Residential Tenancies and Rooming Accommodation and Other Legislation Amendment Bill 2024

Submission No: 79

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Publication:

Attachments:

Submitter Comments:

Submission to RTRA Act Parliament Committee

Committee Secretary
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I am a "Mum and Dad" property investor who has had rental property in QLD since 2011. After reading this Bill I am starting to think instead of working with investors and property developers, the QLD government wants to destroy us instead of working with us, especially when housing is such an issue in the current climate.

I submit this feedback on the Residential Tenancies and Rooming Accommodation and Other Legislation Amendment Bill 2024 in an effort to ensure fairness and balance is applied but also practicality on the proposals in the legislation that have unintended consequences for tenants, owners and property managers in direct contradiction of the intent of the Bill.

My feedback is limited to my experience and clauses most relevant to me as a landlord.

I request that my contact details be removed from the submission upon publication.

Kylie Kaddatz
[redacted]

In our assessment, the stated objective to "Strengthen Tenants' rights, support private investment, provide better pathways to resolve issues in tenancies, and stabilize rents in the private rental market" remains unfulfilled. The proposed measures exhibit unintended consequences, rendering their implementation impractical and reinforcing the perception among private investors that their contributions to housing supply are undervalued and unsupported by the Queensland Government.

A fundamental equilibrium between Tenants' rights and obligations and owners' rights and obligations is imperative. Regrettably, these measures tilt the balance excessively in favour of Tenants, neglecting the legitimate concerns of property owners. Throughout the proposed changes, we have failed to discern any provision that genuinely supports private investment or facilitates the resolution of tenancy issues. Rather, the amendments are poised to exacerbate distrust and antagonism between tenants and property owners.
The goal of stabilizing rents in the private rental market could be more effectively attained through market-driven mechanisms, wherein government efforts are directed towards augmenting rental market supply and fostering an environment

conducive to private investment. While initiatives to transition Queenslanders into homeownership are commendable, the reality remains that 30% of Queenslanders rely on rental accommodation, necessitating a sustained influx of investment from private stakeholders to meet this demand. The persistent dearth of substantial investment in social housing within Queensland has placed undue pressure on the private rental sector. Consequently, vulnerable individuals in need of social housing further strain the rental market, exacerbating existing challenges.

Specific feedback on clauses that most affect me.

Clause 13 – Amends Section 87 – Rent in Advance

Clause 13, which amends Section 87 regarding Rent in Advance, proposes limiting rent in advance to four weeks during any period of the tenancy, primarily to eliminate the practice of tenants offering rent in advance during the application process.

Nevertheless, the proposal overlooks the reality that many tenants voluntarily offer three to six months' rent in advance to provide reassurance to property owners, especially when their income may not meet the stringent criteria for tenancy approval. For instance, individuals transitioning from homeownership, particularly separating couples awaiting proceeds from property sales, may rely on offering rent in advance as a means of demonstrating financial stability and offering assurance to prospective Owners, thereby facilitating their entry into the rental market.

Moreover, the proposal fails to acknowledge that many tenants prefer to pay their rent on a monthly basis for various reasons. Monthly rent, as opposed to four-weekly rent, reflects a standardized practice in numerous countries and offers practicality for community organizations leasing properties. Additionally, some tenants derive a sense of security from paying rent monthly, knowing they are adequately prepared for any unforeseen circumstances that may arise.

Consequently, the proposed amendment, if applied uniformly throughout the tenancy, would inadvertently limit the flexibility and choices available to tenants, potentially undermining the very tenants it aims to support. Therefore, a reconsideration of this proposal is warranted, taking into account its broader implications and unintended consequences.

Clause 15 – Amends Section 91 Minimum period before rent can be increased.

Clause 15, which amends Section 91 regarding the minimum period before rent can be increased, proposes extending the twelve-month interval between rental increases to also encompass the actual property, irrespective of tenancy or ownership changes. This proposition lacks support as it amends a previously flawed amendment, which was deemed ill-conceived and inconsistent with sound legal and policy principles.

The existing twelve-month rent increase regulation already disincentivizes owners from offering six-month leases, thereby limiting choices and freedoms for tenants seeking shorter lease terms to accommodate their circumstances or for owners facing uncertain future circumstances.

Extending the minimum twelve-month period between rent increases to apply to the property itself further disincentivizes six-month leases by heightening the risk of increased costs without the opportunity to offset them through rent adjustments.
Moreover, when juxtaposed with the proposed changes to capping reletting fees, this amendment is poised to increase instances of lease terminations by tenants, impede owners from adjusting rents to fair market value upon reletting, and complicate subsequent rent increase procedures.
Furthermore, the proposal fails to provide owners with mechanisms to undertake property renovations or enhancements if they are unable to increase rent. This restriction undermines basic principles of standard business practice, hindering owners' ability to invest in property improvements.
The complexities introduced by the requirement for proof and documentation disclosure upon changes in ownership are both impractical and transparent attempts to restrict rent adjustments. Additionally, it offers no incentive for buyers to upgrade property features before returning it to the rental market.
The notion that two adjacent properties could be subject to different trade restrictions due to their individual histories is untenable within a private market framework.
In light of these concerns, this proposal should be straightforwardly discarded due to its impracticality and failure to achieve its intended objectives.

Clause 25 – Amends Section 155 Transfer of Rental Bond

Clause 25, which amends Section 155 concerning the Transfer of Rental Bond, proposes allowing bonds to be transferred from one residential tenancy agreement to the next, disregarding the fundamental purpose of the bond.
The bond serves as a safeguard for property owners/agents until they can conduct an exit inspection upon the tenant's vacating the property. Even exemplary tenants may inadvertently overlook cleaning tasks or fail to budget for final utility bills, necessitating bond claims to address such matters.
The proposal lacks substantive practical details, and I remain opposed to any concept that could potentially impede an owner's ability to rightfully claim funds necessary for restoring the property to its initial condition, excluding reasonable wear and tear, and recouping unpaid rent.
However, if the proposal entails a loan arrangement between the Residential Tenancies Authority (RTA) or Department of Housing and the tenant, ensuring that the bond amount remains accessible for legitimate claims by the owner when necessary, then we have no objections to such an arrangement.

Clause 65 and all associated clauses - Alterations to fixtures and structural changes – Section 207 to 209

Clause 65 and its associated clauses, addressing Alterations to Fixtures and Structural Changes within Sections 207 to 209, present significant concerns regarding the approval process for Owners in adjudicating tenant requests, particularly amidst the expansive definitions of fixtures and structural changes.
The discretionary power granted to Owners to impose conditions poses inherent challenges, especially considering the potential financial and logistical implications should tenants fail to remove alterations at the conclusion of the

tenancy. While recourse through Queensland Civil and Administrative Tribunal (QCAT) claims exists to address such costs beyond the bond, even seemingly minor modifications like repainting a wall pose considerable expenses to revert to their original state, exemplifying the unanticipated complexities involved.
Furthermore, our apprehensions extend to tenants, particularly those lacking familiarity with tradesmanship and material costs, who may overlook budgetary considerations for removal expenses associated with structural alterations installed at minimal initial cost but posing substantial removal challenges.
The proposition that owners compensate tenants for alterations left in place introduces additional financial burdens, raising questions regarding the timing and method of compensation and allocation of warranty responsibilities. The absence of clear guidelines and frameworks exacerbates these uncertainties, necessitating comprehensive delineation before practical implementation can be considered viable.

Clause 65 and all associated clauses - Alterations to fixtures and structural changes – Section 207 to 209

Clause 65 and its associated clauses concerning Alterations to Fixtures and Structural Changes (Sections 207 to 209) warrant scrutiny. The current breadth of definitions regarding fixtures and structural changes complicates the Owner's ability to effectively evaluate and respond to tenant requests. The latitude afforded to Owners to impose conditions exacerbates this issue, particularly considering the potential ramifications of a tenant's failure to remove said fixture or structural alteration upon lease termination. While recourse through QCAT claims exists to mitigate costs incurred, the practical implications, such as the substantial expense associated with reverting alterations, underscore the need for clarity and accountability in such matters.

My concern extends to tenants, who may lack adequate understanding of trade practices and material expenses, thereby failing to anticipate the financial obligations of removing structural changes made during tenancy. The proposition that Owners compensate tenants for permanent alterations introduces financial strain, as Owners may face unanticipated expenses for which they had not budgeted. Moreover, questions regarding warranty obligations and the timing and manner of compensation remain unresolved.

In light of these complexities, the proposal necessitates comprehensive guidelines and frameworks prior to its viable implementation. Without such provisions, the practical execution of these regulations, risks ambiguity and potential economic hardship for both Owners and tenants alike.

Clause 72 - Section 357A Reletting Costs

Clause 72, which pertains to Section 357A regarding Reletting Costs, proposes changes that eliminate the owner's entitlement to compensation for lost rent when a tenant terminates the agreement in a manner not permitted under the Act. This proposal fails to recognize the potential variability of future market conditions, assuming that current conditions will persist indefinitely.

By capping reletting costs at the lesser amount of expenses incurred by the owner, such as letting and marketing costs, or the equivalent rent for the period between vacating the property and securing a new tenant, the proposal places a significant financial burden on property owners. This lack of certainty regarding rental income and tenancy duration undermines owners' confidence in entering legally binding contracts with tenants, as they risk substantial financial losses if tenants terminate agreements prematurely.

There should be repercussions for tenants who breach legally binding contracts in a manner that reflects the costs incurred by the owner, akin to other areas of contract law. Failure to hold tenants accountable for their contractual obligations imposes undue financial strain on property owners and diminishes their security over rental income and tenancy duration.

In conclusion, I appreciate the opportunity to contribute to the legislative process and trust that my feedback will be instrumental in crafting amendments that foster fairness, balance, and practicality within Queensland's rental market. Many believe property investors are making thousands of dollars renting out properties which I can assure you, most are not. Many of these changes will force many to sell out and even less homes will be available to those that need them.

Yours sincerely,

Kylie Kaddatz