



The voice of property owners in NSW

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Dear Lachlan,

LONG TERM RESIDENTIAL TENANCIES – INVITATION TO MAKE WRITTEN SUBMISSIONS

The Property Owners Association of NSW is a peak body representing the interests of private landlords in NSW. This submission is in response to your request for a formal submission following Minister Dominello's round table stakeholder meeting held on 21/11/16.

In NSW the number of residential tenancies continues to grow and will likely outnumber owner-occupiers in the future. In addition residential rents have grown year on year and have resulted in rental stress for many residential tenants in NSW. The POANSW understands that the NSW government plans to investigate tenants rights in the context of housing security in an effort to address, in part, this rental stress.

Rental security/tenure has become a social economic issue as the incumbent system with typical tenancy terms of between 6-12 months tenure has not been developed to service the demand for longer term tenancy arrangements, where tenants look to stay in rental premises for 5 years or more.

POANSW are prepared to continue discussions around developing a model or product that maybe offered in the rental market place which is designed to ease the burden of some of the housing stress, while at the same time provide an economically sound proposition to landlords by providing longer tenure.

POANSW have formed the view that demand for such a product would be limited from both landlords & tenants, given that it is likely that flexibility will be traded for security. However POANSW is of the view that this model may be suitable for the minority of landlords & tenants who may see the benefits of such a product. The base objectives/terms that POANSW consider necessary for this proposed system to be functional are as follows: -

1. **Optional** -That this be an optional agreement to be negotiated between landlords & tenants
2. **Incentives** -Incentives would need to be in place with terms & conditions that outweigh those in the current Residential Tenancy Act 2010. Without these landlords would be resistant to the flexibility available within the current 6-12 month tenancy durations. Incentives could include land tax concessions similar to those provided for low cost housing.





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3. **Flexibility** –Any agreement would need to have certain opt out clauses available for both landlords & tenants For example financial hardship or the sale of the asset. Furthermore rental bonds & rent increases would need to be adjusted and indexed & particular repairs & maintenance responsibilities should be placed onto the tenant.

More general issues that would need to be resolved include registration of leases on title. Would this be necessary? Would the tenant be required to pay for registration? Would mortgagee consent be required for registration of residential leases?

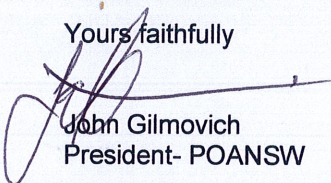
Another matter for consideration would be the GST treatment of residential rent in long-term tenancies. In the event that GST was levied on long-term residential rents, it would require an offsetting incentive to entice landlords to cover that additional expense. Potential GST relief on purchases of new residential properties when subject to a long-term residential lease may act as some incentive.

A review of current legislation would need to include Section 94 of the Residential Tenancy Act 2010 (20 year tenancies) Long term tenancy arrangements may affect the validity & necessity of this section undermining long-term tenancies and their relevance in the market place.

Secondly the 1948 Landlord & Tenant Act continues to exist today and has not been repealed despite majority of stakeholders asking it to be. It is antiquated and will be a burden/obstacle in the market place for landlords fearing a "rent control tenant" situation arising inside a long-term tenancy. POANSW made a submission to repeal the Act to the then minister Virginia (McKay) Judge back in 2011 but has not had a reply since. We would also ask that the 1899 Landlord & Tenant Act be repealed, as it is of little relevance to today's market and unnecessary complicates the legislative landscape of the residential rental market.

POANSW looks forward to working with minister Dominello on this matter.

Yours faithfully



John Gilmovich
President- POANSW

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