

House for Rent — Apply Within: A Report on Renting in SA

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There is a lack of reliable data specific to South Australian private renters to inform policy makers. Housing affordability is a major issue for people living on low incomes with many thousands of households experiencing housing stress. This paper outlines what is known about the 30 per cent of South Australians who are private renters.¹

Increased Demand

Private renter households have grown in South Australia (SA) over the past 30 years from 15.9 per cent to 19.2 per cent of the population, an increase of approximately 50,000 people.² The reasons that private rental demand has increased nationally ³ include:

- migration policy has added substantially to the number of people migrating to Australia, of which a large majority (70 per cent) live in private rental
- growth in international student numbers, with only a small proportion of their housing needs met by educational institutions and the remainder renting privately
- additional households renting for longer periods
- greater female participation in the workforce enables more single women to set up independently
- a reduction in social housing properties and greater targeting of people with high and complex needs.

Affordability

Home ownership is often called the 'great Australian dream'. The private rental market is seen as a transitional form of housing. As public housing stock decreases and home ownership becomes less affordable, the private rental market is the only long-term accommodation option available to many.

Households whose income falls within the lowest 40 per cent of disposable incomes are considered to be living in housing stress when they spend 30 per cent or more of their gross household income on rent or mortgage repayments. The proportion of low income private rental households living in housing stress has been steadily increasing in SA to 33.6 per cent in 2011–12.⁴

As of December 2013,⁵ the residential rental vacancy rate in Adelaide was 1.7 per cent. The median rent for houses in metropolitan Adelaide was over \$350 per week (an increase of 2.4 per cent over three years) and units over \$270 per week (an increase of 1.9 per cent over three years). Lack of affordability and availability combine to disadvantage low income households.

South Australian research this year ⁶ uses the same measure of housing stress described above. At data collection there were 3,394 properties available across SA, highlighting the limited rental opportunities for people living on low incomes:

- Newstart and Youth Allowance households, including households with children, were only able to access one per cent or less of properties
- Parenting Payment Single households were only able to access one per cent of properties
- Aged Pension households were only able to access two per cent of properties
- Singles aged 21 and over living on the Disability Support Pension were only able to access less than 0.1 per cent of properties.

Government Assistance

Housing SA provides bonds, rent assistance and advice to private renters which play a critically important role in securing accommodation for people living on low incomes. Housing SA guaranteed 20,932 private rental bonds in 2012–13, a 6.2 per cent increase from 2011–12 costing \$21.4 million.⁷ In 2012–13 Housing SA also paid 23,457 rent grants valued at \$8.2 million. Housing SA Private Rental Liaison Officers assisted 1,943 people with information and helped to house 769 people in the private rental market in 2012–13.

Commonwealth Rent Assistance (CRA) is the largest component of financial housing assistance for private renters paid to income support recipients and families living on low incomes. During 2012–13 approximately \$3.6 billion was spent nationwide on rent assistance with seven per cent provided to South Australian renters. Through the Federalism Review, the Commonwealth is currently reappraising its role in housing and homelessness and the future of CRA is unknown. However, it seems unlikely that the government will continue to fund a scheme that is increasing at its current rate without adjusting other housing and homelessness funding. Similarly in SA, Housing SA continues to face an increasing expense and it is not yet known if changes to their programs will occur.

Security of Tenure

Australian Housing and Urban Research Institute researchers confirm that predominantly the Australian private rental market offers short-term leases.⁸ This may reflect the Australian preference for home ownership and the out of date assumption that time spent renting is transitional. However, one third of all Australian private renters rent for a period of ten years or more continuously (not necessarily in the same dwelling). Short-term leases do not suit everyone, and it is recognised that a secure home 'is an important foundation for many aspects of human wellbeing, including family functioning, childhood development, economic and social participation and personal health'.⁹

Another Australian survey¹⁰ reports that private renters move more frequently than social housing tenants. Shelter SA's consumer consultation explored housing affordability and private rental, highlighting the disruption and financial costs associated with frequent moves. A number of participants had moved more than three times in one year and up to six times in five years.

'No Cause' Evictions

The South Australian Residential Tenancies Act (RTA), Section 83, enables landlords to legally terminate a tenant's lease without a breach of their tenancy agreement: 'A landlord may, by notice of termination given to the tenant, terminate the tenancy without specifying a ground of termination'. Shelter SA recommended the removal of this Section from the Act but it was not supported by the South Australian Legislative Council. Members said that the removal of the clause would act as a disincentive to 'mum and dad' investors, who are important providers of rental housing even though international evidence disproves this assumption, including evidence from countries such as France, Luxembourg, Denmark and Sweden.¹¹

Discrimination

People from culturally and linguistically diverse backgrounds and people living with physical or mental health issues can face discrimination in accessing private rental accommodation. Negative stereotypes about people living on low incomes are also pervasive among some landlords and real estate agents and Shelter SA actively works to raise public awareness and share positive stories about renters. Although anti-discrimination legislation exists, discrimination can be hard to prove, may be distressing for complainants and often goes unreported. Mainstream complaints processes that require tenant initiation are a barrier to reporting and investigating occurrences of discrimination. Culturally appropriate complaints mechanisms and a more diverse workforce would assist to increase access to anti-discrimination legislation.

Issues around the quality and quantity of public housing for Aboriginal people are well known and improving this situation has been the focus of efforts by the Council of Australian Governments. Aboriginal people are five times more likely to be living in overcrowded accommodation than non-Aboriginal people, and this is more pronounced in remote areas.¹² Houses designed for small nuclear families are categorised as being overcrowded when they are used to accommodate large families and Shelter SA has argued that a focus on the concept of overcrowding detracts attention from culturally inappropriate housing design.

Repairs and Maintenance

Requesting repairs and maintenance to private rental properties can be a source of anxiety for tenants. There can often be lengthy delays in having maintenance done and hesitancy to request maintenance for fear of rents being increased or the termination of tenancies, especially if complaints are escalated the administrative appeals tribunal.¹³ Anecdotally, when repairs and maintenance are carried out by landlords rather than qualified tradespeople and are substandard in quality, tenant amenity is adversely affected.

Conclusion

The population of Australia is growing and without a significant change to social and affordable housing policy and funding accompanied by fairer taxation arrangements, the housing affordability crisis will only become worse and have dire effects on people living on low incomes.

Taxation policy continues to provide incentives to residential property investors and benefits to financial lending institutions while relatively little is spent on social and affordable housing. Shelter SA advocates for all South Australians to have an affordable place to call home while monitoring and contributing to Commonwealth, state and local government policy and legislation. The systematic collection of reliable state-wide data is needed to shed light on the situation of private renters and inform social policy.

Endnotes

1. The Australian Bureau of Statistics 2011, *Census*, Australian Bureau of Statistics, Canberra. Available at: <http://www.abs.gov.au/census> and <http://www.censusdata.abs.gov.au/census>
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4. Steering Committee for the Review of Government Service Provision 2014, *Report on Government Services 2014*, vol. G, Housing and homelessness, Productivity Commission, Canberra.
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10. Parkinson S, Cigdem M, Ong R and Taylor E 2013, *Wellbeing outcomes of lower income renters: A multi-level analysis of area effects*, Australian Housing and Urban Research Institute (AHURI) Positioning Paper No. 154, AHURI, Melbourne.
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