

To: Legislative Assembly Select Committee on the Residential Tenancies Amendment (Rental Fairness) Bill 2023

Dear Committee Members

We are writing to you as representatives of the below signed organisations. We are concerned about the current draft legislation on rental reform that aims to eliminate secret rent bidding and instead replace it with a regulated rental auction process.

While we welcome the government's intention to provide better protection to NSW renters and improve the functioning of the rental market, we believe that the proposed reforms have unintended consequences that will have further negative impacts on tenants and the rental market.

Rent bidding is when prospective tenants offer more money than the advertised price for a rental property, either voluntarily or in response to solicitation by agents, owners or third parties. It is a practice that can create unfair competition and increase rental prices in a tight market – especially problematic in a high-inflation environment that we are currently in. It can also lead to discrimination, exploitation, and insecurity for tenants, especially those who are vulnerable or disadvantaged. We note this conduct is not condoned by professional real estate agents and not encouraged.

The current draft legislation requires owners and agents to notify applicants of other offers that are higher than the advertised price but does not prevent them from accepting such offers. This means that rent bidding can still occur, and that tenants can still be pressured or tempted to pay more than they can afford. We have become aware that the recent media on the practice has also led to increased bids from prospective tenants.

We urge you to amend the current draft legislation to remove rent bidding altogether and instead put in place a fair and administratively simple process whereby:

- A fixed rental price must be advertised at the time a property is put up for rent. This advertised rate would act as a ceiling.
- Landlords, real estate agents and potential tenants must not offer, solicit, or accept a higher rental rate than the originally advertised rate.

We believe that this policy would create a fairer and more transparent rental system that would benefit both tenants and landlords. It would reduce stress and uncertainty for tenants, who would know exactly how much rent they need to pay and whether they can afford it. It may also encourage landlords to set realistic and reasonable rents that reflect the market value and condition of their properties and reduce the administrative burden that a regulated rental auction would cause.

We appreciate your attention to this matter and hope that you will consider our proposal. We are happy to meet with you or your staff to discuss this further.

Sincerely,



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CEO Homelessness NSW



Leo Patterson Ross
CEO Tenants Unions



John Engeler
CEO Shelter NSW



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