
From: [REDACTED]
Sent: Monday, 12 July 2021 4:04 PM
To: Community Support and Services Committee
Subject: Submission to proposed Rental Reforms in Queensland.

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

Dear Committee,

Thank you for the opportunity to make this submission.

My name is Timothy Macdonald and (my wife and) I own property investment on the Gold Coast QLD.

It is of great concern that 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 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.***

We have actively supported our existing tenant by not imposing rental increases during the pandemic. This is despite the market/demand driving rents substantially up over the past 18 months. This proposed amendment will impact us directly and disregard this generosity we have given with consideration of our tenants' position (of course there is no guarantee they will stay going forward). It will be limiting on our ability, as a young family investing for a better future, to build wealth and reduce our future reliance on government pension.

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.

We support the enabling of pets in rental properties but feel that this should enable the landlord to charge higher rents (say 0.5-1%). 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.

4. Tenant authorised emergency repairs

The cost of emergency repairs that can be authorised by the tenant will be increased from the equivalent of two weeks' rent to the equivalent of four weeks' rent, and property managers can arrange repairs to an amount agreed in writing with the owners. There should also be measures that allow the landlords to dispute any excessive expenditures that is more than market costs, the tenants should first attempt to use the repairers recommended by the landlords/agents rather than forcing the landlords to pay more than they have to.

I would prefer the [Housing Legislation Amendment Bill 2021](#) over the ridiculous [Residential Tenancies and Rooming Accommodation \(Tenants' Rights\) and Other Legislation Amendment Bill 2021](#). However, even the [Housing Legislation Amendment Bill 2021](#) should offer more protections and encouragements to the property investors and agents so that it is fair for both parties.

Lastly, when are Governments going to focus on the exorbitant interest rates (and loan discharge rates) being charged by SMSF lenders? Lenders are laughing by charging rates much higher than the RBA rate (up to 6% higher) when the actual risk of default is a lot less through SMSF. Who is advocating for young family investors like us trying to get ahead and reduce the reliance on governments in the future (all while supporting the coffers at every level through stamp duty, taxes etc)?

Yours sincerely

Timothy Macdonald

