

Item 3.2

Strengthening Renters Rights and Limiting Rent Increases

File No: S051491

Minute by the Lord Mayor

To Council:

We are in the midst of a housing crisis, which is making renting in Sydney increasingly unaffordable. The problem is particularly acute in the City of Sydney, where more than half of people living in the City are renters.

Over the last financial year, median rents for units in our local area went up by a staggering 25 per cent, that is an increase of \$182 per week, bringing the median rent for a unit in the City of Sydney from \$728 per week to \$910 per week. Haymarket and Zetland saw the highest annual increase in rent across suburbs nationally, with rent increasing by 30 per cent in the past year.

These substantial increases are one of the largest contributors to rising inflation and the current cost-of-living crisis, and are having devastating impacts on people and the efficient functioning of our city. Essential workers like paramedics, teachers and social workers have been priced out of living in the city. Young people and students, including from overseas, that are working in retail and hospitality can no longer live close to the city centre and are at increasing risk of homelessness.

Urgent action needed by State and Federal Governments

Housing is primarily the responsibility of the NSW Government. However, the City uses every lever available to increase the supply of means-tested and permanent affordable rental housing for lower income households in the Local Government Area.

To June 2022, the City has contributed to 2,759 Affordable Housing dwellings, either built or in the pipeline. This includes:

- 1,376 dwellings from \$378 million in levies (from sites in Pyrmont, Ultimo, Green Square and the Southern Employment Lands);
- 228 dwellings from \$24 million in subsidised City-owned land sales (on sites in Zetland, Redfern, Alexandria and Surry Hills);
- 483 dwellings from \$10 million in City grants to not-for-profit housing providers from our Affordable and Diverse Housing Fund (for projects in Darlinghurst, Chippendale, and Surry Hills); and
- 672 dwellings through Voluntary Planning Agreements (projects in Glebe and Rosebery), our planning controls (Redfern and Waterloo) and by other means.

The City's levy scheme, which has been increased to all of the Local Government Area since July 2021, is expected to deliver a further 1,950 affordable dwellings.

On 22 June 2023, the NSW Parliament passed the Residential Tenancies Amendment (Rental Fairness) Bill 2023, which includes implementing a portable rental bond scheme. I welcome the NSW Government's commitment to strengthening renters' rights and rebalancing the rental market. I also welcome the appointment of Trina Jones as the NSW Rental Commissioner, who will be a voice for renters and will design and implement initiatives to deliver on the NSW Government's rental reforms agenda.

The NSW Government recently concluded consultation on further proposed changes to the Residential Tenancies Act 2010. The City of Sydney's submission supports balanced and sensible recommendations that the NSW Government should implement. They include:

- ending 'no grounds' evictions on all leases including at the end of fixed term leases;
- increasing the notice period to terminate a fixed term lease from 30 days to 90 days, so it aligns with the notice period for rolling leases;
- addressing loopholes so that rent increases are limited to once every 12 months, including when a fixed term lease changes to a rolling lease;
- making it easier for renters to have pets, by limiting the reasons a landlord can say no;
- introducing minimum rental efficiency standards for all rental properties in NSW;
- implementing a portable bond scheme, to allow a renter to transfer their bond to a new tenancy, before the bond from the old tenancy has been repaid; and
- other improvements such as protection of renters' data and privacy, making information about median rents publicly available, and letting renters know about embedded networks.

The NSW Government must work collaboratively with important stakeholders such as the Tenants Union of NSW and others to ensure the rental market supports long term renters, provides increased certainty, and slows down rental increases.

On 22 June 2023, the Australian Government established an inquiry into the worsening rental crisis in Australia with consultation currently underway. Last week, National Cabinet agreed on some national principles of renter's rights. Every state and territory will work towards ending no grounds evictions, limiting rent increases to once a year and developing minimum rental standards. This is a good starting point but doesn't go far enough to stop excessive rents.

It is critical that all levels of government hear from people about their experiences of the rental situation in Australia and seriously look at what can be done to rein in excessive rent increases.

Excessive rent increases

Excessive rent increases are already unlawful in NSW, but there is little guidance on what is 'excessive'. The burden is on the tenant to prove the increase is excessive in the NSW Civil and Administrative Appeals Tribunal. This approach has not worked because of the sheer effort renters need to assert their rights. Tenants cannot easily find or access timely information on median rents. Additionally, few renters have the time, energy and tenacity needed to lodge an appeal in the tribunal and wait for the outcome of that process.

In the ACT, excessive rent rises are defined as greater than 110 per cent of the consumer price index (CPI) for rent. Owners or agents can still request more, but the onus is on them to argue the case that it is not excessive in the tribunal. A clearer definition of what is considered 'excessive' rent increases must be included in any new legislative changes by the NSW Government.

Limits on excessive rent increases must only be introduced alongside sensible reforms to short term rental accommodation rules.

While short-term letting helps facilitate local tourism and can help people earn extra cash, we need tighter State regulation to stop homes being wholly converted into short-term rental properties and contributing to a lack of supply for long-term housing. The concern is not hosted properties where someone might rent out their spare room occasionally or properties that are leased out while the resident has gone on holiday. A balanced approach that distinguishes occasional short-term letting from commercial tourist and visitor accommodation is required.

The current framework for regulating short-term rental accommodation includes an exempt development pathway allowing hosted and non-hosted short-term rentals for up to 180 days per year. Any bookings of 21 consecutive days or more are exempt from the 180-day cap. Given the acute rental affordability crisis in the inner city, the City of Sydney has consistently advocated for this to be lowered to a maximum of 90 days per year.

In May 2023, Council resolved that the Chief Executive Officer investigate commissioning a study to report on the impact that short-term rental accommodation is having on rental affordability and availability and tourist accommodation in the City of Sydney Local Government Area. We will send the results and recommendations of that study to the NSW Government when it is complete.

With over 58,000 people in NSW on the Social Housing waiting list, we desperately need investment in new Social and Affordable Housing and homelessness services that are already stretched to the limit. The \$10 billion Housing Australia Future Fund will create around 30,000 Affordable homes. It is not the panacea - but it is a significant step in the right direction. It is essential this Bill is passed without further delay.

Legislating for improved renters' rights and limiting rent increases will result in greater transparency between landlords and tenants, which is strongly supported by the City of Sydney.

Recommendation

It is resolved that:

- (A) Council note:
- (i) that over the 2022/23 financial year, median rents for units in the City of Sydney Local Government Area went up by a staggering 25 per cent, that is an increase of \$182 per week, bringing the median rent for a unit in the City of Sydney from \$728 per week to \$910 per week;
 - (ii) that Haymarket and Zetland in the City of Sydney area saw the highest annual increase in rent across suburbs nationally, with rent increasing by 30 per cent in the past financial year;
 - (iii) that on 22 June 2023, the NSW Parliament passed the Residential Tenancies Amendment (Rental Fairness) Bill 2023 providing some increased protections for renters;
 - (iv) that on the 22 June 2023, the Australian Government established an inquiry into the worsening rental crisis in Australia with public consultation currently underway; and
 - (v) the City of Sydney's submission to the NSW Government's consultation paper that proposes further changes to the Residential Tenancies Act 2010, as shown at Attachment A to the subject minute;
- (B) Council call on the NSW Government to limit rent increases to a maximum of 110 per cent of the CPI for rent, alongside sensible reforms to short term rental accommodation rules such as a reduced cap of 90 days per year for short term rental accommodation to reduce the number of homes taken off the long-term rental market;
- (C) the Chief Executive Officer be requested to:
- (i) provide a copy of this Lord Mayoral Minute to the NSW Department of Fair Trading, as an addendum to the City of Sydney's submission on 'Improving NSW rental laws consultation paper'; and
 - (ii) make a submission to the Australian Government's inquiry into the worsening rental crisis in Australia by the Community Affairs References Committee before the 1 September 2023 deadline that is consistent with the City of Sydney's submission and this Lord Mayoral Minute to the NSW Government's proposed rental reforms and circulate a copy via the CEO Update; and

- (D) the Lord Mayor be requested to write to:
- (i) the NSW Rental Commissioner, Trina Jones congratulating her on her appointment and urging her to work with the NSW Government and other relevant stakeholders such as the Tenants Union of NSW to implement stronger protections for renters as soon as possible;
 - (ii) the Minister for Housing and Homelessness, the Minister for Planning and Public Spaces, the Minister for Environment, Minister for Better Regulation and Fair Trading and local state members with a copy of this Lord Mayoral Minute and encouraging them to work collaboratively with the NSW Rental Commissioner, the City of Sydney, and other relevant stakeholders to implement cohesive reforms that deliver stronger protections for renters as soon as possible; and
 - (iii) the leaders of non-government parties in the Australian Government urging them to support the Housing Australia Future Fund Bill 2023, which will fund desperately needed new social and affordable housing projects across the country.

COUNCILLOR CLOVER MOORE AO

Lord Mayor

Attachments

Attachment A. City of Sydney Submission - Improving NSW Rental Laws