



House for Rent - apply within

A report on renting in South Australia

May 2015

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Introduction

Shelter SA is the peak body for housing in South Australia. Shelter SA's vision is for all South Australians to have a safe, secure, affordable and appropriate place to call home. Shelter SA conducts systems and policy advocacy underpinned by evidence-based research and community consultation. Approximately 30% of the South Australia population are private renters (ABS¹, 2011). Housing affordability is a major issue for people living on low incomes with many thousands of households living in rental stress. There is a lack of reliable South Australian data about the numbers of tenants experiencing issues that arise within the private rental market. The aim of this paper is to provide information about the private renter's experience based on published research, the work of Australian tenant unions and Shelter SA consultations². You can click on the links below to take you to specific topics of interest.

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Private Renters in SA

The number of private renters has been increasing gradually as has the length of time that people live in privately rented accommodation (ABS, 2013). Table 1 shows that private rental occupancy has grown in South Australia over the last 30 years from 15.9% to 19.2% of the population, an increase of approximately 50,000 people.

Table 1. SA households occupying private rental dwellings in 1981 and 2011:

	1981		2011	
	Rental Households	% of total households	Rental Households	% of total households
South Australia	67,603	15.9%	117,282	19.2%

Source: Based on ABS Census of Population and Housing, respective years

According to the Australian Housing and Urban Research Institute, private rental demand has increased in recent decades nationally because:

- Migration policy has added substantially to the number of people migrating to Australia, of which a large majority (70%) start out in private rental.
- Growth in international student numbers, with only a small proportion of their housing needs met by educational institutions that provide student housing with the remainder living in private rental dwellings.
- Additional households renting housing for longer periods before having children, and more households due to separation and divorce.
- Greater female participation in the workforce enables more women to set up independent households.

¹ The Australian Bureau of Statistics

² Readers are also encouraged to refer to the [Shelter SA Submission](#) to the Review of the Residential Tenancies Act (2012b).

- The inability of low-income households to access social housing as a result of a reduction in properties and greater targeting of people with high and complex needs³.

The Legislative Landscape

Private rental legislation, combined with low vacancy rates and relatively high median rents, creates an environment where people living on low incomes are pushed to the lower-priced end of the rental market.

Legal protection of the rights and responsibilities of landlords and tenants is described in the [Residential Tenancies Act 1995](#) (RTA). The RTA outlines the role and powers of the South Australian Civil and Administrative Tribunal (SACAT) (formerly Residential Tenancies Tribunal) and provisions for the payment of rent, security bonds, right to entry provisions and tenancy terminations, among other things. In some situations, initiating formal action against a landlord can be a daunting task for a tenant with limited resources who may fear that they will be evicted as a result.

The RTA was reviewed in 2012-13 following a consultation period and a call for submissions. As the [Shelter SA critique](#) of all submissions demonstrates (2013), landlord submissions rather than those from tenants, dominated the discussion. Landlords have a vested economic interest in private rental legislation especially if they consider any changes will disadvantage them. The Act has not changed significantly since 1995, perhaps reflecting strong landlord interests in the status quo.

Affordability

Home ownership is often described as the “great Australian dream”, with the private rental market traditionally seen as a transitional form of housing that people enter into for limited periods. As public housing stock decreases and home ownership becomes less affordable, in reality the private rental market is the only long-term accommodation option available to many people.

Table 2 illustrates how rents, in relation to incomes, have become more expensive over a 30 year period in South Australia. There has been a staggering increase of rents in relation to income.

Table 2. Median rents as a percentage of median income are compared in 1981 and 2011

	1981			2011		
	Rent	Income	Rent to Income %	Rent	Income	Rent to Income %
South Australia	\$40	\$237	16.9%	\$260	\$972	26.7%

Source: Based on ABS Census of Population and Housing, 2011

Households whose income falls within the lowest 40% of disposable household incomes (the bottom two income quintiles) are considered to be living in housing stress when they spend 30% or more of their gross household income on rent or mortgage repayments. Table 2 shows the median rent/income ratio trending towards 30%. Table 3 illustrates how rent prices have grown dramatically over a recent 5 year period.

The proportion of low income private rental households living in housing stress has been steadily increasing in South Australia to a level of 33.6% in 2011-12 (Steering Committee for the Review of Government Service Provision, 2014). SQM Research⁴ reports that, as of December 2013, the

³ “Long term private rental in a changing Australian private rental sector”, Australian Housing and Urban Research Institute, Swinburne-Monash Research Centre July 2013).

⁴ <http://www.sqmresearch.com.au/>

domestic vacancy rate in Adelaide was 1.7% and the median⁵ rent for houses in Metropolitan Adelaide was over \$350 per week (an increase of 2.4% over 3 years) and units over \$270 per week (an increase of 1.9% over 3 years).

Table 3. Increased median rental payments in SA

South Australia Rent weekly payments	2006	2011	Increase
Median rent	\$150	\$220	\$70
% of households where rent payments are 30% or greater of household income	8.4%	9.3%	0.9%

Source: Australia (AHURI)

Low vacancy rates combined with high median rents result in a private rental market that is under pressure, creating an environment where landlords and agents have many more applicants than vacant properties available. There is evidence that a relatively large proportion of low-cost private rental accommodation is occupied by moderate to high-income households (Hulse et al., 2011; Seelig 2001) and this is an added barrier to people living on low incomes accessing private rental.

The lack of affordable private rental housing for people receiving Centrelink income support payments has been consistently highlighted by Anglicare in their 2015 [Rental Affordability Snapshot](#). Anglicare recently reported that in Southern country regions for instance, none of the 142⁶ affordable and appropriate properties available to people living on income support were actually affordable for a single person on Newstart or Youth Allowance. A couple with 2 children on a minimum wage and FTB A⁷ had access to 235 affordable rental properties yet couples also with 2 children but on Newstart Allowance only had access to 46 rental properties. Single parents with 2 children on a parenting payment had access to just 15 properties across the State. In the Adelaide metropolitan area, Anglicare findings are that out of 3,394⁸ available rental properties, households reliant on income support payments have the least access to the private rental market. Those on Newstart, Youth Allowance, Parenting payment single had access to only 1% of affordable rental properties.

Housing affordability in the private rental market is a major issue for people living on low incomes, which is intensified by increasing household expenses for basic necessities. Increased costs of living including utilities, transport, medications and food combined with a decrease in the amount of available affordable housing contributes to affordability issues (Seelig, 2001).

Assistance for Private Renters

The South Australian Government's housing authority, Housing SA, currently offers services and grants which provide bond and rent assistance to private renters. Housing SA guaranteed 20,932 private rental bonds in 2012-13 which is a 6.2% increase from 2011-12, and a value of \$21.4 million. In 2012-13 Housing SA also paid 23,457 rent grants valued at \$8.2 million. Access to Private Rental Liaison Officers is also provided and during 2012-13 they assisted 1,943 people with information and helped to house 769 people in the private rental market. The Housing SA Private Rental Assistance Program provides critical support to people living on low incomes and any changes to the Program would potentially have a devastating effect on individuals and families who would be unable to access rental housing without the provision of a bond.

⁵ The median rent is the midway point of all rent payments over a set period (monthly, yearly, quarterly, etc.). For example \$220 monthly rent paid during 2011 is the middle rent payment of all monthly rents under \$220 and over \$220 for that particular year.

⁶ On the day of data collection

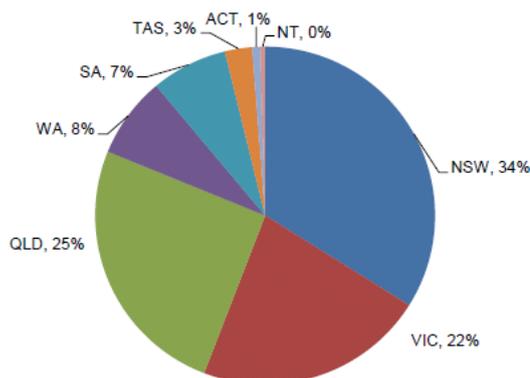
⁷ Family Tax Benefit

⁸ On the day of data collection

The National Rental Affordability Scheme (NRAS) was introduced in 2008 and in South Australia was jointly funded by the Commonwealth and South Australian Governments. NRAS properties are rented to tenants on relatively low incomes at 80% of market rents, and are affordable for some people, but not those living on very low incomes. At 30th June 2013 there were 1,727 completed dwellings under this scheme in South Australia. NRAS was introduced nationally to increase the supply of affordable rental housing; reduce rental costs for low to moderate income households and to encourage large-scale investment and innovative delivery of affordable rental housing. Unfortunately, in the May 2014 Federal budget, the Government announced that the scheme would be abolished and now there is one less scheme that assists renters living on low incomes.

Commonwealth Rent Assistance (CRA) is the largest single component of housing assistance for private renters. CRA is paid by the Australian Government to provide additional assistance to income support recipients and low income families in the private rental market as well as in community housing. During 2012-13 approximately \$3.6 billion was expended nationwide on rent assistance with 7% of that figure being provided to people in South Australia (see Figure 1). Nationally as at June 2013, there were 1,267,979 recipients of CRA⁹. Through the Federalism review, the Commonwealth is currently appraising its role in housing and homelessness and the future of CRA is unknown.

Figure 1. Rent assistance expenditure by State and Territory (%) 2012-2013



Source: The impact of Rent Assistance on housing affordability for low-income renters: Australia A report by the National Welfare Rights Network

The Tenants¹⁰ Union of Victoria recommends improvements to the current Commonwealth Rent Assistance (CRA) program to alleviate housing stress so that ‘no recipient experiences poverty after paying their housing costs based on a minimum standard for particular household types’ (2009) and Shelter SA supports this recommendation. Shelter SA also continues to call for an increase in the supply of affordable rental housing to directly reduce the number of people experiencing housing stress and homelessness with a focus on rejuvenating and increasing public and social housing.

Security of Tenure—Length of Lease

The Australian private rental market operates predominantly under short-term lease arrangements, which reflect the Australian preference for home ownership and assumptions that time spent in the rental market is transitory¹¹. However, over time, the private rental market has become a much

⁹ Steering Committee for the Review of Government Service Provision

¹⁰ Tenants Union of Victoria – no apostrophe used

¹¹ AHURI Research and Policy Bulletin, Issue 185, February 2015

longer-term housing option for increasing numbers of people with a third of all private renters Australia wide becoming long-term renters, defined as renting for a period of 10 years or more continuously (although not necessarily in the same dwelling).

Short-term leases do not suit people seeking long term housing security. 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' (Hulse et al., 2011:2). Shelter SA continues to provide feedback and advice to State Government about policies related to childhood development, vulnerable youth, health, education and employment insisting that secure housing must be included across portfolios to avoid public policy failure.

The Household, Income and Labour Dynamics in Australia Survey data, Parkinson et al. (2013) reports people living in private rental move more frequently than people living in social housing. In 2011, Shelter SA conducted a consumer consultation which explored housing affordability. Participants at the consumer consultation shared their experiences:

A number of participants ... had moved several times; one participant had moved three times in one year, another had moved six times in five years, a third had moved four times in as many years. Reasons for moving varied but often had personal and financial consequences, as the story below illustrates:

Donna has had to move a number of times with her young family to try and secure appropriate, safe and affordable accommodation. Her children have had to change schools numerous times and have disabilities and struggle with frequent change, "they don't like strange people and can't be looked after by others". "We move every Christmas," Donna says, "so the kids think we have to pack the boxes with presents and move". Moving poses a significant financial burden as well, "We are spending two to three grand when moving" Donna says.

(Shelter SA, 2011:23-4)

Participants also highlighted the personal financial costs associated with high frequency mobility in the private rental market:

Overall, the most common financial costs of moving were discussed as utility and phone connection and disconnection fees, bond and rent in advance, van hire, furniture, fixtures, household items and storage. Some respondents said that they have had to leave things behind and buy replacements again later and when sharing accommodation have, at times, been left with bills from their co-tenants. This highlights that...insecure tenancies and can contribute to other financial and personal costs.

(Shelter SA, 2011:24)

Security of Tenure—No Cause Eviction

The Residential Tenancies Act, Section 83 enables landlords to legally terminate a tenant's lease without a breach of their tenancy agreement and requires no justification as follows:

A landlord may, by notice of termination given to the tenant, terminate the tenancy without specifying a ground of termination.

The suggestion to remove no cause eviction from the RTA was not supported by Members of the Legislative Council during debate over the Amendment Bill in South Australia. It was asserted by Members that the removal of the clause would act as a disincentive to 'mum and dad' investors, who are important providers of rental housing. International rental markets disprove this assumption, including those that are pro-tenant such as France, Luxembourg, Denmark and Sweden.

Germany provides a good example of a robust rental market that relies substantially on small-scale investment and also has significant protections for tenants (Hulse et al., 2011). In the German private rental market rental leases that have no time limits are commonplace and evictions can only occur if the tenant is in breach of the contract or the landlord needs the premises for himself or his family. Tenants can object to the lease termination on the basis of unjustified hardship for themselves and/or their families. In the case of an eviction, the tenant is given 3-9 months' notice depending on the time they have resided in the property (Global Property Guide)¹². Currently, in South Australia, landlords are required by the RTA to give their tenants 28 days written notice to end a fixed term tenancy or 90 days written notice to end a periodic tenancy.

Accessibility for the Marginalised

People who are from culturally and linguistically diverse backgrounds, Aboriginal, older, younger, living on low incomes and/or receiving income support payments and people with physical or mental health issues can face discrimination in accessing private rental accommodation. Negative stereotypes about people living on low incomes are pervasive amongst some landlords and real estate agents and Shelter SA actively works to educate the public about this issue. Some Shelter SA stakeholders have reported experiencing discrimination in the private rental market based solely on their appearance. There are other factors and barriers that contribute to the difficulties faced by people from culturally and linguistically diverse backgrounds when they apply for private rental housing. For example, anecdotal evidence suggests that it takes longer for property managers to engage with prospective tenants if they do not speak English well. Aboriginal people face particular cultural barriers to accessing private rental properties.

The high representation of Indigenous people amongst the homeless population and the issues they confront in housing, have distinct qualities that are located within a particular Indigenous framework that relates to the historical, social and cultural context of the Indigenous experience of housing. In examining how colonialism has displaced, dispossessed and excluded Indigenous people from participating in the cultural, economic and political development of Australian society, it is clear that 'white' race privilege continues to position Indigenous people in an environment that maintains and reinforces dominant white, European culture. When compared to the non-Indigenous population, statistics relating to the health, life expectancy, child mortality rate, unemployment and homelessness of Indigenous people demonstrate major, negative differences. These social factors indicate that the prospects, life choices and opportunities for Indigenous people are considerably less than those of the non-Indigenous population. It has been noted in a recent Australian Housing and Urban Research Institute report that the private rental market significantly contributes to homelessness among Indigenous people in urban areas (Milligan et al., 2011). Discriminatory opinions and practices pervade private rental markets and appear in the guise of discourses about risk and are driven by selection of the 'best' (low risk, good rental history, capable of paying rent) tenant and landlord expectations and desires (Wallis Consulting Group, 2008).

(Shelter SA, 2012a:2-3)

Although anti-discrimination legislation exists, instances of discrimination are hard to prove, may be distressing for victims and are often not reported. Mainstream complaints processes that require victim initiation are a barrier to reporting and investigating occurrences of discrimination. Shelter SA recommended that the RTA Amendment Bill cross-reference existing anti-discrimination legislation. This recommendation was, unfortunately, not considered but scope remains for the Real Estate Institute of South Australia to continue to include anti-discrimination training, provided by the Equal

¹² <http://www.globalpropertyguide.com/>

Opportunity Commission, to its members. 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 have been the focus of efforts by the Council of Australian Governments (2008) to make improvements. Aboriginal people are five times more likely to be living in overcrowded accommodation than non-Aboriginal persons, and this overcrowding is more pronounced in remote areas (Biddle, 2008). According to the ABS, approximately half of South Australian Aboriginal people live in overcrowded situations in remote areas, compared to around 13% in regional areas and major cities (Australian Bureau of Statistics, 2006). Houses designed for small nuclear families are categorised as being overcrowded when they are used to accommodate large families and extended families. Shelter SA has argued that a focus on the concept of overcrowding detracts attention away from housing design which is not culturally appropriate.

The 2006 ABS Census states that in South Australia, 'Indigenous households were seven times more likely to be a multi-family household (3.7%) than Other households (0.5%) and that Indigenous people exhibited a greater propensity to share their living arrangements with only 0.7% of lone-person households in South Australia being Indigenous and 99.3% being Other households'.

At the time of the 2006 ABS Census, there were approximately 26,044 Indigenous people (1.7% of all people in South Australia) living in South Australia compared to 1,542,160 non-Indigenous people. Table 4 compares numbers of people in rented accommodation in South Australia and the figures indicate that renting privately for Indigenous citizens is more unattainable leading to an increased reliance on state or community housing.

Table 4. Housing types for Aboriginal and Non-Aboriginal people in SA.

Type of Rented Tenure in S.A.	Indigenous		Non Indigenous	
Private	2047	34.4%	92393	62.7%
State/Territory housing authority	2870	48.3%	37334	25.3%
Community Housing	642	10.8%	5709	3.9%
Landlord type not stated/Other	384	6.5%	11900	8.1%
Total Rented	5943		147336	

Source: ABS 2006 Census

Repairs & Maintenance

Requesting repairs and maintenance to private rental properties can be a source of anxiety for tenants as discussed by participants in Shelter SA's 2011 consultation. The most significant issue that participants discussed was the problem of getting things fixed in public and private rental properties. There were often lengthy delays in getting maintenance done and hesitancy to request maintenance for fear of rents being increased. Several participants talked about their experiences of requesting maintenance and said that often it was carried out by landlords or the relatives of landlords and that work was not of a professional or adequate standard (Shelter SA, 2011:9-10)

Tenants may fear that their requests for repairs or maintenance will result in an increase in rent or their tenancy being terminated, especially if complaints are escalated to SACAT. There is potential for such fear to lead to sub-standard housing and the occurrence of poor health outcomes for tenants and is an issue that is highlighted by the Tenants Union of Victoria:

The Tenants Union of Victoria advised a State Government Inquiry through their submission to the social housing review in 2012 that the rental affordability crisis and its effect on poorly maintained private rental properties is causing tenants to suffer respiratory infections, scabies, headaches and depression. The Union blames unaffordable housing for pushing renters into unsafe and unhealthy

accommodation and that people with few choices are then exploited by slum landlords and unscrupulous real estate agents who are not complying with their duties to maintain properties. The seriousness of this issue in South Australia is not known and further investigation is required to uncover how many households may be in this situation. (Shelter SA, 2012c:3)

Other Issues

New South Wales¹³ and Victoria¹⁴ have very strong tenant unions which have produced large bodies of work about renting in all tenures. There is a long list of issues which the unions raise that are worthy of investigation in the South Australian context and some of them are listed below:

1. A lack of rental references creates a barrier for many people who are entering the private rental market for the first time and may add to the discrimination experienced by young people and people from other cultures.
2. The Tenants Union of Victoria has delivered a research paper called "[Utilities and Residential Tenancies](#)" which outlines the 'range of issues that affect the provision of utilities to residential tenants and substantial barriers to energy efficiency measures in private rental housing' (2010). The cost of utilities plus rent add up to a significant proportion of household income when rent is already 30% or greater of that income.
3. Disputes between tenants and landlords are formally resolved in South Australia through proceedings at SACAT. Conciliatory methods, as utilised in other types of dispute resolution may be less intimidating for tenants and produce better outcomes for all which is an area that requires further investigation in South Australia. The Tenants Union of Victoria also makes comments about conciliation in its paper "[Better Tenancies Policy Platform](#)" (2009).

Conclusion

Taxation policy continues to provide incentives that favour home-owners, property investors and financial institutions, while relatively little is spent on social and affordable housing. The population of Australia is growing and without a significant change to taxation arrangements to a more equitable model, the housing affordability crisis will only become worse and have a more dire effect on people living on low incomes. Shelter SA advocates for all South Australians to have an affordable and appropriate place to call home, monitoring and contributing to Commonwealth, State and Local government policy and legislation. Please join us at Shelter SA and keep up to date with our work by signing up to our free mailing list, becoming a paying member via email sheltersa@sheltersa.asn.au or liking us on social media, Facebook and You Tube.

¹³ <http://www.tenantsunion.org.au/>

¹⁴ <http://www.tuv.org.au/>

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