

## Residential Tenancies and Rooming Accommodation and Other Legislation Amendment Bill 2024

**Submission No:** 74  
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**Publication:** Making the submission and your name public  
**Attachments:** See attachment  
**Submitter Comments:**

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8 April 2024

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## **SUBMISSION:**

### **Residential Tenancies and Rooming Accommodation and Other Legislation Amendment Bill 2024**

The *Residential Tenancies and Rooming Accommodation and Other Legislation Amendment Bill 2024* (the Bill) should be rejected in its entirety by the Committee.

As a landlord and supplier of affordable rental accommodation, i cannot support any of the amendments made by this Bill. It weakens the residential rental sector by removing the ability of landlords like myself to effectively manage our property. This raises the risk and cost of keeping a rental property investment. As a result i will likely pass on these added costs and risks in the form of even higher rents (the opposite of what the policy behind this Bill aims to do), or consider selling my investment.

As seen in the property market, when landlords like myself choose to sell rental properties, it usually involve the tenants moving out as the sale is likely to an owner occupier. This reduces the availability of private rental properties, particularly the most affordable ones. The impact will be most felt by the most vulnerable of renters and those experiencing rental stress.

The following clauses in the Bill are of particular concern to me as a landlord:

#### **Clause 7(5) (Advertised Rents)**

The change to s57 will adversely affect both tenants and landlords. Tenants may choose to pay more to secure a property without any solicitation from a landlord or agent, this provision interferes with the freedom of both parties to agree to price in a contract. Moreover, it can lead to higher rents because properties will be listed initially at higher prices to avoid contravening this provision. These initial listings are then taken into account by other investors, potentially creating a rent price hike cycle.

#### **Clause 13 (Rent in Advance )**

While lessors have not been allowed to 'require' more than 2 or 4 weeks rent for some time, this change to Section 87(1) now removes the right of tenants to pay more rent upfront. Often it suites tenants to do this, including when they are away on vacation, receive some lump sum money, or has personal reasons to retain low funds in their bank account. Also, tenants nowadays generally pay by transferring money to bank accounts, so this change creates an absurd situation where a lessor or agent then has to contact the tenant, obtain their bank details, transfer the money back again and then for the tenant to set up an alternative process.

#### **Clauses 8, 14 to 17 (Rent Increases)**

Limiting rent increases to 12 months and to the premises will complicate the renting process for landlords and agents, while at best offer no rental relief or other benefit to tenants. Most landlords and agents would be accustomed to factor in rising costs and uncertainty a year in advance, and this is now being reflected in rents increasing sharply and sufficiently so that they will not need to be increasing again for another year. An absurd situation occurs when a property was rented and then sold as vacant possession. How then would the buyer know whether the property was rented and if so when the rent

was last increased? Section 93B is of little use to landlords as a favourable tribunal order is unlikely due to retaliatory action by a tenant.

### **Clause 25 (Transfer or Rental Bond)**

The proposed portable bond scheme s155A adds more complexity and uncertainty to bond refunds and payments. There is a delay between when a tenant moves out and when any claims to a bond are processed, whereas a bond need to be in place before a tenant moves into a new premises. Tenants who are likely to consider this scheme would need to re-consider whether the rental they are seeking is affordable to them.

### **Clause 26,27,64 65 (Fixtures and Structural Changes)**

Proposed sections 207 to 209C will cause substantial harm to rental market, particularly availability of newer homes. Generally, changes can often be negotiated between tenants and lessors, more often to older homes. This is best done when the tenat is applying and before the tenancy starts, so the tenant can decide if it suits their needs. The proposed provisions will effectively allow tenants to make modifications including 'structural changes' without lessors approval, and without any obligation to demonstrate the modification is necessary There is no definition to what 'structural changes' are but interpretation could be as broad to include demolition or building of a dwelling. In most cases, structural changes require building permits, and some require planning permits. This places the legislation in direct conflict with building and planning laws, where the 28 days lapse or tribunals make ill-informed orders. The provision that the lessor must compensate a tenant if not allowing a fixture to be removed is absurd. Section 209C serves no purpose whatsoever. The Bill should include penalty provisions for tenants who make changes without lessors approval.

### **Clause 45 (Code of Conduct)**

Adding a head of power for the minister to impose code of conduct creates considerable risk and uncertainty to all stakeholders. It leaves open the potential for abuse for political purposes by the minister. Codes of conduct have been in place for real estate agents in all jurisdictions, either through legislation or professional associations. However, Section 519A attempts to apply codes of conduct to landlords and tenants, which no other jurisdiction has done, and which can easily conflict with other legislation and common law.

### **Clause 50 (Applications for Tenancy)**

Sections 57B to 57D complicates the rental application process, leads to lessor being unable to screen tenants and having the information necessary to make decision on their investment. This ultimately an adverse impact the most vulnerable of tenants. Existing application forms give the applicant a variety of information they can choose to provide, if they lack something (e.g. previous rentals) they can provide more somewhere else (e.g. financial details). Similarly s57C(1) will disadvantage tenants who may need to provide more than 2 document to satisfy any of the 3 categories.

The provisions will create doubt for lessors and agents. It makes their job of determining the identity, financial ability to pay rent, and suitability of a tenant much more difficult and time consuming. These provisions appear made on a mistaken assumption that a benefit of doubt exists in applications. In the real world, the opposite is the case, where doubt is found in tenants application, their application simply does not proceed. Since the provisions create problems for both tenants and lessors, it will be difficult to enforce and lead to workarounds that negate any benefit it aimed to provide. There is no explanation why 'exempt lessors' exist in this provision, leading to an obvious conclusion that double standards apply, a response to state and social housing concern about this provision.

### **Clause 54 (Evidence for Rental Bond Claim)**

Where the teant disputes a lessor claim on the bond, exsiting processes of the RTA and the tribunal require the lessor to provide evidence. Lessors gnerally would be happy to provide evidence to tenants directly where it enable te swift resolution of the issue. s136AA adds nothing to the tenant but merely adds another penaly provison and cost against lessors.

### **Clause 55 (Maximum Bond)**

Section 146(3), allowed for more bond to be collected for property at the high end of the market, as such

it should have been raised rather than removed. The removal will likely affect the availability of high end residential property.

### **Clause 62 and 63 (Notices and Entry)**

The changes only complicates the entry notices rules for lessors and agents, while offering little or no benefit to tenants. Lessors are generally very mindful of the privacy and quiet enjoyment needs of tenants.

### **Clause 72 (Re-Letting Costs)**

For an tenant and lessor to enter into a lease, there must be some mutual benefit. For tenants it is the security that they can live there on the same terms. For a landlord, it is the security that a tenant will remain for a given time avoiding re-letting costs. s357A removes incentives for lessors to offer longer leases, since the compensation from a tenant breaking a lease contract is so negligible. The provision ignores re-letting costs which can includes advertising, agency fees, cleaning, administration and travel. It is the responsibility of the party breaking a contract to cover costs of the other party. The result of this change will be lessors offering only shorter leases, or asking higher rents for longer leases.

The above clauses relate to residential tenancies. Most of these clauses have equivalent clauses relating to Rooming accommodation, these will raise the same issues and concerns for providers.

### **Summary**

The Bill is very unfair on lessors, it will further dis incentivise investment in residential rentals leading to higher and less stable rents and even fewer rental properties on the market. It will have opposite effect, of the one desired by the proponents. I strongly urge the committee and Parlaiment to reject the Bill.