



## MEDIA RELEASE

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While most of Australia endures a rental crisis, State Governments fail to recognise their mistakes and look set to make more mistakes, rather than repair the damage already done. International border closures in response to COVID-19 have created a net reduction in Australia's population. This logically should result in an increase in rental vacancies but the fact the opposite has occurred, is largely the result of failed government policy.

Rather than addressing this problem, the proposed housing strategies of Australia's two most populated states, while different in funding models, are unlikely to solve this problem. With the potential to create slums of the future instead.

The vast majority of rental accommodation in Australia is provided by 2 million mum and dad landlords, most of whom own a single investment property. A significant number of these individual property owners have withdrawn their properties from the long-term rental market, which has contributed to the reduced size of the rental market. According to the Australian Landlords Association this is almost entirely due to changes in government legislation.

Australian Landlords Association President, Andrew Kent says "Even without COVID-19, the changes in residential rental legislation, particularly in the eastern states, has substantially increased the risks associated with long term residential rental. Now the COVID-19 Legislation has increased those risks to a point where landlords are reconsidering being in the market at all. Holiday rental was previously regarded as more risky than long term rental, now the balance appears to have swung the other way – particularly in Victoria."

Kent went on to say "When the initial COVID-19 measures were put in place there was some alignment between banks, landlords and tenants, that alignment is no longer there. Banks are charging interest, businesses have reopened, tenants have returned to work, but landlords have their hands tied while the amount of unpaid rent continues to grow."

"The end of March will be a day of reckoning for many landlords. It is when the zombie businesses will be revealed, When Jobkeeper ends and when landlords will find out how much, if any, of the many months of unpaid rent they are going to receive. It is not a day they are looking forward to, at the same time in it cannot come soon enough – another extension would be untenable."

The majority of landlords are mum and dad Australians. Property investment is often used by tradespeople to fund their own retirement, particularly as they know they won't still be on the tools in their late 60's when the official retirement age kicks in. The government needs to rethink the legislation as it is having unintended consequences. While Victoria's recent release of a new round of \$3,000 grants to selected landlords is welcome recognition that there is a problem – it categorically fails to address the fundamental flaws in government legislation that caused the problem.



According to Kent “There has been a creeping assumption that there will always be properties for rent, an assumption exposed by COVID-19 policies toward landlords, but property investors buy and sell in the same market as everybody else. When landlords sell, the new owner may not be a property investor. Subsequently, the size of the rental market can change very quickly. With several state governments led by Victoria and Queensland, continually extending the rights of tenants an increasing number of landlords are getting out of the long-term rental market by either selling or repositioning their property for holiday rentals.”

The ‘Big Housing Build’ announced in the Victorian state budget earlier in the year, and the NSW Government’s proposed ‘Build-to-rent’ program are not only years away from providing new dwellings, but they are also unlikely to make up for the reduction in the number of long-term rental properties caused by inept housing policy.

The solution is not to spend taxpayer dollars on building a different class of dwelling for the rental market, which run the risk of becoming the ghettos of the future. The solution is to learn from what government has done successfully elsewhere and apply that principal to ensure affordable housing.

According to Kent “Defence housing recognised many years ago, that defence families wanted to live in the same houses and neighbourhoods as everyone else. Their solution was for the defence department to act as the intermediary between individual landlords and the highly mobile defence personnel ensuring both parties got what they needed. This has been a successful long-term strategy. Similarly, in childcare, the government is paying childcare providers subsidies on behalf of families, calculated relative to family income to ensure it is affordable to all. State Governments need to recognise that giving tenants the rights of ownership without the responsibility of ownership is causing a reduction in rental availability, which is only going to get worse. The solution to affordable housing for all is more likely to be found in the childcare funding model combined with open markets, than building future slums” at a significant cost to tax payers.

