A = R \times B/C$ where A, R, B and C refers as follows: A is the indexed rent, R refers to the current rent and B and C refer to the CPI in the previous and current quarter respectively. The formula purports to be some form of legitimate process to calculate rental changes. This assertion is sheer nonsense and the justification for this fiction is never given. The parameters driving rental prices are the location and nature of the property and the supply and demand in that area. In times of high demand the rent will go up and when demand is light rents may even go down, an eventuality unlikely in the stated formula. This nonsensical formula needs to be struck out. It is as ludicrous as the attempt by one legislature in the US to change the value of Pi by legislation, and the ridicule it subsequently generated was more than deserved.

The inclusion of such a formula allows mischievous tenants to try to make nonsensical counter arguments regarding rental proposals for changes in rent which are legitimate in the market conditions prevailing. It does not help tenants either as landlords will likely not extend leases at expiration under unfavourable conditions.

I note that there are restrictions placed on the ability of the landlord to seek information regarding a prospective tenant. There are two critical factors that are missed here. The first is that the landlord tenant relationship is not one of a simple one-time sale of goods or services. It a long term on-going relationship where the landlord and tenant must interoperate to provide the desired outcome. The landlord has a significant investment in their property and an interest in maintaining it. Also the landlord has costs which will not simply go away if the tenant does not comply with their obligations.

I have no problem with the tenant requiring some level of privacy but that can be maintained by ensuring information gathered is secure and remains so. However the landlord must have enough information to know that the prospective tenant has means to live in the property and that they have not abused previous properties. It is understood that prior abuse does not mean future abuse but the knowledge is key to an informed decision. It may be comforting to believe that landlords have an infinite source of funds to repair damaged properties, but unfortunately that is another implied fiction in this legislation. Significant damage by a tenant can exceed bonds rapidly, leaving landlords out of pocket, deleteriously impacting their business.

This proposed legislation is complex and fraught with unintended consequences and giving the interested community a week to re-familiarise themselves with the matter and review the changes is an unnecessarily tall order. Before it becomes an unmanageable mess of a law it requires proper and balanced review in an appropriate time-frame. You should also remember that while the parliamentary process of bill amendments is familiar to the Committee it is not so clear for the community at large. The amendment process is a clear enough but actually doing it requires a great deal of cross-referencing for the average person. It is not fair to expect that level of expertise in a limited time frame from the lay community. Either better documentation or more time is required.

Specifically I am strongly opposing the following changes proposed by the [Residential Tenancies and Rooming Accommodation \(Tenants' Rights\) and Other Legislation Amendment Bill 2021](#):

- 1. *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.***

Regulating rental increases is only going to push investors to invest in other free markets, the limiting of rental increases to once every 24 months and only by CPI is ridiculous. The Residential Tenancies and Rooming Accommodation Act (RTRA Act) already has provisions in place for rent increases during existing fixed term tenancy contracts, plus periodic tenancies. The tenant has ability to act and if need, apply to Tribunal (QCAT) to decide if a rent increase is excessive. (Sections 91 and 92). Section 94 allows for rent to be increased in a six month period only.

For fixed term tenancy agreement contracts that are renewed and effectively enter into another fixed term contract (known as lease renewals), section 71 adequately allows for tenants to seek assistance if they believe any rent increase is excessive.

There are already adequate provisions in place in the legislation without need for further regulation.

- 2. *Remove the lessor or lessors' agent's ability to accept rent bids from prospective tenants.***

Rent bidding is an emotive, unjust, misused and unfair word. There is no evidence rent bidding occurs in the industry. The use of the word rent bidding alludes to the thought that there is a form of 'auction' occurring which is not the case.

The RTRA Act requires rent be advertised at a fixed amount (section 57). Words such as negotiable and price ranging are prohibited. Property managers cannot encourage or solicit offers from prospective tenants. Section 57 is already a penalty unit provision.

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

Based on our experience, any reasonable minor modifications to a rental property proposed by tenants will get landlord consent. However poor quality modifications would damage the landlord's property and tenants may not be able to rectify the damages and return the property to original state.

- 4. *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.***

The provisions in the [Housing Legislation Amendment Bill 2021](#) regarding pets are by far more practicable and reasonable than this Bill. So many additional factors must be considered for this matter such as what is included in the Housing Legislation Amendment Bill including relevant laws including local and body corporate laws.

- 5. *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, being:***

- Occupation by the property owner or the owner's close relative - Major renovations to be made to the property - Vary minimum notice periods for a notice to leave, including: - 6 months' notice for owner/relative occupation and major renovations

An unintended consequence which appears to not have been considered is Landlord insurance and risk. Most landlord insurance policies provide no, or limited coverage for periodic tenancies. Common practice of

industry since the notice to leave without grounds provision was increased to two months in 2009 is for lessors to be contacted by their agents around 2.5 to 3 months prior to a fixed term agreement contract expiring. The only reason this best practice procedure occurs is in the event the lessor wishes for the tenancy contract to end at the end of the fixed term agreement, and the two months' notice can be provided to the tenant.

The Regulatory Impact Statement (part of the 2018/2019 review) notes Queensland has some of the highest fixed term tenancy contracts in Australia. The reason this would long be the case is due to security of all parties, best practice and particularly, landlord insurance. If a tenant is offered a new agreement contract (lease renewal), and refuses to enter into a lease renewal, the tenancy reverts to a periodic. This leaves the investor in a serious position of risk due to reasons noted above; most lessor insurance policies provide limited and no coverage in the event of loss if a tenancy contract is periodic. Due to insurance and management of risk and security, tenants may be given a notice to leave without grounds if they do not wish to enter into a new tenancy agreement (lease renewal).

I have concerns in the following areas of the [Housing Legislation Amendment Bill 2021](#):

1. Lessors will be prevented from terminating a tenancy without grounds and required to rely on an expanded suite of specific stated grounds in the legislation to end the tenancy.

While the inclusion of 'a fixed-term tenancy agreement is due to expire' as additional grounds to end a tenancy available to lessors is welcomed, it was always a contractual right that should be protected. Any calls to remove this basic right should be opposed by the committee.

My concern is about the ending of periodic leases that were automatically reverted from fixed term leases, rather than not allowing lessors to end periodic lease without grounds, and the tenant not willing to switch back to a fixed term lease as a result, the legislation should allow the lessor to end the periodic lease without grounds with say three months notice to encourage fixed term tenancy to give certainty for both parties.

Most tenants are good people, as are most investor lessors and agents. The proposed legislation is already restricting 'retaliatory and revenge eviction', giving an extended period of notice of three months to move should be allowed and not considered as 'retaliatory and revenge eviction'. There are also cases where tenants are abusive and aggressive towards property managers or property owners, the ability to end the lease peacefully with sufficient notice is better than continuous and elevated dispute through the RTA and QCAT processes.

Investors should always have the right to lawfully terminate a tenancy without reason. If investors comply with legislation, a lessor should have the right of possession without having to state a reason. Tenants are protected if lessors act outside the legislation. This is fair and balanced for all parties.

2. Ensure certain inclusions in regulations made regarding minimum standards for rental homes.

While it is agreed that we need to ensure properties continue to be safe and fit to live in, consideration must also be given to the financial status of investors, costs, availability of contractors if and as needed. There must be more clear definition of minimum standards, for example, Section 17A (3) k, energy efficiency – will this require investors to pay thousands of dollars to make the property energy efficient?

3. Support parties to residential leases reach agreement about renting with pets.

Damages by pets are of great concerns to investors, pet odour can be very costly and difficult to remove. A pet bond in addition to the standard 4 weeks rental bond should be allowed to cover the potential damages and costs from pets as sometimes a complete carpet change may be required. Having a pet bond will make the pet owning tenants more responsible as well.

