

PROPERTY OWNERS ASSOCIATION OF WA INC
PO Box 863
MORLEY WA 6943

16th May 2012

The Director, Legislation and Policy
Consumer Protection Division, Department of Commerce
Locked Bag 14
Cloisters Square Perth 6850

Submission on the Proposed Amendments to Residential Tenancy Regulations

1. The Property Owners Association of WA Inc. (POAWA) represents hundreds of owners of residential properties located throughout Western Australia.
2. POAWA is opposed to the introduction of the Residential Tenancies Amendment Bill 2011, regards its 'consultation' a farce and the legislation a ham-handed attempt at social engineering.
3. The proposed amendments to the regulations follow the spirit of the Bill, with the nanny state micromanaging property owners and controlling the conditions of property rentals.
4. We reject the proposed amendments in their entirety as unnecessary, as the free market already provides housing to the standard that tenants are prepared to pay for.
5. The proposed amendments will add significant cost to the provision of housing, and result in an increase in rents, particularly at the lower end of the market.
6. Forcing upgrades to property to a regulated minimum standard will result in homelessness for people on lower incomes, in the same way that the minimum wage creates a barrier to employment for workers unable to add value to employers at a rate higher than the legislated minimum. Just like the minimum wage creates demand for unemployment benefits, these forced upgrades will create demand for social housing.
7. Property Condition Reports are varied in their format to match the huge variety of housing in the marketplace. A one-size fits all template will not be adequate to match this. The size of the report is too small. The comments section is too small as it needs to be able to hold a paragraph of text. There is no provision for recording the model, make and features of appliances. There is inadequate description for furnished properties. There is no mention of pool, spa, fences, second/third living areas, gates, smoke alarms, number of RCDs, window locks, deadlocks, air conditioners, heaters.

8. The enforcement of a standard Property Condition Report format will require all existing property condition reports to be re-written. Most real estate agents charge owners \$150 to \$200 per property condition report. Having a compulsory format will create a further \$150 to \$200 cost to owners, who will need to raise the rent to compensate. Your standard PCR format is worth a \$5 per week rent increase.
9. Option Fees are a wonderful tool to assist owners with the processing of applications for tenancy. They prevent wasted time on processing non-genuine applications and they enable an applicant to demonstrate saving ability. The proposed option fee of \$50 is totally inadequate, and effectively bans option fees by stealth. There is no need to regulate the option fee at all. No one is forced to require an option fee. If tenants are unable to pay option fees, owners will offer alternatives. Nevertheless, if the Government cannot resist meddling in option fees, then the regulated amount should remain at the current market level, which is one week's rent.
10. Minimum levels of security are unnecessary to regulate, as it is in the owner's best interest to provide a property that tenants want. If tenants want additional security, they will demand and rent properties with the required features. Your proposed minimum standards will add an estimated \$1500 impost to rental property owners, and a legislated bonanza for security installers. Perhaps these regulations were drafted by the same Government workers who arranged the home insulation scheme? The Peep hole requirements are not in popular demand by tenants and totally unnecessary. Patio bolt locks for external sliding glass doors are not necessary as many sliding doors already have sophisticated handle locking systems. Sensor security lighting is simply a funds transfer from owners to electricians.
11. Overall, your proposed regulations discourage investment in the residential property sector. After passage of the legislation we advised our members to be cautious about further investment in residential property. With your proposed regulations, our recommendations are now twofold: firstly to raise the rent to recoup these costs, and secondly to not allocate any further investment capital to residential property.
12. Finally, why are there no proposed regulations for tenants? Every week, around 200 owners across Western Australia are forced to take non-paying tenants to court for rent arrears and property damage. Most judgements awarded against tenants are never collected. What plans are there to reduce these ongoing losses? Are there any regulations designed to improve the attractiveness of residential property as an investment?

Adam Bettison
President
Property Owners Association of WA Inc