

Summary

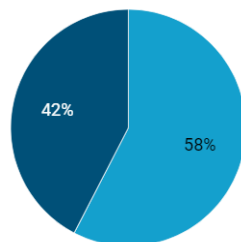
All people deserve to live with stability and peace of mind, including people who rent their homes. Moving house is generally considered one of life's most stressful events: the financial costs, and stress involved are substantial, and these are exacerbated when a household is forced to move. If a renter is forced to move, landlords need to provide a valid reason for terminating a tenancy. Landlords should not be able to end a tenancy for no reason ('no grounds' eviction).

Reforms to end 'no grounds' must include the removal of sections 84 and 85 of the *Residential Tenancies Act 2010*, replacing them with specific reasons and supporting evidence for termination. The aim is to ensure fairness and stability.

It is important reforms to end 'no grounds' remove eviction for no reason in periodic tenancies *and* at the end of fixed-term leases. Current data reveals the majority of NSW renters are currently on a fixed term agreement (58%), and that those who are on a fixed term are more likely to face a 'no grounds' eviction (71%).

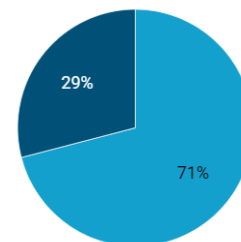
Fixed term and periodic

■ Fixed term agreement ■ Periodic agreement



All tenancies

Total:
53,700



No grounds evictions

Total:
4,943

Chart: TUNSW • Source: Fair Trading • Created with Datawrapper

Recommendations

- Remove sections 84 and 85 of the *Residential Tenancies Act 2010* to end 'no grounds' eviction during periodic and at the end of fixed term agreements.
- Recognise that the end of a fixed term itself is not a valid reason for eviction.
- Specify valid reasons for termination, such as landlord or family moving in, premises demolition or reconstruction, or property change of use.

This will align NSW reforms with other jurisdictions that have successfully ended 'no grounds' evictions.

Background

'No grounds' evictions refer to landlords terminating leases without providing a reason, as permitted by sections 84 and 85 of the *Residential Tenancies Act 2010*.

Available data suggests just over 11% of all tenancies that end in NSW are as a result of a 'no grounds' eviction. This means each year around 30,000 renters in NSW are likely to receive a 'no grounds' eviction.

Put another way, in NSW a 'no grounds' eviction occurs every 18 minutes. But it is not only those renters who have been evicted who are impacted. The threat of receiving a no ground eviction is felt by all renters at all times, and dampens their ability to assert even basic tenancy rights.

Impacts of Reform

Reforms in other Australian jurisdictions, such as the Australian Capital Territory (ACT) and South Australia, are recent examples of successful reform to end 'no grounds' evictions. However, Queensland's experience shows that restricting 'no grounds' evictions only for periodic agreements can lead to new poor practice, such as shifting more renters on to short term leases and issuing termination notices at the very start of the tenancy. Victoria's model, disallowing 'no reason' terminations except at the end of the first fixed term, has clear drawbacks. Any renter entering into a new tenancy is at risk of eviction in their first term. In NSW introduction of reforms along the lines of the Victorian model would mean over 300,000 – or up to 1 in 3 renters – would still be at risk of eviction for no reason (an eviction without grounds at the end of the first fixed term lease) each year.

Research Findings

Research on the impact of rental law regulations in NSW and Victoria indicates that reforms did not negatively affect the private rental market. Landlords do not disinvest or leave the market. Analysis suggests instead that regulatory changes accommodated and even facilitated the long-term growth of the private rental sector without causing disinvestment.

Conclusion

Reforms to end 'no grounds' evictions must remove the ability to end a tenancy for no reason for renters on periodic and fixed term tenancies to deliver greater fairness, stability, and consistent protection for all renters in NSW.