AUSTRALIAN LANDLORDS ASSOCIATION

MEDIA RELEASE

As Day of Reckoning Approaches – Landlords fear a further extension

At the end of March, three critical dates will coincide to reveal the real impact of COVID on small business and landlords:

- End of current Job Keeper scheme
- End of rent and eviction moratoriums (state dependent)
- End of bankruptcy moratorium

To date the combinations of these three COVID legislations have allowed tenants to continue to utilise property without paying the rent. With the anniversary of some of these arrangements approaching, thousands of landlords are nervously waiting to see if they will receive the money they are owed.

As most of Australia's 2 million landlords only own a single property, the behaviour of each tenant is potentially life changing for their respective landlord. While each of the extensions of COVID legislation has been well received by tenants, it has caused a lot of pain for landlords who need to find other ways to pay their own bills while the money owed to them in rent continues to mount.

Families have been unable to return to their own homes. Retirees have been left without income, and all have been left without certainty.

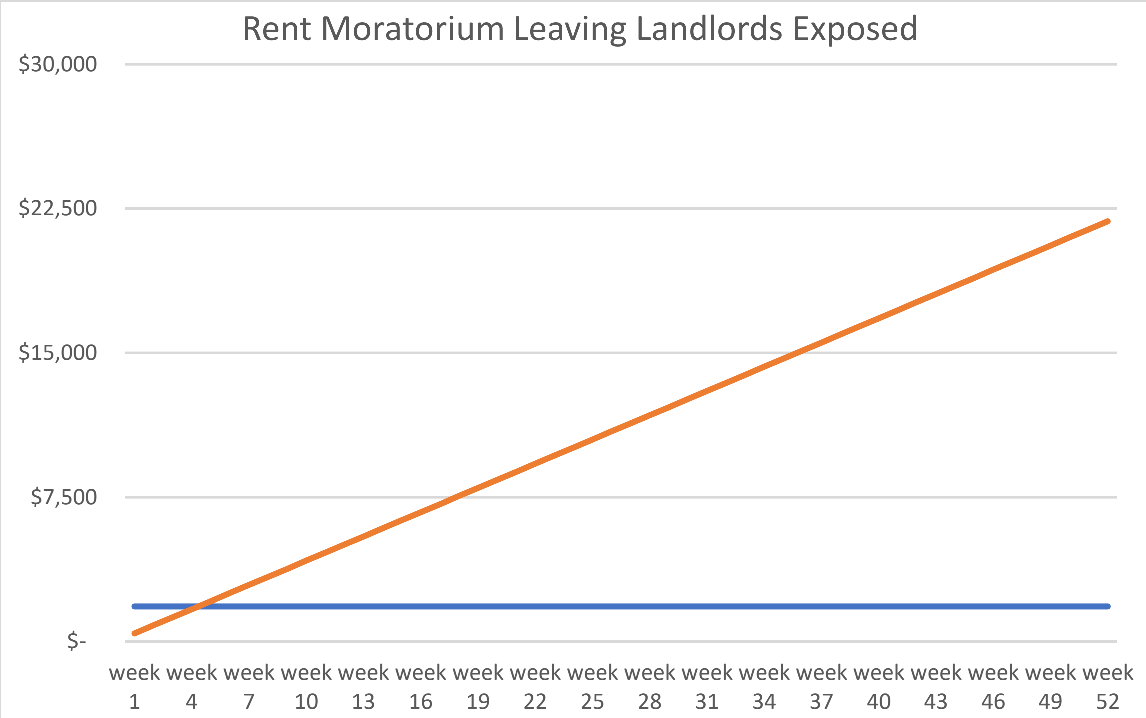
Australian Landlords Association President, Andrew Kent, says, "When the initial measures were put in place there was some alignment between banks, landlords and business, that alignment is no longer there. Banks are charging interest, businesses have reopened, but landlords have their hands tied while the amount of unpaid rent continues to grow."

"The end of March will be a day or reckoning for many landlords. It is when the zombie businesses will be revealed, 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 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 wont 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 property prices are currently at record levels, this may not be the true state of the market. Landlords in financial distress have been unable to get their properties onto the market due to the legislative restrictions introduced during COVID. Further extensions of rent and eviction moratoriums could drive these people to the wall.

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.

According to Kent, "Both the Federal and State Government's should review their policies 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."