

NSW Rental Law Submission:

To whom it may concern:

I appreciate and, in some cases, have supported some of the reforms being introduced in the past, such as only annual rental reviews, but it's clear the higher costs and reform agenda in the state of NSW is negatively impacting the supply of private rental accommodation, as these reforms have resulted in unintended consequences.

Any further reforms such as removing 'no grounds' terminations, changing rental increase periods or applying rent increase caps will have a similar, if not more damaging, impact on the rental supply in NSW.

These unintended consequences will be:

- Further sell up of private rental property in NSW,
- Flight to short term rental by some investors,
- Chronic shortage of rental accommodation will become critical,
- Share homes will be overcrowded,
- Immigration will be impacted in attracting the best and brightest from overseas,
- The economy will be impacted on the back of human capital mobility,
- Higher taxes needed to pay for additional housing to supplement the decline of investment by private investors,
- Renter conditions may be impacted as landlords look to manage improvement costs,
- The risk of a 'shadow rental market' emerging as some desperate owners look to operate outside of the traditional property lease contractual laws.

And whilst some political and self interest groups might think it desirable to remove property investors from the market and replace them with 'Big end of town' corporate build-to-rent investment dollars, it will take decades, not years, for any meaningful volume of supply to make a material difference to the marketplace.

This is something NSW cannot afford to wait for.

Further reforms like the removal of the 'no grounds' termination, extended rental freeze and the rental increase limits will negatively impact investors and, like Victoria who's now facing even greater property investor challenges, NSW will see more investors exit the market.

By removing 'no grounds' terminations as evidenced in Victoria, property investors feel like they are losing control over their asset – an asset they have spent hundreds and thousands on. As such, they then decide that it's not worth holding the property and exit the market. This is not something we want here in NSW.

Investors are happy to provide private housing and the vast majority hold these properties for the long term.

Extending rental freeze periods and limiting rental increase caps reforms should not be introduced. The current law is sufficient and from March 2020 the tenant has had extra security knowing that their rent will not increase for 12 months. Rental prices are determined by market, location, property type and so on and we know that controlling rent (known as 'rent control' in other countries) has had major negative impacts both economically and socially. Our information shows that if any property investors do price gouge, the current law allows tenants to contact the Tribunal if they have a case. As such, current law protects tenants in this regard.

I strongly urge the NSW government to leave current tenancy laws as is.

Yours Sincerely,