

Residential Tenancies and Rooming Accommodation and Other Legislation Amendment Bill 2024

Submission No: 43
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Publication: Making the submission and your name public
Attachments: See attachment
Submitter Comments:

Proposed rental reforms

I Reject the proposed rental law reforms entirely.

I believe that the current rental problems cannot be resolved until the housing shortage is resolved. At present, demand for housing is not keeping pace with increasing demand. Solutions need urgent action by all levels of government and cannot be solved by changing legislation relating to the rental market. The starting point is to facilitate the supply of housing to meet the needs of the increasing population. This will require sufficient housing to provide a pool of properties to give potential purchasers and renters some options in choosing what is suitable.

I believe that the rental market operates most efficiently when there is a balance between the number of people seeking to rent and the supply of a range of properties with different features and costs available for renting. In this situation, tenants compete for the properties which most closely meet their needs and investors compete for the most suitable tenants. Property owners can choose between selling, renting it or re-purposing it. At any time there will be some vacant properties. This model works best when there is a minimal level of regulation. Situations where desirable features become mandatory leads to increased costs which may not be wanted by all. In a free market, the parties can negotiate what they want and what sacrifices they are willing to make. Investors who do not find tenants willing to rent their property will exit the market. Unfortunately, there will be some tenants who are not able to find adequate rentals. It is important that suitable social housing is available for this group. Under this model, a range of providers will emerge, individual investors (who will self-manage or use an agent), not for profit groups, businesses who 'build for rent', investment corporations or even superannuation funds. The options are endless, potentially giving prospective tenants a wide choice of options. The advantage of a free market is that no one is forced into a situation which they do not want, although they may need to compromise to get the best deal available which is consistent with their needs and capacity to pay.

I believe that the proposed changes, together with the changes over the past 20 years have made the decision to invest in rental property not viable. As a

result, I have sold all my rental properties and I am suggesting to other investors that they seriously consider their position. I believe the proposed legislation will provide no benefits, but further disincentives for investors. I will continue to recommend to investors that they exit the market.

I was a landlord for 40 years from 1979. During that time, I owned/ managed up to 14 properties. One of my aims was to provide housing at a cost and standard which I would have rented before I purchased my own home. I decided to self-manage, so I chose properties within easy reach of my home. I was happy to undertake minor tasks myself and employ qualified people to do the jobs I was not able to do myself. I was always happy to discuss issues such as pets, hanging pictures, furniture, gardening etc with prospective tenants.

In the early years, there was very little regulation or assistance for DIY landlords, so I read widely and developed strategies to improve my systems. In the early years, I had good relationships with most tenants who ended the tenancy at a time and in a manner of their choosing. In the rare cases where tenants defaulted on their rent or engaged in unacceptable behaviour, I had to evict a tenant. Many of my tenants stayed for 10-20 years. My selection procedure involved a small ad, a phone call to discuss what the prospective tenant wanted and what was being offered followed by an on-site interview/ inspection for those who appeared to be suitable prospective tenants. At this stage prospective tenants could negotiate any special requirements they may have. At this stage I would often offer a conditional tenancy on the understanding that I could cancel it within 24 hours if I found that they had provided false information. I think I exercised this option once in 40 years.

I would suggest that prior to making applications to a property – it is the responsibility of the prospective tenant to ensure that the property meets their requirements. I think the investor should provide clear information concerning what is offered and what is expected. It is up to the prospective tenant to carefully inspect the property and negotiate any changes before entering a contract. I think it would be useful for prospective tenants to have checklists to assist them in selecting the most suitable property on offer.

In the rare instances in which I had to take action against a tenant, I found the Small Claims Tribunal to be a fast and effective way of resolving problems. I have found QCAT much less effective in delivering fair and fast outcomes.

My view on some of the issues raised;

- 1. The fairest time to set the rent (including rules for adjusting it during the tenancy) is during the application process, before any lease is offered or signed. This gives all parties an equal bargaining power as either party can step aside with no penalty if the property is not suitable for the prospective tenants. This assumes that there is a balance between supply/ demand in the area. This is not the case in many areas at present, but tenancy law cannot solve the imbalance. What is needed is encouragement for more investors to enter the market.**
- 2. The time to negotiate changes to the property is during the application process. Prospective tenants should express their needs and negotiate how these may be met. If the parties cannot agree, they can walk away without penalty before any contract is signed.**
- 3. The application process must provide sufficient information to allow investors to make an informed choice. If the prescribed form does not provide the information to make a decision, an otherwise suitable tenant may be rejected.**