

Ray White Group

Improving NSW rental laws submission

11/08/2023

Dear Hon. Anoulack Chanthivong MP,

Please find below the submission from Ray White on improving NSW rental laws.

Best Regards,

Emily Sim

CEO | Ray White Property Management

3. Removing 'no grounds' terminations

Question 1: What is your preferred model for ending fixed term leases and why?

Ray White response:

- Breach
- Arrears
- Property Damage
- Abandoned Property
- Owner moving in
- Owner selling
- Owner renovating
- Owner demolishing the property

These are the most common situations we see occur where a landlord either requires possession of the property for themselves or they are suffering a financial loss by keeping that particular tenancy active.

Question 2: Are there any other specific situations where a landlord should be able to end a lease?

Ray White response:

- a. In addition, it is common for a landlord to suffer a hardship significant enough that they require possession of the property themselves even with a fixed term tenancy in place, this too should be considered;
- b. The landlord has unexpectedly suffered a financial loss causing them to become homeless and without means to secure another property to live in and providing the renter with urgent 60 days notice to vacate
- c. The landlord is suffering an illness which has created a significant financial hardship requiring them to return to the property providing the renter with 60 days urgent notice.-

Question 3: What would be an appropriate notice period for the five proposed reasons (and for any other reasons you have suggested)? Why is it reasonable?

Ray White response:

60 Days urgent notice to the renter.

This is reasonable in the instance that the landlord has become homeless due to unforeseen financial hardship and or a significant illness places the landlord in a position where they are unable to work and this property is their primary or principal place of residence.

Question 4: What reasons should require evidence from the landlord? What should the evidence be?

Ray White response:

Owner Moving in:

There are a number of supporting documents for moving home which could support an owners termination notice on grounds that the owner is moving back into the property;

1. An invoice for a removalist company or furniture truck
2. Energy company confirmation of account for property address
3. An insurance premium for Owner Occupier home insurance for the property address.

Owner Selling:

1. An executed sales agreement with the selling agent noticing a date for the proposed sale
2. A Current Contract for Sale

Owner renovating:

1. A quote for the building works from a registered builder
2. The council application or complying development application for development approval for the property.

Question 5: Should there be a temporary ban on renting again after using them? If so, which ones and how long should the ban be?

Ray White response:

Should the landlord's circumstances change, then the property should not be able to be rented for a period of six months as a standard rule 'to end a fixed term tenancy' for one of the above rules.

However, in the event the landlord's situation has significantly changed to financial or health related hardship, an application to tribunal for permission to re-let or change the reason of termination from e.g Renovation to Sale of the property is permitted should be provided as an option for the landlord.

During the pandemic we saw on a large scale that changes in life circumstances are very real for landlords and there are real needs for them to occupy their own home in some rare circumstances.

4. A new model for keeping pets

Question 6: Is 21 days the right amount of time for a landlord to consider a request to keep a pet? If not, should the landlord have more or less time?

Ray White response:

Yes, we feel this is a fair and reasonable amount of time for a landlord to respond to this request.

Question 7: What are valid reasons why a landlord should be able to refuse a pet without going to the Tribunal? Why?

Ray White response:

- The pet or pets are too large for the size of the property.
 - Example: A German Shepherd dog in a studio apartment with no outside space
- The number of pets is too high for the size of the property.
 - Example: two cats and two dogs inside a 2 bedroom apartment with a balcony.
- The landlord can provide evidence that they have an allergy or medical condition which prevents them from living in a property where pets have been residing in the past.

Question 8: Should the Tribunal be able to allow a landlord to refuse the keeping of animals at a specific rental property on an ongoing basis? Please explain.

Ray White response:

In the instance above where the landlord or an immediate family member of the landlord's family suffers from an illness or health related issues from pets, then yes it is reasonable, that a property could have a permanent tribunal determination preventing all renters from having pets at the property.

Question 9: What other conditions could a landlord reasonably set for keeping a pet in the property?

Ray White response:

- Introduce a two week pet bond which could occur as a top up of the existing bond.
- Stipulate certain pets must be kept outside i.e dogs, chickens.
- Ensure the renter is responsible to fumigate the entire property and have the carpets professionally steam or dry cleaned. are complete at end of tenancy

- Professional cleaning of the property throughout.
- Limit the amount of pets per property example: one pet for apartments and two - three pets for houses depending on the size of the property.

5. Renters' personal information

Question 10: Do you support limiting the information that applicants can be asked for in a tenancy application? Why/why not?

Ray White response:

Yes, we believe at times the renters are asked for documents which are not necessary. We agree with the proposed model and table provided on page 10 of the Consultation Paper.

Pay slips and income statements alone do not provide an accurate account of a renter's financial situation. Without the knowledge of personal debt, which are documents we do not receive, this information is quite limiting.

The ability for an agent to understand the level of debt the renter is servicing, CSA payments or required government payments plus the income bracket they sit in, would assist the property manager in understanding if the renter can afford the amount of rent. That is the question we are seeking to answer when we request additional documentation.

Question 11: Do you have any concerns with landlords or agents only being able to collect the information set out in the table above to assess a tenancy application? Please explain.

Ray White response:

We do not have any concerns as it covers all the important details - identification, financial information and employment information.

Question 12: Do you support the use of a standard tenancy application form that limits the information that can be collected?

Ray White response:

We do not support the use of a standard tenancy application form as this limits the ability for the industry to improve the current tenancy application process.

There are currently a number of products in the industry which vastly improve the ease of inspecting rental property, applying for rental property and the communication with the prospective renter throughout the process all to the benefit of the renter.

It is our intention to continue to innovate in the industry to continue to improve the renters' renting journey and having a standard, across the board tenancy application form restricts the ability for us and others to do this.

Some examples of future innovation include;

- Key document storage; provides the renter with the ability to lodge their supporting documents securely for reference checking and provide a report of

accuracy to the agent as proof of evidence that the renter key documents are accurate and legitimate. Service NSW currently has this feature for drivers licences.

- The end of tenancy databases in the current form. Future business operating platforms will have the ability when they achieve market share of their product to provide tenancy references between agencies using the same platform. Removing the need for landlords to pay a fee for this service and a more accurate and recent account of the renter's payment history.

Question 14: Do you support new laws that set out how landlords and agents can use and disclose renters' personal information? Why/why not?

Ray White response:

Yes we support the new law. Only certain information pertaining to the renter should be released to third parties. Not all their information needs to be disclosed.

Question 16: Do you support new laws to require anyone holding renter personal information to secure it? Why/Why not?

Ray White response:

Yes, given some of the recent data security breaches we want our renters to feel their personal information is safe, protected and being disposed of when they no longer are a renter with the agency.

Question 17: How long should landlords, agents or protects be able to keep renter personal information? Please explain.

Ray White response:

For the duration of the tenancy, this information remains relevant. The information could be securely disposed of within a period of 14 days following the end of the tenancy to align with the legislation for the refund of a lodged bond.

Question 18: Do you support requiring landlords, agents or proptechs to: (a) give rental applicants' access their personal information, (b) correct rental applicants' personal information? Please explain your concerns (if any).

Ray White response:

(a) We support transparency for the renter to have access to their rental information that they have provided on their tenancy application form but not for access to the references provided by their referee's. This information is sought as a key means for an agency to understand whether the renter is suitable for the property. The landlord pays an agency

to undertake this task and the agency as a duty of care under the Management Agency Agreement to perform this task in their best interests.

If the ability to share this information with renters is changed in the legislation, referee's will be less inclined to be truthful in their reference of the renter.

(b) We agree that renters should have the ability to access and correct any information that they have previously provided in their tenancy application.

Question 19: Are you aware of automated decision making having unfair outcomes for rental applicants? Please explain.

Ray White response:

We have promoted the software known as "Snug" within the Ray White group during the last two years. Snug promotes that it has a Snug 'match score' for renters based on a sSnug algorithm which is not shared with us, the landlord or the renter. It remains the undisclosed IP of Snug. With more than 150 businesses using this product, we are not aware that this 'feature' has an impact at all.

Largely, people do not understand this to in fact be a feature or what it does.

6. Portable rental bond scheme

Question 21: How long should a renter have to top up the new bond if some or part of the bond has been claimed by the previous landlord?

Ray White response:

As soon as the renter receives advice that the bond requires a top up and the amount is nominated, the renter must make this payment within seven days to the new agency.

Question 22: What should happen if the renter does not top up the second bond on time? Please explain why.

Ray White response:

The Renter should lose the right to be able to access the Portable Bond Scheme for a period of two years.

An order should be automatically processed by the Tribunal and provided to the Landlord or Managing Agent, that the Renter is required to make the Bond Top Up within a 30 day period or the tenancy will automatically terminate within 14 days. The order should specify the date the tenancy will end

Question 23: Should this scheme be available to all renters, or should it only be available to some? Please explain why.

Ray White response:

We believe this is a service which should benefit every renter.

7. Information to help renters know when a rent increase is 'excessive'

Question 26: Do you have any concerns about the NSW Government collecting information on rent increases and making it publicly available for renters? If yes, please provide details.

Ray White response:

In addition, we think it would be important to also collect data for the amount of rent being paid in a postcode. We suggest this could support the case for rent increases and when rent increases may be excessive.

Further, the frequency of rent increases may also be able to be viewed from these data sets.

We welcome the opportunity to share the Ray White data with you in the event this changes in the future.

Question 27: What do you think is the best way to collect this information?

Ray White response:

As per your suggestions, a database like RBO would be ideal. This way all the information is centralised and easy to access.

8. Other changes to improve rental affordability

Question 28: Do you think the 'one increase per 12 months' limit should carry over if the renter is swapped to a different type of tenancy agreement (periodic or fixed term)? Please explain.

Ray White response:

We think the benefits of a periodic agreement and a fixed term agreement support the renter and the landlord regarding rent increases. Ultimately if a renter commits to a fixed term, this removes the opportunity for a landlord to increase the rent.

So there is a benefit to both the landlord and renter if there is a fixed term. Equally there is a benefit to the renter and the landlord regarding a periodic lease. The rent may increase but the renter has not committed to a fixed term and so there is a benefit to them.

The current legislation sufficiently supports both parties.

Question 29: Do you think fixed term agreements under two years should be limited to one increase within a 12 month period? Why or why not?

Ray White response:

We support the ability for one annual increase.

If the renter provides a commitment to a fixed term tenancy for a period of two years, then an annual increase is fair. It does not prevent the landlord from a rental increase despite the fixed term.

Further, with reference to your other ideas commented on for managing rental affordability, if you required rent increases to be submitted and monitored rents, you would have vision for how frequently rents are being increased as mentioned above.

This would provide you with clear guidance for what is an excessive rent which you could then action with an automatic determination from tribunal of same and limiting the rent for a period of six months.

9. Other changes to make rental laws better

Question 31: Do you support new laws to require landlords or their agents to tell rental applicants if a rental property uses any embedded network? Why/why not?

Ray White response:

We agree that this is helpful to all parties, transparency is important and will elevate any issues once the tenancy has commenced. Noting this information on an advertisement would be a good way of combating this matter.

Question 32 & 33: When should a rental applicant be told that a property uses an embedded network? What information should a renter be told about a rental property using an embedded network? Please explain.

Ray White response:

Ideally, they should be informed in the property advertisement. This will allow them to decide on whether they wish to proceed with pursuing this property.

Question 34: What would be the best way to ensure that the free way for renters to pay rent is convenient or easy to use? Please explain.

Ray White response:

The current method is to use a bank cheque or money order. Whilst these may be free for of service fees they are not free of bank fees which are also the highest form of bank fee for a payment. Further, these methods require much of the renter's time to manage.

Technology to support renters with the ability to pay their rent via their smartphone without cost. This does not cause the renter a loss of time, they do not incur bank excessive bank fees and it truly provides convenience.

Question 35: Should the law require a landlord or agent to offer an electronic way to pay rent that is free to use? Why/why not?

Ray White response:

We agree that this should be provided to renters, without it there is a large cost in their time which is unfair. It is difficult to achieve this with banking apps as they all charge fees to the renter. An alternative technology solution that does not charge the renter should be endorsed.