

2024 Residential Tenancies Amendment (Prohibiting No Grounds Eviction) Bill Inquiry

2 August 2024 Hearing

Responses to Questions taken on Notice

Due Date to Committee: 9 August 2024

NSW Fair Trading

Question
<p>MR TIM JAMES MP: So there appears to be, without wanting to put words into your mouth, some correlation there between what the Tenants' Union evidence has brought forward of about 28,000, and yours is 32,000 –</p>
<p>TRINA JONES: Yes, I would say that's congruent</p>
<p>Mr TIM JAMES: We're sitting at around 30,000, so it's about 3 per cent of the market, recognising that that, obviously, is not insignificant. But when you think about it in proportionate terms, and without wanting to invite a comment, there are many ways in which we can improve the rental market in New South Wales, as you well know. There are many ways in which this Government's made a series of commitments – at this stage, largely still commitments, I note – to address these conditions but, in our view, it is overwhelmingly a question of supply. How much is this reform going to make a real, tangible, practical difference relative to the risk that this Committee has heard not insignificantly about today that, in fact, it would serve to reduce supply and make conditions even worse for renters in New South Wales because of the prospective response of property owners in New South Wales</p>
<p>TRINA JONES: If it's okay, I'll answer that in two parts. What I would first say is on the investment side, there's no statistically significant evidence in any jurisdiction in Australia that has introduced no-grounds eviction that it has a negative impact on their rental market, based on their investor lending, their vacancy rates or direct correlation with price. Based on those arguments, there's no statistically significant evidence for that.</p> <p>On the other question around how much impact will it have, the strongest point of feedback, everywhere I've gone, from renters, industry representatives for renters and academics that are working in this space, I would say, on that perspective, is that this is the foundational change that allows all other rights, existing or future, to be possible because the threat of not being able to assert your rights under the law undermines it so much that you can't actually request the things that you're already allowed to do, and any hope to extend reforms would be undermined by the inability to have security of tenure.</p>
<p>Mr TIM JAMES: On the point you've just made, when you say there is no statistically significant evidence of the impact upon supply, have you not seen the Tenants' Union submission in respect of New Zealand and what happened there, with one-quarter of property owners attributing their decision to get out of the market to the reforms made in that market? Have you not seen the data brought forth by the Property Investors Council of Australia which shows, on recent ABS data, a statistically significant difference as between Victoria and Western Australia? When you look at those figures, growth in lending to property investors in Victoria – I haven't got it in front of me, but I think it's 3 to 4 per cent over three years, whereas in WA it's about 160 per cent. That is an enormous</p>

difference. I'm struggling to see how you would say that you have no evidence of any likely impact upon supply – which is, I think, the most critical question here

TRINA JONES, NSW RENTAL COMMISSIONER: Yesterday CoreLogic released a commentary on this particular question and they substantiate that position as well. There are a number of factors in the property market that would be impacting WA's position, Victoria's position, for example. But if you look at the concerns raised to me from some landlords, and some landlords are in support of ending no-grounds eviction –

MR TIM JAMES MP: That report refers to old reforms that are not pertinent to this Committee's consideration. It analysed the 2010 reforms in New South Wales and the 2015 reforms in Victoria, which surely aren't referable in this particular context, because none of those reforms pertain to ending no-grounds evictions. They were far less controversial, simpler, cleaner, neater, easier reforms. I think, with respect, that report is largely discredited in this context here today.

TRINA JONES, NSW RENTAL COMMISSIONER: I can speak to more recent data than, in terms of the jurisdictional data. All jurisdictions that have introduced no-grounds evictions have seen a substantial increase in investment lending as a proportion of their total lending within the States and Territories, and this is between an 18 per cent and 46 per cent increase. The only exception is Melbourne. All capital cities that have introduced no-grounds evictions have seen an improvement to vacancy rates since the reforms were introduced. They're marginal improvements to vacancy rates because supply is constrained across Australia. All capital cities have seen an increase in median rents. That would suggest that there is not necessarily a correlation and that the increase in rents is due to a supply issue. I think there is broad agreement on that. And I think it's important that we note that in Victoria there have been significant changes to their tax regime as well, which could also impact their investor capacity and interest in that market. The key things we look at are investor lending, the vacancy rates and the median rent. For those factors, there hasn't been a statistically significant difference.

Mr TIM JAMES: Do you mind providing – you've referred to the CoreLogic report and I think a few different pieces of information. Are you happy to share that which you've got –

TRINA JONES: Absolutely.

Mr TIM JAMES: – by which you assert that there is no evidence of any likely impact upon supply?

TRINA JONES: That we've seen in other jurisdictions that have introduced it so far? Yes. More recent data, covering all jurisdictions have seen an increase in total lending 18-46% increase excluding Melbourne, and improvement of vacancy rates and rental rates. Investor lending, vacancy rates and median rent for those factors there hasn't been a significantly statistical difference.

Answer

Analysis of impacts to rental markets in jurisdictions where no grounds evictions has been introduced does not show direct correlation of negative market outcomes based on key metrics including:

- Investor lending for rental dwellings: this is data from the Australian Bureau of Statistics (ABS) Lending Indicators data series data available here: abs.gov.au/statistics/economy/finance/lending-indicators/latest-release.

- Vacancy rates: this is the ratio of listed properties to available rental dwellings. Data available here: sqmresearch.com.au.
- Median rent: this is the median weekly rent for a given area. Data available here: sqmresearch.com.au.

Analysis:

- Introduction of reasonable grounds to end a tenancy has not deterred investment in the respective rental markets. All jurisdictions that have introduced no ground evictions have seen a substantial increase in investment lending as a proportion of total lending within the states and territories: between 18 per cent and 46 per cent increase.
- Except for Melbourne, all capital cities that have introduced No Ground Evictions have seen an improvement to vacancy rates since the reforms were introduced.
- It is notable that Victoria now has the most affordable rental market based on the PropTrack Rental affordability index comparative to income in the state. Prior to the reforms it was the second least affordable state after NSW.
- All capital cities have seen an increase in median rents.
- Note that Western Australia (WA), one of the major jurisdictions to not yet introduce or plan to introduce no ground evictions shows the following characteristics:
 - WA has experienced strong investor growth since 2021, coming off the back of historically low investor interest in the state: below 15 per cent of all lending and the lowest recorded rates of any jurisdiction; and
 - Since 2021, median rents have increased from \$443 per week to \$715 per week (a 61 per cent increase) and vacancy rates fallen from 0.9 per cent to 0.8per cent. This is the second lowest vacancy rate in the country, behind Adelaide.

The CoreLogic analysis referred to by the Commissioner at the hearing is published here: https://www.corelogic.com.au/news-research/news/2024/does-tenancy-reform-spook-investors?utm_medium=organic&utm_source=linkedin&utm_campaign=au-res-market-pulse-2024-jul.

Question

The CHAIR: Ms Jones, in terms of the end of tenancy survey data that you were referring to then – thank you for that – my understanding is that the last public release of that data was in September 2022. I understand it used to be released regularly. I don't know if there has been a change as to why that is not released. I'm happy for you to take it on notice but, given that there has been high enthusiasm from many views on that data, can you comment on the public availability of that data or whether there are plans to make that public again?

TRINA JONES: I can confirm that there are plans to make that public again and in an ongoing way.

The CHAIR: Wonderful. Another one on the survey and data-related things, if I can, just quickly. I note that in the summary of the consultation that you undertook, the big survey

that you undertook, in some elements of the written commentary about that summary there were distinctions made between property owners and "real estate agents", but then in the summary of the data that was provided it was bundling both the landlords and the real estate agents. I wonder if you could take it on notice and provide the breakdown of those summary pages so that we can have a sense of what the distinction is between the landlords and the agents?

TRINA JONES: Yes, absolutely. I can take that one on notice

Answer

In 2023, the NSW Government sought feedback on laws for renting. A survey hosted on the NSW Government's Have Your Say website collected feedback from the public on:

- reasons an owner can terminate a lease – removing 'no grounds' evictions
- making it easier for renters to keep pets
- protecting renters' personal information
- making it easier to transfer rental bonds from one property to another; and
- other ways to make the system fairer.

The survey was available in seven languages and received 16,032 responses overall. There were also 405 written submissions to the consultation. Renters and owners made the most submissions: an almost equal number of submissions. The percentages in this table represent the level of support from landlords and real estate agents.

Have your Say Improving NSW Rental Laws	Landlord	Licensed property agent
Snapshot of Views		
Ending a lease		
Landlords should give a reason to end a periodic lease	28%	12%
Landlords should give a reason to end a fixed-term lease at the end of the term	16%	8%
The number of days' notice to end a periodic lease should be increased	4%	4%
The number of days' notice to end a fixed term lease should be increased	31%	36%
There should be a temporary stop of leasing a property after the landlord said they needed it back	13%	10%
Pets		
Landlord should require a reason to say no to a pet	28%	24%

21 days is the right amount of time for a landlord to consider a pet application	61%	58%
Rent increases & payments		
The current protections for rent increases are working well	50%	67%
The law should require an electronic way to pay rent that is free to use	82%	75%
Renters' personal information & privacy		
It should be put into law what information can or cannot be collected in a rental application	33%	23%
The law should:		
<ul style="list-style-type: none"> • Be more specific about using and sharing a renters' information 	58%	57%
<ul style="list-style-type: none"> • Limit how long it can be kept 	69%	52%
<ul style="list-style-type: none"> • Require that it is kept securely 	93%	92%
<ul style="list-style-type: none"> • Allow renters to access it 	76%	61%
Portable bond scheme		
The portable bond scheme should be optional	73%	50%

Question

Mr TIM JAMES: I think you mentioned you'd been at a renters forum just last night, was it?

TRINA JONES: Yes, last night.

Mr TIM JAMES: Can I get sense of how many renters forums you've done and how many property owners forums you've done, just so I can get a sense of the overall balance and engagement with the stakeholder landscape?

TRINA JONES: In terms of my stakeholder engagement, last night there were about 70 renters at that forum, and that was the third in a series of forums. They're being run by the Tenants' Union and the Sydney Alliance as part of their general work and engagement with renters, and I've been invited along. They have also been funded by NSW Fair Trading they've received through the Rental Bond Board grants program. In terms of stakeholder agreement, I've met with the Tenants' Union, I've met with the Tenants Advice and Advocacy Services, I've met with the Public Interest Advocacy Centre, I've the met Jordie van den Berg from the Shit Rentals platform and I've met with Better Renting. In terms of real estate agents, I've met with the Real Estate Institute, Ray White, Laing+Simmons, Harcourts – all the major agents and representatives of landlords – Morton Real Estate and tutor real estate. I've also met with the key analytics groups like LongView, CoreLogic

and SQM, and some key build-to-rent and investor groups as well. I've been part of institutional investor round tables where there are representatives of maybe 10 to 15 landlord groups of different types of landlords. In terms of property representatives of that type, I've also met with purpose built student accommodation providers and landlords that provide specific accommodation to students and associated representative groups like Study NSW and the groups that support the renters and the landlords in those groups as well. In terms of dedicated landlord round tables, we held two of those last year and one of them last week. The one that was held last week, I didn't personally attend. We did it at the forum out of consumer research and that's because I didn't want to influence the discussion based on my position. I wanted them to be able to have an open and frank discussion about some of the work that we're working on. There's another one is scheduled in a couple of weeks time as well. I try to be –

Mr TIM JAMES: Will some of that be released in terms of the feedback that you're getting?

TRINA JONES: I haven't had a plan to release that in any particular way, but if people think that would be useful, I'll take that

Mr TIM JAMES: The insights and reflections of those who are supplying rental properties in this market are absolutely imperative. We've spent the best part of two days hearing from people who are pro these reforms, and that may rightfully reflect the balance of submissions to this Committee, but it is so important that we hear both sides of the story with relative balance and as much insight, depth and clarity as possible. That would be very helpful, indeed

Answer

The Rental Commissioner, working with NSW Fair Trading, has convened stakeholder meetings, roundtables, and focus groups with renters, landlords and industry representatives since her appointment in August 2023.

Key topics discussed through consultation with landlords and property providers has included proposed rental reform including no-grounds evictions, making it easier to have pets in rentals, free ways to pay rent and the delivery of a portable rental bonds scheme.

Of those engaged, key areas of interest included understanding notice periods for fixed terms and periodic leases, and the different grounds to end a lease. There was consistent feedback that any reform must balance the needs of landlords and renters, and account for different market conditions. In relation to pets in rentals, landlords suggested there could be guidelines to inform decision-making, and suggested the need for improved protections to cover any potential damage from pets.

With the introduction of a portable rental bonds scheme, there was support for the government to be a guarantor for the scheme and to minimise any administrative requirements on landlords. For future energy efficiency initiatives, those consulted raised concerns around costs for retrofits and demonstrated support for any future government support packages.

In the 2023/24 financial year, the NSW Rental Commissioner engaged with a diverse range of organisations and stakeholders to discuss opportunities and challenges in the NSW Rental Market. A summary of those organisations is provided below:

Renters and Landlords

1. Three Landlord and one focus groups (Online)
2. Three renter forums in Parramatta, Revesby, and Sydney

Tenancy Information, Advice & Advocates

3. Aboriginal Tenants Advice & Advocacy Service (TAAS)
4. Better Renting
5. Public Interest Advocacy Centre (PIAC)
6. Sh1T Rentals
7. Tenancy Advocacy and Advice Network of agencies
8. Tenants' Union of NSW

Real Estate

10. Alpine Country Properties
11. Harcourts
12. Inspect Real Estate
13. Laing & Simmons
14. Morton Real Estate
15. Ray White
16. Real Estate Institute of NSW (REINSW)
17. Sentinel Real Estate Corporation
18. SJ Shooter Real Estate

Property Other

19. Ailo
20. Avenor
21. APT Residential
22. AirBnB
23. Core Logic
24. Coronation Property
25. Domain
26. Grimshaw Architects
27. GumTree
28. FreshHope
29. LongView
30. Lendlease
31. LightHouse

32. Nightingale Housing
33. NSW Property Council
34. Owners Corporation Network (OCN)
35. Property Services Expert Panel
36. Plenary Group
37. REA Group (Realestate.co.au/PropTrack)
38. Strata Community Association
39. Suburb Trends
40. SQM
41. WeldonCo Advisory

Legal Services

42. Aboriginal Legal Service
43. Law Society of NSW
44. Legal Aid
45. Women's Legal Service

Housing & Homelessness

46. Community Housing Industry Association
47. Homelessness NSW
48. Housing for the Aged Action Group
49. Shelter NSW
50. St George Community Housing
51. Women's Housing Company
52. Link Wentworth Housing

Student Accommodation Providers

53. Iglu
54. Scape
55. The Property Council (Purpose Built Student Accommodation)

Government & Other

56. City of Sydney
57. Community Housing Registrar
58. Department of Communities & Justice
59. Department of Regional NSW
60. Department of Planning
61. Energy & Water Ombudsman (EWON)

62. Fire and Rescue NSW

63. Homes NSW

64. Inner West Council

65. Landcom

66. Local Government NSW

67. NCAT

68. Study NSW

69. Women's Safety Commissioner

70. Treasury Corporation (TCorp)

Social Services

71. Domestic Violence NSW (DVNSW)

72. National Council of Social Services (NCOSS)

73. St Vincent de Paul

74. Sydney Alliance

Academics, Experts & Advisory Groups

75. City Futures Research Centre, UNSW

76. Committee for Sydney

77. Grattan Institute

78. Greater Cities Commission Youth Advisory Panel

79. WeldonCo Advisory

80. Western Sydney Dialogue

Animal Welfare

81. Lucy's Project

82. RSPCA