

**Submission
No 12**

RESIDENTIAL TENANCIES AMENDMENT (RENTAL FAIRNESS) BILL 2023

Organisation: Property Owners Association NSW

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Residential Tenancies Amendment (Rental Fairness) Bill 2023

Select Committee on Residential Tenancies Amendment (Rental Fairness) Bill 2023
Parliament of New South Wales

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BACKGROUND

The Property Owners Association of NSW has been the peak body representing the interests of the private landlord residential accommodation market since 1951.

We thank you for reaching out to us to submit however we are shocked and disappointed by the handling of this reform with little notice to a peak body who represents a crucial part of the housing industry and residential accommodation sector. The timeframe we have been given to make a submission is appalling.

The submission was prepared by the POANSW committee of management who are short to long term residential accommodation landlords across the Sydney metropolitan marketplace and throughout NSW. The committee comprises licensed real estate agents, valuers, rooming and boarding house operators, boutique hotel operators and single to multiple investment property investors/landlords who either self-manage their own tenancies or engage property managers to do so. Residential tenancies consist of 35.4% of the NSW population who are either renting or landlords.

The Residential Tenancies Act 2010 and its regulations require review to meet tenancy challenges to reduce the pressures of housing in NSW.

These pressures include:-

1. Rapid rise in housing prices during the last decade of Australia's biggest housing and construction boom especially in the Sydney metropolitan area and other parts of NSW.
2. Inability of many people to fund their own a home, especially first home buyers who are attempting to move from the rental market and become owner occupiers.
3. Restricting the supply of rental properties which places pressure on rising rents due to the lack of capacity of private citizens to own more than one investment property.
4. Restrictions and challenges surrounding the new financial environment post APRA and Royal Commission interventions as well as recent RBA/banks moves on rates.
5. Lack of planning and inability of the State Government to expand the private, affordable and social housing supply to match the needs and demands of those seeking to occupy state and privately owned rental properties.

Some of my Keys of the above are:

1. More inefficient regulation stifle supply, which ultimately causes market distortions and distress for renters. In particular, planning policies, both state and local government need to incentivise supply, rather than hamper.

2. Stamp duty and land tax is a major deterrent to supply and efficient use of housing.
3. Social and public housing is a very inefficient and ineffective solution to the broader affordable housing crisis, and its functionality is limited to niche issues.
4. Anecdotal evidence suggests Community Housing Providers not a solution.

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SCHEDULE 1 1 (1)

- (a) POANSW committee agrees in principle to a landlord or their agent advertising a premises with a fixed price and not other methods such as offers, price ranges or practices such as advertising a rental property with “contact agent”
- (b) POANSW committee agrees in principle to the intent of this clause however it is not clear as to the definition of who is the “person” in this clause i.e. is it the agent, tenant or landlord or possibly prospective tenant? It is unclear.
- (c) POANSW committee strongly disagrees with this clause. It is problematic in the practical day to day running of a property portfolio business and is counterintuitive approach which will result in the direct opposite affect of its intent and purpose which is to prevent “rental bidding” The sheer time consuming affect of having to disclose offers made by a potential tenancy applicant over and above the asking price made by the prospective tenant is cumbersome, will result in a rental bidding war and in turn will create a “Dutch auction” Can you only imagine in this strong rental market where there can be a dozen rental applications supplied on any given rental property that an agent/landlord has to manage communications with all these prospective tenants disclosing offers and counter offers. That would be a ridiculous burden placed on anyone in residential tenancy management. We can also envisage the return of rental bidding Apps into the marketplace who will see this as an opportunity to profit from such management processes.
- (d) POANSW does not fully understand the intent and purpose of this proposed clause and the need for another open home. Who is driving or setting the market rental value here? Is it the tenant or the owner of the property? What happens if a prospective tenant makes an offer, then withdraws their offer or declines to proceed with the property? Why should the owner of that property accept that their offer be accepted as fair market value? when in fact it could be over value or under value, who really knows and at the end of the day we make a point here that the property owner and their agent should be in control of when, how and why they set a certain amount of rent for their own rental property and for rental value not be driven by a prospective tenant.
- (e) Agree

SCHEDULE 1 (2)

No issues

SCHEDULE 1 (3) and (4)

POANSW has not been supplied with any information or details surrounding the proposal of a rental bond roll over scheme. We require information and a consultation process on this front.

CLOSING REMARKS

Real estate agents and/or the private property owners who manage rental property properties have no incentive to be involved in rental bidding wars as its extra work, a real time-consuming burden and in the end will leave majority of their consumers with a poor view of their practices including bad reviews or ratings through sheer angst of being placed into a bidding war situation. It is also an inefficient waste of their precious time getting involved in such matters of tenancy. It is not the property owner nor the agent that drives rental prices up or down it is the marketplace itself and though we welcome an approach from Govt to create transparency in the market the real estate industry should not be penalized or singled out as a particular stakeholder group as being the cause of the problem.

The POANSW, in existence since 1951, has worked with NSW Government on the legislative front with a focus on achieving equitable and balanced outcomes for all stakeholders. Though some effort has been made to achieve those objectives from legislators we do raise very strong concern with matters raised in this new amendment Bill which we believe has been rushed, not given much thought, is impractical to implement and will cause the reverse affect of its intent and purpose which is to offer some fairness and relief in a rental crisis. We can only hope these consultation processes are taken more seriously with proper and adequate stakeholder consultation periods.

The POANSW executive committee would like to thank the minister and his subordinates for participating in this submission.

Yours Faithfully,

The POANSW executive committee