

# HOUSING JUSTICE: FAIRER TENANCY LAWS

**Recommendation: The next NSW Government should protect renters by introducing laws for residential rental housing that sets fair limits on rent increases.**

## THE ISSUE

For more than 2 million people in NSW their rental property is their home. More people are renting and are renting for longer than ever before. This includes families with children, and older renters.<sup>1</sup> Yet high and rising rents mean that a growing number of people in NSW, particularly low-income earners, are in rental stress.<sup>2</sup> High rental stress leaves people without sufficient money for other essentials, such as putting food on the table, paying power bills, or affording transport costs such as fuel.

Renting in NSW is becoming increasingly expensive and competitive. In just one year the median rent across NSW has increased by 10.6%,<sup>3</sup> well above inflation and much more than average wages. At the same time, rental vacancy rates across the state are at a record low, below 1 per cent in most areas.<sup>4</sup> This means renters often have little choice but to pay more when they renew their rental agreement because of the scarcity of alternative accommodation.

Communities hit by recent natural disasters are particularly at-risk of high rental prices with a significant number of houses fire or flood affected. For instance, towns in the Northern Rivers region that were severely affected by the 2022 eastern Australian floods are facing significant vacancy issues.

As more and more people struggle to pay sky-rocketing rents, increasing numbers of people are being pushed into homelessness and left with no option but to leave their rental properties and sleep in their car, couch-surf, or end up on the street. Others are forced to move away from their communities, schools and jobs to access more affordable homes or have to settle for poor quality or insecure housing that does not meet their needs.

## THE SOLUTION

The NSW government must make renting a viable, long-term option for people in NSW by regulating for secure and affordable rental housing that feels like home. While the cost of other essential services, such as energy or health, is regulated; housing is not. Introducing stronger protections in NSW tenancy law against excessive rent increases during a tenancy would ease some of the financial pressure renters are currently feeling because of rent price spikes.

Both major parties have recognised the highly competitive and inflationary nature of the NSW rental market by committing to prohibit solicited rent bidding from prospective tenants. Protections against inflated rental rates needs to be extended beyond the point of entering the lease to include rent increases throughout the life of the agreement.

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<sup>1</sup> (2022) *Community Sector Blueprint: National Framework for Minimum Energy Efficiency Rental Requirements*, Healthy Homes for Renters

<sup>2</sup> Rental stress is defined as those people in the lowest 40% of income brackets who are paying more than 30% of that income in rent.

<sup>3</sup> *What can we do about skyrocketing rents?* Tenants Union NSW, <https://www.tenants.org.au/blog/landlords-hiking-rents-what-can-we-do>

<sup>4</sup> Domain Research House (2022 September 2) *Vacancy rates: August 2022*, Domain, <https://www.domain.com.au/research/vacancy-rates-august-2022-1164176/>

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The ACT has successfully introduced a framework for rent increases that sets a threshold for 'reasonable' increases linked to the Consumer Price Index. Landlords who wish to exceed the threshold bear the onus of proof to justify to the Tribunal the need for a rent increase above the reasonable limit. This system provides a transparent and independent mechanism to determine fairer rent increases.



Of the more than 2 million people who rent their homes in NSW,<sup>5</sup> more than one-third are in rental stress.<sup>6</sup>



Rental vacancy rates in Sydney were at a record low of 1.2% in August 2022. Rental vacancy rates in regional NSW were even lower at less than 1%.<sup>7</sup>



Median NSW rents increased by 10.6% in just one year,<sup>8</sup> well above inflation and much more than average wages.



Weekly Sydney rents increased by more than a quarter in the year to December 2022.<sup>9</sup>



The average rental household in regional NSW, renting at the median rate, faces paying 28% of its total income in rent.<sup>10</sup>

## HOW NSW COMPARES

- Sydney is Australia's second most expensive capital city rental market after Canberra, at a median weekly rent of \$682. Sydney is expected to overtake Canberra as Australia's most expensive capital city rental market as international migration increases.<sup>11</sup>
- In 2019-20, 47% of all low-income renter households in NSW were in rental stress, compared to 42% of all low-income renter households across Australia.<sup>12</sup>

Read our full NSW 2023 Election Statement and recommendations at: <https://bit.ly/VinniesHousingJustice>

<sup>5</sup> *We Need To Make Renting Fair In NSW*, Make renting fair, <https://rentingfair.org.au/>

<sup>6</sup> Australian Bureau of Statistics (2016) *Australian Census of Population and Housing*, cited in DPIE (2021) *Housing2041*, NSW Government, Sydney.

<sup>7</sup> (2022) *Residential Vacancy Rates (August 2022)*, SQM Research,

<sup>8</sup> *What can we do about skyrocketing rents?* Tenants Union NSW, <https://www.tenants.org.au/blog/landlords-hiking-rents-what-can-we-do>

<sup>9</sup> SQM Research (2022) *Weekly Rents, City: Sydney*. <https://sgmresearch.com.au/weekly-rents.php?region=nsw%3A%3ASydney&type=c&t=1>

<sup>10</sup> SGS Economics and Planning, National Shelter, Beyond Bank and Brotherhood of St. Laurence (2022) *Rental Affordability Index: Key findings*, November 2022

<sup>11</sup> CoreLogic (2022) *Quarterly Rental Review: Q3 2022*.

<sup>12</sup> SGS Economics and Planning, National Shelter, Beyond Bank and Brotherhood of St. Laurence (2022) *Rental Affordability Index: Key findings*, November 2022