

From: [REDACTED]
To: [Residential Tenancy](#)
Subject: FW: Concerns about the housis crisis
Date: Friday, 4 August 2023 11:24:35 AM
Attachments: [REDACTED]

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From: [REDACTED]
Sent: Wednesday, 2 August 2023 4:21 PM
To: [REDACTED]
Subject: Concerns about the housis crisis
From: [REDACTED] 2 August 2023 at 4:20 pm

Dear [REDACTED]

We write in relation to the current proposed rental reforms to which the Government is seeking public consultation. You may not be fully aware of the proposed changes, that we believe will have a significant negative impact on a landlord's decision to keep or invest in residential property.

Our job is to assist landlords and tenants to achieve housing goals. That is, for our landlords to have a good investment experience with a property that's well looked after by their tenant and rent paid on time, and for the tenant to have a well-maintained property to call home, for the rent they are paying. These proposed reforms are purely tenant focused, providing no additional incentive for an investor to grow their residential portfolio. Without a landlord, there is no tenant.

Below is a summary of the key issues proposed by the reforms that reflect feedback from our landlords, in addition to our insights as long-term managing agents:

1. The removal of a landlord's right to terminate a periodic tenancy with 90 days' notice, without a legislated reason (ie. No Grounds termination). Legislated reasons cannot possibly cover all scenarios faced by landlords in making this decision and some reasons are very personal and private for a landlord. Are landlords not also protected by privacy legislation? Landlords do not flippantly terminate a tenancy. However, it should remain their right to terminate, if deemed necessary bearing in mind the tenant has a minimum of 90 days to find alternative accommodation where, reciprocally, a tenant is only required to give 21 days' notice to terminate, without giving a reason. Note, in our experience, this type of termination (ie. No Grounds termination) has been accepted by our tenants, without issue, as 90 days is significant and sufficient notice.
2. In addition to requiring a landlord to give a legislated reason with proof thereof, the reforms also propose to penalise a landlord if their circumstances change. For example, they may be moving back into their property, but their plans might change. The suggested penalty is a rent ban, restricting a landlord from re-letting their property for 6 months. Removing that property from the rental pool, leaving it vacant, will only exacerbate the rental crisis – directly impacting tenants. It also risks a landlord selling, for a better investment option elsewhere, or switching to Airbnb, resulting in the permanent removal from the rental pool.

3. Portable bonds are also proposed – where one bond would be stretched between two tenancies. The 4-week bond is the only security a landlord has, should there be damages and/or outstanding rent or a break lease fee. Commencing a tenancy without a bond in place, significantly exposes a landlord to financial hardship. If the shared bond is subsequently claimed for matters relating to the previous tenancy, the new landlord must pursue their tenant for payment of a bond they couldn't afford at commencement of the tenancy. If the tenant fails to pay the bond, the landlord must apply to NCAT for termination. This is a lengthy, time-consuming process, which would be further exacerbated if the landlord lived in another State, due to the NCAT federal jurisdiction restrictions. During this time, if the tenant defaults in rent payments, the landlord is left with no bond, growing rent arrears and a lengthy expensive process via NCAT (or Court if there is a federal jurisdiction issue). Currently, people in need can seek bond assistance for a new tenancy. For those who don't qualify for this assistance, there are bond loan platforms available if required. Why must a landlord carry this risk when the current system is working?

4. The proposal to limit rent increases to CPI (or worse, implementing a rent freeze) is, again, restricting a landlord's potential investment return. Factor in the significant interest rate rises experienced in the past 12 months, as well as other expense increases, a pure CPI increase would not cover the higher outgoings, may result in rent that is below market rate (since rents have not been increased over the years due to the pandemic), and CPI is not relevant in the residential space (as opposed to commercial). Rents have always been market determined – primarily dictated by supply and demand of comparable properties. The best way to reduce rent increases is to increase supply by **incentivising people** to invest in properties or by **incentivising landlords** to invest in more properties, not reduce their return on existing investments. With higher cash rates, commercial investment and good share options, why would a landlord choose to invest in residential property where their return will potentially be limited by legislation?

5. The proposed changes address a landlord's right to refuse a pet in their investment, also proposing limited reasons for refusal. Limiting a landlord to 21 days to make this decision is insufficient – if the property is in a strata scheme, it can take considerably longer than 21 days to get strata approval or refusal for a pet (they will need to wait until the next general meeting). In any event, strata refusal would override a landlord's approval. Also, landlords have many reasons for refusing pets – some based on personal allergies, past bad experiences that have proven very costly to rectify (eg. damage), or the property might be unsuitable for the type of pet. A landlord should maintain the right to refuse pets in their investment property, without having to seek approval at NCAT.

We have seen a large number of our managed properties sold to owner occupiers over the past 18 months and others are moving to short term rental options such as Airbnb. By implementing changes that further erode a landlord's rights regarding their investment property, Government risks them selling out for a better investment option. The result will be an exacerbation of the current rental crisis, placing increased pressure on Government to provide rental housing.

These proposed changes are not required, as the current legislation works in these areas. Change that incentivises residential investment should be the key focus at this time.

We seek your assistance to bring these relevant points to Parliament when the changes are discussed.

Yours faithfully,

[REDACTED]