

Media Release 22 July 2020

LANDLORDS DISADVANTAGED BY NEW COVID-19 EMERGENCY DECLARATION PROVISIONS ANNOUNCED BY THE ACT GOVERNMENT YESTERDAY

The Real Estate Institute of the ACT (REI ACT) is disappointed at the lack of transparency by the ACT Government during a brief consultation discussion last Monday for the new provisions included in the extension of the RTA Emergency Declaration.

Whilst the Institute is in complete support of the extension of the Declaration until 22 October 2020, the enactment of the 3 week notice for termination of a fixed term lease by COVID-19 affected tenants without penalty, is another financial burden to be borne by landlords.

“Since 20 March 2020, our data shows that 87% of rent assistance negotiations have resulted in landlords agreeing to a reduction in rent to enable tenants to stay in their homes. These negotiations were done in “good faith” and now landlords have no protection from further losses, should tenants now seek termination of a fixed term lease under this agreement. The new provision will see landlords unable to seek any compensation for break lease fees, advertising or loss of rent.” explained REI ACT CEO, Michelle Tynan.

In April, the Chief Minister demanded that landlords be dragged to the table to negotiate rent reductions, however this proved completely unnecessary, as most landlords were willing to assist their tenants with a reduction in the weekly rent. Many landlords are now concerned that, with no end in sight for the pandemic, how they will be able to continue this assistance past the October moratorium end date. During discussions with Government there has been no acknowledgement that many landlords simply cannot afford to continue discounted rent, the fixed costs associated with investment properties in Canberra has not reduced, other than the Land Tax Scheme which will also end on the 30 September for investors, allowing them a maximum \$2600 in assistance from the ACT Government. “We will likely see an increase in the number of landlords who will sell their properties to mitigate their losses” said REI ACT Director Hannah Gill. With the June quarter vacancy rate in Canberra at 1.4%, these sales will significantly affect tenants, who are already impacted from an under supply of affordable rental accommodation.”

The Institute has been actively seeking a meeting with the Chief Minister since 1 July to commence discussions for the development of a strategy to address industry concerns as to the impact of the cessation of the federal government eviction moratorium and changes to the stimulus packages at the end of September 2020.

Unit 7, 1 Beaconsfield Street
Fyshwick ACT 2600
T 0499 881 168
E admin@reiact.com.au

WWW.REI.ACT.COM.AU

The Real Estate Institute of the Australian Capital Territory (REI ACT) is the leading professional body for the real estate industry in the ACT – operating since 1974. Its mission is to enhance the standard of education, knowledge, professional development and business practice for members and the wider community.



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“In many cases, recipients of this stimulus are actually receiving more income than prior to the COVID-19 period, resulting in a false economy for many. We are concerned that those who are currently receiving the increased stimulus funds have not yet had a need to seek rent assistance, and that at the end of September, we will see an increase in the number of renters unable to meet their obligation to pay rent. Many landlords will also be affected when stimulus funds decrease. The Institute fears that this provision will significantly erode the “good will” of landlords, given they now have no protection or avenue to mitigate further losses, for tenants in genuine need of rent assistance past September,” Ms Tynan said.

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