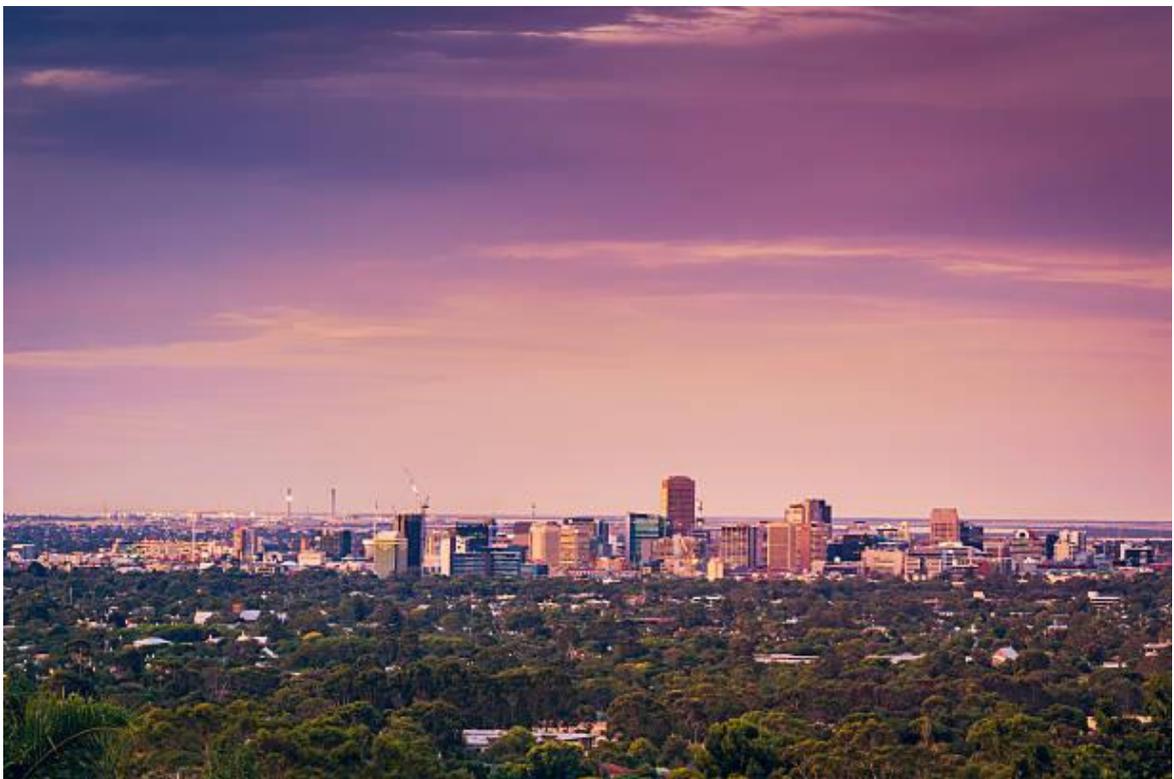




# Empty Homes



## Vacant residential properties in the City of Adelaide



## Contents

Contents.....	1
Introduction .....	2
The extent of homelessness and housing stress in South Australia .....	3
The number of empty properties .....	3
The impact of empty properties .....	3
Potential uses of empty properties .....	4
Scope and context.....	6
RESULTS .....	8
Housing in South Australia.....	8
Homelessness .....	8
Social Housing.....	12
Housing Affordability .....	12
Estimating the number of empty properties in the Adelaide CBD .....	24
Census data.....	25
Prosper Australia – water usage data.....	26
The impact of empty properties .....	27
Reduction of supply through Airbnb and speculative vacancies.....	28
The impact of empty homes on communities.....	30
Schemes to discourage vacancies.....	31
Powers provided to local authorities.....	31
United States of America Tenant-Based Rental Assistance.....	33
Vacancy tax .....	35
Reasons homes are left empty and alternative uses.....	36
Airbnb and holiday homes .....	36
Student housing.....	37
Speculative investment properties.....	39
Lifestyle properties .....	41
Other reasons for empty properties.....	42
Use of Headleases.....	42
RECOMMENDATIONS .....	44
References .....	46
Appendix 1 – Housing in the Adelaide CBD .....	49

## Introduction

Homelessness is a pervasive and growing issue in Australia. In 2015 there were 249,000 Australians who received specialist homelessness services over a twelve-month period. In 2019 the number of people receiving services grew to 290,500. The number of households living with housing stress has also increased – that is households in the lowest two income quintiles paying more than 30% of their household income in housing costs.

A national reduction of social housing properties has contributed to increasing homelessness and housing stress. It has never been more urgent to address the way we house people, especially those households living on low incomes. There is not enough crisis accommodation or social housing to meet the needs of people sleeping rough or those living in unsuitable, temporary accommodation. However, there are enough vacant residential properties in Australia to house all those who need shelter.

The geographical focus of this research is the City of Adelaide, South Australia. On Census night in 2016 there were 1,076 unoccupied private dwellings in the Adelaide Central Business District (CBD), or 15% of all dwellings which is higher than the Australian average of 11.2 % (ABS QuickStats). On the same night there were 644 people experiencing homelessness in the Adelaide CBD.

In January 2020, prior to the effects of the Covid pandemic, there were 747 active Airbnb listings in inner city Adelaide, 82% of which were the entire home. As of October 2020, only 13% of Airbnb properties in the City were booked for more than six months a year (Airdna, 2020).

As there are enough vacant residential properties to house everyone who needs a home, Shelter SA undertook this research to explore the possibility of increasing access to untenanted and underutilised properties to provide suitable and affordable housing for people in housing need.

### Key Findings

- By international standards there is a high number of empty residential properties in the Adelaide CBD.
- If activated, vacant and underutilised residential properties could be used to reduce the number of households living with housing stress, experiencing homelessness and living in unsafe or unsuitable accommodation.
- If unaddressed, increasing levels of housing stress will result in higher numbers of people experiencing homelessness.
- When property is withheld from the private rental and sales markets, whether through being left vacant or used as an Airbnb upward pressure is placed on prices by reducing supply.
- More social housing needs to be provided through a combined effort of Federal and State Governments in conjunction with social housing providers to meet housing need.
- Using existing housing and private rental markets to meet housing needs by way of leasing arrangements, rental support and voucher schemes must be examined as a more cost-effective way of providing social housing than governments funding, building and maintaining all new housing infrastructure.
- Internationally, many measures including vacancy taxes or council rate surcharges and financial and planning incentives aim to reduce the levels of vacant properties.
- Shelter SA identifies initiatives which would provide mechanisms to enable socially minded homeowners to make their properties available for “meanwhile” uses when they are away for holidays, work or other reasons.

- To tenant empty properties landlords and property managers require support to understand housing affordability and:
  - The need to slightly reduce their rents;
  - Be assured that their properties will be looked after; and
  - Have an accurate profile of the individuals and families that will tenant their properties to overcome negative stereotypes.
- Airbnb must raise awareness among hosts of the Open Homes program and consider broader access criteria for families.
- There is much that the Local, State and Federal Governments can do to address the activation of empty homes to assist people who need housing.

### The extent of homelessness and housing stress in South Australia

Approximately 19,200 South Australians received specialist homelessness services in the 2019-20 financial year (AIHW) and 41% were families with children. The long-term reduction of social housing over the last two decades is contributing to the persistently high number of people accessing homelessness services.

Shelter SA undertook a desk-top analysis of housing in South Australia and while our homelessness rates are close to the national average, housing stress is increasing and if left unaddressed could lead to increased homelessness. Housing costs have increased in South Australia over the last twenty to forty years. For higher income earners, the increase in housing costs relative to income has been manageable, and many South Australians who are homeowners have benefited from capital gains. However, increased housing costs have adversely impacted renters, single income households and people living on low incomes. For renters, Adelaide is the second least affordable capital city in Australia based on rents relative to incomes (National Shelter, 2020).<sup>1</sup> A gradual increase in housing stress has occurred over the last decade. If this problem is left unaddressed, poverty and homelessness will increase.

### The number of empty properties

International research demonstrates that all countries struggle to establish accurate property vacancy rates, but by international standards, vacancy rates in Australia are particularly poorly understood. Based on what is known, vacancy rates in Australia are relatively high despite much less attention given to the issue than in other parts of the world.

The Census measures whether a residential dwelling is occupied or unoccupied on Census night. This is a very blunt instrument as it only measures whether a house is empty on that night but does not explore the reasons why it is empty nor for how long it has been empty.

Through an examination of other data, including Airbnb data, water usage data undertaken in Melbourne and consultations with real-estate agents and property owners, Shelter SA estimates about half the properties identified in the Census as unoccupied could potentially be used to provide short, medium and in some cases long term accommodation for people in housing need.

### The impact of empty properties

Having a high number of empty or underutilised homes has negative consequences. The high volume of speculative vacancies – homes withheld from the sales market but not used - is likely to be putting upwards pressure on property prices by reducing supply.

<sup>1</sup> National Shelter, Rental Affordability Index, December 2020, p.52.

The high prevalence of Airbnb properties, which numbered 741 properties in the Adelaide CBD before the pandemic, is also likely to be putting upwards pressure on rental costs in the CBD by reducing supply for long term rentals by transferring homes to the short-term rental market.

Empty homes also have negative effects on communities by reducing economic activity and vibrancy, leading to increasing risks of crime and health and safety concerns for other residents.

Shelter SA would like to see a greater focus on reducing the number of empty homes and more productively using existing housing infrastructure being adopted in South Australia. More focus is placed on resolving the issue in the United Kingdom and the United States of America and there are both incentives and punitive measures in place internationally which could be considered in Adelaide.

Shelter SA acknowledges that punitive measures, such as vacancy taxes, rate surcharges, make good orders or compulsory acquisition which have been implemented elsewhere could be difficult to implement in the South Australian context at this time as they might be considered an undue infringement on property rights. However, such measures should not be ruled out and preliminary steps should be undertaken for local and state governments to explore what legislative tools are within their powers should such measures need to be pursued in the future. Shelter SA's focus is to explore the incentives to change the use of properties rather than taxes and charges.

### Potential uses of empty properties

Despite suffering a major downturn in tourism since the outbreak of the pandemic, Airbnb is a significant contributor to the number of empty homes or highly underutilised homes in the Adelaide CBD. Currently, only 13% of Airbnb properties in the CBD are rented for more than six months of the year (Airdna data). These empty Airbnb homes could be used to provide temporary and short-term housing which might range from 2-3 nights to a few weeks and would meet an emergency need. For example, for people who require a place to stay urgently or who cannot access services over the weekend. Then when services resume on Mondays, the family could be assisted.

Likewise, student housing and tourism accommodation are experiencing high vacancy rates due to restrictions on travel and could, in some circumstances be repurposed for alternative housing needs particularly if various forms of international travel remain depressed.

This research does not rest on the assumption that all property owners should or will provide access to their homes for free. Rather the research aims to understand different ways to facilitate property owners making vacant or underutilised housing available to those in need. This might require some level of rent reduction but will still be more profitable than leaving a property empty. Contrary to popular perception, people experiencing homelessness or living with housing stress are not always without an income. Some people will have a level of employment and/or may have access to government benefits but still have insufficient means to pay for accommodation at the current market rates or access accommodation in a location that is close to work or where children attend school, or other livelihood factors. Competition to achieve private rentals is also high with sometimes hundreds of interested people attending open inspections and applying for properties.

The South Australian Housing Authority (SAHA) could hold a headlease on vacant properties and using something akin to the United States Department of Housing and Urban Development's Tenant-Based Rental Assistance (TBRA) Program, eligible tenants would pay to the maximum of their ability within the 30% of income threshold with government funds making up any rent shortfall. Such an arrangement might be particularly appealing in a situation where many rooms or apartments could

be provided, such as a repurposed student accommodation building. This would increase the available social housing stock at a much lower financial outlay than building, owning and maintaining new properties. The day-to-day tenancy management could be transferred to the community housing sector who are in contact with people requiring housing assistance and could more easily allocate suitable tenants.

Some homes are left empty by investors for speculative investing reasons, including ease of sale. Tenanting these homes by means of a license to occupy rather than traditional tenancies might make property owners more willing to tenant these homes on a short-term basis because it does not provide the same imposition on sellers. A Community Housing Provider (CHP) or charity could hold a license to occupy properties to provide short term housing to clients. Using the same approach, re-development sites might be able to provide a short to medium term source of housing while they go through the process of design, obtaining financial backing and development approval.

Some properties are left vacant for lifestyle reasons, including by people who reside over multiple residences or go on long holidays. These properties are a potential source of short and medium-term housing. In many cases these property owners are not motivated by financial gain and might provide the housing without payment or very much below market rates. Throughout this project we have also heard from owners who seek house-sitters to care for their pets while they are away from home, often offering the accommodation for free in return for the care.

The solutions and recommendations offered in this report are not presented as the answer to ending homelessness but to create more secure housing for some South Australians which will help to alleviate homelessness and reduce the number people living in marginal housing and with housing stress. Some of the ideas offered aim to provide more cost-effective solutions than those currently used.

## Scope and context

Shelter SA is the South Australian peak body for housing with a vision for every citizen to have an affordable, appropriate and safe place to call home, specifically people living on low incomes. Shelter SA works on housing policy, legislation, research and systemic advocacy to benefit people living on low incomes and undertakes other projects that seek to activate the private rental market.

This research project is part of an evidence base that aims to provide policy suggestions and a platform for engagement and advocacy. The project utilised multiple methods to achieve its aims including letter writing, surveying, media, social media and face to face consultations.

This research aims to:

- Ascertain how much empty residential space could be utilised to provide accommodation to those living with housing need.
- Explore the reasons why residential rental properties are left vacant or have low occupancy rates.
- Explore what may motivate and incentivise owners to tenant, or more fully tenant, their properties in the future, particularly through programs aimed at helping families facing housing stress or needing emergency housing - such as the Airbnb Open Homes Program or Shelter SA's Homes4Good platform.<sup>2</sup>
- Better understand why people choose to leave residential properties empty when away for work or travel for long periods to understand what, if any, "meanwhile" uses those property could serve.
- Present recommendations to all levels of Government on how the existing infrastructure of empty homes could be used to deliver homelessness services more efficiently.
- Connect empty property owners with community housing providers and services funded through the National Housing and Homelessness Agreement (NHHA) to provide an increased number of housing outcomes.

This report is based on data analysis of homelessness, housing stress and housing in South Australia and specifically, where the data is available on the City of Adelaide. Data sources include:

- Australian Bureau of Statistics (ABS), 2016 Census
- ABS 41300, Housing Occupancy and Costs
- ABS 6416.0, Residential Property Price Indexes: Eight Capital Cities, June 2020
- Australian Institute of Health and Welfare (AIHW) – Housing Dashboard
- Australian Productivity Commission, Report on Government Services, 2020
- SA Data Warehouse
- National Rental Affordability Index

The data sources were completed by desktop research of national and international schemes and programs which aim to alleviate homelessness by using existing housing infrastructure, consultation and stakeholder engagement.

The project was limited to the Adelaide CBD because it is where rough sleeping is most highly concentrated in South Australia and it is also an area of high residential vacancies. Using the CBD, as opposed to a local government boundary, enables easier comparisons with other locations. This boundary is particularly relevant when applying data from jurisdictions to the South Australian data.

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<sup>2</sup> <https://homes4good.com.au/>

The CBD is wholly within the boundaries of the City of Adelaide which has assisted Shelter SA with this research through a small community development grant as well as access to staff and facilities.

Public perceptions of homelessness often focus on people who are sleeping rough on the street. However, homelessness is much more nuanced. This research defines homelessness using the Australian Bureau of Statistics (ABS) definition, which is:

Informed by an understanding of homelessness as 'home'lessness, not rooflessness. It emphasises the core elements of 'home' in Anglo American and European interpretations ... which include: a sense of security, stability, privacy, safety, and the ability to control living space. Homelessness is therefore a lack of one or more of the elements that represent 'home'.<sup>3</sup>

The ABS uses six categories of homelessness and a further three categories of marginal housing which places people at risk of homelessness. People living with housing stress are at risk of falling into marginal housing or homelessness.

The aim of this research is to find ways to align existing housing infrastructure to housing need across all categories of homelessness, marginal housing and housing stress. In other words, while moving someone directly from rough sleeping to an empty private rental property might be part of an overall solution, it is not the sole focus of the project. Securing housing for people at risk of falling into homelessness, but not yet homeless, has an immediate benefit for those individuals or families but also has a positive knock-on effect for addressing housing need across the spectrum by leaving homelessness services and spaces free for someone else to use.

This report is structured as follows:

- Section 1 - **Housing in South Australia** examines both homelessness, marginal housing, housing affordability and the housing need that exists in South Australia while outlining the problems this research seeks to address.
- Section 2 - **Estimating the number of empty properties in Adelaide** endeavours to accurately understand how many properties are empty beyond the headline ABS Census data. This section outlines how much property could be used to provide housing to people in need.
- Section 3 - **The Impact of empty properties** outlines some of the more structural issues empty properties create in the property market as well as the negative impacts of empty or vacant residential properties on local communities.
- Section 4 - **Schemes to discourage vacancies** examines how other jurisdictions manage empty residential properties.
- Section 5 - **Reasons homes are left empty and alternative uses of those properties** attempts to understand why the properties are left empty to help to identify what sort of alternative or “meanwhile” use the properties might have and what would motivate the property owners to make the properties available.
- Section 6 - **Recommendations** outlines recommendations for future action.

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<sup>3</sup> ABS 4922.0 - Information Paper - A Statistical Definition of Homelessness, 2012

## RESULTS

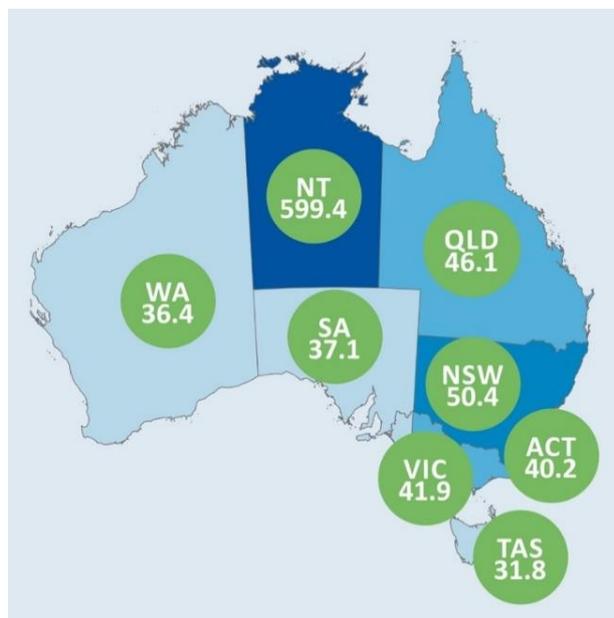
### Housing in South Australia

This section provides the results of the desktop research on homelessness and housing stress in South Australia. Homelessness in South Australia is close to the national average, but an increasing number of South Australians are experiencing housing stress, which if left unaddressed, could escalate into experiences of homelessness. Levels of housing stress over the last ten years have not been distributed evenly across all households but have disproportionately impacted lower income households, single income households and renters.

#### Homelessness

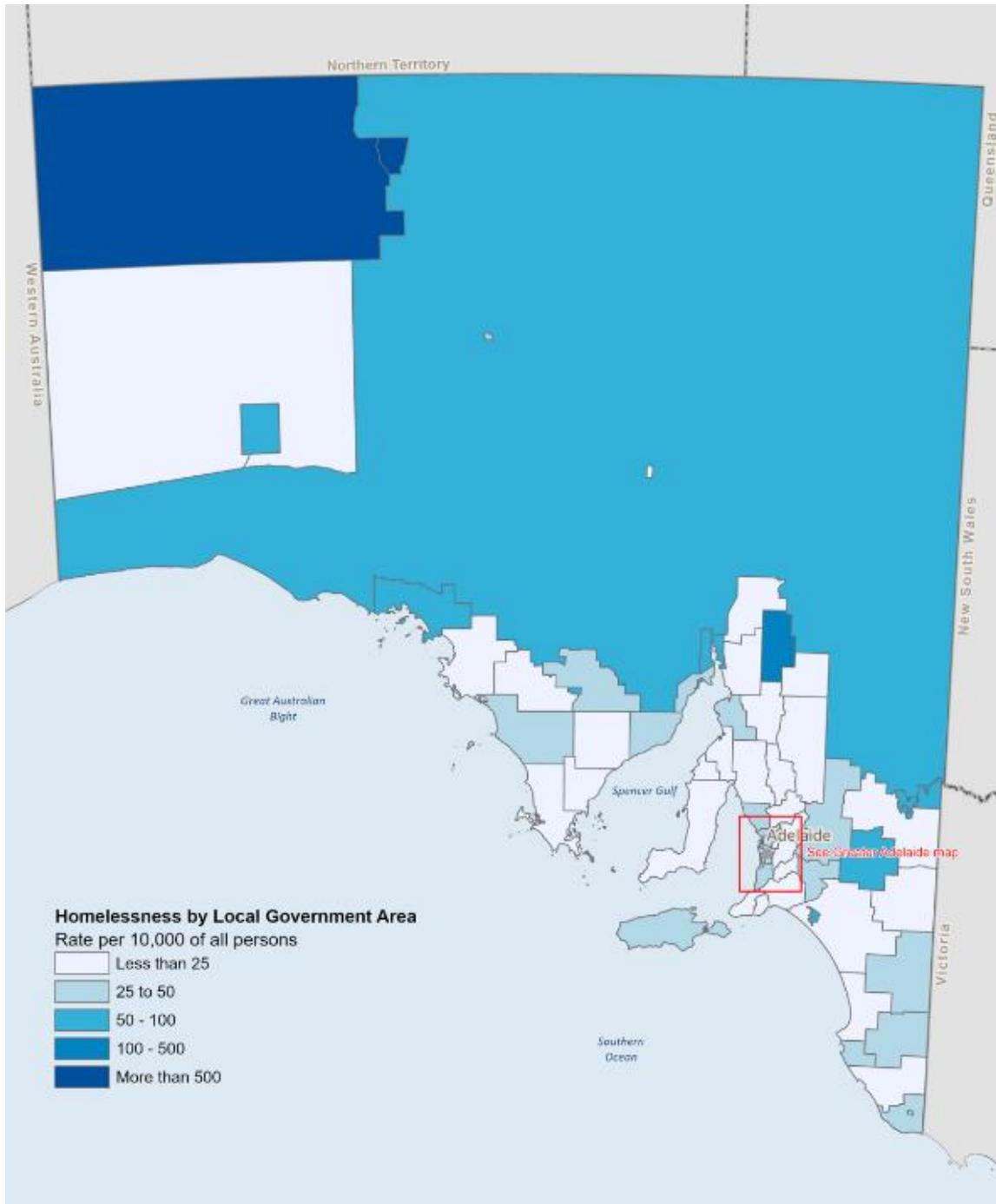
According to the 2016 Census, South Australia's homeless rate is lower than the Eastern States but higher than Tasmania and Western Australia as captured in the map below.

**HOMELESSNESS BY STATE**  
(Rate per 10,000 of all persons -2016 Census)



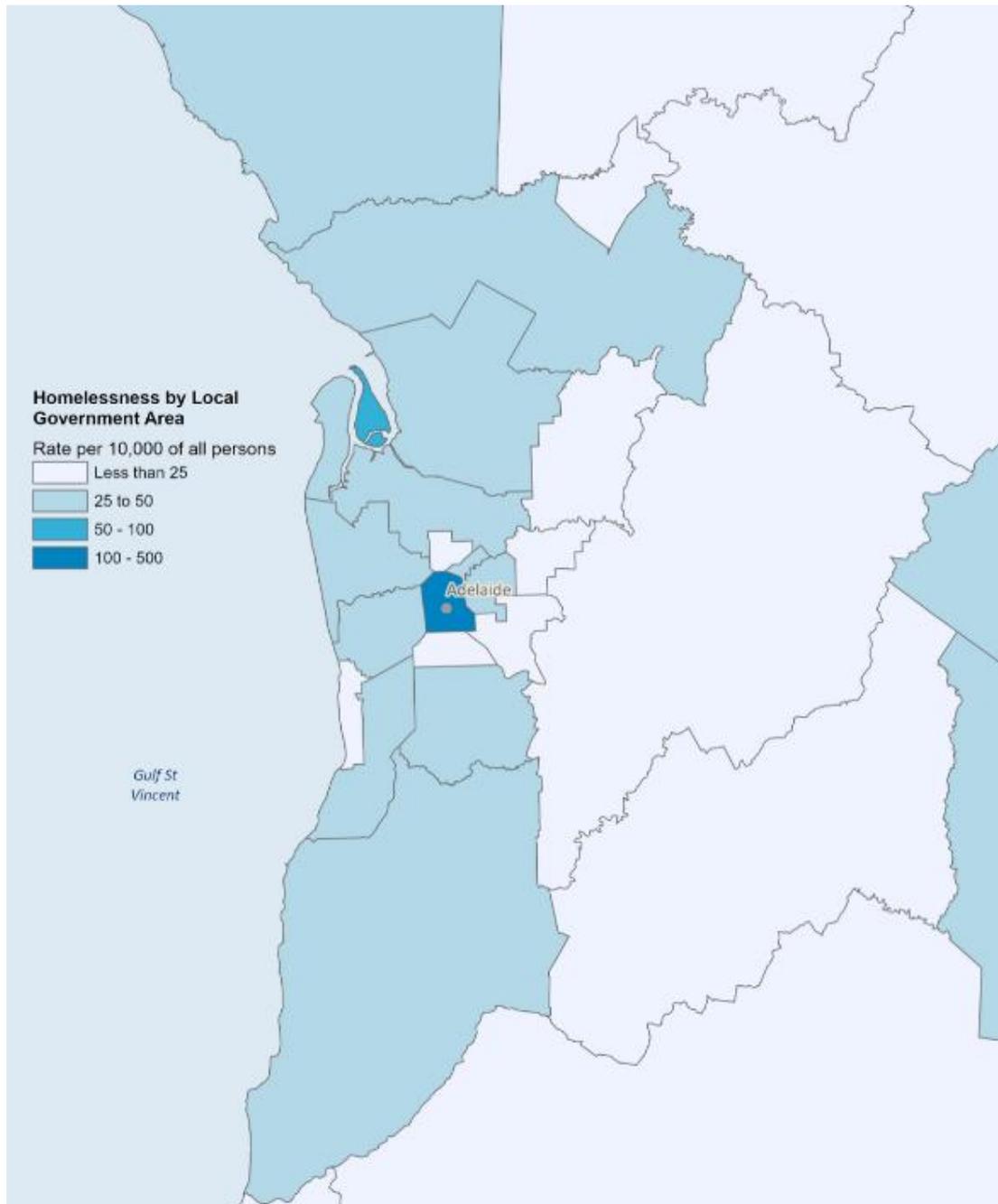
All Homeless and Marginal Housing in South Australia 2016 Census	
<b>HOMELESSNESS</b>	
Persons living in improvised dwellings, tents, or sleeping out (Rough Sleeping)	387
Persons in supported accommodation for the homeless	1,433
Persons staying temporarily with other households	1,323
Persons living in boarding houses	906
Persons in other temporary lodgings	31
Persons living in 'severely' crowded dwellings	2,140
<b>All homeless persons</b>	<b>6,224</b>
<b>MARGINAL HOUSING</b>	
Persons living in other crowded dwellings	3,808
Persons in other improvised dwellings	261
Persons who are marginally housed in caravan parks	402
<b>All persons in marginal housing</b>	<b>4,471</b>
<b>TOTAL</b>	<b>10,695</b>

The maps on the following pages show the proportion of homelessness by population across South Australia's Local Government Areas. The areas with the highest per capita level of homelessness are the metropolitan area, particularly the CBD, and the far north of the State, particularly the APY Lands. In the APY Lands this situation may reflect overcrowding.

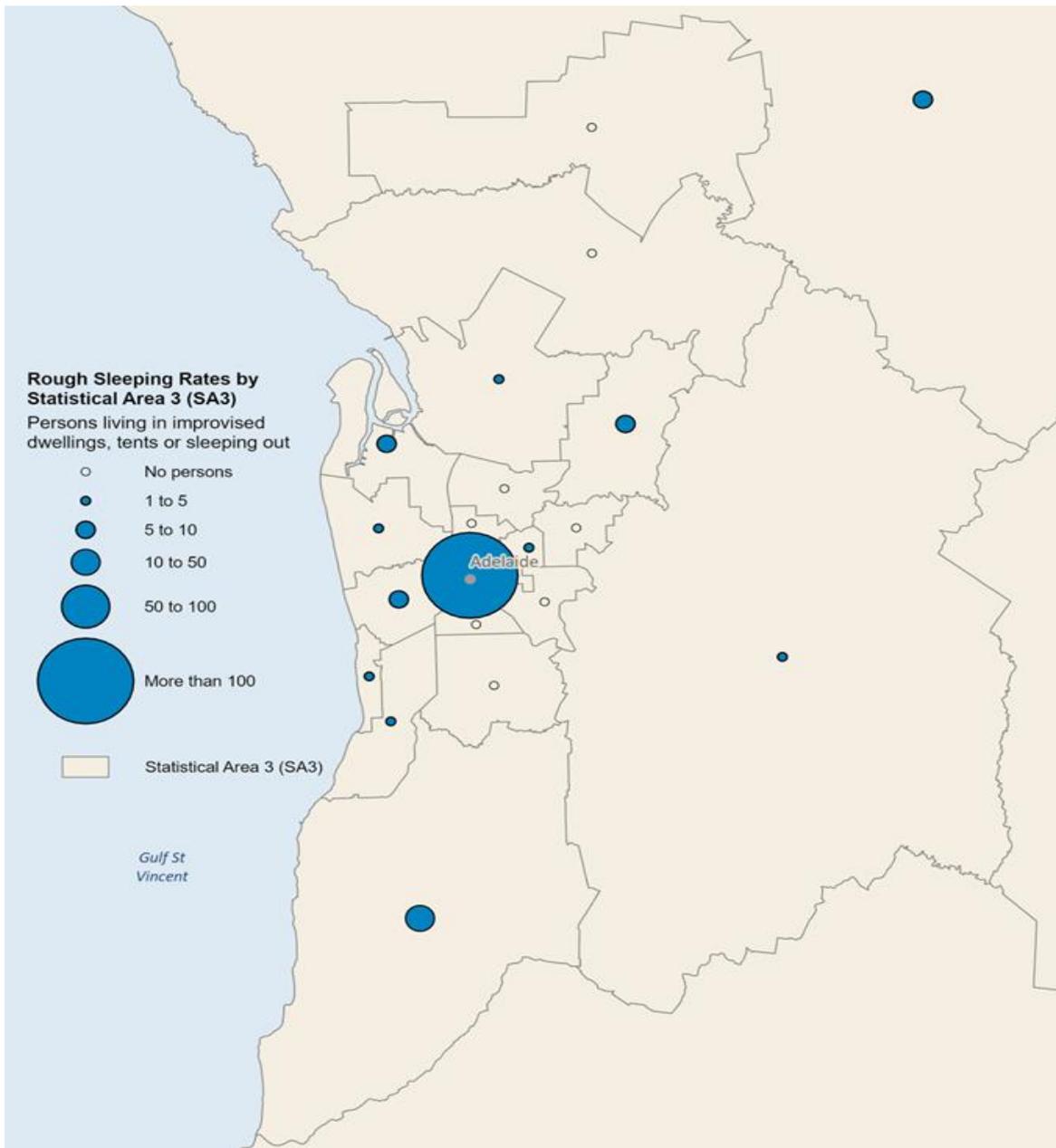


In the metropolitan area, homelessness is concentrated in the City. Homelessness in the metropolitan area is partially a reflection of where homelessness services are located, as those in marginal accommodation, such as boarding houses, are classified as homeless by the ABS.

The other factor to consider is that some people experiencing homelessness will follow services, that is, they go to where the services are, which is reflected in the high concentration of homelessness in the City.



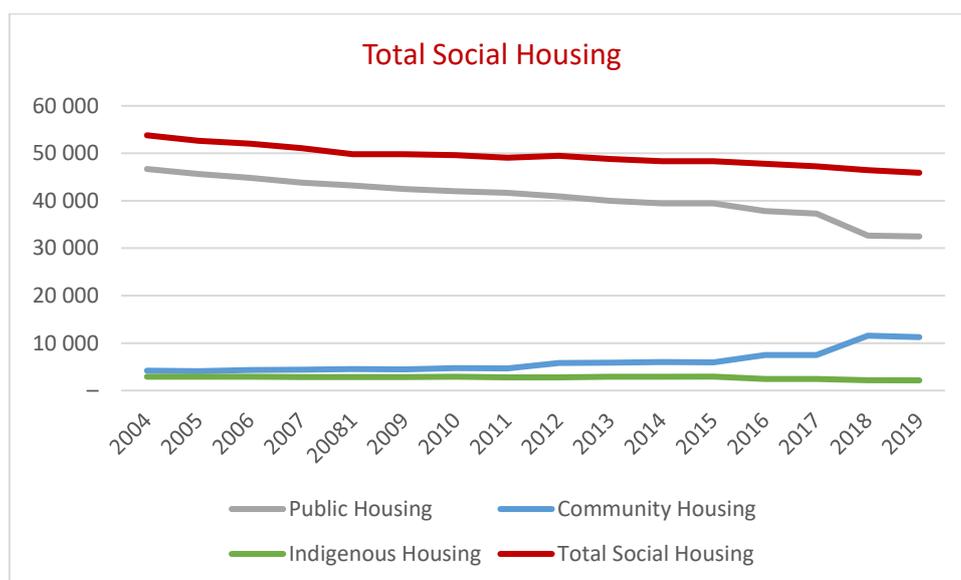
In the metropolitan area, rough sleeping is heavily concentrated in the CBD.



## Social Housing

For nearly 60 years from the late 1930s, the South Australian Housing Trust was building 2,000 new properties a year. By 1993, accounting for properties built and sold, the SA Housing Trust owned and managed over 63,000 properties.<sup>4</sup> Since then, there has been a long-term steady decline in social housing which has continued over the last 15 years. Between 2004 and 2019 the total number of social housing premises dropped from 53,794 to 45,897 a reduction of 7,897 or 15%.

Social housing refers to all housing that is supported, administered or funded by Government and includes public housing (government owned and managed), community housing (owned and/or managed by Community Housing Providers) and social Aboriginal Housing (including both State Owned or Managed Indigenous Housing and Indigenous Community Housing).



Source: *Report of Government Services* 2015 (Table 17A3) and 2020 (Table 18A3)

The long-term decline in social housing has reduced the effectiveness of homelessness and housing services. Put very simply there are increasing numbers of people requiring assistance with housing and a reducing number of homes in which to place them.

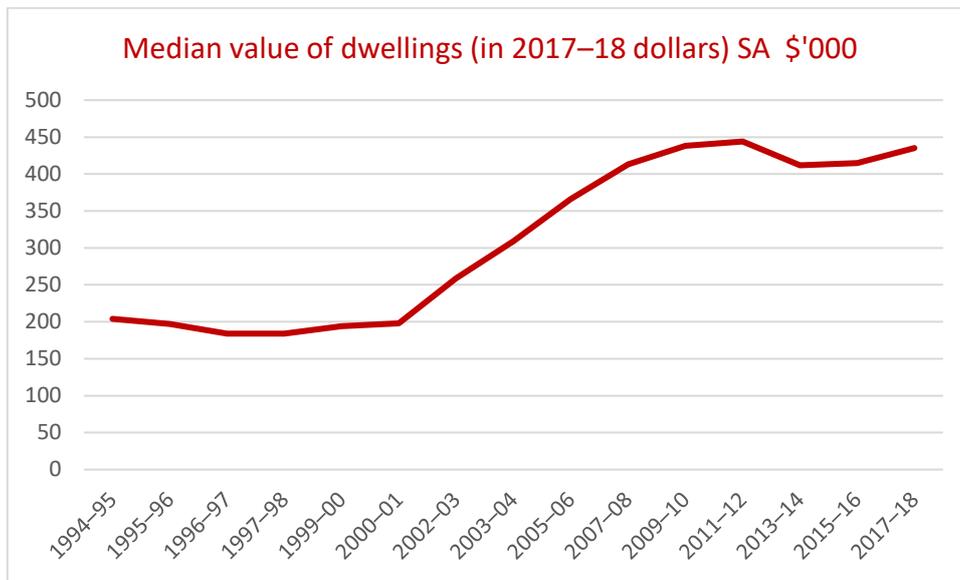
The Federal and South Australian Governments must act to address the shortage of social housing as a key component of reducing homelessness and marginal housing. Providing more social housing, however, does not need to be limited to governments building and owning property. Accessing existing vacant residential property through private market mechanisms could provide a rapid and cost-effective means to increase social housing. This could be through incentives to property owners to make properties available and increased financial support for potential renters.

## Housing Affordability

The ABS provide a range of Housing Occupancy and Costs data (ABS, Series 41300). This data is drawn from the Survey of Income and Housing (SIH) which collects data from households to measure levels of housing occupancy and costs and how these change over time. Unless indicated otherwise, the data in this section is from ABS 41300.

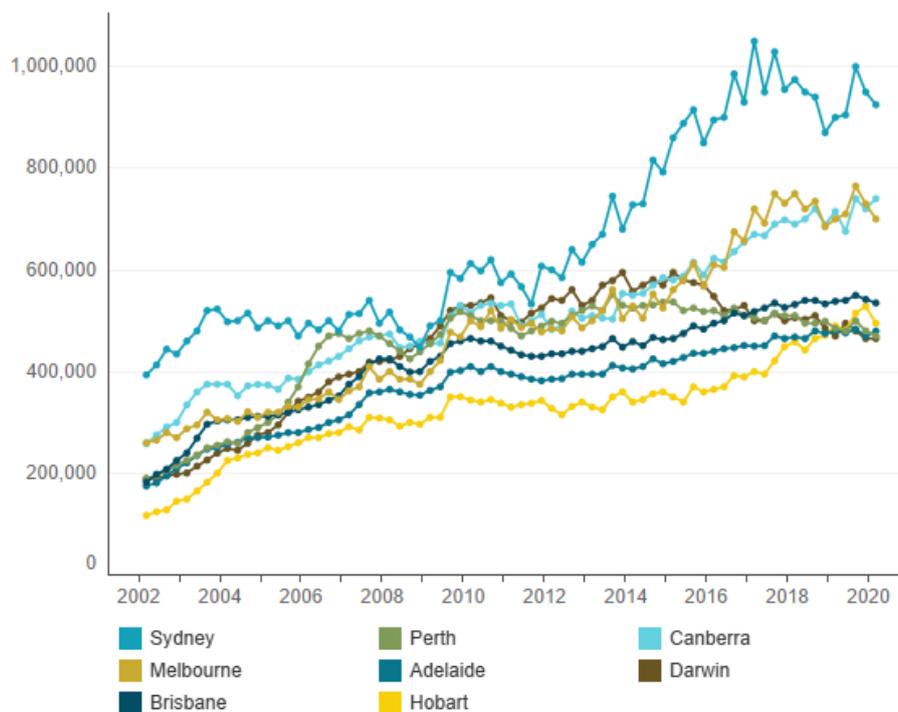
<sup>4</sup> Marsden, S., *Business, Charity and Sentiment Part Two: The South Australian Housing Trust*, Wakefield Press, 2011, p.6

South Australia's housing prices increased dramatically from around 2000 to 2010 but otherwise have been largely stable when adjusted to take account of inflation.

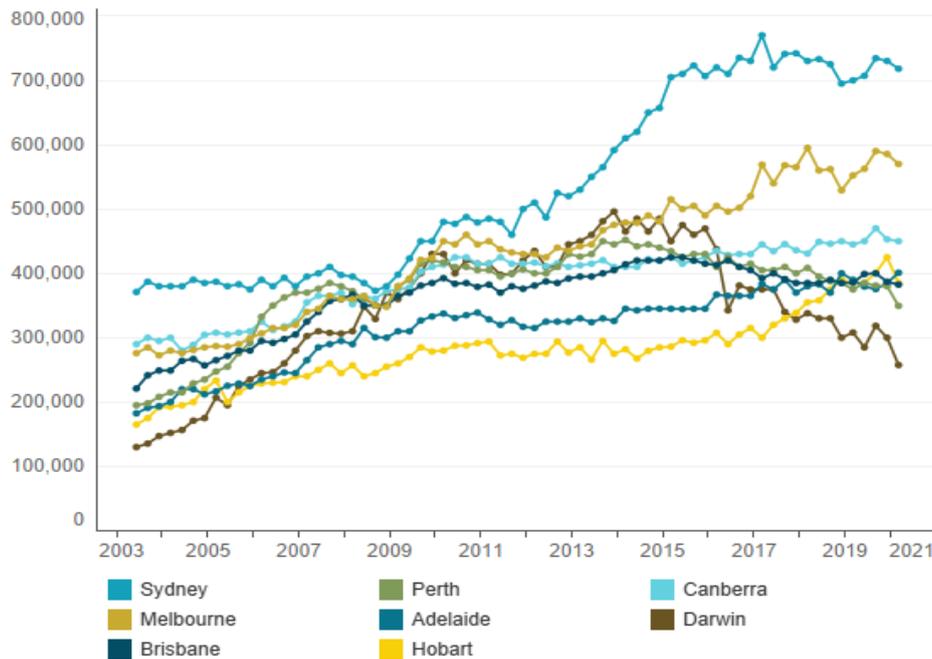


Housing prices in South Australia and in particular Adelaide have not increased at anywhere near the rate of Sydney, Melbourne or Canberra. This situation applies to both attached and non-attached dwellings as demonstrated in the graphs below.

**Median price (\$) (constant) of residential property transfers, Established house, Capital city, 2002 Q2 to 2020 Q2  
Australia only**

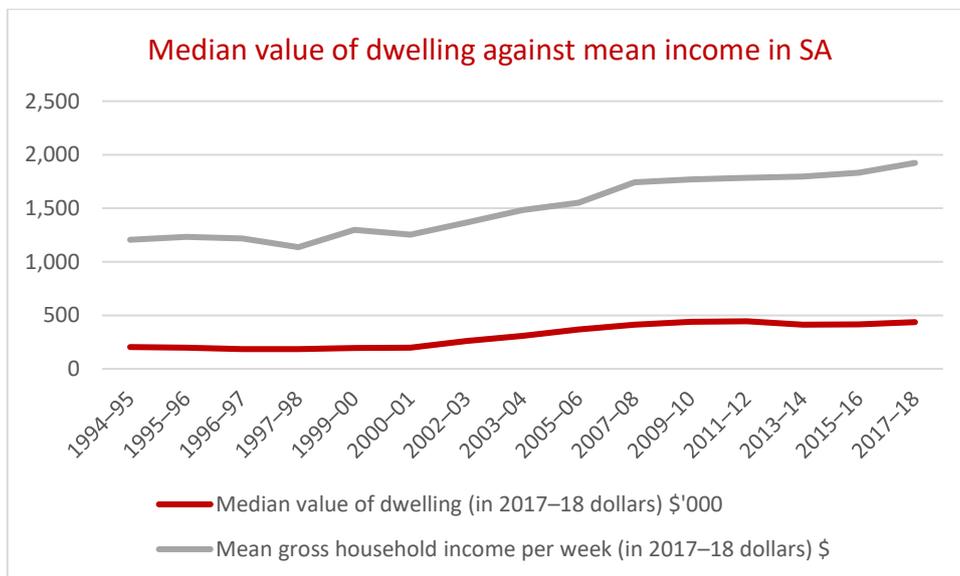


**Median price (\$) (constant) of residential property transfers, Attached dwellings, Capital city, 2002 Q2 to 2020 Q2  
Australia only**

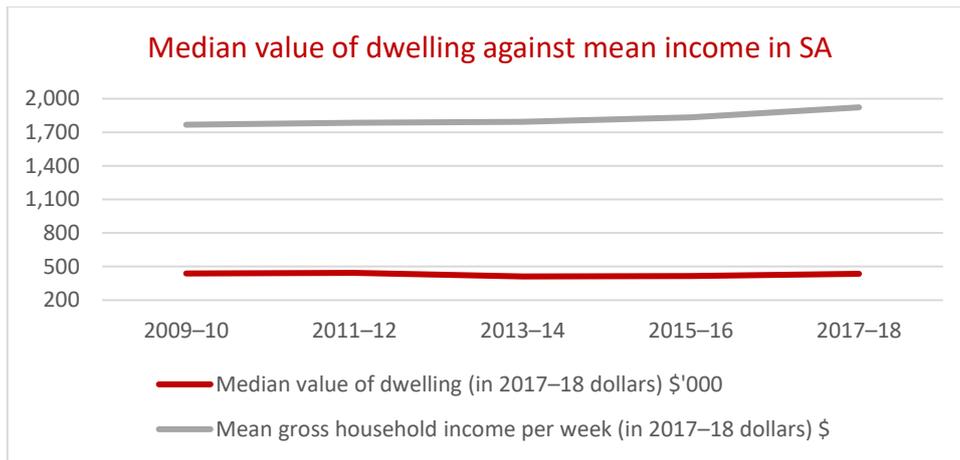


Source ABS – Series 6416.0 AIHW – Housing dashboard.

In South Australia, incomes have also increased but have not kept pace with increases in housing prices. Over the long term, between 1994/5 to 2017/18 mean household income increased by 60% from \$1,205 to \$1,923 whilst the mean value of a dwelling increased by 113% from \$204,000 to \$435,000, in inflation adjusted terms.



In the more recent past, the last five years covered by the ABS Housing and Occupancy Costs data, the disparity between wages and housing costs has not occurred. In fact, the median household income increased from \$1,768 to \$1,923 (+8.8%) and housing costs decreased from \$438,000 to \$435,000 (-0.7%).



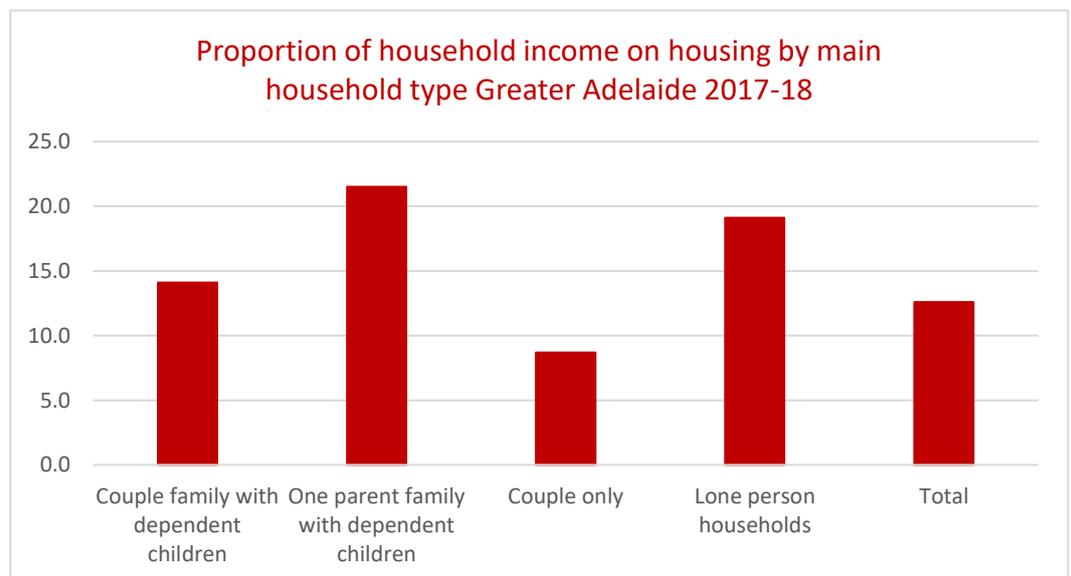
Since the period covered by the graph above, median house prices in Adelaide went from \$470,000 in June 2018 to \$492,500 September 2020, a 4.7% increase. This is restricted to greater Adelaide and is in real terms (not adjusted to account for inflation).<sup>5</sup>

The longer-term increase in housing prices relative to incomes has seen an increase in the proportion of income spent on housing and therefore reduced housing affordability. However, the issue of housing affordability, or lack thereof is much more acutely felt by households who are renting and specific household types.

Of all occupied private dwellings in South Australia at the 2016 Census, 32.2% were owned outright, 35.3% were owned with a mortgage and 28.5% were rented. There is a much higher rental proportion in Adelaide where, 15.6% were owned outright, 16.8% were owned with a mortgage and 63.1% were rented.

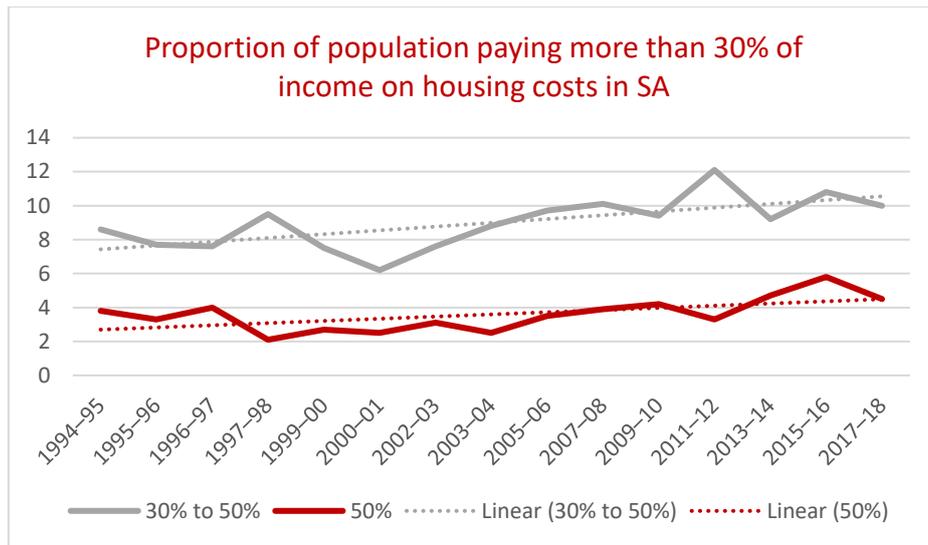
All categories of renters pay a higher proportion of income on housing costs on average than homeowners.

In addition to renters paying a higher proportion of income on housing, some household types also pay higher proportionally, for housing, particularly single parent and lone person households.

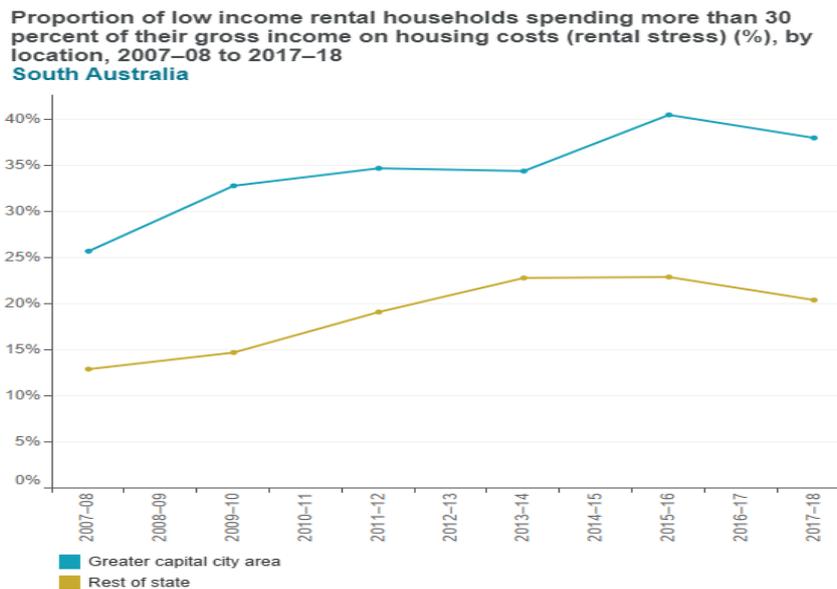


The end point of all this data is that housing stress and extreme housing stress, paying 50% or more on housing costs, is gradually increasing in South Australia.

<sup>5</sup> SA data warehouse - <https://www.sa.gov.au/topics/planning-and-property/buying-and-selling/researching-a-property/median-house-sales-by-quarter>



Those households with lower incomes are disproportionately impacted. Housing costs are increasing more rapidly than lower-level incomes. Almost 40% of low-income rental households in greater Adelaide are living with housing stress as per the graph below. The ABS restrict the definition of housing stress to lower income households to take account of high-income households who may spend more on housing but still have enough to cover other costs without facing financial hardship (AHIW, Housing Dashboard 2019).



Housing stress is more likely to occur for people who are renting. According to the National Rental Affordability Index Report in December 2020, produced by SGS Economics and Planning on behalf of National Shelter and partners:

“The average rental household in Greater Adelaide has a gross income of \$67,900 per annum. With a RAI score of 113, Greater Adelaide is the second least affordable capital city, as incomes in Greater Adelaide have failed to keep pace with rising rents.”<sup>6</sup>

<sup>6</sup> National Shelter, Rental Affordability Index, December 2020, p.52.

The National Rental Affordability Index (NRAI) also uses the ABS definition of housing stress as housing costs exceeding 30% of the lowest two household income quintiles gross income.

Rental affordability is calculated using the following equation:  $NRAI = (\text{Median income}/\text{qualifying income}) * 100$

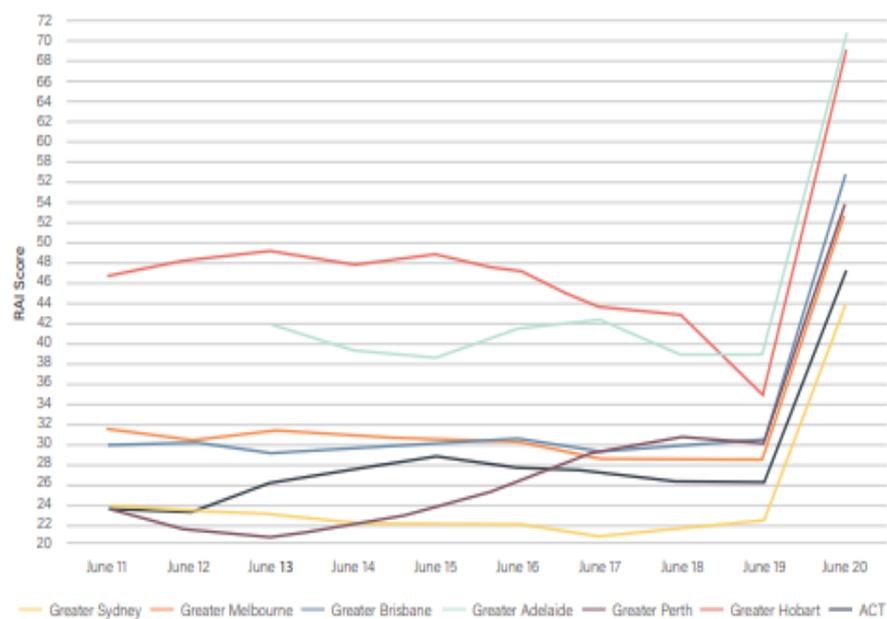
Therefore, low-income households paying 30 per cent of income on rent have a RAI score of 100, indicating these households are at the critical threshold level for housing stress. A score below 100 indicates housing is unaffordable and housing costs consume a disproportionately high amount of household income.

### RENTAL AFFORDABILITY INDEX AND SEVERITY OF RENTAL UNAFFORDABILITY

Index score	Share of income spent on rent	Relative unaffordability
<50	60% or more	Extremely unaffordable rents
50-80	38-60%	Severely unaffordable rents
80-100	30-38%	Unaffordable rents
100-120	25-30%	Moderately unaffordable rents
120-150	20-25%	Acceptable rents
>150	15% or less	Affordable rents

During the 2019-2020 financial year, Coronavirus supplement payments were established for the Single person on Newstart, Students on Austudy, and Single part-time worker parent on benefits households. JobSeeker was created and recipients received an additional \$550 above Newstart a fortnight. Even with the additional payment, rent for those on Newstart, the NRAI score for all Capital Cities sits at well below 100.

FIGURE 1. RAI SCORES FOR A PERSON ON JOBSSEKER PAYMENTS, CAPITAL CITIES, 2011- 2020



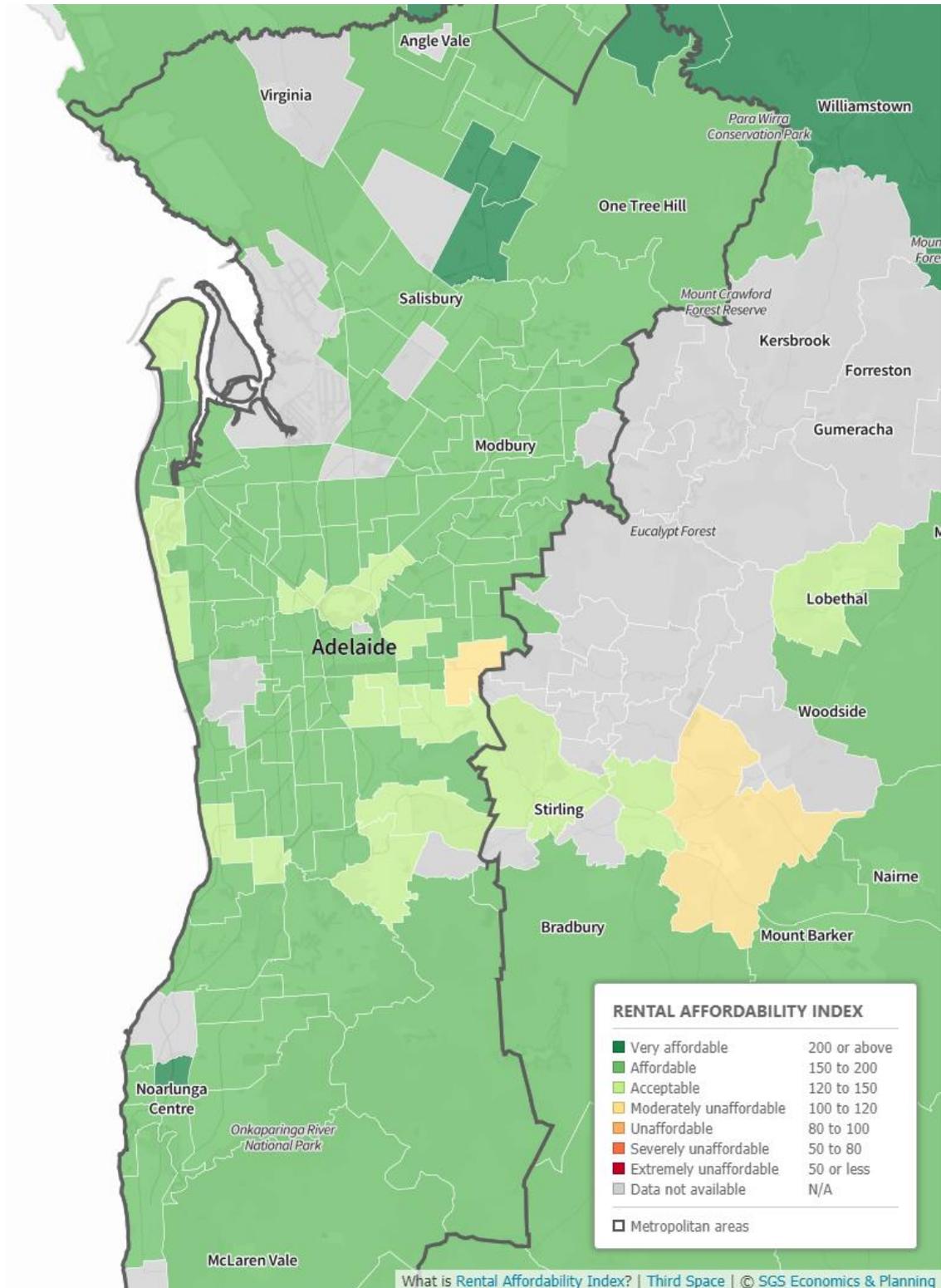
Source: SGS Economics and Planning, 2020

At the time of writing, there was no indication that the increased payments would continue which will plunge a significant proportion of renters deeper into housing stress. A Shelter SA policy position is that the Newstart payments should be permanently and significantly increased to assist with housing affordability.

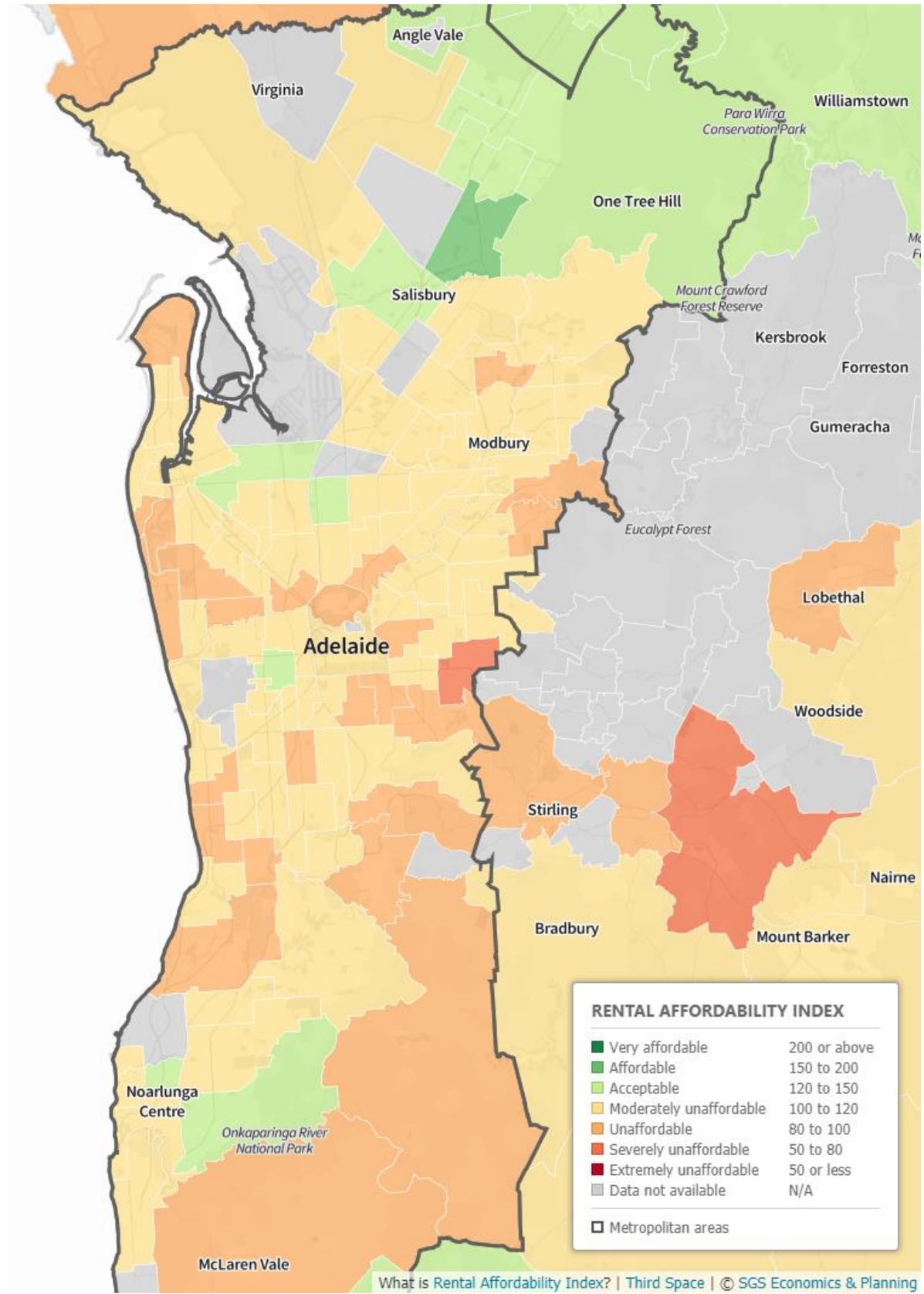
Shelter SA is also concerned about renters who may have accrued rental arrears when eviction protections applied during the pandemic cease in March 2021.

The National Rental Affordability Index has an interactive map section that allows users to determine housing stress according to location, income and dwelling size. The maps below are for all dwellings by income level.

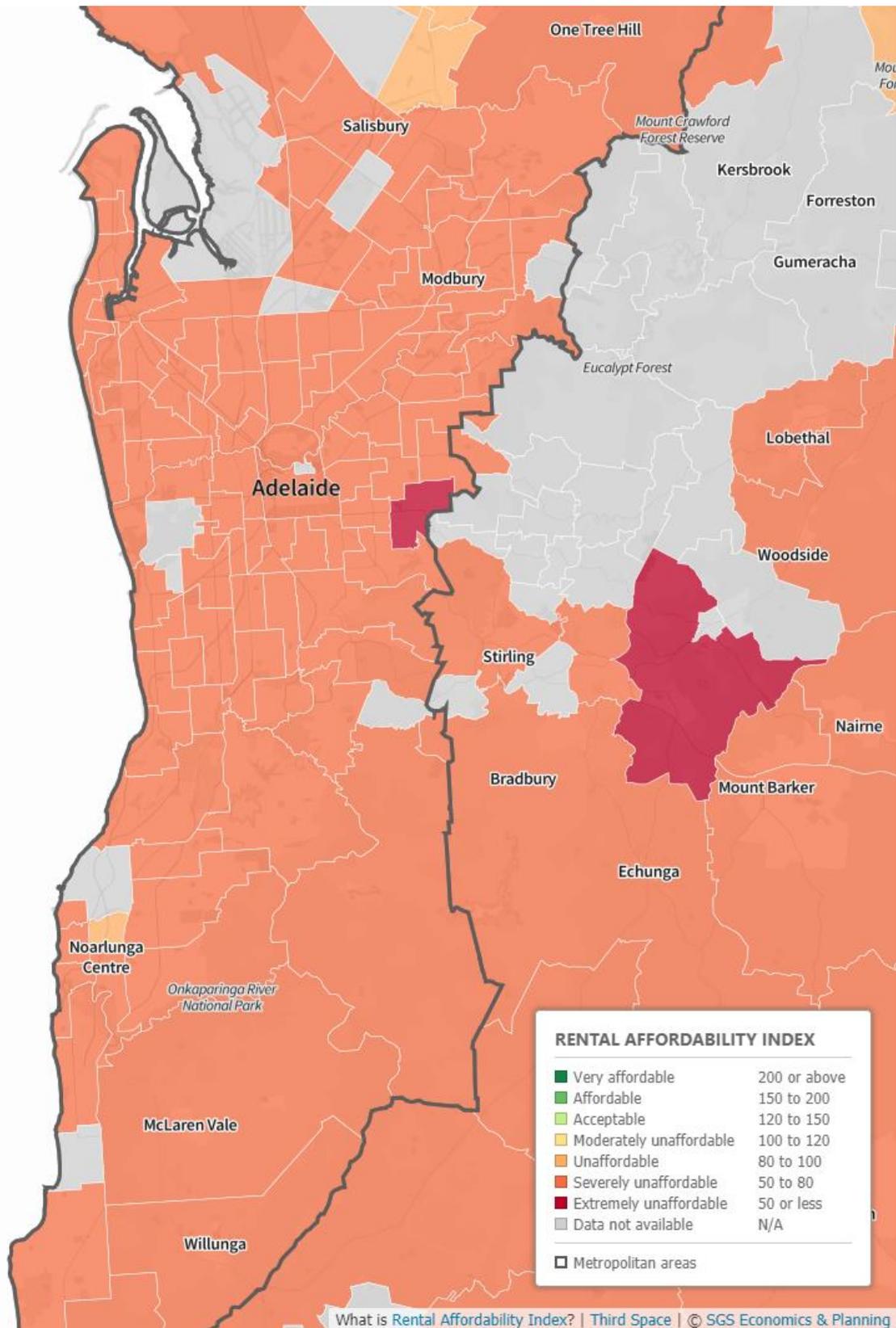
**RAI FOR \$100,000 HOUSEHOLD INCOMES FOR ALL DWELLING TYPES**



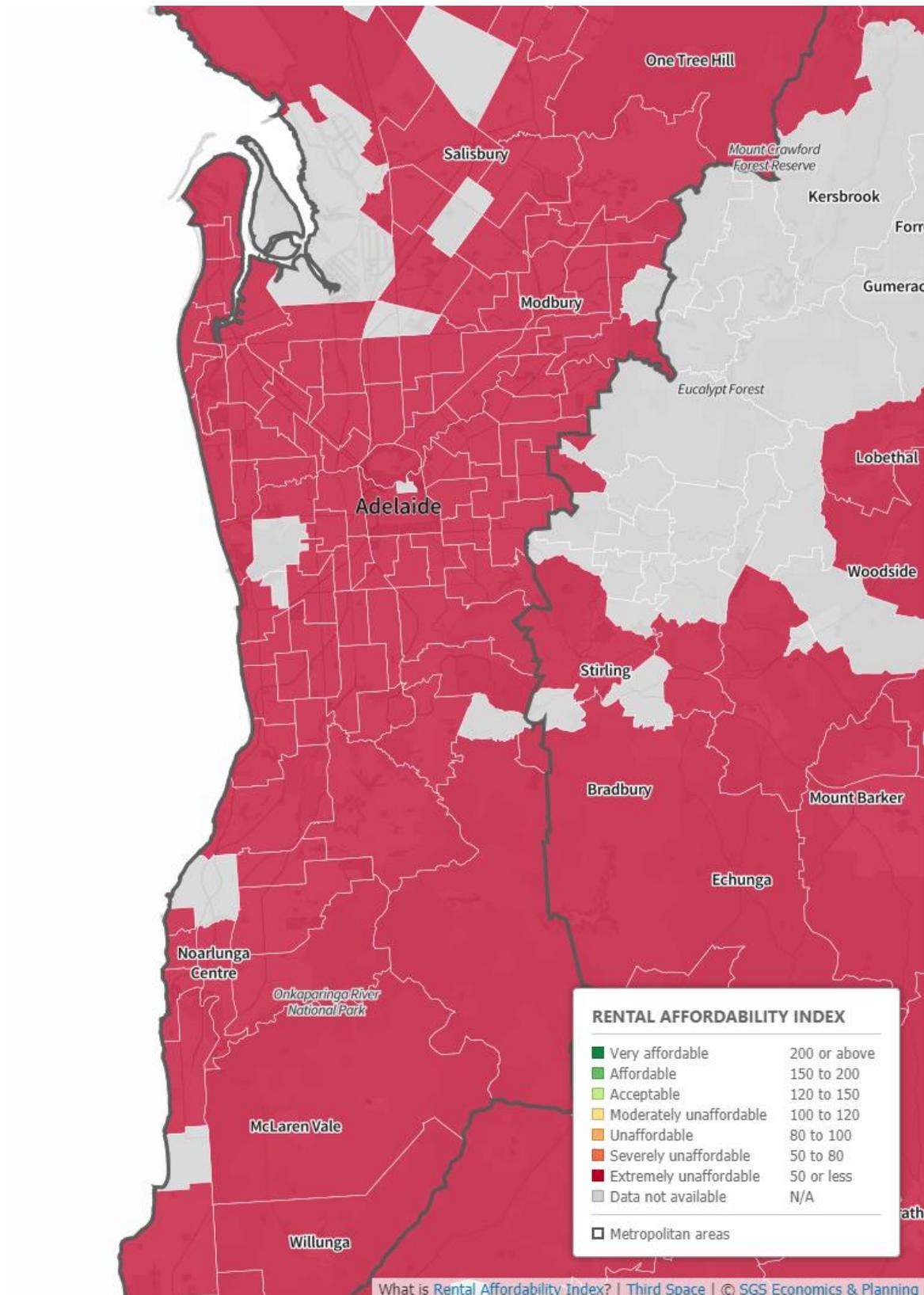
**RAI FOR \$65,000 HOUSEHOLD INCOMES FOR ALL DWELLING TYPES (Approximate average income SA)**



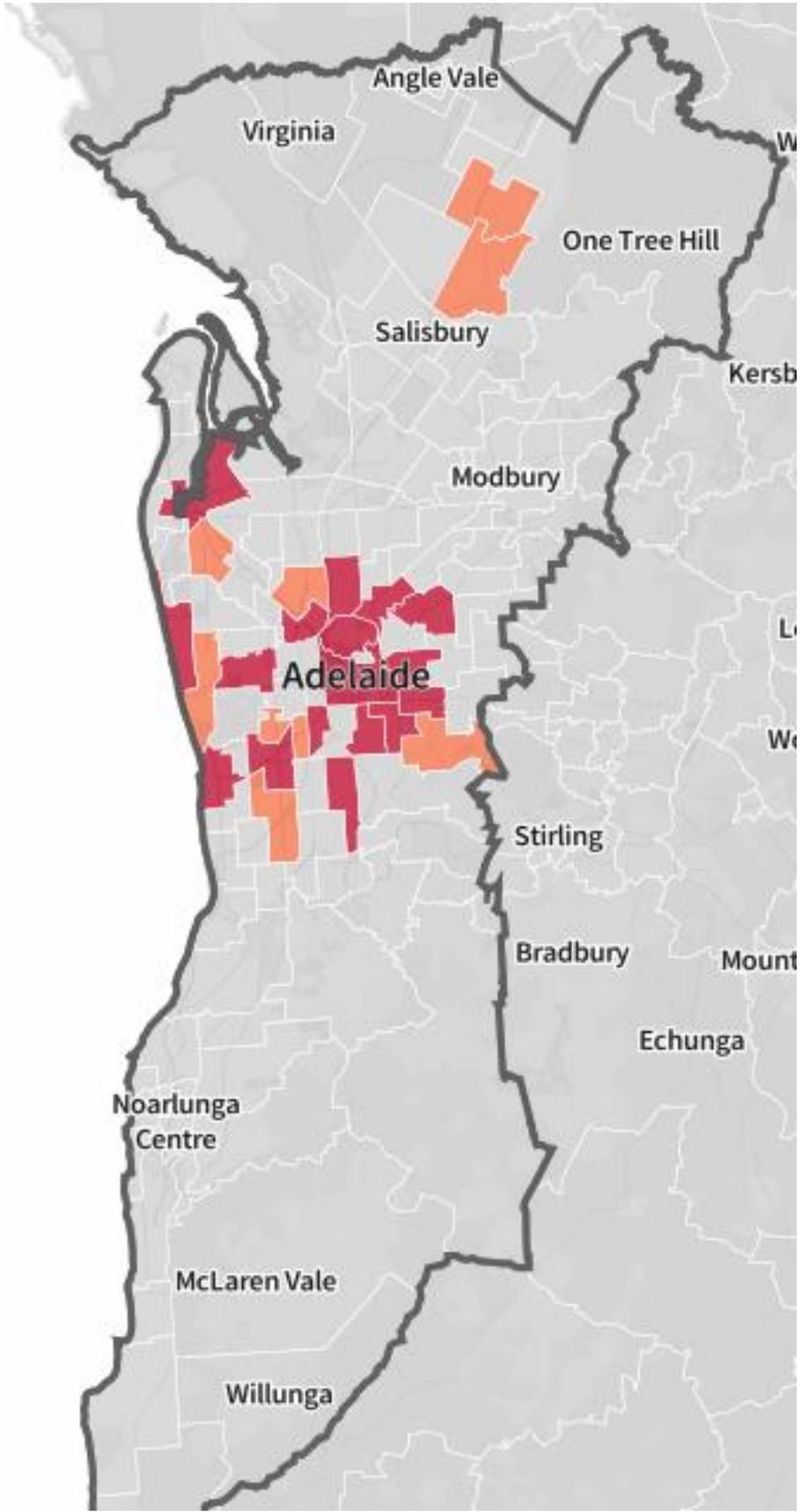
**RAI FOR \$40,000 HOUSEHOLD INCOMES FOR ALL DWELLING TYPES (Approximate average income single parent working part-time and receiving social benefits)**



**RAI FOR \$20,000 HOUSEHOLD INCOMES FOR ALL DWELLING TYPES (Newstart allowance – no supplement)**



**RAI FOR \$20,000 HOUSEHOLD INCOMES FOR SINGLE ROOM DWELLINGS – grey areas indicate no single room dwellings available (Newstart allowance – no supplement)**



The number of people living with housing stress is likely to increase in the future. A recent audit of South Australia's housing assets undertaken by the Australian Housing and Urban Research Institute found the following:

The report draws on a computer simulation to model the current housing market. It predicts that approximately 56,000 households, who do not occupy social housing or own a home, currently face high relative housing costs or cannot access/sustain a home in the market. After applying conservative economic and population assumptions to the model, this group is expected to grow between 6 per cent and 7.5 per cent over the coming five years—approximately 4,000 additional households<sup>7</sup>.

There is a two paced environment for housing affordability. For wealthier South Australians and those who own property outright, the overall picture on housing affordability in Adelaide and South Australia is probably better than most media coverage and common perceptions indicate. However, low-income families as well as lone person and single parent families, especially those who are renting, are facing increasing housing stress. If this issue is left unaddressed these families risk falling into marginal housing or homelessness. The cumulative disadvantage of low-income households is compounded over time by the comparative disadvantage to those on higher incomes who are also more likely to also benefit from increasing housing values through home ownership.

Shelter SA calls on all levels of government to address homelessness, marginal housing and housing stress by developing a national housing policy, investing in social housing, increasing the level of resources to the homelessness services sector and developing evidence-based policy to increase housing affordability and the supply of social housing.

## Estimating the number of empty properties in the Adelaide CBD

The core hypothesis behind this research is that there are enough empty or unused homes in the Adelaide CBD to alleviate homelessness and housing stress.

The first step in testing this hypothesis is accurately determining how many empty properties there are in the Adelaide CBD.

There is no register of home usage so there is no definitive data source which identifies exactly how many homes are empty or the reasons why owners do not tenant them.

Accurately measuring residential vacancy rates is a challenge facing many countries. In the United States of America (USA) data is drawn from the Census which only occurs every ten years and the Census Bureau's annual American Community Survey (ACS). The USA Postal Service also tracks vacant addresses to track undeliverable mail. All these methods produce different results and, in some areas, the most effective method of counting empty properties has been to undertake visual surveys, that is to have people walk around and identify vacant properties.<sup>8</sup> In the United Kingdom, vacancy rates are produced by the Ministry of Housing, Communities and Local Government (MHCLG) and are derived from Council Tax returns. This method does not count derelict buildings which are not classed as dwellings for Council Tax purposes nor does it count properties where taxes

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<sup>7</sup> Leishman, C., & Barker, E. Audit of South Australia's current housing assets and mapping of future demand, report prepared for the South Australian Housing Authority by the Australian Housing and Urban Research Institute, July 2019.

<sup>8</sup> Alan, Mallach, Policy Focus Report Lincoln Institute of Lang Policy Centre for Community Progress, The Empty House Next Door Understanding and Reducing Vacancy and Hypervacancy in the United States, 2019, p.12

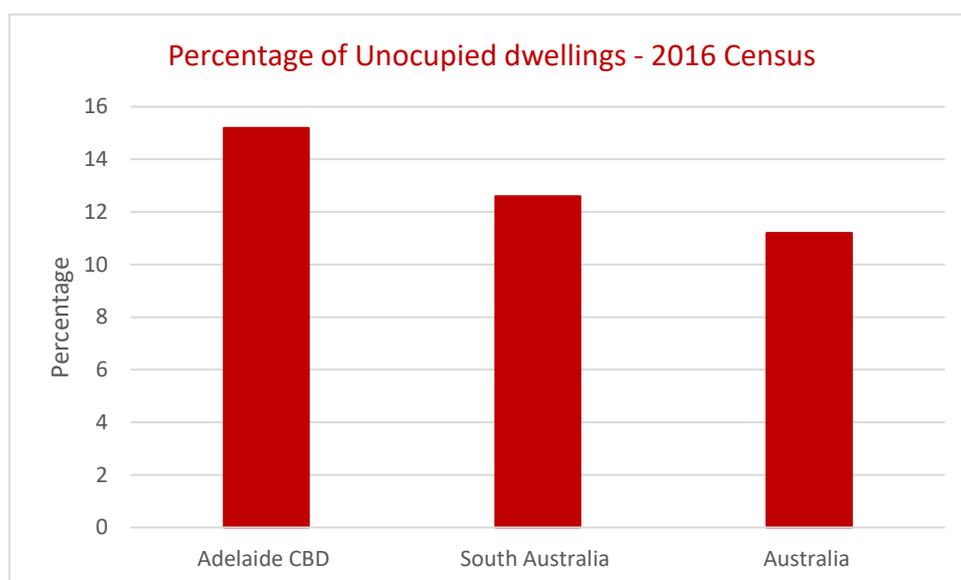
are paid but are empty and therefore produces much lower headline vacancy rates.<sup>9</sup> In Australia the main source of official data is the Census which measures occupancy as opposed to vacancy per se. None of these measures effectively explain the reasons why properties are vacant.

### Census data

The Census provides a snapshot of housing and housing utilisation on Census night. It measures whether dwellings are occupied or not but does not provide an explanation as to why these properties are empty. In the Adelaide CBD, 1,076 of the 7,091 residential dwellings were unoccupied. This is significantly higher than State and national figures.

Dwelling type	Adelaide	%	South Australia	%	Australia	%
Occupied private dwellings	6,015	84.8	638,782	87.4	8,286,073	88.8
Unoccupied private dwellings	1,076	15.2	92,242	12.6	1,039,874	11.2

Source: ABS Census on population and housing, 2016



All mainland CBDs have higher rates of unoccupied dwellings than their State average. CBDs have higher rates of overseas born residents, many likely to be students, and much higher rates of apartments and flats and renters than their State averages. The high rates of unoccupied dwellings reflect the nature of the building stock which in turn helps to shape the nature of the residential population which is likely to be more transient than suburban areas.

<sup>9</sup> Wilson, W., Cromarty, H., Barton, C., House of Commons Library, Briefing Paper, Number 3012, 21 October 2020.

The reasons why properties were unoccupied was collected in censuses up to 1988. The specialist consultancy firm SGS Economics and Planning used this data, adjusted for general housing trends, to attempt to hypothesise and estimate reasons for homes being unoccupied on Census night in 2016, as outlined in the table below.

Newly completed homes, as well as those undergoing repair or alteration, whilst technically vacant, are unlikely to be suitable for short or long-term alternative uses. Some rental homes, going through the normal processes of tenanting the property would likewise not be suitable. Homes for rent or sale that remain on the market for longer, might well be suitable for renting to families or individuals facing housing stress, particularly if the owner is willing to consider a lower rent. This issue is explored in more detail in the next sections of the report.

<i>Reason</i>	<i>Share of unoccupied dwellings</i>
<i>For Sale</i>	5%
<i>For Rent</i>	10.6%
<i>Newly completed</i>	5.3%
<i>Repairs or alterations</i>	4.5%
<i>Holiday home</i>	22.8%
<i>Awaiting demolition</i>	1.5%
<i>Resident absent</i>	43.6%
<i>Other</i>	6.7%

*Share of unoccupied dwellings on Census night 2016 by reason (Rawnsley, Pike & Finney 2017)*

The resident absent category in the SGS Economics and Planning list is the largest but provides no indication of the length of absence, so does not provide much more information than the Census.

In conclusion a proportion of the unoccupied homes with resident absent, holiday homes and proportion of those for rent might still be vacant and useable for families in need, even if it is not the full 1,076 properties that were vacant on Census night.

### Prosper Australia – water usage data

Prosper Australia is a Melbourne based, not-for-profit think tank which has studied the rate of vacant housing in Melbourne based on water usage data since 2007. The most recent report was released in December 2020 and was based on data from 2019.

The report found that in Greater Melbourne 69,004 (or 4.1%) of all residential properties were considered “speculative vacancies,” that is properties which used less than 50 litres of water per day. The 50 litre a day is a low threshold and indicates very low property utilisation. In 2018-19, Melbourne’s residential water use averaged 162 litres per person per day. The average household size in Melbourne is 2.7 people, meaning on average, each household is consuming some 419 litres per day. This is more than 8 times the 50-litre threshold.<sup>10</sup> The reasons why properties might only use 50 litres of water a day over 12 months are explored in a following section of this report, but it could include fly-in fly-out workers, very occasional use properties or low use holiday lets. The 50 litre a day over 12 months criteria might in some cases just be leaking pipes or taps.

In addition, there were 24,042 residential properties (1.4%) which used zero litres a day and were considered absolute vacancies.<sup>11</sup>

<sup>10</sup> Fitzgerald, K., Speculative Vacancies 10, Prosper Australia, 2020, p.8.

<sup>11</sup> Fitzgerald, K., Speculative Vacancies 10, Prosper Australia, 2020, p.6.

These findings do not include 370,000 vacant land lots, largely within master planned communities.<sup>12</sup>

It is widely accepted that the Melbourne results are broadly applicable to other Australian capital cities.<sup>13</sup>

If the total speculative and absolute vacancies are considered together, 5.5% of properties in Greater Melbourne are vacant and could be used for alternative purposes. The rate of vacancies in the Melbourne CBD was higher than Greater Melbourne, which is consistent with the ABS Census data which shows higher unoccupied rates in CBDs. A total of 7.1% of properties in the CBD were speculative vacancies and 1.2 % absolute vacancies producing a total vacancy rate of 8.3%.<sup>14</sup> If applied as a total vacancy rate of 8.3% to the 7,091 residential dwellings in the Adelaide CBD, that would equate to 589 properties which could be put to alternative or “meanwhile” uses in the Adelaide CBD.

Not all properties identified in the Census as unoccupied could be put to an alternative use. However, based on an analysis of the Census data, supported by the work undertaken by Prosper Australia, it seems likely that at least half of the unoccupied dwellings are empty under such conditions that alternative or meanwhile uses could be explored. This would leave between 500 and 600 properties in the CBD, a figure which is assumed to have increased since the Census in 2016.

## The impact of empty properties

Some level of vacancy is a normal and necessary component of housing and rental markets. People move for work or as their housing needs change over time and there needs to be properties available for rent or purchase.

A recent study by the Lincoln Institute of Land Policy, a think tank established in 1946 in Cambridge, Massachusetts, suggested that the “Goldilocks” range of vacancies that was not too high and not too low was between 4-6%. This would allow buyers and tenants to find places to live and sellers or landlords to find buyers or tenants, and prices would be unlikely to be severely depressed or inflated. In markets where more than half the residents were renters a local vacancy rate of up to 8% could still be healthy as renters tend to be more mobile.<sup>15</sup>

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<sup>12</sup> Fitzgerald, K., *Speculative Vacancies 10*, Prosper Australia, 2020, p.6.

<sup>13</sup> Murray, C., (University of Queensland) “Empty homes: The economic reasons behind investors keeping properties vacant” <https://www.domain.com.au/news/empty-homes-the-economic-reasons-behind-investors-keeping-properties-vacant-20170404-gvdc7l/>

<sup>14</sup> Fitzgerald, K., *Speculative Vacancies 10*, Prosper Australia, 2020, p.53.

<sup>15</sup> Alan, Mallach, *Policy Focus Report Lincoln Institute of Land Policy Centre for Community Progress, The Empty House Next Door Understanding and Reducing Vacancy and Hypervacancy in the United States*, 20-19, p.12.

While the unoccupied rate from the Census of 15.1% is not the true vacancy rate, as outlined in the previous section of the report, we assume a little over half of the unoccupied rate properties are either empty or very underutilised, which would equate to a vacancy rate of around 7.5% which is on the border of what is considered high.

Vacancy Rate	Description	
Under 4%	Low vacancy	
4%–7.99%	Reasonable vacancy	
8%–11.99%	Moderately high vacancy	
12%–19.99%	High vacancy	
20%–29.99%	Very high vacancy	} Hypervacancy
30% or more	Extremely high vacancy	

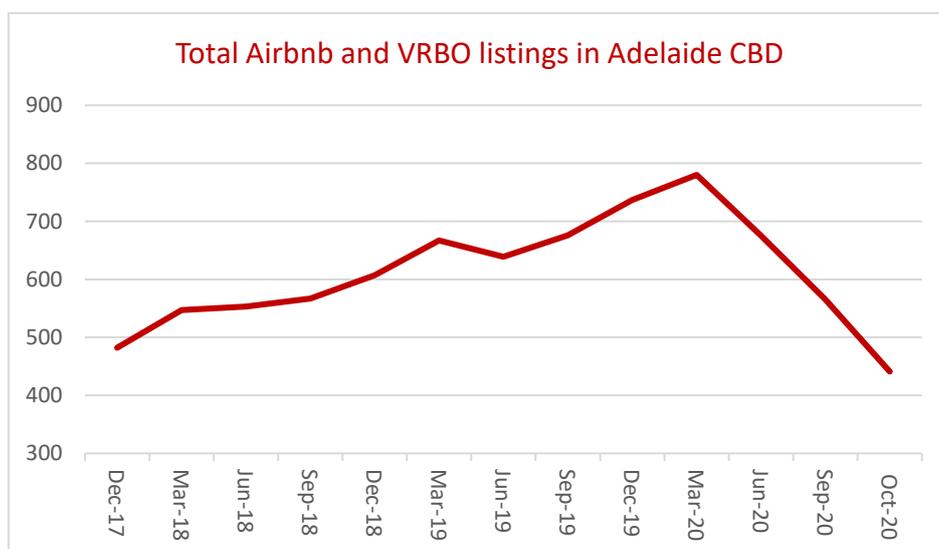
The objective of the Shelter SA research was to find ways in which empty or underutilised homes might be made available for people living with housing stress or facing homelessness and this will be addressed in subsequent sections of this report. However, there are broader issues relating to the impact of empty homes which are important for governments and policy makers to consider and endeavour to address. Empty and low use residential properties create systemic issues in the housing market because reducing supply puts upwards pressure on prices.

Empty properties also have negative impacts on the immediate communities surrounding those properties.

### Reduction of supply through Airbnb and speculative vacancies

This report uses Airbnb data from Airdna a company which “scrapes” Airbnb listings from the website every month to calculate the number and type of Airbnb listings. It is considered a reliable data source.<sup>16</sup> Shelter SA asked Airbnb whether they would support the production of this report with the provision of information about Airbnb in Adelaide and assistance in reaching out to their Adelaide hosts. After some engagement and discussion, they declined on both counts.

There were 441 Airbnb properties in the Adelaide CBD in October 2020. This number was down by 41% since January 2020 (747).



<sup>16</sup> Discussion with Laura Hodgson, PhD Scholar working on Airbnb thesis, University of South Australia

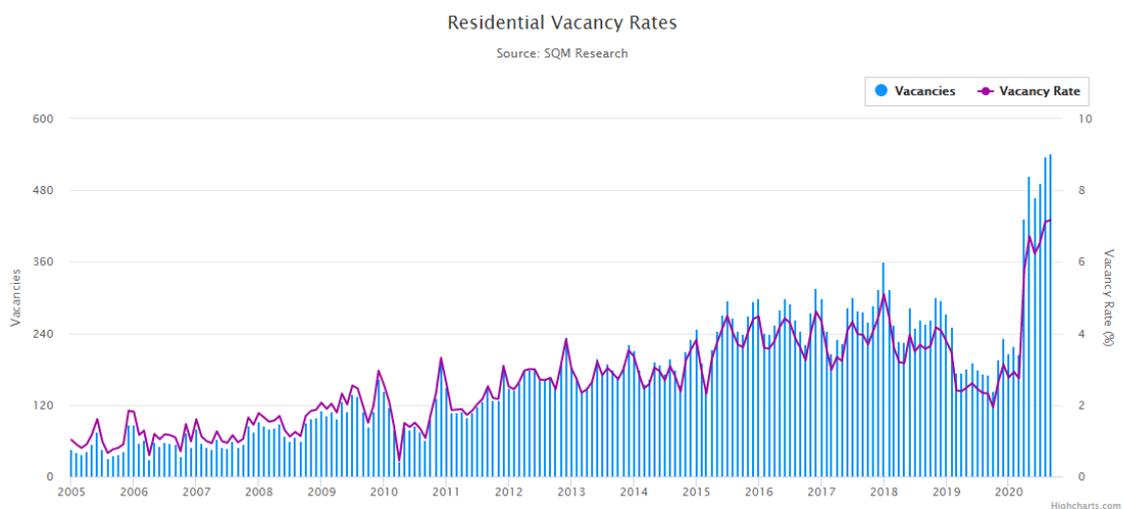
The number of Airbnb properties pre-pandemic would have accounted for more than 10% of all residential dwellings in the CBD based on Census 2016 figures. Both the number of dwellings and the number of Airbnb properties are likely to have increased since the 2016 Census, but this data does give an indication of the scale and impact of Airbnb properties in the Adelaide CBD. The vast bulk of Airbnb properties in the Adelaide CBD are whole residences. As of October 2020, 87% were whole homes, 12% private rooms and less than 1% were share rooms. For the purposes of this project, only the Airbnb properties that were whole homes were considered. If 87% of the pre-pandemic Adelaide Airbnb properties were whole homes, that is 650 homes which would account for 9.2% of all dwellings based on the 2016 Census.

Most Australian research on the impact of Airbnb on the private rental market has focused on Sydney and Melbourne and shows that Airbnb is unlikely to have large city-wide effects on prices but does impact in high demand areas, typically inner city (Sydney, Darlinghurst, Melbourne, Docklands or high-profile areas like Fitzroy, St Kilda, Bondi, Manly). Decreasing bond lodgements and increasing levels of property vacancies point to a reduction in supply for the long-term rental market and thereby increased unaffordability.<sup>17</sup> The high number of pre-pandemic Airbnb properties in Adelaide, make it reasonable to assume that some of the same impacts would be felt in Adelaide.

If Airbnb homes were available for rent it would increase the number of available properties putting downward pressure on rental prices. In fact, a sharp increase in rental vacancies has occurred in the Adelaide CBD with the outbreak of the pandemic in March 2020 onwards. One possible reason is the sharp decline in Airbnb properties on the market – which have quite likely returned to the long-term rental market.

## RESIDENTIAL VACANCY RATES

REGION: ADELAIDE CITY



The residential vacancy rate as compiled by property research consultants SQM and is based on rental vacancies that are advertised on-line for more than three weeks running. The figure therefore

<sup>17</sup> Crommelin, L., Troy, L., Martin, C., Parkinson, S., “Technological disruption in private housing markets: the case of Airbnb,” AHURI Final Report 305, Australian Housing and Urban Research Institute Limited, Melbourne, 2018.

relates just to rental vacancies. The trend of increased residential rental vacancies in 2020 was replicated in Sydney and Melbourne. This increase was not replicated nationally nor in Greater Adelaide which retains very low vacancy rates at below one percent. For perspective, the national vacancy rate has sat between 2 and 2.5% for all but a handful of months in the last decade and it is currently sitting at over 8% in the Adelaide CBD.

Recent research focused on Sydney has suggested that “even modest reductions in Airbnb listings, as owners switched to longer-term rentals, increased the supply of these properties. The result was lower local rents.”<sup>18</sup>

In a similar vein to Airbnb’s impact of reducing the number of rental properties, Prosper Australia’s research into vacancy rates also concludes that speculative vacancies are putting upward pressure on the sales property market. According to the 2020 Prosper Australia report, in 2019, 84,460 property sales occurred. If the 24,042 absolute vacancies were put onto the market, a 28% increase of residential properties on the market could result placing downward pressure on housing prices. This is a substantive proportion of homes which is likely to impact the market.

An earlier Prosper Australia report concluded:

As in previous reports, we hypothesise that many lettable or developable properties are held vacant to augment capital gains. By impeding the market, land hoarders economise their efforts - earning more by doing less. This inversion puts the public interest directly against the interest of property speculators. With investors constituting 40% of all housing loans in recent years, we need to be alert to the fiscal and monetary policies that make it a viable investment strategy to hold property vacant - to impede the market.<sup>19</sup>

This finding is even more applicable on the 2019 figures released in 2020 as there had been a 13.3% increase in speculative vacancies between 2017 and 2019.

### The impact of empty homes on communities

This report is primarily concerned with housing and responding to homelessness and housing stress. However, there is significant national and international research that demonstrates that high levels of residential vacancies lead to negative effects which policy makers and decision takers should seek to address.

- High vacancy rates lead to decreased population which negatively impacts on local business and economic activity.
- Decreased population leads to lower vibrancy.
- Empty properties can be a risk to public safety by increased risk of fire, vermin and other health and safety issues associated with unlawful usage of empty properties.
- Increased levels of personal and property crime.
- Decreased levels of amenity of the immediate area.
- Reduced property value in the immediate vicinity.

The issue of empty homes has garnered much more attention in global property and tourism hotspots, such as Paris, Barcelona and New York where high levels of Airbnb usage and high property values lead to property warehousing both of which result in high levels of vacancy and

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<sup>18</sup> Buckle, C., Gurran, N., Phibbs, P., Harris, P., Lea, T. and Shrivastava, R. (2020) Marginal housing during COVID-19, AHURI Final Report No. 348, Australian Housing and Urban Research Institute Limited, Melbourne, <https://www.ahuri.edu.au/research/final-reports/348>, doi:10.18408/ahuri7325501, December 2020.

<sup>19</sup> Fitzgerald, K., (Prosper Australia), Speculative Vacancies 9, 2017, p.4.

underutilisation. The issue of empty or abandoned homes also has a high profile in the areas of the United States of America and the United Kingdom where a lack of market demand in depressed industrial areas like Detroit and some rural areas which are depopulating has left vast tracks of abandoned and derelict properties.

The issue of empty homes should be elevated in Australia. The volume of empty homes in the Adelaide CBD and other Australian capital cities is high and it has an impact on overall property prices and adverse impacts on communities. Shelter SA calls on community leaders and policy makers across all levels of Government to recognise that the volume of empty homes in the Adelaide CBD is problematic and place a greater emphasis on addressing the issue. It should not be necessary for the State Government to build, own and maintain all properties that house people in need.

## Schemes to discourage vacancies

Tackling issues caused by empty homes is something that has been addressed in many parts of the world with much more vigour than it has in Australia. This section provides a scan of some of the more common policies and approaches and provides some initial thoughts on what might be applicable in the Australian context. Much work emanating from the United States of America, and in some cases the United Kingdom, attempts to deal with the effects of empty properties caused by a lack of market demand and responds to abandoned properties. A lack of market demand is not driving vacancies in the Adelaide CBD, so many policy approaches used elsewhere will not be applicable to large Australian cities.

## Powers provided to local authorities

In the United Kingdom, the provision of social housing and other housing policy is the responsibility of local government authorities.

The range of punitive powers and incentives used by local government is well outlined in a recent research paper produced by the House of Commons Library and released in October 2020.<sup>20</sup> A summary of some the key measures is outlined below.

### Policy Settings

- Most local authorities will have dedicated empty property officers who work to broker the reuse of empty properties.
- The Homelessness Act 2002 requires local government authorities to publish housing strategies and these strategies must address the issue of empty homes.

### Punitive Measures

- Empty Home Premiums allow councils, under certain conditions, to charge higher rates to property owners of empty homes. Property owners may be required to pay 200% of the standard council rate bill after two years; 300% of the standard bill after five; and 400% after ten of a property being empty.
- A range of powers under Empty Dwelling Management Orders (EDMOs) enable councils to oblige to property owners to tenant properties under certain circumstances.
- Local Authorities can make Compulsory Purchase Orders (CPOs) under their Housing Act powers under certain conditions including “acquisition of land or buildings for the provision

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<sup>20</sup> Wilson, W., Cromarty, H., Barton, C., House of Commons Library, Briefing Paper, Number 3012, 21 October 2020.

of housing; clearance of unfit housing; or securing the aims of a housing renewal area. One potential use of CPOs is to acquire empty or under-occupied properties to bring them into housing use. Such CPOs should be considered on their merits as a last resort where owners have refused or failed to co-operate.”<sup>21</sup>

### **Incentives**

- Grant programs funded by the National Government under the Empty Homes Programme (part of the Affordable Homes Programme) provide financial incentives for local authorities and community housing organisations to bring empty homes back to use. This can allow councils to purchase empty properties and repurpose them for social housing.
- A Vacant Building Credit can be provided to reduce a developer’s planning obligation liabilities if the development is converting empty buildings back into lawful use.
- In 2011, the National Government confirmed that councils could attract additional funding under the New Homes Bonus scheme for bringing empty properties back into use. Under the scheme, the Government matched the Council Tax raised for each property brought back into use for a period of six years.
- In September 2013, the National Government provided funding for the Empty Homes Loan Fund, a joint initiative between the charity Empty Homes, Ecology Building Society, and participating local authorities, under which low-cost loans of up to £15,000 were provided to owners of empty properties to make them habitable. The fund was abolished in August 2014 because of low take-up.
- Renovation and refurbishment work on existing homes is generally subject to Value Added Tax (VAT) while new-build housing is zero-rated. Action on Empty Homes has actively lobbied for VAT on new and refurbished homes to be harmonised at 5% in a bid to encourage the repair and conversion of empty properties.

The more punitive measures relating to compulsory acquisition and the very aggressive council rate surcharges would be difficult to implement in the South Australian context at this time as they might be considered an undue infringement on property rights and there may be South Australian and Commonwealth legislation limiting local governments seeking rate surcharges and limiting the State’s revenue raising powers.

However, there are incentive initiatives which could be introduced in South Australia in relation to the Adelaide CBD.

Reducing the number of empty homes is something that could be more assertively addressed in the South Australian policy context and should be considered as part of planning, housing and homelessness policies both at a State and Local Government levels.

The South Australian Housing Authority (SAHA) and the non-government housing and homelessness sectors could set aside part of existing budgets aimed at providing housing for empty home acquisition. This activity is most likely to involve purchasing or renting property in market segments where demand is weak for example purpose-built student or tourism accommodation. More is said on this idea in a later section of this report.

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<sup>21</sup> Ibid., p. 11.

Another category of home where a home acquisition program might be helpful is where property owners have inherited homes in a dilapidated state and do not have the resources to improve them. This issue might apply particularly to heritage homes which can be difficult to sell.

The City of Adelaide's heritage preservation scheme could be re-calibrated to allow larger grants to be paid for new property owners bringing homes back into use after an extended period of being empty.

There could also be greater punitive measures for property owners trying to circumvent heritage regulations by having properties fall into disrepair. There are limited powers currently for Local and State Governments to force make good orders, incentives or punitive measures to encourage more productive uses.

One finding from the United Kingdom that is of particular interest is that addressing the issue of empty homes is popular. People do not like living near empty homes for many of the reasons outlined in this report. A survey carried out on behalf of the charity Empty Homes Action Group in October 2016 found that (76%) of adults surveyed believed their local authority should place a higher priority on tackling empty homes.

### United States of America Tenant-Based Rental Assistance

The United States of America Department of Housing and Urban Development (HUD) funds the Tenant-Based Rental Assistance (TBRA) Program which is administered by local authorities. For example, in New York City (NYC) the program is run by the NYC Human Resources Administration (HRA) under the oversight of the NYC Department of Housing Preservation and Development (HPD). New York City is a good example for this project because it has high rates of homelessness and a lot of empty housing.

In January 2018, New York City had 78,676 people experiencing homelessness, five per cent of whom were unsheltered.<sup>22</sup> New York City is also considered to have a high level of vacant properties. Much of the vacancies are driven by high housing prices and the capacity of high capital returns which encourages property owners to "warehouse" properties to undertake steps to maximise capital returns such as circumventing rent controls by consolidating apartments into larger units to sell as condominiums. In this sense, New York City is a closer parallel to the housing market in Australian cities than other American cities where vacancies are driven by a declining demand, such as Detroit.

Under the TBRA program, households will generally pay 30% of their adjusted income toward rent for an approved apartment and the TBRA subsidy covers the rest. "Adjusted income" means a household's income after deductions that are allowed under the program. For example, for a two-person household, the program may approve an apartment that costs up to \$1,425 per month. If the household's monthly adjusted income is \$1,000 per month and the rent for a one-bedroom apartment is \$1,425 (the maximum rent), the household will contribute 30% of the income or \$300 to the rent. The TBRA will pay the landlord \$1,125 (the \$1,425 rent minus the \$300 share of rent).

To be eligible for the program, the household must:

- Either include at least two people or a pregnant person who currently lives in a NYC Department of Homeless Services (DHS) or HRA shelter OR is Chronically Street Homeless (someone who has been identified by DHS as either currently living on the streets or having

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<sup>22</sup> The U.S. Department of Housing and Urban Development, The 2018 Annual Homeless Assessment Report (AHAR) to Congress, December 2018, p.18.

lived on the streets for nine months of the past twenty-four months or currently living in a DHS safe haven or using a DHS stabilisation bed).

- Have a household income that does not exceed 60% of Area Median Income (AMI) (the median family income for NYC - for example, 60% AMI for a household of two is \$41,460).
- Have at least one household member who receives federal social security disability insurance benefits, old-age benefits, survivors insurance benefits, or supplemental security income.
- Have lived in shelter for more than 120 days as of the application deadline (except for Chronically Street Homeless individuals).

The New York City TBRA scheme is limited to 1,200 eligible households. All applications are entered into a lottery to determine the allocation of the 1,200 coupons for the scheme. Once the coupons are all given out, the rest of the eligible families are put on a waiting list.<sup>23</sup>

The TBRA differs from Australian rental assistance schemes, either State or Commonwealth in that the level of assistance is set by the rent in proportion to the recipient's income and the TBRA is not considered as supplement or incentive but rather provides the bulk of the funding required to provide the housing. SAHA offer some limited assistance with rent, including loaning a bond and up to four weeks rent assistance over a two-year period.<sup>24</sup> The Commonwealth Government provides assistance of up to 75 cents in the dollar for rent over a certain amount depending on household type with a maximum of \$139.60 a fortnight for singles. The recently expired National Rental Affordability Scheme (NRAS) provided annual financial incentives for up to ten years, to landlords to rent dwellings to eligible tenants at 80 per cent or less of the market value rent. NRAS issues financial incentives to owners that provide people living on low to moderate incomes with an opportunity to rent homes at a rate that is at least 20 percent below market value rent.<sup>25</sup>

A rent subsidy scheme which relies on the private rental market for the delivery of housing should be tried in South Australia. Providing a dwelling delivered by the private sector rather than investing in infrastructure might be administratively simpler and if it was combined with an incentive to use empty homes, it might help to unlock existing under-utilised housing infrastructure.

Options were recently put to the elected members of The City of Adelaide at a housing affordability workshop including advocating for a rental subsidy. The report presented to Council found that:

- Rental stress is an issue in the City of Adelaide with around 1,800 low-income households spending more than 30% of their income on rent.
- There is a funding gap for community housing providers (CHPs) to purchase new affordable housing as the rent (income) is typically too low to service the loan for City properties.
- Subsidised rental housing is an important area that the City of Adelaide could focus its policy response as an advocate. In particular, the City of Adelaide could advocate to the State Government to cover the funding gap for CHPs.<sup>26</sup>

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<sup>23</sup> The information on the program is drawn from the Human Resources Administration (HRA), HRA HOME Tenant-Based Rental Assistance Program, Fact Sheet January 2020.

<sup>24</sup> SAHA rent assistance - [Private Rental Assistance Program policy | SA Housing Authority](#)

<sup>25</sup> [About the National Rental Affordability Scheme \(NRAS\) | Department of Social Services, Australian Government \(dss.gov.au\)](#)

<sup>26</sup> City of Adelaide Committee, 20 October 2020 – Thriving Communities, Social & Affordable Housing Policy To discuss and seek feedback on the policy direction, roles and actions proposed for a social and affordable housing policy Programs: Economic Development & Sustainability and Community & Culture Authors: Nicole Rolfe & Lauren Grant.

## Vacancy tax

One of the most common policy interventions to address high levels of property vacancy is a vacancy tax which applies a penalty for allowing a property to remain empty over an extended period, usually more than six months of the year. Vacancy taxes have been employed in Vancouver, France, the United Kingdom, Melbourne and Australia and have generally seen low to moderate success rates in reducing voluntary vacancy rates.

Most vacancy taxes around the world share the following characteristics:

- Applied to properties vacant for more than six months of the year;
- Residence periods must be at least 30 days each, but can be non-consecutive; and
- Exemptions available for reasonable reasons.

France's vacancy tax has been in operation for twenty years, resulting in a 13% decrease in vacancy over a four-year study period.<sup>27</sup> Other studies found negative side effects from the vacancy tax, specifically a reduction in the stock of private rental accommodation in the long term, and an increase in average rent.<sup>28</sup> However, combined with increases in housing stock through public housing, and provision of public housing at an affordable rate to low income households, these side effects can be mitigated.<sup>29</sup> This initiative makes clear the importance of the policy environment, where all incentives and schemes are working together to achieve the desired outcomes.

Vancouver's vacancy tax began in November 2016 and applies a 1% capital tax to properties deemed vacant for more than six months of the year without a reasonable exemption. Exemptions include allowances for property transfers, redevelopments or renovations, or if the resident is in institutional care (City of Vancouver 2020). In 2018, the tax generated \$23 million in revenue, which will be used to provide affordable housing to people living on low incomes. Long term impacts cannot yet be assessed, but from 2017 to 2018 there was a net increase in tenanted properties of 3,332.

Vacancy taxes have also been implemented in Melbourne, and for foreign owners purchasing residential property in Australia. Melbourne's vacancy tax relies on self-reporting and the revenue drawn from the tax indicates a very low level of self-reporting compared to the actual vacancy rates identified by Prosper Australia.

Vacancy taxes have been critiqued by academics for their limited efficacy and unforeseen side effects. Research into France's vacancy tax found that while a tax may influence the behaviour of vacant property owners, the impact on rental price is only a marginal decrease, or potentially even an increase.<sup>30</sup> Cameron Murray estimates a national vacancy tax which activated all vacant properties may moderate the price of housing by 1-2%, which will not resolve the overall housing affordability or distribution problem in Australia (Murray 2017).

Shelter SA does not advocate for vacancy taxes or rate impositions at this point because of the political difficulties of implementing such schemes and the sanctity of private property rights in

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<sup>27</sup> Segu, M. & Vignolles, B., 'Taxing Vacant Dwellings: Can fiscal policy reduce vacancy?', MPRA Paper No. 85508, 2018.

<sup>28</sup> Menard, S., 'Should we tax vacant dwellings? A search equilibrium model applied to the rental housing market', *Economics Letters*, vol 117, no 1, pp 88-90, 2012.

<sup>29</sup> Barrett, J. 'Vacant Property Taxes and the Human Right to Adequate Housing', *Journal of Australian Taxation*, vol 20, no 1, pp 123-145, 2018.

<sup>30</sup> Segu, M., & Vignolles, B., *op cit.*, Menard, S., *op cit.*

Australia. However, in a broader sense, there does need to be a rebalance away from private property rights towards the community's housing needs.

## Reasons homes are left empty and alternative uses

This section explores the reasons why properties are vacant. These findings have a direct impact on informing how properties might be alternatively used to directly help families in housing need.

Some of the reason for vacancies which are explored include:

- Holiday homes (Airbnb)
- Student housing
- Vacant speculative investment properties
- Lifestyle vacancies
- Other reasons

### Airbnb and holiday homes

Airbnbs and other short-term rentals are a major source of empty homes in the CBD because the rental usage of these properties is generally quite low. Pre-pandemic, about half of all Airbnb properties were empty for 6 months of the year or more (Airdna). The situation is currently much worse. Airdna lists that in October 2020 only 13% of Airbnb properties were rented for more than half the year. Because of the nature of Airbnbs, they are not all available all the time but, on any measure, there is considerable availability of Airbnb properties throughout the year.



Airbnb homes could provide temporary accommodation for people living with housing need. Airbnbs could be used as alternative sources of accommodation provided by the SAHA's "Emergency Accommodation Policy." Under the policy, SAHA provides financial assistance into hotels or motels for people who need emergency accommodation for up to three nights (with a maximum of 6 nights across 12 months) for people who meet a set of eligibility criteria including facing homelessness and unable to return to their usual address due to domestic abuse, severe family or household breakdown, or natural disaster.<sup>31</sup>

The Emergency Accommodation scheme was revealed to cost \$7.2 million in 2018-19.<sup>32</sup> From consultation with homeless services providers, Shelter SA understands the cost of one room is

<sup>31</sup> <https://www.housing.sa.gov.au/about-us/policies/emergency-accommodation-policy>

<sup>32</sup> Lauren Novak, The Advertiser, July 27, 2019

approximately \$170- \$180 a night. The accommodation provided in Adelaide is largely limited to budget motels.

Airbnb's could provide much more appropriate housing for people facing emergency housing needs than budget motels, particularly for families fleeing domestic violence situations. An Airbnb can provide a home-like accommodation that facilitates normal life and is a much lower stress environment than a budget motel which is also housing others needing emergency accommodation.

SAHA could seek to engage with Airbnb hosts to partake in the Emergency Accommodation scheme by offering their properties at below market rates for families in need on a last-minute booking if available basis.

Alternatively, socially minded Airbnb hosts might consider providing their properties for free. There is an existing mechanism for this to occur.

The Airbnb Open Homes Program allows hosts to provide properties for people during medical stays, for disaster relief or for refugees. Airbnb properties could provide temporary accommodation for families in need of emergency housing which could be especially helpful over weekends when services shut down and provide accommodation until further assistance can be sought on a Monday.

The Airbnb Open Homes Program provides 24/7 phone support and resources and a "Host Guarantee" which will reimburse every host for property damages up to \$1,000,000 USD Reimbursements for property damage in the Program.<sup>33</sup>

From a limited survey of Airbnb hosts undertaken Shelter SA undertook as part of this report, there was very little awareness of the Open Homes program. As part of this research, we engaged with Airbnb who initially indicated they would assist by providing data and information but ultimately declined to distribute a survey to Airbnb hosts which sought to understand how many knew of the Open Homes program and how many used it. Airbnb also declined to provide information on the uptake of the Open Homes program in South Australia.

Airbnb could undertake more active promotion of the scheme by hosts particularly at this moment in time when utilisation is low.

Airbnb could also partner with a well-known, charities and providers of housing services, who could take out the booking on behalf of their clients in need. This would enable the service provider to undertake some vetting of the clients.

Under the current international travel restrictions, which might be maintained for some while into 2021, Airbnb hosts could also consider providing medium term emergency housing. One of the issues for Airbnb hosts looking to return their properties onto the longer-term rental market in response to diminishing Airbnb demand is that there may be additional costs to store their furniture as there is little demand for renting furnished dwellings in Australia. Providing accommodation to people who qualify for the Emergency Accommodation scheme but for a medium-term period, of say three months would enable people to take the steps needed to find longer term accommodation and would provide a stable income for Airbnb hosts. Rental prices would need to be considerably lowered, but in the low demand environment some hosts might consider this worthwhile.

### Student housing

In the current environment of constrained international travel and tourism, there is also considerable unused residential capacity in student housing and in tourism accommodation.

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<sup>33</sup> Airbnb website

The international property investment firm, Savills, reported in June 2020 that the restrictions on international travel and the repatriation of some international students back to their home countries had a profound impact on occupancy across most student accommodation facilities with operators reporting falls of between 20 to 50%.<sup>34</sup> These numbers align with ABS, visitor arrivals and resident returns, reason for journey and duration of stay data which shows that from April 2020, international arrivals to Australia in the education category fell to almost zero. Nationally in July 2019, 20,980 international students arrived in Australia. In 2020 there were only 550 students. July is traditionally the highest month for new student arrivals. In August 2020 there were no international student arrivals in South Australia. This was a decrease of 2,960 students (-100%) compared to the corresponding month of the previous year in South Australia (ABS: Visitor arrivals and resident returns, reason for journey and duration of stay data).

This downturn in student arrivals comes after a period of growth in the construction of purpose-built student housing. In fact, in 2018 alone, 1,128 new student accommodation beds were delivered in South Australia.<sup>35</sup>

While there is considerable capacity in the student accommodation sector, there are some restrictions on using student accommodation for alternative or meanwhile uses which need to be considered.

Student housing comes either as student apartments or lockable rooms available in shared apartments. This accommodation would not be suitable for all people living with housing stress or experiencing homelessness, but it could help many people, particularly single people. Apartments with multiple lockable rooms can also be rented as a whole tenancy.

Student accommodation is either purpose built or reconfigured from pre-existing uses. Examples of purpose-built student accommodation include UrbanNest on North Terrace, UniLodge on Waymouth Street and UniLodge @ Metro Adelaide. Purpose-built student accommodation is approved under the Principles of Development Control in the Adelaide (City) Development Plan that relate to student accommodation in the City of Adelaide, specifically those covered in the Council Wide Objective for Student Accommodation and Principles of Development Control 10-13. There are usually dispensations from the normal development approval requirements in terms of the floor area of the apartment and provision of private open space due to the transient nature of the residents. This arrangement means that the buildings are approved on the provision that they are only used for students and cannot be rented to non-students. Alternative uses are possible but require a development application to vary development approval usage on a temporary or permanent basis.

An example of reconfigured buildings converted to student accommodation includes the UV Apartments at 19-23 King William Street in the old AMP building and Union House on Pulteney Street. The UV Apartments are in a 12-storey building built in 1935 and converted to student accommodation in 2006. It is made up of 1, 2 and 3-bedroom furnished apartments – rented either as whole apartments or more commonly by the room with access to the shared bathroom and kitchen. This property is not exclusively for use by students and can be rented to non-students. It is only the nature and location of the properties that determine that it is marketed as student accommodation and predominantly used as student accommodation.

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<sup>34</sup> Savills, Optimism and Opportunity Abounds Amidst the Pandemic Australian Student Accommodation Report – Q2 2020, p.1.

<sup>35</sup> Savills Market Report Australian Student Accommodation 2018, p. 28

Like all accommodation aimed at international students, the UV Apartments have high vacancy rates at this time. As part of this project Shelter SA entered discussions with Australian Property Management, the property manager for UV Apartments, about alternative uses for these apartments. Shelter SA made representations to community housing providers about using the UV Apartment properties at a lower rental rate for homelessness services. These discussions are ongoing. There is no reason that SAHA should not consider a head lease of the accommodation.

Other forms of purpose-built accommodation, such as backpackers, which are equally facing a massive downturn in demand due to travel restrictions should also be considered for alternative purposes.

As part of this project, Shelter SA liaised between a city backpacker hostel and a large charity to explore the use of the backpackers for homelessness services. The property was inspected by the housing provider but in this instance was found not to be suitable for housing services. While this particular property was not suitable, there remains considerable interest in exploring these options, with low interest rates and high demand for affordable housing.

### Speculative investment properties

Some investors choose to keep properties empty. While this might forsake some rental income, it does allow an investor more flexibility.

As part of Shelter SA's consultation with real-estate agents in this project, it was made clear that selling an empty home or property is easier without a tenant. There is no need to abide by the South Australian Residential Tenancies Act 1995, which requires notification to tenants and limits the number of inspections. It also means the seller is not reliant on the tenant to ensure the property is clean and presentable. Selling an untenanted property also enables the seller to prepare the property for sale by "dressing it" to modern standards and market trends. Leaving properties empty also reduces normal wear and tear.

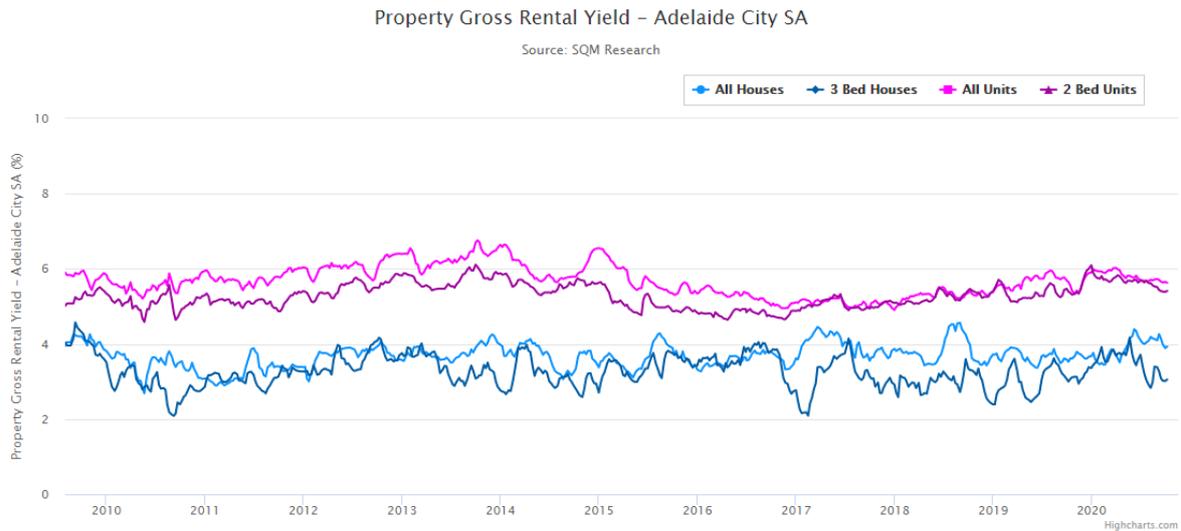
Most importantly, an empty property can also be sold more quickly and in response to market trends. It is also considered that an untenanted property can attract a higher selling price – again based on the higher level of flexibility.<sup>36</sup>

SQM Research, an investment research house which provides research and data to financial institutions, investment professionals and investors, has calculated that rental yields for units in Adelaide is around four to six percent and generally around three to four percent for houses. These numbers are largely consistent with national data. For some investors, the benefits of leaving the property empty can outweigh the lost financial income from rent but this will only hold if the property is empty for a limited time – maybe six to twelve months.

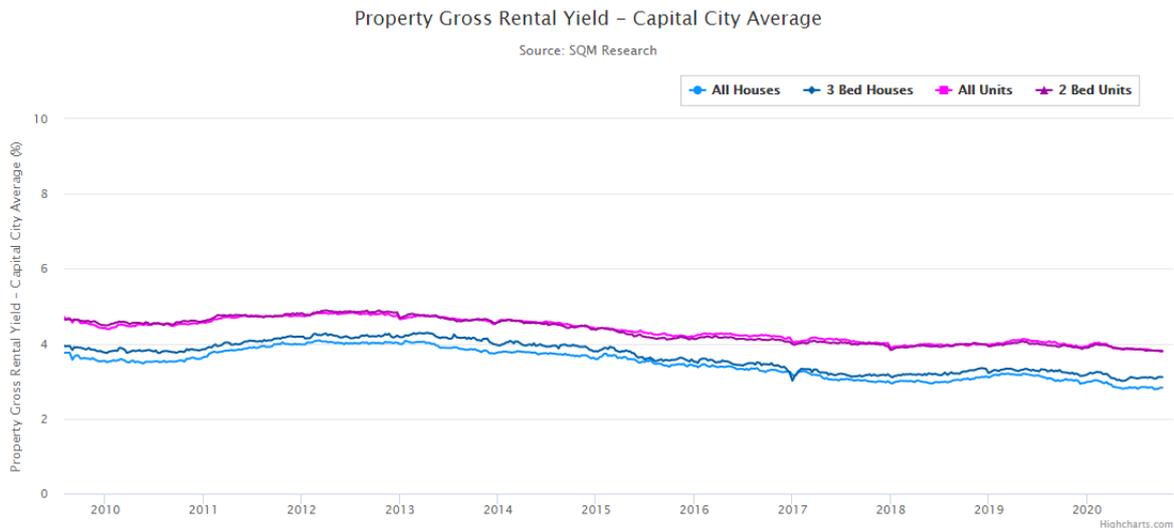
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<sup>36</sup> Fitzgerald, K., (Prosper Australia), *Speculative Vacancies* 9, 2017.

## REGION: ADELAIDE CITY



## CAPITAL CITY AVERAGE



Many of these properties that are left vacant for speculative reasons could be used to meet housing need.

There are some lessons that might be learnt from the commercial sector. In addition to the reasons outlined in relation to residential tenancies outlined above, there are even more benefits in leaving commercial property vacant because bank evaluations are based on rental income. The bank evaluation flows onto the actual value as it determines the level of borrowing a bank will provide to purchase a property. Therefore, having a property rented at a lower rate, reduces the value of the property.

Renew Adelaide is a not-for-profit organisation that has taken advantage of this situation by connecting property owners to potential short-term occupiers by means of, rolling 30-day licences to occupy commercial leases. Most Renew Adelaide properties are for shop-front, retail type operators or studio and gallery spaces. This arrangement means that while there is no limit on how long the occupier can be in the property, the property remains available to a commercial lease and the

occupier be given 30 days “no cause” notice to vacate.<sup>37</sup> The occupier pays no rent but is responsible for all outgoings.

There are benefits for the property owners, largely around activating spaces making them more attractive to commercial lessors.

Similar arrangements could be trialled for residential properties. Residential property owners could make their properties available for use, perhaps to SAHA or through a community housing provider (CHP) who would then fill the property as they see fit, but only with a license to occupy. Legal clarification might need to be sought from the Crown Solicitor’s Office but on our interpretation of the Residential Tenancies Act is that this would not be precluded by the Act but the minimum period that this could occur for is 28 days (s83A). If the tenancy agreement was with the CHP, then the rights that accrue to tenants would reside with them rather than the actual occupant who could be given a licence to occupy by the CHP rather than the lessor directly. Agreements would have to be drafted to be clear who is legally responsible for the rent and the property.

This arrangement could also be used for properties that are subject to proposed property redevelopments and are vacant because they are awaiting financing, development approval, maybe undertaking design and engineering work. Depending on the size of the development, this process might take a year. Some development sites will have existing housing which could be used for short-term meanwhile uses while the new development undergoes the approval process and could provide a source of some income for the property developer.

Arrangements such as these would only be to expand the availability of emergency and short-term housing. Emergency housing is not an optimal solution and longer-term solutions would still need to be found.

### Lifestyle properties

Some residential properties are left vacant for lifestyle reasons. This might include situations where property owners are fly-in fly-out workers or working interstate or in regional areas, people who share their time between a primary residence and a holiday home or perhaps travel extensively. Inversely the homes might include owners who live in rural and regional areas but keep a residence in the city. One real-estate agent who participated in the Shelter SA research thought this category of buyer would increase in the City as a response to the pandemic as people saw the benefit of having a potential residence in a central location located near to commercial and government services, shops and health services.

Some property owners who leave properties empty for long periods have practical reasons to want someone stay in their properties and indeed this need is met by existing platforms such as Housesitters.com and pet-minding.

Homeowners may like having their houses occupied for security reasons, but the main driver appears to be finding someone to look after their pets. Based on the Shelter SA consultation with Housesitter.com users, the house sitters are typically retired couples travelling, university students wanting time away from home, young couples wanting practise runs before marrying or moving in together and increasingly, people who are locked out of the private rental market.

Also based on the Shelter SA consultation, there was no financial benefit for house sitting by way of a payment to the homeowner. In fact, if there was a financial transaction it was often for the benefit

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<sup>37</sup> Renew Adelaide website, consultation with Tim Bounty Renewal Adelaide CEO.

of the house sitter in the form of a good will gesture (\$50-\$100) in return for their pet minding services.

Housesitter.com charges house sitters \$50 for an eighteen-month membership and provides a platform for them to connect with homeowners. The application and appointment processes are the responsibility of the homeowner. Housesitters.com do provide a standard contract but they are not a participant in the arrangement.

From Shelter SA's consultations, these properties represent a considerable opportunity as the property owners are not primarily seeking a financial return. They are choosing not to seek short term rental solutions, such as Airbnb. Socially minded homeowners who have properties in the CBD which are empty for short or medium-term periods might be willing to consider having families in need stay in their properties.

The issues that were reported as being important to homeowners were as follows.

- The property would likely only be made available at short notice as people do not want to be locked into rental agreements.
- Insurance would have to be provided (How this relates to existing insurance would need to be examined. Homeowners may not want to claim against any existing home and contents insurance).
- The property owner is more likely to make the property available when they understand the backstory of people using the property – ie understanding why they need short term housing particularly where there is benefit to families, and for some, pets.
- Background of referring agency would be needed.
- Possibility of the agency or person providing personal items such as linen and towels.
- A mechanism that provides assurance that the people would leave on time.

A local on-line platform which operates like Housesitters.com would allow socially minded homeowners whose properties are empty for part of the year to make those houses available at short notice to homelessness services providers who could then place suitable clients into those properties. This might provide a form of short or medium-term accommodation at a very low cost. A platform such as this could be developed by SAHA or a consortium of not for profits.

### Other reasons for empty properties

Based on Shelter SA's research and consultation, there are other reasons why properties might be left vacant.

- Disputed properties – for example in the case of disputed estates or properties that are part of divorce settlements.
- Properties might be vacant because the asking price for rental or sale is too high.
- Some property owners simply might not have the energy or wherewithal to deal with tenanting a house or bringing a dilapidated property back to usage.
- Landlords have had a bad experience with previous tenants.
- Landlords are not willing to reduce rents.

### Use of Headleases

As part of this research Shelter SA engaged residential property owners and property managers to explore ways in which they might consider tenanting empty properties and/or lowering their rents to tap into the public and community housing waiting lists both as a means of achieving some level of financial return in a depressed market and providing a social service. Through the research we assisted landlords and property managers to understand rental affordability for people living on low

incomes by providing examples of single and double household incomes and using the 30% measure plus rent assistance.

Based on Shelter SA's consultations, property owners who might consider making their properties available for "meanwhile" uses or those who are willing to consider lowering the rent on rental properties to help those requiring assistance with short or long-term housing are more likely to do so if the main interface was with a charity rather than the individuals seeking housing assistance. This view is understandable as it provides a much higher level of reassurance for the homeowner and has the capacity to provide for a simpler transaction.

The headlease could be with a community housing provider (CHP) who would then find suitable long or short-term tenants to fill the property but would remain responsible for the rent and the lease.

Alternatively, the South Australian Government, through SAHA, could take out a headlease and subcontract the management of the lease with a CHP. If SAHA were to provide a degree of funding to maintain the headlease, this could be expanded to increase the levels of social housing.

Using something akin to the United States Department of Housing and Urban Development (HUD) Tenant-Based Rental Assistance (TBRA) Program described above, SAHA could undertake a headlease on a property. The tenant would pay to the maximum of their ability within the 30% of income threshold and SAHA would make up the shortfall. Such an arrangement might be particularly appealing in a situation where many rooms or apartments could be provided, such as a repurposed student accommodation building. This arrangement would increase the available social housing stock with a much lower financial outlay than building the same number of properties. The tenancy management could be transferred to the community housing and homelessness sectors who are in contact with people requiring housing assistance and could more easily provide suitable tenants. There would be no maintenance costs to access housing this way.

Legal advice should be sought on whether license to occupy arrangements, as used in the commercial sector by Renew Adelaide could be used for residential properties. That is, whether property owners might want to make their properties available for use, perhaps through a headlease with a CHP who would then fill the property with a suitable tenant, but only with a license to occupy which would remove a lot of the disincentives investors sometimes consider when deciding to tenant their properties or not.

#### Homes4Good

Shelter SA's Homes4Good scheme provides a mechanism which allows socially minded property owners to provide a property for a family in need at below market rent. The scheme was also discussed with research participants to raise awareness about housing affordability and opportunities for their properties. Two owners considered joining the scheme but did not wish to lower their rents. One owner intends to bequeath his house to the program.

The Homes4Good partner is Cornerstone Housing, a not-for-profit community housing provider. Cornerstone undertake all aspects of managing the property under this initiative and allocate properties to suitable families in need who are appropriate for the property through access to a register of families who have been assessed as living with housing affordability need and who are missing out at open inspections. This process avoids the need for and cost of advertising and ensures the timely provision of a tenant who has been assessed as living with housing affordability need and who is missing out at open inspections. There are thousands of South Australians on the waiting lists for public and community housing, thousands of households living with housing stress and people experiencing homelessness while high numbers of residential vacancies are maintained.

However, the cost of renting the vacant properties is usually too high for people living on low incomes.

Housing is deemed affordable when rent is set at no more than 30% of household income. The basic unemployment benefit was approximately \$800 per fortnight at the time of writing and 30% of that is \$240 for a single income household (plus rent assistance), which is a very low rent.

For a single income family at this rate, we have calculated that per fortnight, to gain the maximum amount of Commonwealth Rent Assistance, a rent for a single income family could be set at \$307 to attract \$138 in rent assistance, totalling a fortnightly rental income of \$445, which would still allow families to meet their other financial responsibilities.

A double income family rent could be set at \$614 per fortnight, plus the maximum value of rent assistance, equalling a total of \$752 fortnightly rent.

Shelter SA understand that a rent set at this limit may seem too low to landlords and result in an overall loss of income, however, vacancies also produce losses to owners. If owners were prepared to lower their rents slightly, it would greatly assist South Australian families who need an affordable place to call home.

Shelter SA is currently exploring an Australian Taxation Office ruling that would allow benevolent landlords to claim the difference between a lower rent and market rent as a tax deduction to assist the Homes4Good program or other head leasing arrangements.

## RECOMMENDATIONS

Shelter SA calls on Local, State and Federal Governments to elevate the issue of vacant residential properties and develop policy frameworks which aim to reduce the number of empty homes with the following recommendations.

### FEDERAL GOVERNMENT

1. Federal Government to urgently develop, implement and fund a national housing strategy with the specific aim to assist people living in the lowest household income quintiles to access affordable, safe and secure housing and to reduce the number of Australians experiencing homelessness.
2. Urgently invest in social housing and seek matching funds from the States and Territories.
3. Address the perverse incentives created by Capital Gains Tax.
4. Australian Bureau of Statistics to explore methodologies to produce more accurate data on vacant residential properties.

### STATE GOVERNMENT

5. Use high quality data to develop a policy position on activating empty and underutilised homes in the private rental market to assist people experiencing homelessness and living with housing stress.
6. Explore legislative tools to discourage residential property vacancies.

7. Implement a rental voucher scheme to assist low-income households and people at risk of, or experiencing homelessness, to access private rental accommodation.
8. Consider purchasing empty or underutilised residential properties to increase the supply of social housing and enable the capacity of the specialist homelessness sector to achieve housing outcomes.
9. Consider a headlease arrangement for empty properties to activate suitable vacant residential properties to add to the pool of shelter available for people at risk of or experiencing homelessness.
10. Explore the use of suitable Airbnb properties for the Emergency Accommodation Assistance Program.
11. Approach Airbnb to explore partnerships with State Government and South Australian charities.
12. Support the Shelter SA Homes4Good platform by sharing information about it through the public service and the public.
13. Create a platform like Housesitter.com for people at risk of or experiencing homelessness.

#### **LOCAL GOVERNMENTS**

14. Attain a greater understanding of residential property utilisation and develop an empty homes register which would help to enumerate the full scale of vacant residential properties.
15. Use high quality data to develop a policy position on empty homes.
16. Explore incentives for landlords to tenant vacant residential properties.
17. Consider recalibration of the heritage preservation scheme to allow larger grants to be paid for property owners bringing homes back into use.

#### **AIRBNB**

18. Airbnb to more actively promote the Open Homes program to their hosts.
19. Airbnb to consider a partnership with a not-for-profit provider of housing or homelessness services to undertake bookings on behalf of clients in need.
20. Develop similar arrangements for property developments awaiting financing and planning approval.

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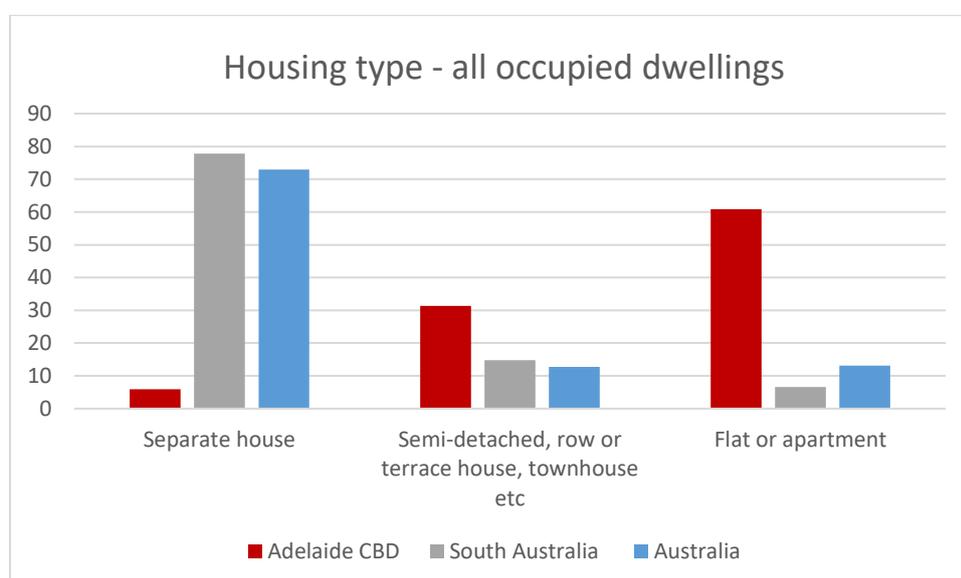
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## Appendix 1 – Housing in the Adelaide CBD

As would be expected, the Adelaide CBD housing stock is dominated by attached dwellings and flats and apartments as per the table below.

<b>Dwelling structure</b> <i>Occupied private dwellings</i>	<b>Adelaide</b>	<b>%</b>	<b>South Australia</b>	<b>%</b>	<b>Australia</b>	<b>%</b>
Separate house	353	5.9	496,799	77.8	6,041,788	72.9
Semi-detached, row or terrace house, townhouse etc	1,880	31.3	94,510	14.8	1,055,016	12.7
Flat or apartment	3,661	60.9	42,003	6.6	1,087,434	13.1
Other dwelling	61	1.0	3,016	0.5	64,425	0.8



There is also a far higher proportion of rented properties in the Adelaide CBD than in the rest of the state.

<b>Tenure</b> <i>Occupied private dwellings</i>	<b>Adelaide</b>	<b>%</b>	<b>South Australia</b>	<b>%</b>	<b>Australia</b>	<b>%</b>
Owned outright	939	15.6	205,531	32.2	2,565,695	31.0
Owned with a mortgage	1,010	16.8	225,670	35.3	2,855,222	34.5
Rented	3,790	63.1	182,180	28.5	2,561,302	30.9
Other tenure type	63	1.0	9,847	1.5	78,994	1.0
Tenure type not stated	205	3.4	15,566	2.4	224,869	2.7

