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**NEWSLETTER VOLUME 16 issue | March 2010**



Leah Jay

With so much in this issue, it's short and sweet from me this time.

The first quarter of 2010 has been amongst the busiest we've experienced. It's also brought some of the fastest growth in our 16 year history and the most pleasing aspect is that it's still the case that a substantial number of our new clients come through referrals; so again thank you for your great support.

I feel there is good reason to be generally confident in our property investments in this region; I am regularly reading positive comments and projections about the Hunter and Newcastle. Terry Ryder included both in his October 2009 Top 10 NSW Hotspots and supported his claim by

noting a number of major infrastructure works proposed for the area. Economic forecaster BIS Shrapnel in June 09 predicted strong price increases for Newcastle over the following three years. Population projections and recent economic growth across the country have instilled added confidence (Australian Property Investor, January 2010, p28-37).

Vacancy factors in the Hunter were steady at about 1.6% during the last half of 2009 and tightened in Newcastle in January/February, as is usual in the early part of the year. Rents have had steady growth in recent times and with the fundamental economic indicators looking favourable, we would expect demand to remain strong for the medium term and hopefully allow further growth in rental returns.

**Leah Jay**

## A MATTER OF PRINCIPLE

It's fair to say this episode had a lot of people dumbfounded. The matter involved Housing NSW (hereafter called the Department), their client, two very accommodating owners and a Property Manager with 25 years experience.

The Department's client applied to lease a property managed by us; the Department literally pleaded the case for their client, citing rent guarantee and offering "whatever assistance" we needed. To say they were proactive is an understatement. Without doubt the owners were motivated by their social conscience in allowing the woman to tenant their property but they were convinced by the compelling reassurances of the Department.

Their client entered into a 12 month lease with their blessing. A few months later, without any notice, the woman abandoned the property; in order, as we eventually discovered, to take up the offer of another property... and here's the clincher... a Department house! The Department had facilitated this woman breaching her lease after lobbying for her to secure it in the first instance. To add salt to the wound, their client helped herself to a few of the owners' chattels when she vacated.

And to cap it off, the Department's Officer who'd been so assertive suddenly retreated, dismissing our protestations with "that's how it works" and effectively seeking to wipe the Department's hands of the issue.

It is impossible to describe our anger and frustration or the sense of betrayal felt by the Property Manager who had presented the Department's case to the owners. The owners were beyond reasonable in dealing with it; while they were very upset, the truth is LJPM, and its Directors, were probably more infuriated, particularly by the total lack of respect from the Department for the owners.

We decided to go in very hard for our clients and wrote lengthy protest letters about this "disgraceful episode" to the Minister for Housing NSW, the Executive Director and to every local State Member. To give due credit, the Member for Cessnock, Kerry Hickey, responded immediately and expressed his dismay and support, as did Jodie McKay, the Member for Newcastle. So too did a Department Team Leader, who contacted us and in an unprecedented move, offered an 'out of guidelines' payment to the owners for all losses incurred by them. Recently the Minister David Borger responded, expressing regret and stating, "as a result of this issue being raised, the Hunter Area Access Team has reviewed its processes to ensure the risk of a similar occurrence in the future is minimised."

We hope so. We took this on as a matter of principle, to right a wrong to one of our clients but hopefully to also ensure the interests of other owners were better protected.

## CHANGES TO TENANCY LAWS

Our December newsletter mentioned the pending introduction of amended tenancy laws in NSW and provided a brief summary of some of the proposed changes attracting most attention. To meet the Government's deadline for final submissions, we were only able to invite owners by email to forward comments on the draft Bill, which would then contribute to our final submission.

Thank you to those owners who responded; LJPM made a supplementary submission (we made a major submission previously). From recent media and industry reports it appears we may be waiting a few months yet to see the draft Bill before parliament and then it's likely to be sometime after that before regulations come into effect.

## INSULATION REBATE SCHEME

There is no escaping the fact this has been a debacle. A program that promised much has effectively collapsed. It's not for us to enter the political debate, rather our sole focus has been to protect as much as possible, the interests of owners and of course safety of tenants.

To that end, despite the fact we had already obtained quality assurances from installers prior to them being engaged, after the controversy we sought and received written assurances from all contractors stating they had adhered to prescribed guidelines and that in no instance had foil batts been used.



## MORE OF THE EXPERIENCED LEAH JAY TEAM

The career parallels are a little uncanny, between Hunter Scott, Property Manager in charge at Warners Bay since July 2009 and Emma-Kate Hart, a Senior Property Manager at Hamilton since July 2008. While Hunter's been in the industry 18 years and had his own agency, Emma-Kate has 12 years under her belt and also ran offices; both are licensed and were drawn to specialise in property management after broad experience across real estate. In fact Hunter and Emma-Kate were for a number of years working nearby 'patches'.

Emma-Kate studied Valuation in an effort to learn more about construction and design; she finds the variability in property management enjoyable and most satisfying when complex matters need to be resolved. Hunter sees reward in watching owners' assets appreciate as a result of optimal maintenance and regular rent reviews, which entails balancing the objectives of all parties.

Hunter and Emma-Kate expressed very similar sentiments when asked about long term satisfaction; being involved in some small way in the lives of families as owners or tenants and watching their children grow and in some cases, even seek assistance as a prospective tenant.

Both have experienced their share of unsavoury and unnerving incidents... "drugs, guns, bombs, death etc" as Emma-Kate put it; Hunter recalls his worst experience as... "having a local bikie gang mistakenly destroy a management thinking it was occupied by their target."



## THANK YOU! ...OOPS!

We share this story for your amusement. One Saturday during February, a frenetic time in Newcastle as far as tenancy change over is concerned, Leah was assisting in Hamilton. Previously she had approved, from over 25 applications for a lovely 4 bedroom home, a "nice young couple" who were relocating from northern NSW. They had been thrilled; overwhelmingly excited at attaining the property and looking forward to moving in. On this particular Saturday, the successful applicants collected the keys and set off joyously for their new abode.

Not long after, Senior Property Manager Karen Tresidder takes a phone call from one of the tenants, now with a significant change in demeanour. The keys do not work and she cannot get into the property. Karen attempts to explain there should be no problem; it is strange the keys don't work, perhaps new tenant could try them once more and if there's still a problem she might like to call back to the office and take our 'system' keys.

Unsuccessful. Keys still not working. Phone calls to and fro, Karen working to maintain her cool while now unhappy tenant becomes increasingly heated with what she has realised are "incompetent agents." Tenant (or perhaps more accurately, would be tenant) demands a locksmith be sent; Karen suggests other options.

A short time later a message is received; one key has worked and the tenant is now in the property. Relief all-round. It is short lived however; Leah takes a phone call on her mobile about 5.15. One half of the 'nice young couple' has completely transformed; she goes into a rant demanding a locksmith, "the keys are dodgy and the locks are faulty" and her father joins her in the background, volunteering his unflattering comments about the whole affair and our service.

Bewildered and becoming agitated, Leah elected to take the system keys and drive immediately to the property. On pulling up to the managed property she notices the tenants are on the porch of the property next door. "Wow", thinks Leah, "she has made friends with the neighbours quickly... well that's a good thing." Leah makes her way to the front door, while the tenant saunters over from next door and enquires what she is doing. "Checking the keys to your new home!" replies Leah, bemused by the question. There's prolonged silence... then the face of 'nice young' tenant turns crimson... she is in the wrong house. They had accessed the property through the laundry door and then installed their possessions... in fact after toiling to move the gear in, good old Dad had enjoyed a well earned shower. To say he was embarrassed falls way short and this time it was daughter who was the target of his unflattering spray. Leah suggested they might like to relocate immediately to the place they'd actually leased... and what's more had inspected... which was only single storey unlike the one they had occupied which was two storeys! We have no idea how and she had no explanation... and yes all keys worked perfectly. Just another day really.

**PLEASE NOTE:** As at March 2010, this Newsletter is intended as general news and not advice, as each individual's situation will vary depending on specific circumstances relating to that individual. You should seek professional advice as it relates to your own circumstances.

## SNIPPETS

### ANTENNAS & DIGITAL TV - WHO'S RESPONSIBLE?

With the compulsory move to digital television we've had numerous requests from tenants for antenna testing and upgrading, many with the belief that it's the owner's responsibility. This is a grey area at present, there is no regulation or ruling to refer to, so we're taking each request as it arises and of course negotiating through the process. The default stance being tenants have permission to have the work undertaken at their cost if they wish to. There's a suggestion that if a property comes with an antenna and it is an upgrade then the onus may fall with the owner, however if it's a matter of poor reception then it's not an issue for the owner.

### POSSUMS AT PLAY

Literally according to our possum expert Greg at Possusplus; this is their third mating season in the last 12 months... "unprecedented" according to Greg. Why? Because of the warm wet weather and that means plenty of food. So food and frolicking go hand in hand for possums. Hence the greater than usual number of 'noisy roof' complaints; expected to continue for a little while yet says Greg. And that goes for rats too!

### GOING AWAY? NOT CONTACTABLE?

Time to issue another reminder; if you are heading away, it is wise to provide us with some contact details, just in case. Murphy's Law often prevails. If you are not going to be personally contactable, then an alternative point of contact would be useful; someone who is able to act on your behalf. We of course will always endeavour to act in your best interest but it's a factor to consider before you leave.

### MORE TENANT HAPPENINGS...

One tenant, thinking they were doing the right thing by giving 21 days written notice, informed us on 9th February that they would be vacating on 30th February. The Property Manager responsible wondered tongue in cheek whether we should continue charging rent until 30th February came around.

Brooke, a Property Manager at Warners Bay, recently carried out a routine inspection and discovered the tenant had dug a 16m by 2.5m hole in the back yard, by hand, over a metre deep! When Brooke enquired of the tenant what he was planning, he advised it was going to be a pond. Some pond! It's since been refilled.

### AIN'T THAT THE TRUTH!

"If you think it's expensive to hire a professional to do the job, wait until you hire an amateur" ...so said famous Texan oil well firefighter, Red Adair. It's so often true but it seems to be particularly appropriate at present in this industry. Here's another gem from Red Adair... "There are two things I really like about my job, when the phone rings I never know where I'm heading to next - and I'm never bothered by life insurance salesmen!"

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