The 90 day “no grounds” termination notice is the most commonly used termination notice. One of the situations when it is used is when a tenant is constantly in arrears but not quite 14 days in arrears. There are many tenants that just try to “play” the system and know that they can not be given a notice to vacate if they aren’t more than 14 days in arrears. So, they are just always 10 – 13 days late with their rent, and there is nothing the landlord/agent can legally do about it. The landlord just has to “put up” with late rental payments, or (at present) the landlord can issue a 90 day “no grounds” termination notice. This then allows a better quality tenant to move into the property who pays rent on time and makes the investment journey for the landlord much more favourable which may then, in turn, prompt the landlord to buy another investment property (which helps with supply of rentals for tenants). This is the ideal situation, that more investors purchase more investment properties to increase supply numbers (and possibly lower rents for tenants).

The 90 day “no grounds” termination notice is also used when a tenant is not looking after the property very well. It’s unclean, gardens not maintained, or there’s some damages.

If I had been able to issue a “no grounds” termination notice, the landlord could have regained possession of his property and removed the tenant who was damaging and devaluing his asset. But now, the landlord can not regain possession of his property. His only option is to sell the property in order to be able to remove the tenant. This is not an ideal way to entice investors to own residential property. Instead of making it extremely hard for a landlord, why not make it an attractive investment to own residential property. We need to increase the number of investors, not minimise it. Reducing the number of investors, reduces the number of rental properties, which pushes up rental prices and creates an even worse situation for tenants.

A few years ago when the NSW Government made some legislation changes to the Residential Tenancy Act, the government wanted to remove the “no grounds” termination notice, but an agreement was made with REINSW that if the changes to the break of lease fees were agreed upon than the “no grounds” termination notice would be left in the Act. This was agreed to by the

government and REINSW. Now, the government wants to renege on this agreement and remove the "no grounds" termination.

I would suggest that if the government wants to change something in regards to the "no grounds" termination notice, make the notice period 120 days instead of the current 90 days notice. This would give a tenant 4 months to find a new rental property. This is ample time for a tenant to find another property, and allows the landlord to still have some control and "say" in what happens with his/her investment property.

Ending a fixed term lease –

Victoria recently changed this termination notice. Now, in Victoria, you can only issue the 90 day end of fixed term notice to vacate for the first fixed period. The notice must be issued at least 90 days prior to the end of the fixed term lease and must not end after the last day of the fixed term lease. So, in practice, if you have a 6 month lease, the landlord must decide by 3 months into the lease if they want to terminate the lease and must issue the notice to vacate straight away. Surely this creates an unpleasant situation for every party. It's quite common that a tenancy will be going very well for the first 3 months, so how can the landlord make an informed decision as to whether they want to end the tenancy or not at the end of the 6 month lease?

The end of fixed term notice to vacate should be allowed to be issued at the end of the first fixed term, or any subsequent fixed term after that. The notice should also be allowed to be issued at any time right up until the last day of the fixed term lease.

Keeping of pets –

The landlord's right to decide if they want a pet in their investment property should not be taken away. Forcing a landlord to allow a pet is exposing the landlord to a significantly greater risk. A landlord already faces enough risks in owning an investment property, why make this even harder? I have replaced thousands and thousands of dollars worth of carpet over my years as a Property Manager due to pets urinating on the carpet. Once the urine is in the carpet, it soaks into the underlay and often the concrete/timber floor underneath. The urine smell can not be removed and the only solution is to replace the carpet and underlay. The tenant's bond is never enough to cover the cost to replace the carpet. I had a situation 2 weeks ago where the tenant's cat urinated on the carpet in every room of the house. The landlord tried to make a claim on his landlord insurance for the cost to replace the carpets and the insurance company advised that because the landlord gave permission for the cat to be at the property than the insurance company will not cover any expense for the pet damage. If, however, the owner didn't allow the pet at the property then it would have been covered. So, how does this make sense? It doesn't. So, how does a landlord protect their asset from pet damage – they can't! So, don't take away the landlord's right to choose if they want a pet at the property or not.

The rules around keeping a pet in Victorian rental properties was changed approximately 3 years ago. Now, if a tenant wants a pet they must complete a pet request form. The landlord then has 14 days to apply to tribunal if they don't agree for the pet to be there. To date, I do not know of one landlord/agent who has been successful in having a single pet request overturned at tribunal. The

only case I am aware of when the tribunal found in the landlord's favour was when a tenant requested a 2nd dog. But for a one single pet request, no landlord/agent has been successful and the tribunal has always sided with the tenant.

The tenant should be the party responsible for making the application to tribunal, instead of the landlord. Why is the onus on the landlord to apply? The tenant is the one who wants the pet, so it should be their responsibility to apply to tribunal, not the landlord. The tenant should pay the application fee to tribunal to have the matter heard, not the landlord.

In Victoria, the current wait time for a tribunal hearing is over 18 months. This is due to a massive backlog of cases. I currently have a bond claim case where the tenant vacated 12 months ago and we still don't even have a date for the hearing yet.

Now, this raises the next issue of having to attend tribunal for a pet request. The tribunal only has jurisdiction to hear the case if both parties reside in the same state. So, if the tenant lives in the rental property in NSW and the landlord lives in Victoria, than the tribunal can not hear the case. Therefore, the landlord would have to apply to local court to have the matter heard. This is a lengthy process and the courts do not have the time and resources to hear a case about a cat request. The crime rates are out of control at the moment, and I'm sure the magistrate doesn't want their precious time taken up with pet requests!

Portable bond scheme –

If the tenant was able to have their bond allocated to the next rental property, but then the first landlord was successful in making a claim on the bond, then the tenant is now in a new property with no bond on it. If the tenant then has a set period of time to pay off the new bond but fails to make payment (which is a likely situation given that they didn't have the money for the next bond which is why they did the bond transfer scheme), and the landlord has to issue a termination notice for unpaid bond, then this is setting the landlord up for disaster to evict a tenant without any bond money to claim for loss of rent, cleaning, damages etc. This would be a very messy situation for all parties. The risk exposure to the landlord is significantly high.

There are already government bond loan schemes in place, support agencies, short term loans etc that can fund the 2nd bond. It should not be the landlord that wears the financial loss caused by the tenant who can't afford to pay the bond on the next property.

Overall, the government should be focused on making residential property an enticing investment vehicle. If residential property is considered "too hard" than investors will sell their rental properties and invest elsewhere such as commercial property, shares, cryptocurrency etc. The way to improve renting in NSW is to increase supply. To increase supply you need to get more "Mum and Dad" investors to purchase more rental properties. With more supply, rental prices should reduce. Reduction in rental prices is the main issue tenants are concerned about.

I manage some rental properties in small, rural towns that only have a few rental properties. These rental properties are highly sought after and extremely important to keep rural communities operating. The rental properties are needed for nurses, tradespeople, farm hands, shop assistants etc. Without rental accommodation, the small towns wouldn't be able to get workers. This would be

detrimental to the town. When making decisions on a state level, please think of the small, rural communities that will be impacted. The decisions you make might not affect the big cities like Sydney, Newcastle, Wollongong as much as they might affect the little NSW towns that are struggling to stay afloat as it is. Without “Mum and Dad” investors in the rural communities, there would be no rental properties at all. The large corporations like Woolworths and Meriton are not going to build rental properties in rural NSW towns. So don’t drive the “Mum and Dad” investors out by making it too hard to be a landlord, or remove their rights to choose who lives in their rental property.

Yours faithfully

Lucinda Morgan

Leading Property Group