



MEDIA RELEASE

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Government Policies Bankrupt Threat to Small Property Investors.
Call for Government to Review Impact and Legislation on Landlords

Media Enquiries

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Young NSW family of five left financially stranded by a patchwork of incompatible and dispassionate legislation as they fight cancer challenge ([available for comment](#))

COVID-19 has had an unprecedented impact across Australia striking at every corner in the community and sending Government's scrambling to face many challenges to save lives, protect the community, and try and balance budgets to protect the national economy.

In the property sector, the approach taken by State and Federal Governments to provide financial relief for tenants and businesses by [legislating six months' rent relief, extended to nine and then twelve months, requires a major review to assess the impact of unintended consequences.](#)

An unfortunate example of these unintended consequences is the Seymour's. A young Illawara family of five left stranded by a patchwork of incompatible and dispassionate legislation.

They were in the process of trying to remove a non-paying tenant who had damaged their Geelong residential property when COVID lockdown struck.

Their problems were compounded because Mr Seymour has been diagnosed with bladder cancer and needed to take time off work to receive treatment.

With no rental income coming in, and costs continuing they needed to sell their investment property. But the rental moratorium prevented them from evicting the tenant, even though the lease had expired, and the rent was unpaid.

While the rent moratorium was originally aligned with the moratorium on loan repayments, it has since been extended, leaving the Seymour's and many landlords like them critically exposed.

An additional problem for the [Seymour's and other interstate landlords](#) is that the normal avenues for rental disputes ([VCAT in Victoria, NCAT in NSW](#)) are not available to them – forcing them to take their disputes through the Supreme Court at significant expense.

Another landlord, Geoff Ballard spent over \$50,000 on legal costs dealing with a tenancy disputes in NSW courts because he was a Victorian landlord.

There are 15% of landlords living in rental accommodation themselves, a significant number of these are renting out what they hope will be their home, when they move away for work or family reasons – often interstate.

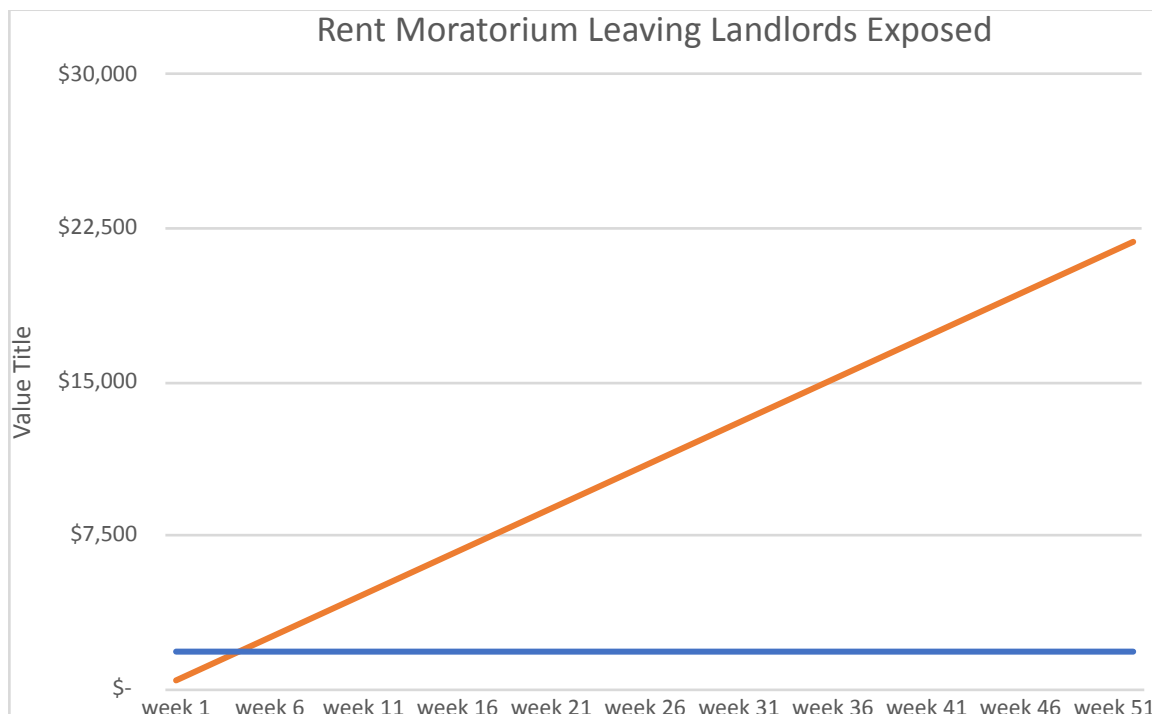
Few landlords or tenants are aware that if the landlords live interstate, the normal avenues for resolving rental disputes are no longer available to them. It was certainly an unpleasant surprise to the Seymour's.

“We had no idea that we would be unable to use VCAT if we needed to, what is even more absurd is that overseas landlords can, but interstate landlords cannot. This is ridiculous, I am sure it would also be a surprise to tenants as well, particularly as most tenants have no idea who their landlords are, let alone where they live.

Australian Landlords Association President, Andrew Kent says “It is important that policy makers, who recommended this approach, and Government's implementing it should recognise that **Over 2 million of Australia's landlords only own one investment property, (71% of 2.904 million – source ABS)**. For many older retirees, no longer working and funding their retirement independently, their property investment is often their sole source of income to cover their living expenses, so they do not rely on the government pension.

This impact also extends into the capacity of the landlord to cover ongoing costs e.g., rates, loan repayments, insurance and repairs if needed.

While the initial rental moratorium was aligned to the moratorium on loan payments, most governments have now extended the moratorium several times, with Victoria and New South Wales, now extended to the end of March – which is potentially a year of unpaid rent.”



The concept of the Rental Bond is to help mitigate the landlord's risk: Covering the insurance excess in case of damages or covering for unpaid rent in arrears (pre-COVID legislations allowed for eviction notice if rent was 14 days late – tenant had five days to pay). The Rent moratorium now has landlords critically exposed and facing possible bankruptcy.

Mrs Seymour says, “We simply need the various governments to wake up to the implications of what they are doing to landlords. They need to understand that most landlords are ordinary people like us with kids to raise and bills to pay. They did not ask the childcare companies to cover the cost of free childcare, why are we being asked to cover the cost of someone else’s rent?”

According to Kent “It is understandable and necessary that Governments, faced with massive unemployment, moved to assist those who had lost jobs and keep a roof over their heads in such difficult times. As part of that strategy there needs to be a recognition that the cost shifting policy can have a major impact on small investors and retirees who depend on the income from usually just one property investment.

This is just the latest in a series of legislative changes that is making property investment less appealing, with many landlords now looking to exit the market.”

With landlords exiting the market, resulting in a shrinking number of tenancy properties available, and making the rental property profile in Australia smaller, State and Federal governments need to review their approach Immediately to dealing with this vital sector of the Australian economy.

According to Kent, “Both the Federal and State Government’s should review this policy and provide a fair approach to resolve issues where delaying rental payments places extreme hardship on small property investors.

In particular they need to address the additional financial stress and risk that they have placed on landlords and underwrite that risk by acting as guarantor for the tenants.”

Numbers of rental properties in Australia: 2,967,200 (ABS 2018)

Photos of Seymour’s Geelong rental property, internal photos also available.

