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1 June 2021

Ms Ange Wright

Director

Department of Communities, Housing and Digital Economy

41 George Street

BRISBANE QLD 4000

Dear Ms Wright

Decision Regulatory Impact Statement—A Better Renting Future—Safety, security and certainty

Thank you for your enquiry of 1 April 2021 seeking advice on the adequacy of the *A Better Renting Future—Safety, security and certainty* Decision Regulatory Impact Statement (Decision RIS).

Release of the Consultation RIS

The Department of Communities, Housing and Digital Economy (the department) notes that issues raised by stakeholders through the *Open Doors to Renting Reform* consultation program (2018) suggested that current regulatory settings are not delivering outcomes in the interests of Queensland renters.

The department released a Consultation RIS in November 2019, seeking stakeholder views on reform options in the following areas:

- ending tenancies fairly
- housing quality and Minimum Housing Standards
- domestic and family violence protections
- minor modifications
- renting with pets.

The Consultation RIS was open for comment until 8 January 2020 and both written submissions and survey responses were received by the department.

Preparation of a Decision RIS

The Decision RIS presents the department's final recommendations as outlined below.

Ending tenancies fairly

No longer allow property owners to end a tenancy without ground, but provide access to a wider range of approved reasons to end the tenancy including at the end of a fixed term. A maximum penalty of 50 penalty units will apply for misrepresentation or misuse of specified grounds by a property owner. Evidence will be required from the property owner for some grounds.

Tenants would have access to a wider range of specific grounds to end the tenancy, subject to shorter or no notice periods, depending on the grounds.



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Rental housing quality and Minimum Housing Standards

Prescribe in regulation Minimum Housing Standards to clarify rights and obligations and encourage compliance with existing laws that provide for safe, secure and functional rental accommodation.

Additional obligations to existing legislative requirements are:

- the toilet/bathroom in a rental property must allow privacy for the user
- where supplied in a rental property, a kitchen must have a functioning cooktop
- where supplied in a rental property, a laundry must have fittings and fixtures to be functional as a laundry.

Transitional arrangements to comply with Minimum Housing Standards are also proposed to reduce the immediate cost impacts.

The Decision RIS acknowledges that vulnerable cohorts are the most likely to be living in homes that need repair or have major structural problems.

Domestic and family violence protections

Domestic and family violence provisions were implemented in the *Residential Tenancies and Rooming Accommodation (COVID-19 Emergency Response) Regulation 2020* and have been assessed separately.

Minor modifications

Decision pending, subject to further work being undertaken. Minor modifications will not be progressed as part of Stage 1 renting reforms.

Renting with pets

Under the regulation, property owners can only refuse a tenant's request to keep a pet if they can demonstrate approved grounds to refuse the request.

Property owners will be able to impose prescribed reasonable conditions on their approval which will allow owners to tailor their arrangements for each pet, while maintaining the right to refuse pets which do not suit the property (but not all pets). A rent increase or a pet bond will not be permitted as a condition of approval.

Further detail on the recommendations is at **Attachment 1**.

Assessment

In undertaking its assessment of a Decision RIS, the Commission has regard to the 'adequacy criteria' in the Queensland Government Guide to Better Regulation (the guidelines). Key elements of a Decision RIS should include an assessment and response to the evidence collected during consultation, and a demonstration that the recommended options are the ones that generate the greatest net benefit to the community.

The Commission notes that the Decision RIS reflects extensive consultation and discusses a broad range of issues. New analysis more clearly presents the likely scale and distribution of impacts, which may fall on particular stakeholders including vulnerable and disadvantaged Queenslanders. The Commission also notes the department has further developed the preferred options in light of additional information received through the consultation. The Decision RIS acknowledges there may be upward impact on rents and exit of some rental properties from the market, and assesses that impact should be small and will be outweighed by benefits of the proposal. The scale of likely effect of the reforms may vary according to market conditions and potential cumulative impacts of other policy reforms in the housing sector.

The Decision RIS is considered adequate under the guidelines, on the basis that it reflects an extensive consultation and development process and has been transparent on some of the limitations.

The Commission notes that due to the largely qualitative assessment of benefits, it cannot verify that the benefits of the regulation will be outweighed by the costs, nor whether the recommended regulation will generate the greatest net benefit to the community compared with alternative options. Decision-makers should be aware that

there is uncertainty regarding how stakeholders might change behaviour due to the reforms and the interaction of this reform with other legislation and market dynamics.

The Commission recommends that the economic analysis used to inform the Decision RIS be provided to decision makers prior to the decision being made and, in line with best practice principles, the analysis should also be made publicly available.

Consistent with the guidelines, the final Decision RIS and this letter of adequacy will be published on the Commission's website following approval of the Decision RIS for release.

Please contact Robert Sugden, Senior Analyst on (07) 3015 5113 if you require any additional information or guidance in relation to the above comments or the guidelines in general.

Yours sincerely



Christine Tozer
Team Leader

Attachment 1

Ending tenancies fairly

Additional grounds to end a tenancy available to property owners would be:

- a fixed term tenancy agreement is due to expire
- the property is to be vacated so that the property owner can prepare the property for sale
- the property is to be vacated so that redevelopment or demolition of the property can be undertaken
- the property is to be vacated in order to allow significant repair or renovation works to be undertaken
- the property is subject to a change of use (such as conversion to short stay accommodation)
- the owner or their immediate family needs to move into the rental property
- the rental property has been sold and vacant possession is required
- for student accommodation: the tenant is no longer eligible to reside in student accommodation (for example the tenant's study visa has expired or enrolment has been completed)
- a person is occupying the premises without the owner's agreement (and no tenancy agreement is in place for anyone occupying the premises, i.e. squatters).

The property owner would be able to use the following grounds in case of a tenant breach:

- there has been a serious or significant breach of the tenancy agreement due to the actions of a tenant, occupant or guest
- there have been repeated breaches of by-laws or park rules by the tenant.

A Queensland Civil and Administrative Tribunal order would be required for each of the tenant breach grounds.

Rental housing quality and Minimum Housing Standards

Safety and security standards

- a rental property must be weatherproof and structurally sound
- fixtures and fittings provided in a rental property must be in sound condition and good repair, and must not present a health hazard with normal use
- accessible windows and doors in a rental property must have functioning latches to prevent ingress
- for rooming accommodation, an occupied bedroom requires a functioning lock or latch to be fitted
- a rental property must be free from vermin, damp and mould
- window coverings, treatments or other modesty features must be provided for rooms where privacy is likely to be expected.

Reasonable functionality standards

- a rental property must have adequate plumbing and drainage and must be connected to a service or infrastructure that can supply hot and cold water for drinking, ablution and cleaning
- the toilet/bathroom in a rental property must allow privacy for the user
- the toilet in a rental property must be connected to a sewer, septic system or other council-approved waste disposal system
- where supplied in a rental property, the kitchen and laundry facilities must be in sound condition and good repair, and not present a health hazard with normal use
- where supplied in a rental property, a kitchen must have a functioning cooktop
- where supplied in a rental property, a laundry must have fittings and fixtures to be functional as a laundry.

Renting with pets

Approved grounds to refuse a pet will include:

- the rental property is unsuitable for the proposed pet
- the pet poses an unacceptable risk to health and safety

- keeping the pet on the premises would result in unreasonable damage to the premises that could not practically be repaired
- keeping the pet would breach laws, by laws or park rules
- approving the pet request would result in an unreasonably large number of pets on the premises
- unable to reach agreement on reasonable conditions for the keeping of the pet.

Conditions that the property owner will be able to impose on an approval include:

- the pet must stay outside or in a specific part of the property
- the tenant must arrange professional pest control and carpet cleaning at the end of the tenancy (for relevant pets, meaning those that are capable of dirtying carpets or causing pest infestation on the premises)
- the maximum number of pets that can be kept at the property.