

**Submission
No 16**

RESIDENTIAL TENANCIES AMENDMENT (PROHIBITING NO GROUNDS EVICTIONS) BILL 2024

Organisation: Property Investors Council of Australia (PICA)

Date Received: 27 June 2024

To: nogroundsevicitions@parliament.nsw.gov.au

Subject: **Residential Tenancies Amendment (Prohibiting No Grounds Evictions) Bill 2024**
- Invitation to make a submission

Dear Legislative Assembly Select Committee,

Introduction

The Property Investors Council of Australia (PICA) is pleased to have the opportunity to provide evidence-based insights and feedback on behalf of major stakeholders - the 2.2 million small business property owners. The same stakeholders who provide private rentals options to over 90% of all tenants in Australia, representing over \$3 trillion dollars of private investment.

The same stakeholders, which in New South Wales alone, supply over 944,000 private rental accommodation options for New South Wales renters, representing over \$1.145 trillion dollars of private investment *.

About Property Investor Council of Australia (PICA)

PICA is a not-for-profit association run exclusively by property investors, with a dual purpose and mandate to: 'Advocate & Educate.'

1. Ensure our property investors are informed and educated with their investment decisions, whilst avoiding financial risks and pitfalls, when providing tenants with safe and quiet enjoyment to the property asset they are leasing.
2. Help inform and educate government, regulators, and the public about the positive social and economic impact these investors have on the communities in which they supply important accommodation. Without this supply of short- and long-term accommodation by these small business owners, no town or city would form, develop, or continue to grow, to reach their full potential of serving the people who choose to reside within them.

Submission on No Grounds Eviction

Today we provide this submission as a direct voice for the majority of rental property owners investing in New South Wales, who annually inject tens of billions of dollars into providing new and a much-needed increase in private rental accommodation, in addition to existing \$1.145 trillion currently invested in New South Wales.

Meaning this critical investment in supply of private rental accommodation, is not just in the interest of these small business investment property owners, it's also in the critical interest of renters, as well as the broader Government revenue & economic interest and well as the social interests of the state of New South Wales.

As highlighted, for private property investors, ownership of a property asset is akin to running a small business, with equivalency in decisions around managing that asset to deliver an adequate investment return to meet their overall financial independence goals. Furthermore, such pursuits mean achieving a self-funded retirement position, these same investors will not only be less of a burden financially for government, but in fact they will continue to pay ongoing taxes both State and Federally.

This submission will showcase the risks and unintended consequences of the proposed amendments to existing No Grounds Eviction laws in New South Wales.

The introduction of this legislation in its current form, will pose significant existing and future investment risk to the overall supply of private rental in the mix of rental accommodation options in New South Wales going forward.

It's clear from the feedback and data that we have collected from our members and the industry in general that the proposed legislative change, with its limited options in terms of reasonable grounds for eviction, is of great concern to the majority stakeholders who operate their small private rental accommodation businesses in New South Wales.

We share these insights to ensure that the Committee is aware of the significant impact changes to legislation will have and these unintended consequences that will ultimately result in property divestment, less housing supply and higher rental prices for tenants.

Changing Investment Environment from Greater Government Regulation:

Multiple regulatory changes, along with negative political narratives and threats of further legislative changes, are having a directly impact on investor sentiment, as well as a rental supply impact at State and National Levels, as evidence in the data.

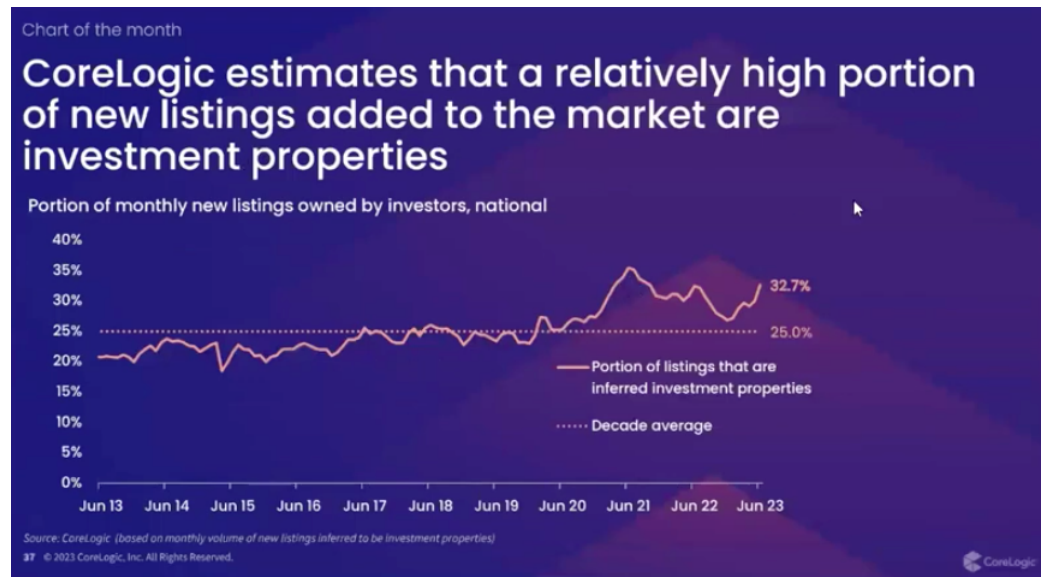
The growth rate of the Number of Individuals with rental properties incomes is slowing down due to the restrictions and changes to policy, even though during this time, interest rates were at historically low levels, that traditional property investors would deem a positive condition to invest.

Year	Total	Variance #	Variance %	Major Events
1999/00	1,163,907			Lib Fed Govt introduce 50% CGT Discount for assets owned > 12 months to accommodate for inflation
2000/01	1,208,163	44,256	3.80%	
2001/02	1,272,238	64,075	5.30%	
2002/03	1,331,160	58,922	4.63%	
2003/04	1,409,975	78,815	5.92%	
2004/05	1,446,508	36,533	2.59%	
2005/06	1,501,032	54,524	3.77%	
2006/07	1,553,685	52,653	3.51%	
2007/08	1,655,048	101,363	6.52%	National Rental Affordability Scheme was introduced July '08 (Concludes in 2026)
2008/09	1,635,904	-19,144	-1.16%	GFC
2009/10	1,704,220	68,316	4.18%	
2010/11	1,765,880	61,660	3.62%	
2011/12	1,854,519	88,639	5.02%	
2012/13	1,942,339	87,820	4.74%	
2013/14	2,010,923	68,584	3.53%	
2014/15	2,051,517	40,594	2.02%	APRA (Dec '14) macroprudential Throttling 10% Investor Loan Book Growth cap.
2015/16	2,097,382	45,865	2.24%	
2016/17	2,156,319	58,937	2.81%	Fed. Labor attempts Negative Gearing Policy changes (& losses election), APRA (Mar '17) puts limit on interest only lending @30% of new lending
2017/18	2,207,893	51,574	2.39%	Fed. Liberals ban travel and depreciation claims on existing properties
2018/19	2,227,174	19,281	0.87%	Fed. Labor 2nd attempt @ Negative Gearing Policy changes (& loose 2nd election)
2019/20	2,226,841	-333	-0.01%	APRA (Jul '19) floor rate 7% or 2% buffer serviceability, NSW Libs (March '20) Tenancy Reforms No Grounds evictions stays, Pandemic & Start Record Low Interest Rates
2020/21	2,245,539	18,698	0.84%	VIC. Labor (March '21) Intro 133 Tenancy Reform Changes. Still record low Interest Rates
2021/22				APRA (Oct '21) implements 3% Lending Buffer serviceability Rate, QLD. Labor (Oct '21) Tenancy Reforms - stage 1, RBA (May '22) starts moving rates from record lows
2022/23				ACT. Labor (April '23) Tenancy Reforms, WA. Labor (Proposed May '23) Tenancy Reforms announced No Grounds eviction stays, Interest Rates increases continue
2023/24				Vic. Labor (Jan '24) Significantly increase Land Taxes in VIC. Property Insurance Premiums increase by double digits (10% to 25%).

Source: ATO, Property Investors Council of Australia

Source: ATO Property Investors Australia Number of Individual with Rental Properties Incomes

In more recent National data evidence, this lack of trust in politicians and regulators supporting small business rental accommodation providers is continuing:



Source: CoreLogic Chart Pack July '23 (based on monthly volume of new listings inferred to be investment properties)

Lessons from Victoria's Failing Marketplace Regulation Experiment:

In 2021 The Victorian Government introduced 133 Tenancy Legislation Changes including abolishing the No Grounds Evictions. It caught most property investors off guard, as very few investors knew of these reform changes before they became law.

It's very clear from the data being collected and reported post this period, that a lot of investors aren't happy with these reforms, believing they have gone too far, and thousands have begun the process of exiting the Victorian market as they learn about and encounter this reform package and the recent increase in land taxes.

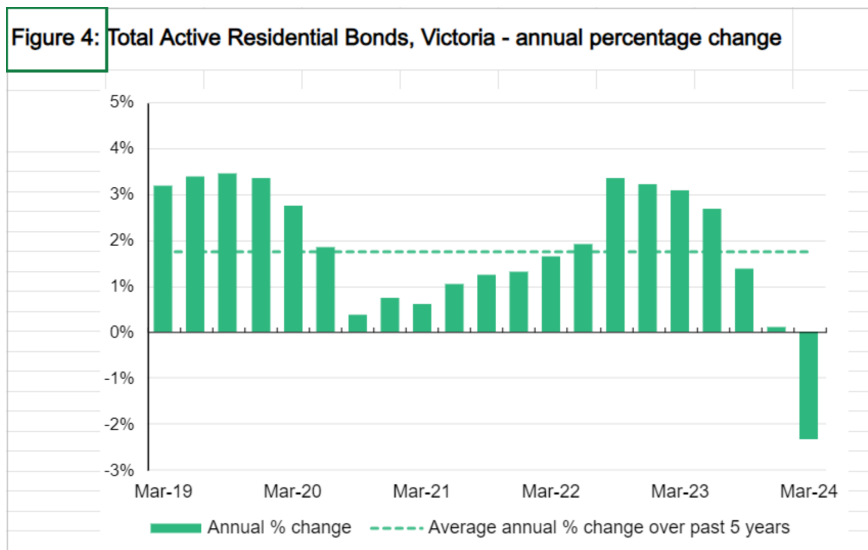
The data reported in December quarter 2023 indicated a net loss of 11,789 rental properties in the calendar year, in the latest March quarter data that **net loss of rental properties has now increased to 15,607**. The supporting data also highlights the strong downward trend in overall supply.

Figure 4: Active bonds data [Contents page](#)

	Victoria				Metro		Regional		
	#	Annual %	5 year average	a 10 year average	annual %	#	Annual % change	#	Annual % change
Mar-20	638,865	2.7%	1.8%	3.1%	519,017	3.0%	119,803	1.8%	Mar-20
Jun-20	637,191	1.8%	1.8%	3.1%	516,230	1.7%	120,920	2.4%	Jun-20
Sep-20	633,805	0.4%	1.8%	3.1%	511,072	-0.3%	122,693	3.4%	Sep-20
Dec-20	638,385	0.7%	1.8%	3.1%	514,990	0.0%	123,356	3.9%	Dec-20
Mar-21	642,891	0.6%	1.8%	3.1%	519,081	0.0%	123,776	3.3%	Mar-21
Jun-21	643,920	1.1%	1.8%	3.1%	520,542	0.8%	123,347	2.0%	Jun-21
Sep-21	641,648	1.2%	1.8%	3.1%	518,704	1.5%	122,915	0.2%	Sep-21
Dec-21	646,890	1.3%	1.8%	3.1%	524,185	1.8%	122,677	-0.6%	Dec-21
Mar-22	653,540	1.7%	1.8%	3.1%	530,867	2.3%	122,649	-0.9%	Mar-22
Jun-22	656,311	1.9%	1.8%	3.1%	533,903	2.6%	122,384	-0.8%	Jun-22
Sep-22	663,269	3.4%	1.8%	3.1%	540,337	4.2%	122,908	0.0%	Sep-22
Dec-22	667,720	3.2%	1.8%	3.1%	544,942	4.0%	122,755	0.1%	Dec-22
Mar-23	673,713	3.1%	1.8%	3.1%	550,321	3.7%	123,371	0.6%	Mar-23
Jun-23	674,052	2.7%	1.8%	3.1%	550,340	3.1%	123,692	1.1%	Jun-23
Sep-23	672,435	1.4%	1.8%	3.1%	548,525	1.5%	123,891	0.8%	Sep-23
Dec-23	668,510	0.1%	1.8%	3.1%	544,765	0.0%	123,726	0.8%	Dec-23
Mar-24	658,106	-2.3%	1.8%	3.1%	535,726	-2.7%	122,360	-0.8%	Mar-24
Peak Stock									
Loss in Last Qtr	- 10,404				- 9,039		- 1,366		
Loss in Last Ca. Yr	- 15,607				- 14,595		- 1,011		

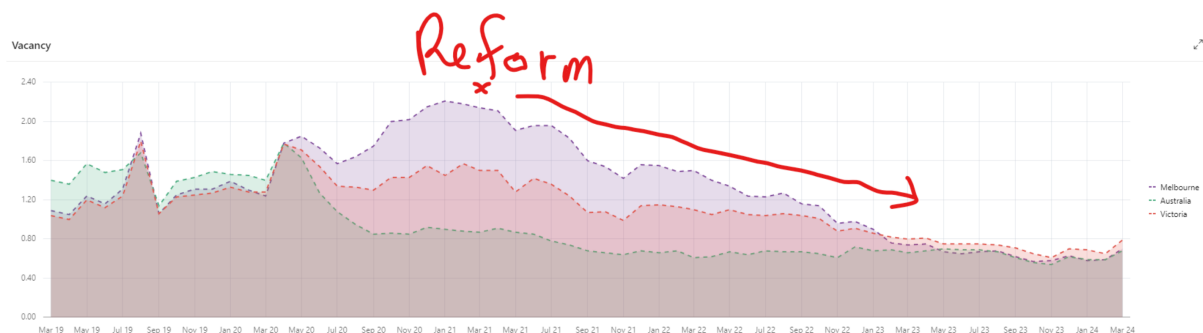
Source: VIC Active Bonds Data Mar 2024

The long-term average annual percentage change for Total Active Residential Bonds in Victoria runs at 2%, now it's negative 2+%.



Source: VIC Active Bonds Data Mar 2024

Let's also highlight the change in vacancy rates since the introduction of these reforms. We do want to point out that the reforms shouldn't be judged as the sole reason from tight vacancy rate, as population growth, along with falling supply has played a role.



Source: Select Residential Property Research Platform

Property Investor Sentiment - Why they are selling in Victoria?

In the *PIPA Sentiment Survey 2023*[^], it is very clear that the political environment with government increasing costs (47% of respondents) and legislation changes (43% of respondents) are the reasons investors sold their investment. The same reason investors are looking to sell in the next year.



Source: PIPA Sentiment Survey 2023

31% of investors sold their property in VIC, a state that has had the most radical changes to tenancy legislation, including the removal of No Grounds Evictions and the highest land tax increases.



Source: PIPA Sentiment Survey 2023

Victoria was ranked the worst in terms of government positively supporting property investment.



Source: PIPA Sentiment Survey 2023

Victoria has become a 'No Invest Zone' for most property Investors

It is clear Victoria is currently not a popular place for property investors to consider investing tens of billions of dollars to increase rental supply. This reduction in supply is also resulting in the remaining investors being able to pass on higher taxes, holding & compliance, and interest rate costs to tenants.

How this is being reported and assessed:

Winners:

- *The Victorian Government and Tenancy Group now argue Tenants are better off. (This statement might be true, but it more likely only true for the small minority of tenants who experience bad landlords).*
- *The Victorian Government will receive higher tax revenues through increased land taxes (but only if the number of properties remain as rental property, less rental properties will mean less revenue)*
- *Big Business / Superfunds: 40 Year Free Land Tax Concessions for build to rent project just to make them financially viable. (Without this tax-free handout, they aren't viable because they can't run these investments as efficiently as small private rental accommodation providers).*

Losers:

- Tenants having much less rental choice options
- Tenants definitely having to pay higher and higher rents over time
- Government with lower Stamp Duty Revenues through reduce buying activity
- Government via higher demand for social and public housing investment
- Government via slower economic activity off the back of less housing investment and critical housing supply to attract and retain human capital
- Business - unable to accommodate workers or paying a premium for setting up new workers from interstate or overseas
- General Public - Government having to raise other taxes to pay for more housing investment

In Victoria, this situation will continue to get worse and worse, until reforms are introduced to incentives property investors back, and trust in Government acknowledging the important role they play is restored. We expect this may take several years to play out, which will impact renters the most.

This Victorian example from the stakeholders that control and determine the stock levels of supply, should be an important consideration, as to the behaviour you should expect if such legislation is introduced in New South Wales.

Current Misinformation & Lack of Property Investor Consultation

The *Regulation of Residential Tenancies and Impacts on Investment* report was published in November 2022. The key findings were that the changes to Tenancy Legislation doesn't impact investors from buying or owning investment properties. The research period is Sydney and Melbourne over a 20-year period 2000-2020. The issue with some still referencing this report is this report is no longer offer valid data.

Since the release of this report, which quotes data prior to 2020, fails to take into account subsequent regulatory reforms, such as that Victoria's major 133 Tenancy changes that was introduced in March 2021 highlight in the Victorian example.

Source: *Regulation of Residential Tenancies and Impacts on Investment* Report November 2022

Key Findings being Quotes in this Report:

- Changes to Tenancy Legislation doesn't impact investors from buying / owning investment Properties



Research Period - Rental Bond Assessment Period:

- Sydney and Melbourne over a 20-year period (Q1 2000 to Q1 2020)
- NSW - Residential Tenancies ACT 2010 (Modest reforms)
- VIC - 2015 Victorian Fairer Safer Housing review (Modest reforms - still some negative impact reported, most likely due to compliance cost increases)

Significant Market Interventions/Events during this period:

- 50% CGT Exemption - 1999
- NRAS - Jul'08
- GFC - 2008
- APRA 10% throttle on Investor Loan Books - Dec'14
- APRA - throttle on 30% I/O lending - Mar'17
- Lib's Ban some depreciation benefits & Claiming Travel Costs
- APRA - 7% or 2% buffer rate
- NSW Libs - Tenancy Reforms - Mar'20

Significant Market Interventions After this period:

- Covid Low Interest Rates (2020-2022)
- Vic Labor - 133 New Tenancy Reform Laws (Material Reform) - Mar'21
- APRA 3% buffer rate - Oct'21
- QLD Labor Stage 1 Tenancy Reform Oct'21
- QLD Propose a National Land Tax Policy - Late 2021 to come into effect in Jun'23 (Scrapped after backlash)
- RBA first rate move May'22 (13 increase totalling 4.25%)
- Greens Threaten Rental Caps & Freezes - 2023 - current
- ACT Labor Tenancy Reforms - Apr'23
- WA Labor Tenancy Reforms - Proposed May'23
- Vic Labor Increases Land Tax (Covid Tax) 615,000 properties - Jan'24
- Property Insurance Premiums rise between 10% & 25%

In the report there is however a correct assessment which is still relevant today - that being Australian landlords are often overlooked in such research.

Correct Assessment:

Despite their numbers, Australian landlords are often overlooked in research. In public discourse they tend to be spoken for by others—real estate organisations, media interests and politicians—and in PRS data collection the sources are usually the households in rental housing. Research on the PRS therefore often focuses on tenants and their dwellings, rather than the smaller and less readily traceable group that owns the PRS (Pawson and Martin 2021).

Source: *Regulation of Residential Tenancies and Impacts on Investment* Report November 2022

The lesson here is, in future research and in dialogue with Government and regulators, you simply can't develop policy without the primary supplier's engagement and input - in this case property investors supplying private rental accommodation. Otherwise, you run the risk what happening in Victoria right now. PICA is that peak body

Furthermore, the Federal Governments *State of the Housing System* report also fails in this regard as well.



Source: *State of the Housing System*

What does a report titled 'A Better Deal for Renters' signal to the private rental provider? We aren't already doing a satisfactory job in looking after our clients in our small businesses? That statement seems contradictory to the ABC's 7:30 report in early 2023, claiming around 100,000 rental disputes are processed each year across Australia, instigated by either an unhappy tenant or landlord for that matter. This number compared to 2.84 million private rental properties reported in the 2021 Census data - indicated disputes of less than 3%. Of course, there might be more frustrations from tenants and landlords that go unreported, but even if you double the number, you are still sitting at 94% of commercial relationships between landlords and tenants are adequately benefiting both parties.

Finally on this point, the 'Residential tenancy law reforms: no grounds evictions' Research Paper published in 2024-05 key points includes a finding that '*In recent years, several other states and territories have partially or fully banned no grounds evictions, including Victoria, Queensland, the ACT, and South Australia. There is limited evidence on the impact of the reforms.*' The data above shows that in Victoria there has been a major impact with the exit of over 15,600 rental properties in the last 12 months.

Residential tenancy law reforms: no grounds evictions

Lenny Roth, BCom, LLB
Research Team Leader, Parliamentary Research Service

Christine Lamerton, BA (Lib Sci), AALIA
Senior Research Librarian, Parliamentary Research Service

June 2024



Source: Residential tenancy law reforms: no grounds evictions' Research Paper published in 2024-05

In the Research Paper acknowledges that there is limited data available on how many no grounds evictions there are.

3.2 How many no grounds evictions are there?

There is limited data available. A 2016 Victorian survey found that 4% of tenants reported ever receiving a no grounds eviction and 9% of landlords reporting giving a no grounds eviction.¹² A 2018 national survey by CHOICE found that 10% of respondents had ever received 'one or more "without grounds" formal eviction letter(s).'¹³ In contrast, a 2018 survey by the Tenants Union of NSW found that 41% of respondents had ever experienced a no grounds eviction.¹⁴ Fair Trading NSW has conducted an end of tenancy survey since August 2021. While this survey includes questions about who ended the tenancy and why, it does not include a specific question about no grounds evictions.¹⁵

Source: Residential tenancy law reforms: no grounds evictions' Research Paper published in 2024-05

There were 405 written submissions in response to the consultation. The submissions of 2 key stakeholders (the Tenants Union of NSW and the Real Estate Institute of NSW) on the issue of no grounds evictions are summarised below.

Source: Residential tenancy law reforms: no grounds evictions' Research Paper published in 2024-05

Again, with this Research Paper it acknowledges the tenant representation (Tenants Union which is Government funded) and the real estate body (REINSW which is corporate body) yet no reference to the major stakeholder of private rental providers such as PICA.

When Irreconcilable Differences Surface - What does the Property Do?

Earlier we highlighted that millions of landlord / tenant contracts are fulfilled without incident of difficulties each and every year, yet PICA also acknowledges that is possible that a small minority of landlords and tenants acting poorly can cause undue stress and financial harm on the other. This is why we have rules and regulation in the first place.

Under the current laws a landlord doesn't have to provide a reason for termination of the lease. And in PICA recently speaking to the New South Wales Rental Commission, we learnt that no data is currently collected as to the reason why a landlord might give notice for a tenant to vacate.

Yet instead of doing some further investigate and learning as to why such evictions are taking place and then work through possible solution that are acceptable to both the landlord and the Tenant, we find ourselves in a situation whereby the Government is about to introduce a 180-degree flip of the existing legislation?

Furthermore, we understand this radical reform is being supported by commentary to Government, that every 18 minutes someone is being asked to leave their rental property, with no explanation as to why they need to leave, because current laws say no reason needs to be given.

Every 18 minutes sounds like a lot, so let's give some perspective and context here, by comparing it to another legally binding contract – A marriage contract.



Marriages and Divorces, Australia

National and state statistics on marriages and divorces, including same-gender couples

Key statistics

- 127,161 marriages were registered in 2022, the highest on record after lows in 2020 and 2021.
- The most popular marriage date was 22/10/22, with 2,202 marriages on that day.
- Divorces returned to usual levels (49,241) after administrative changes led to the finalisation of more divorces in 2021.

Source: ABS Data

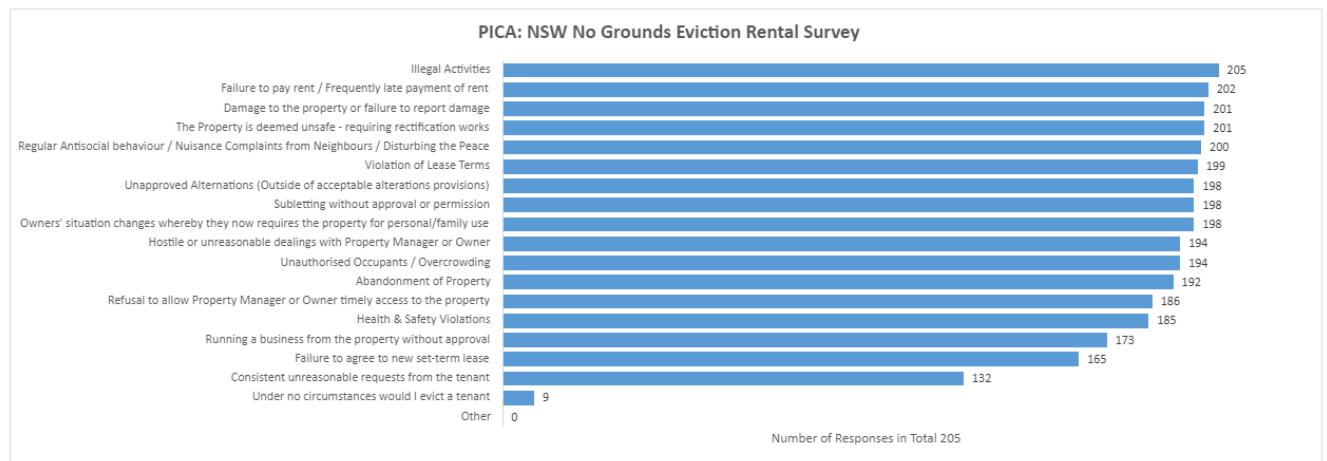
Based in ABS data 127,000 couples get married a year and 49,000 end in divorce that's 39% or 39 marriage contracts in every 100 ends in divorce. Interestingly those contracts start from a position of love the other person, and yet one divorce occurs every 10 minutes, if we put it into the same context as those seeking tenancy reforms are positioning their claims for change.

If more than 1 in every 3 marriages end in divorce, it's also only logical to expect relationship breakdowns in the millions of rental contracts that occur each year. Yet under the proposed legislation, PICA sees no such suitable options being considered or offered to the property owner under this legislation, and based on the feedback we have been collection, they are extremely upset and disappointed this is case, and they are not readily accepting of this, in the current way in which the legislation is currently proposed.

What would be other Reasonable Grounds for Eviction or Termination

Build on the lack of consultation, the lack of data and the overall lack of understanding from the private rental accommodation providers viewpoint, with the limited time given to meet this submission deadline, we conducted a quick survey with New South Wales investors to get a better understanding of what they believed to be reasonable grounds to consider terminating their lease agreement.

Q. In your opinion or experience, what would be reasonable grounds for which you would choose to terminate or evict a tenant - (You can select multiple options)



Source: PICA's NSW No Grounds Eviction Survey – June 2024 Number of Responses 206

Landlord's do not evict Tenants for no reason

Q. If your tenant complied fully with the lease agreement, tenancy legislation, paid their rent and looked after the property, whilst enjoying safe and quiet enjoyment of the property, would you evict them for no reason?

If your tenant complied fully with the lease agreement, tenancy legislation, paid their rent and looked after the property, whilst enjoying safe and quiet enjoyment of the property, would you evict them for no reason?

[More Details](#)

[Insights](#)



Source: PICA's NSW No Grounds Eviction Survey – June 2024 Number of Responses 206

If the tenant complied fully with the lease agreement, tenancy legislation, paid their rent and looked after the property, whilst enjoying safe and quiet enjoyment of the property, the property owner would not evict the tenant for no reason. As small business owners it makes sense to keep the tenant on as long as it works for both parties.

It is important to note that the bulk of owner/tenant relations go without incident or challenges. A change for the minority will have a vast impact to the majority. The regulation risk of making these significant legislation changes will cause private rental providers to divest their property and will result in worst outcomes negatively influence the rental supply and increase in rents.

What Happens When No Grounds Eviction Remains - Western Australia's Winning Move to attract more investment and greater rental supply

In 2023 WA Labour New Tenancy Reforms were introduced with No Ground Eviction remaining.

"The Synergies Economic Consulting conducted an independent analysis into the economic cost of possible reforms to the Residential Tenancies Act (1987) in Western Australia.

The study focused on two proposals of particular concern:

- 1. The proposal to remove the right of a property owner to terminate a tenancy unless done so on prescribed grounds (e.g., owner wishing to sell or move back in).*
- 2. The proposal to remove the requirement of a tenant to seek the consent of the property owner to make modifications to the property.*

The report found that if these proposals were passed into law, it would impose numerous costs on the wider economy and lead to a range of unintended consequences for the WA rental market.

Among the most notable consequences, the report found WA tenants would pay up to \$105 million extra in increased rents each year, while an estimated \$142.5 million in higher property management costs would be incurred annually across the rental sector.

The report also found that owners and tenants of low-priced properties would be disproportionately affected by the proposed reforms, with low-income tenants expected to face higher rents and experience the greatest difficulty securing housing.

It is estimated up to \$1.3 billion in government funding would be required by the social housing sector to meet the additional demand of the rental market due to reduced investment in the market.

"WA's residential tenancy laws are working well for the vast majority of the more than 222,000 rentals currently leased across the state, yet these proposals seek to alter the tenant-owner relationship for all." Mr Collins said."

By being investor friendly and allowing the No Grounds Eviction to remain, WA is enjoying a lot of demand from investors which is good news for WA economy and rental supply market.

The below charts show what happens when you turn away small business private rental accommodation providers (VIC) versus have more favourable conditions to invest (WA).

Housing Finance for Investors Annual Growth Chart VIC

Housing Finance - Investors



Source: ABS Lending Data - Latest April 2024 released 06/06/2024

Housing Finance for Investors Annual Growth Chart WA

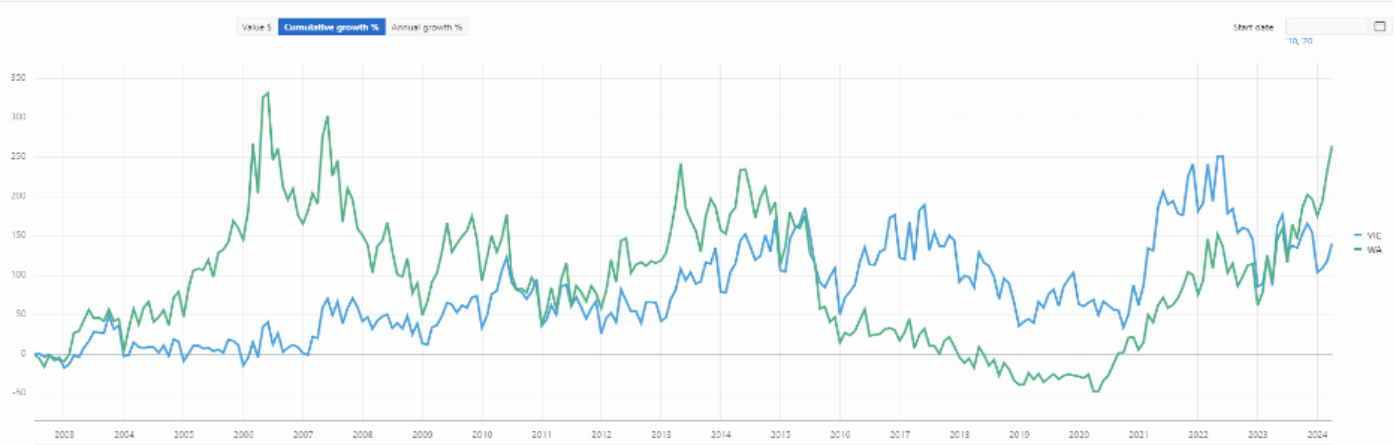
Housing Finance - Investors



Source: ABS Lending Data - Latest April 2024 released 06/06/2024

Housing Finance for Investors Cumulative Growth Chart VIC & WA

Housing Finance - Investors



Source: ABS Lending Data - Latest April 2024 released 06/06/2024

Housing Finance for Investors:

	VIC	WA
Compound Growth since start	4.14%	6.13%
Growth last year	28.9%	89.5%
Growth 3 years	4.18%	160.03%

Source: ABS Lending Data - Latest April 2024 released 06/06/2024

It clearly shows the inflows of billions of investment dollars are making their way or being generated in the West and slowing down in Victoria.

Comments on the NSW Government survey Residential Tenancies Amendment (Prohibiting No Grounds Evictions) Bill 2024

Q8 & Q9.

The landlord (or their family member or dependent) intends to occupy the premises for at least 12 months

It is unreasonable to put a prescribed minimum time to family members occupying the premises, if circumstances change prior to this time, it makes sense for the property to go back onto the market and meet the demands of renters

The landlord intends to renovate or repair the premises and the premises will be uninhabitable for at least 4 weeks

It is unreasonable to put a prescribed minimum uninhabitable time for renovating, if the renovation takes less time, then it makes sense for the property to be lease back to reduce vacancy and meet the rental supply demands.

The premises will be unable to be used as a residence for at least 6 months

It is unreasonable dictate the time the property can be used a residence. If circumstances change, it makes sense for the property to be back on rent to reduce vacancy and meet the rental supply demands.

Other reasons to be determined by the Minister

It is unreasonable for a Minister to determine other reasons as this means the property manager loses control of their property an investment they have worked hard for.

It is in the property owners, renters and markets best interest to get the property back rented as soon as possible and these prescribed times will further add to the shortage of rentals, and this 'forced' loss of rent will be a financial burden on New South Wales property owners making this investment financial unfeasible.

Q12.

A requirement for landlords to show evidence that they have reasonable grounds before terminating a lease.

A penalty scheme for landlords who do not use the premises for the reason stated when terminating the lease.

This is not at all effective and will further clog up the tribunal disputes. Providing evidence and a penalty scheme will further drive the New South Wales property owner to sell up. Circumstances may change and the property owner should not be penalised. The majority of property owners are small business operators that need to make their asset financially sound.

Conclusion / Action

PICA strongly opposes the abolishing of No Ground Eviction and/or the introduction of such limited Reasonable Ground for Eviction in New South Wales. If introduced, we believe, based in the behavioural evidence, as well as the sentiment feedback, an increased number of property investors will exit the market as they have done in Victoria where they are losing tens of billions of investment dollars.

Compared to the evidence we presented for Western Australia, where No Grounds Eviction remains, we can see that the WA state is flourishing with positive investor sentiment, tens of billions of investor inflows an improving rental supply story and state economy enjoying record levels of stamp duty revenues and broader economic output.

If the tenant and landlord complied fully with the lease agreement, tenancy legislation, paid their rent and looked after the property, whilst enjoying safe and quiet enjoyment of the property, our property investors members surveyed results have told you, in the very strongest data result and feedback, that we would not evict the tenant or terminate the lease for no reason. However, if the tenant and landlord can no longer work together, develop irreconcilable differences, then other reasonable ground options must be made available for the small business property owner.

Using the marriage and divorce data, whereby this couple enter into a legally binding relationship, and in love, yet 1 in 3 of these will end in divorce, then it's only being realistic that with almost 3 million of these legally binding rental relationships, that some of these relationships will breakdown and fail.

Where is the safety net for the property owner when this occurs with this proposed change to legislation?

That giving the main stakeholder, who is responsible for supplying around 95% of rental accommodation in New South Wales, with reasonable ability to run their business or control their property will, as per the Victorian example, need to less investment and less supply of rental properties, and higher rents for tenants.

Remember, Property Investors are overwhelmingly everyday Australians with one or two investment properties. We are small business owners that inject tens of billions of dollars into the supply of rental accommodation, and we currently hold trillions of dollars of investments in this space, as the major player in this space. Replacing us will take decades of investment from either big business or Governments who don't have the money or responses to make this happen and even greater interventions into the property market also runs the risks of impacting Owner Occupiers and the broader economy. Something we don't think any government would want to be responsible for.

Extreme 180-degree policy changes of this nature will come with significant negative consequences that we are warning the Government of the day not to in-act.

PICA is open to further dialogue and consultation to strike the right balance of what would be considered reasonable grounds versus a blanket no ground eviction.

For due consideration and kind regards,

New South Wales State Advisory Council
Property Investors Council of Australia
info@pica.asn.au

*\$1.145 trillion calculation assumes 2021 census data of 944,585 dwellings combined with ABS March quarterly median value in NSW of \$1,212,000 which is below the median

^ Property Investment Professionals of Australia (PIPA) – Annual Property Investors Sentiment Survey: