

29 May 2023

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## **Stage 2 Rental Law Reforms**

The Property Council of Australia welcomes the opportunity to provide feedback on the State Government's proposed stage two rental reforms to help support those who live in, manage or own rental properties.

As our population growth continues unabated, rental vacancies at historic lows and limited supply coming to market, the housing crisis is set to impact Queenslanders for the foreseeable future.

Addressing the enormity of this challenge requires involvement from all levels of Government and industry, noting our members play a significant role in developing the stock required to solve the housing crisis.

While the Property Council of Australia commends measures taken to protect consumers, it is imperative regulatory frameworks established to safeguard consumer rights foster an environment that is conducive to attracting investment, sustaining growth, and ensuring certainty for the many Queenslanders who rely on private investors to deliver supply to market.

Queensland's rental market is reliant on small-scale 'mum and dad' investors, with the Australian Tax Office showing 71 per cent of property investors own one investment property and a further 19 per cent own two.

Of critical importance in addressing the current crisis is ensuring increased supply to market across the entire housing continuum and seeing that existing rental stock is not absorbed into the home ownership market, which in turn would result in further pressure on supply and exacerbate the current crisis.

A summary of our feedback in relation to the [Stage 2 Rental Law Reform](#) is outlined below:

### *Removing or limiting the rights of property owners in regard to property amendments.*

While the Property Council of Australia acknowledges the importance of tenants having access to a safe, secure, and accessible property, it is important to also acknowledge the rights of property owners in approving changes to their rental property. Purchasing and managing a property

represents a significant investment for owners and we caution against any proposal that would reduce or remove the rights of the property owner to approve or refuse certain property amendments. This includes the option of providing a blanket approval for certain property amendments without needing owner's approval and requiring owners to seek a tribunal ruling to refuse such amendments.

Removing the rights of a property owner to approve amendments to their property increases the potential need for repairs and rectifications at the end of a tenancy. Unintended consequences of such an amendment would likely see any rectification costs passed to the next tenant, or the loss of the rental property to the home ownership market.

The current provisions for making amendments to rental properties take a 'common-sense' approach by allowing safety, security, accessibility, and minor personalised improvements, subject to owner's approval. While the Property Council believes there is room for clarifying what constitutes 'safety, security, or accessibility improvements', we believe this can be achieved through education under the current provisions, rather than requiring legislative changes.

*Limiting the ability for property owners to access their rental property, including to maintain, market and sell the property.*

While the Property Council acknowledges the importance of tenants enjoying privacy and quiet enjoyment, these provisions must be balanced with the rights of the property owner, including their rights to undertake works and for potential tenants and buyers to view the property.

The *Stage 2 Rental Law Reform Options Paper* canvases several options to limit access to a property for prospective buyers and renters, including limiting inspections to twice a week and requiring at least 72 hours written notice. Any proposal to restrict or limit access to properties over and above the existing regulations is likely to cause significant damage to investor confidence and add further administrative burden and cost to the owner.

Furthermore, it is imperative property owners can access their properties for regular inspections and maintenance, while at the same time recognising the privacy of renters. Any option to reduce or limit the ability of owners to inspect properties, including restricting some inspections to video conferences or photos and video footage, could limit the owner's ability to maintain a safe, secure, and accessible property.

Stage one of the State Government's rental reforms introduced minimum housing standards, including the requirement for the property to:

- be weatherproof and structurally sound,
- have fixtures and fittings in good repair to not cause injury to a tenant,
- have locks on windows and doors,
- be free of vermin, damp, and mould,
- have adequate plumbing and drainage,
- have a functioning kitchen and laundry facilities (where supplied).

Limiting the ability of owners to access, inspect or maintain their property makes it more difficult for them to ensure it meets these minimum standards and is counter to the stage one amendments.

Further, not being able to regularly access a property to readily identify repairs or maintenance could result in lengthy repairs at the conclusion of a tenancy, when seeking to ensure the property meets the necessary minimum standard. Ultimately this would penalise both the property owner and renters by delaying the reletting of the property, potentially resulting in added costs for repairs and maintenance that would ultimately be borne by the renter.

*Increasing complexity and requirements for landowners in accessing rental bonds and reletting fees.*

As outlined above, investment properties represent a significant financial commitment, and the rental bond plays an important part in ensuring this investment is protected. The rental bond effectively acts as a contractual agreement between the owner and renter, providing them with a sense of security and confidence that the other party will meet the conditions of the rental agreement.

Any proposed changes that would delay access to rental bonds or decrease bond or reletting fees would remove the incentives for both parties to meet the conditions of the rental agreement.

Additionally, making it more complex for property owners to access rental bonds at the end of a tenancy could result in delays to repair, market, and relet a property, potentially increasing costs and negatively impacting prospective renters.

*Potential impacts on body corporates and other rental management bodies.*

While the majority of Queensland's rental stock is supplied by 'mum and dad' investors, many of these properties fall within multiple-dwelling properties managed under a body corporate or other rental management entity. These bodies play an important role in maintaining the quality of rental supply to the market, and many have established practices to ensure consistency across assets under their management.

The Property Council has strongly advocated for Government support to boost the supply of purpose-built rental housing in Queensland, both through Purpose Built Student Accommodation and Build-to-Rent, which would significantly improve the quality of rental housing for many Queenslanders. These purpose-built rental dwellings are owned and managed by sophisticated investors with a clear customer focus and established business practices. As such, they should not be considered in the same way as 'mum and dad' investors.

As outlined above, the Property Council believes some of the proposed changes outlined in the *Stage 2 Rental Law Reform Options Paper* have the potential to result in delays in reletting properties and increase administration costs for property owners and agents. In the context of large multiple-property rental complexes managed by a single entity, these delays and costs would have a cumulative impact, potentially increasing costs for the renter.

### Purpose Built Student Accommodation (PBSA)

An example of the need to look at the various residential rental models differently can be seen most clearly through Queensland's Purpose Built Student Accommodation sector, which provides a unique accommodation offering to support the State's important education sector, including international students.

To ensure students are provided with the support they need, PBSA accommodation differs from the traditional rental market, including offering short-term leases that align with university semesters (naturally leading to higher turnover) and providing collocated rooms that share common areas and services.

Any rental reforms need to be mindful of the unique characteristics of this important asset class to ensure they do not result in added costs and complexity in managing these facilities.

For example, allowing renters to make personal amendments to a room that will be re-tenanted in a matter of months would result in regular and costly rectifications that would ultimately be borne by the renters.

Also given some leases in this asset class are as short as three months (to align with university semesters) not allowing inspections within the first three months of a lease and restricting physical inspections to six months, would effectively remove the rights of PBSA operators to undertake any inspections.

The unique operating conditions of this and other specialist rental models need to be carefully considered in the context of the proposed rental reforms.

The task of responding to the ongoing housing crisis cannot be underestimated and the Property Council cautions against reforms that are likely to impact investor confidence and result in a drop in rental stock in the market. The Property Council would welcome the opportunity to discuss this submission in further detail.

Please do not hesitate to contact me on 0448 432 936 or [jwilliams@propertycouncil.com.au](mailto:jwilliams@propertycouncil.com.au) if you have any further questions.

Yours sincerely,



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