

RESIDENTIAL TENANCIES ACT - THE GOOD & THE BAD

With some months to go till the Residential Tenancies Act 2010 comes into effect, the Real Estate Institute of NSW is working hard to get the NSW Government to properly consult all stakeholders, particularly real estate agents.

The REINSW has already forced the government to make considerable changes to the final Bill, including scrapping a plan which would give tenants the right to break fixed-term leases by paying a fee, and by making a number of other suggestions which have been incorporated into the final version of the Bill.

The argument is compelling, with the REINSW stating that the Government must allow significant time for adequate consultation to ensure the regulations take into account the practical concerns of agents and property managers. Hear hear!

Other key changes that REINSW pressured the government to make include:

- Scrapping the compulsory proposal to cap a landlord's damages (including loss of rent) if a tenant abandons rented premises, and maintaining the current obligation on a landlord to mitigate their loss in such circumstances
- Providing greater certainty for landlords when terminating periodic tenancies
- Further limiting the government's proposals to allow tenants to make 'minor' changes to the landlord's property (e.g. painting is not a 'minor' change) or to sub-let the property without the landlord's consent (which are both proposals the Institute still opposes in principle and will continue to lobby against)



Other elements of the Bill include:

- The Tribunal can issue a termination order on application by a landlord for tenants that frequently fail to pay owing rent
- Tenants can only be asked to pay for their water consumption if the landlord has installed water efficient fittings
- Tenants are given at least one free rent payment method
- Tenants can receive 90 days' notice for vacating the premises after the expiration of a periodic tenancy

THE STATE BUDGET - THE JURY'S OUT

When the NSW Government handed down its 2010 Budget on Tuesday June 8, there were brickbats and bouquets. There were a number of measures designed to help stimulate the housing industry, but some of them were pretty impractical.

For example, whilst the Emerald City is now emulating Victoria by introducing stamp duty concessions for downsizing seniors and off-the-plan purchasers, the \$600,000 threshold will no doubt exclude a lot of people. This is a city where the

median house price is just under \$600,000 – and rising. In fact it's almost double what it was only a decade ago.

It's no wonder, then, that the Property Council of Australia has asked for a 12-month review of the threshold. The council's executive director, Glenn Byres, stated in an article recently that it's important to ensure the threshold strongly reflects the appetite of the market.

The stamp duty concessions: at a glance

- For the next two years people buying off-the-plan dwellings up to the value of \$600,000 will pay no stamp duty
- For the next two years people buying dwellings up to \$600,000 that are new or under construction will receive a 25% cut in stamp duty
- Over 65s who are downsizing to a newly constructed home will also pay no stamp duty on property worth up to \$600,000

Some relief for developers

Another Budget announcement was the new cap on development levies that local councils can charge - \$20,000 per block. Whilst it has a number of councils up in arms, the scheme will provide greater certainty for developers and improve their chance of obtaining finance, given they'll know the maximum levy that they'll face per block.

Councils that want to charge more will have to appeal to IPART (Independent Pricing and Regulatory Tribunal of NSW) and justify the costs on the basis that the infrastructure for which the levy is being charged is directly related to the proposed development, and not to future developments or to improve the amenity of existing communities. If IPART agrees, the council will be able to charge higher rates for the development, but won't be able to hit the developers themselves.

Fast-tracking DAs

Another Budget initiative will see certain development applications for renovations and new homes taking just 10 days to be approved. The government plans to extend its controversial complying development provisions to another 20,000 eligible properties in Sydney over the next 12 months.

The Department of Planning will expand complying development codes to houses in rural areas, and to types of commercial and industrial development yet to be identified. These codes allow for fast approvals where projects meet pre-set planning standards.

As they say, there's the good, the bad and the downright ugly.

ISLAND IN THE SUN

It's ranked on par with Azerbaijan, Colombia, Panama and Romania, and prices over the year have fallen by around 5%, so it's no wonder some real estate pundits are predicting that Greece's 'challenged' real estate market could pique the interest of overseas property speculators.

In Greece, significant price drops are being experienced at the transaction level. Specifically, when a buyer shows interest on a particular apartment, then after astute negotiation the final selling price may be as much as 5% to 20% less from the original list price.

Greek house prices continued to fall at an accelerated rate during the first two months of 2010. According to Greek members of the UK's Royal Institute of Chartered Surveyors (RICS), the average drop in price has been approximately 10% year-on-year, with variations relating to factors such as location, availability of housing stock and developers' readiness to negotiate.

All indications suggest that the Greek property market will be more downcast in 2010 than it was in 2009, when house prices fell by around 5%. The Greek economic climate has clearly deteriorated, unemployment is rising rapidly and banks continue with stringent loan distribution policies. Such factors have almost frozen the demand for newly built homes, which are the least affordable properties, since developers go to great lengths to keep prices stable. Data from the Bank of Greece for 2009 illustrates that newly built homes showed more resistance to falling prices than resale homes. The respective rates were 3.1% and 5.6%.

Fancy owning a villa in the Greek Isles? I certainly do! In fact I just spotted a gorgeous two storey villa in a private compound with swimming pool and breathtaking ocean views for just over \$323,000! Cheaper than Sydney's median house price. If only I could convince my wife...



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