

Improving NSW rental laws

My view on how to make renting fairer.

Rather than re-invent the wheel I have reproduced below an article that presents my own knowledge and experience of current and proposed rent controls by the NSW and other governments.

The NSW government's current and potential meddling in the rental market has mostly negative effects for both tenants and landlords and the NSW economy and the natural environment. Please accept this as my submission to the current enquiry .

Please contact me if you would like further information as I have many decades of experience in successfully providing the best possible property to the best possible tenants at the lowest possible rent and it is primarily government regulation and influence that has interfered with those objectives.

Government is not always an impediment to a better functioning rental market or environmental protection in the rental and housing markets, but government is a primary impeding factor as mentioned in this submission and through misguided and unnecessary planning regulations and taxes such as Land Tax and Stamp Duty.

Every NSW citizen has a right to own their own home or to be able to access an affordable rental property in a location conducive to their chosen employment and lifestyle without environmental damage and by natural and built environment improvement. The key principle on which government should function in the housing and rental markets, and across government as a whole, is “Do No Harm.”

Immediately below is the website address for the article.

<https://www.aier.org/article/rent-control-recidivism/?v=6cc98ba2045f>Facebook



Rent Control Recidivism

The California Secretary of State recently [announced](#) that another effort to expand rent control in the state has gotten enough signatures to make the ballot next November. Michael Weinstein, who was also the primary backer of earlier, failed stateside rent-control initiatives in 2018 (Prop. 10) and 2020 (Prop. 21), is hoping the third time is the charm, because “We can never give up.”

Similar battles over rent control are also being fought in cities such as Seattle, states such as Massachusetts and even at the federal level, through a campaign to impose rent control on rental units that have been assisted through the FHFA.

One might think that with the massive amount of evidence that rent control is “an economically foolish and counterproductive policy,” as an Orange County Register [article](#) just put it, noting that in no city that has imposed rent control have its promises been fulfilled, but the opposite has

happened many times, backers would give up their misconceived ideas. But instead, the persistent, misguided push for rent control illustrates an important but under-recognized point Thomas Sowell made in his *Knowledge and Decisions*.

Sowell highlighted that in markets, “The consumer may have no idea at all—or even a wrong idea—as to why one product costs less and serves his purpose better; all he needs is that end result itself.” But while “the public can get the economic benefits of [market] systems by judging results without understanding processes...in their political behavior, the public must judge processes—including economic processes of which they may be ignorant or misinformed.” And that difference has crucial implications.

To illustrate how mistaken “understanding” of the rental market and rent control helps perpetuate political efforts to impose or expand it, consider three aspects of it.

First, consider what could be called ‘greedy bastard’ economics. Whenever a renter’s landlord or apartment manager hasn’t fixed the garbage disposal, or painted, or any of a host of things a tenant would like, they often don’t think carefully about why. They only trace it back until they get to the first party they can demonize as a greedy bastard (what Frederic Bastiat [called](#) “that which is seen”). Unfortunately, the real (but “unseen”) cause is frequently the coercive hand of government policy, moving control of resources to itself, and the blame for the resulting consequences, to others.

Rent control undermines landlords’ incentives to provide the services tenants want, because it denies landlords the ability to receive adequate compensation to make their efforts worthwhile. It turns landlords who would otherwise look for ways to cooperate with renters (as they once did in New York City before rent control was

imposed there) because they, too, would gain from doing so, into “the enemy” in the eyes of tenants. But punishing such a misidentified enemy by tightening government rental controls will make such problems worse rather than resolve them.

Second, consider that rent control will harm far more tenants than it will help, which contradicts the endlessly repeated claim that it helps tenants as a group. It transfers a great deal of income from landlords to current tenants when it is imposed. And what former Los Angeles Mayor Eric Garcetti has likened to winning the lottery can explain why current tenants extoll rent control as if it is a win for all renters. But good policy-making requires that we not ignore the resulting harm to the far larger number of future tenants, as well, which makes it truer to say rent control harms renters than to say it helps them.

How does that harm happen? The deterioration of the quality and quantity of the rental housing stock that is one of the major effects of rent control means that many who seek apartments after it is imposed will find “no vacancy” signs rather than units. It is easy to get people to ignore such effects, because the durability of the housing stock means it takes a while to become obvious. And the political prospects are enhanced by the fact that only current residents, who gain greatly, get to vote on rent control, while future prospective residents, who lose, do not. But as Swedish economist Assar Lindbeck [asserted](#), “In many cases rent control appears to be the most efficient technique presently known to destroy a city—except for bombing.”

Third, consider that wanting more housing to be available, because it would make rental prices lower, is very different from lower prices imposed by rent control, which will

make less rental housing available. And making less housing available worsens, rather than addresses, the problem of insufficient housing supply.

Rent control advocates often frame their sales pitch as little more than “If you could rent for less, you would be better off.” But while rent control will increase how much housing renters will want to purchase (reflecting the law of demand), it will also reduce how much landlords will be willing to offer (reflecting the law of supply).

Therefore, the increased amount of housing that families desire at mandated lower rents will be irrelevant to what actually occurs.

Rather than being able to consume more housing at lower rents, renters will get less housing, and some may get none at all.

Michael Weinstein, now a three-time recidivist sponsor of rent control initiatives in California, has claimed that the reason is that the housing situation “has gotten so

extreme and dire and catastrophic.” But those dispiriting descriptors find their genesis not in market behavior but in poorly conceived government regulations everywhere such policies have been proposed. And expanding rent control will only double down on such “catastrophic” regulations. Rent control will make less housing available, harm all future tenants with costs that will only escalate over time, and make landlord-tenant relationships even more combative, rather than cooperative, than government regulations already make them.

In other words, the campaign to tighten rent controls in California, as in every other jurisdiction where the issue is in play, relies on voters’ ongoing ignorance and misunderstanding of the realities of the rental housing market. That is why such efforts would make things worse rather than better, but still stand a chance of political

passage. As Thomas Sowell, summarized that result, “no small part of the political art consists in misstating options.” We should remember that, perhaps in conjunction with “fool me once, shame on you; fool me twice, shame on me,” because “try to fool me three times” might be even more shameful.

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