



Shelter SA Submission

to

[Federal Inquiry into the Worsening Rental Crisis in Australia](#)

Shelter SA is the peak body for housing in South Australia, a registered charity and independent not for profit, established in 1977, providing housing research, policy and legislation review and systems advocacy. Shelter SA has advocated for improved renters' rights for many years.

Shelter SA welcomes the Federal Parliamentary Community Affairs References Committee Inquiry into the worsening rental crisis in Australia. It is time to bring a greater balance between the legal rights of investment property owners and control over their investments and those of renters who enter into legal agreements to tenant properties they do not own.

National leadership is critical to ensure that Australians have access to the basic human right to adequate shelter and that housing is viewed as an essential service, in the same way as access to health services and education is assured to citizens, regardless of ownership.



National leadership and the harmonisation of legislation that affects residential tenancies are integral to improving security and access to legal rights for both owners and tenants, and to overcome the disparities that exist between jurisdictions. It is critical that the enforcement of legal rights moves away from being the responsibility of consumers to align with other areas of consumer protection more closely.

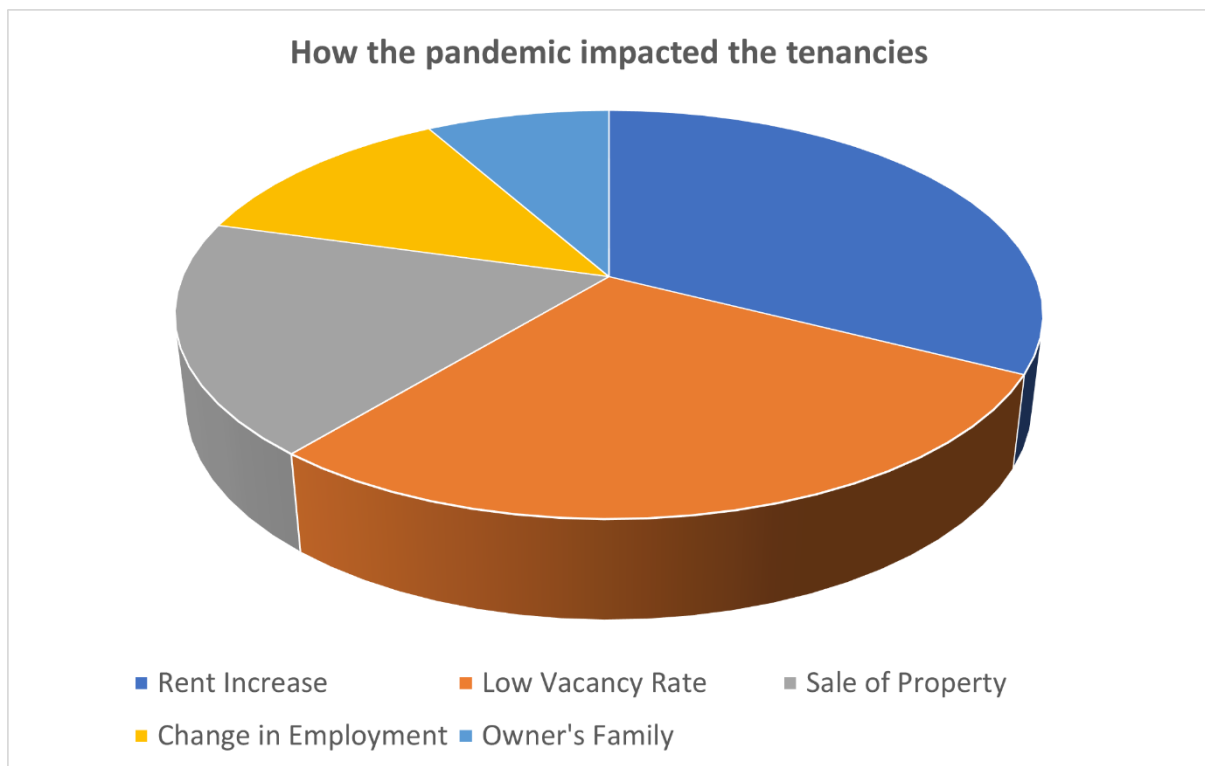
Shelter SA endorses the National Shelter Joint Statement and submission to the Inquiry and provides the below additional information and links to our previous work (see Attachment 1) on renting research and submissions for the Committee's information and response.

Shelter SA Responses to the [Inquiry Terms of Reference](#)

A. The experience of renters and people seeking rental housing

Private renters living in low income households have faced barriers to achieving a home in the market for many years. The ongoing lack of affordability in the private rental market is now exacerbated by significant rent increases and the lowest vacancy rates in more than a decade. The number of people who need to rent and who are affected by the lack of access to a place to call home is growing. Hundreds of people are attending every open inspection and vying for properties, with those who cannot secure properties resorting to caravan parks and tents as their only alternative to shelter. People are sleeping in their cars. The situation of not being able to provide a place to call home is extremely stressful and damaging to those families who are suffering in the current housing crisis.

The below diagram shows how Shelter SA survey respondents indicated that the pandemic impacted their tenancies, with the greatest number of tenancies impacted by the low vacancy rate and rent increases (Moving On 2022).



Please see the Shelter SA rental research reports, Moving On, for more information and renters' stories about their tenancies¹².

Homelessness services are overwhelmed with people who are seeking assistance and cannot achieve the housing outcomes that are needed to reduce demand.

The supply of social housing does not meet the need for housing that is affordable for low income households and Federal Government has a role to directly fund and incentivise the States and

¹ Moving On 2021 <https://www.sheltersa.asn.au/moving-on-report/>

² Moving On 2022 <https://www.sheltersa.asn.au/moving-on-2022/>

Territories to increase the net supply of social housing and to better utilise publicly owned land assets for this purpose.

B. Rising rents and rental affordability

The [National Rental Affordability Index](#) has shown for consecutive years that rents have been unaffordable for low income households. Rent increases since 2020 have plunged almost one million Australians into housing stress and improving rental affordability should be a key focus of governments at all levels, using the policy levers available to them.

C. Actions that can be taken by governments to reduce rents or limit rent rises

National leadership is required to ensure that State and Territory Governments provide protections against excessive rent increases. Shelter SA acknowledges that private investors have a right to organise and grow their investments but that right must be balanced with the fact that the investments are providing homes to Australians. Aligning rent increases to the consumer price index, as prescribed in the Australian Capital Territory legislation, should be considered by the Committee as a framework that can offer stability to owners and renters.

Rent increase restrictions must apply to properties rather than leases and only in conjunction with the abolishment of no cause evictions and the non-renewal of leases without a breach of agreement. The frequency of rent increases should be no less than twelve months, so that any rent increase restrictions are not weakened by allowing more frequent increases.



Less than 3% of South Australians access the South Australian Civil and Administrative Tribunal to respond to rental disputes. If the Federal Government does act to limit rent rises and the States and Territories are expected to enforce these, Shelter SA asks that consideration is provided as to how low income renter households may better assert their legal protections without penalty.

The Residential Tenancies Act in South Australia does not specify what constitutes an excessive rent increase allowing rent increases once every twelve months. Shelter SA has called upon the South Australian government to improve the legislation in this area, however given the low numbers accessing the Tribunal, it is unclear how this change alone will improve protections for renters and this issue should be addressed by the Committee.

D. Improvements to renters' rights, including rent stabilisation, length of leases and no grounds evictions

The removal of no grounds evictions and the non-renewal of leases without the breach of a lease agreement should be mandated across jurisdictions. However, data from the South Australian Civil and Administrative Tribunal shows that during the eviction moratorium held in South Australia, applications to the Tribunal for evictions increased. The eviction moratorium was poorly designed

and if national harmonisation occurs, design is critical to ensure that improvements achieve their intended outcomes. To address these issues and to ensure there are ways for tenants to access their legal rights without punishment or costs, it is essential to abolish no cause evictions and the non-renewal of leases without a breach of agreement, while also moving away from law enforcement that is consumer led.



Longer leases should be approached with caution if renters are liable for rent until the end of their lease terms where they may find themselves needing to initiate breaking leases and then responsible for five or ten years of rent. The removal of no cause evictions and non-renewal without a breach of agreement will partially address this issue.

Again, Shelter SA draws the Committee's attention to how renters can access their legal rights. The South Australian Government does not fund a peak body for housing, homelessness or renters. Other Australian jurisdictions fund their Shelter organisations, homelessness peak bodies and tenant unions to conduct systems advocacy in these areas. The interest paid on residential tenancy bonds should be used to improve renters' access to both their education and legal rights as well as systems advocacy to improve security in the private rental market.

Energy efficiency standards must be mandated in private rental properties, including insulation, in keeping with the [Healthy Homes for Renters](#) position statement.

E. Factors impacting supply and demand of affordable rentals

Australia builds expensive houses on expensive land whether for owner occupiers or renters. Disruption to the housing market is needed to ensure that the growing number of people locked out of home ownership and the rental market have an opportunity to access adequate shelter and to address the shortages of materials and labour in the construction industry and builders going into administration.

If home ownership products were available at a price point of no higher than \$200,000, the opportunity to purchase a home would open up to thousands of renters and low income households, therefore reducing the demand for private rental properties and social housing.

One way to approach disruption is to utilise modular housing as a faster, less expensive approach to building homes and Shelter SA recommends allowing the modular housing industry to provide input into government spending on housing to ensure the maximum number of housing outcomes can be attained.

In conjunction with modular builds, Shelter SA also recommends harnessing build to rent and lend lease models to remove the purchase price of land from the home ownership opportunity and

therefore reduce the demand for rental properties. In South Australia and other jurisdictions there is existing legislation and tax incentives to allow lend lease developments. Please read the [Shelter SA submission to the Parliamentary Inquiry into Housing Availability](#).

Governments should create evidence-based pathways to secure institutional investment in the supply of low cost rental housing as institutions are less vulnerable to market fluctuations and longer term investments, reducing disruption to rental tenures. There is also a need to create pathways and financial models to assist philanthropic funds to flow to new housing supply.

The use of government land is critical to enable the new supply of social and affordable housing and the Federal Government should strategically direct the use of its land assets to new supply and encourage State and Territory governments to harness publicly owned land to achieve social and economic outcomes.

F. International experience of policies that effectively support renters

Germany is one of the few developed nations with high rentership rates: More than half of all households rent their home³. The German Government has chosen to focus subsidies on renters rather than owner-occupiers. While renter households are typically younger and less affluent than homeowners, rentership is still widespread even among higher-income and higher-wealth groups. Strong renter protection is a key element of Germany's federal legislation and played an important role during the COVID-19 pandemic. A [summary of other countries with strong renter protections](#) is available here.

G. The impact of government programs on the rental sector

The South Australian Government provides private rental assistance to low income households in the form of residential tenancy bond guarantees and rent in advance to eligible customers. The private rental assistance program is critical to assist low income renters and should be available in every jurisdiction.

Commonwealth Rent Assistance is a critically important program that aims to assist low income renters however it is poorly targeted and insufficient to lift all renters out of housing stress. Shelter SA supports the National Shelter call to undertake a review of the program to improve its efficiency.

The National Rental Affordability Scheme should be reviewed and reinstated to add to the supply of rental housing and increase the opportunities for community housing providers to add to their portfolios and offer discounted rentals.

With approximately one million homes reported as unoccupied at the last Census, the Federal Government should address negative gearing and capital gains tax to more fairly support opportunities to increase the number of owner occupiers rather than investment property purchasers and re-direct the savings towards the supply of social housing. Anecdotally, some owners leave their properties vacant as the capital growth is sufficient return on investment, without the need to collect rent.

Australia is one of the only jurisdictions that does not regulate the short term rental market and the Committee should seek expert input into how improvements in this sector could increase supply in the private rental market.

³ <https://www.brookings.edu/articles/germany-rental-housing-markets/>

Commonwealth Government funding for housing and homelessness to the States and Territories should be more closely tied to outcomes and targets with more robust requirements for accountability and transparency in reporting to funders.

H. Any other related matters

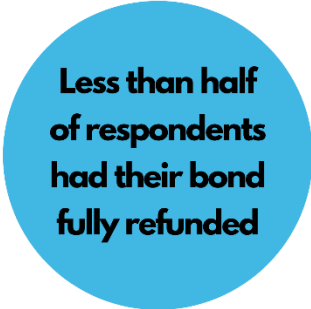
Federal Government has an important role to play in addressing the myth that improved rental legislation will drive residential property investors out of the sector, as there is no evidence that this will occur, and it is an argument used to deter governments from introducing greater renter protections. The average length of time that investment properties are owned is five years and there is considerable turnover in ownership, which causes insecurity for renters.

Institutional investment in rental accommodation is one antidote to reduce uncertainty and increase security. The return on investment for residential investment properties is lower than what is achievable compared to other forms of investment and Federal Government could play a role in educating 'mum and dad' investors and encouraging more institutional investment in rental housing.

The Federal Government should adopt the National Mandatory Inclusionary Zoning framework⁴ developed by the Constellation Project as a first step to introducing inclusionary zoning across Australian jurisdictions, to increase the net supply of social housing, not affordable housing.

South Australia has a Housing Safety Authority to administer the Housing Improvement Act to ensure that all rental homes are safe and habitable. Shelter SA recommends that Federal Government mandate the creation of similar laws and authorities in other jurisdictions to address sub-standard rental dwellings. The South Australian Authority is however, complaints driven, and while tenants are protected from eviction, they are not protected from the non-renewal of leases or rent increases. Ideally, houses would be routinely inspected to guarantee their habitability and safety as a pro-active, systems-led approach to sub-standard rental properties.

Some jurisdictions have introduced residential tenancies commissioners who specialise in residential tenancies and advocate for renters. Commissioner roles should be introduced in all States and Territories to ensure they receive adequate, specific attention outside of other more general consumer protection measures.



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Harmonisation of residential tenancy bond systems is also needed to ensure that the rate of bonds claimed is reduced and that bonds cannot be claimed without justification. A portable bond system, to transfer bonds between properties, would assist renters to reduce the costs associated with

⁴ https://theconstellationproject.com.au/wp-content/uploads/2021/09/Mandatory_Inclusionary_Zoning-Final.pdf

frequent moves. Less than half of the respondents to the Shelter SA Moving On survey in 2021 had their bond fully refunded.

Pets should be allowed in private rental properties as a matter of course, without placing the onus of gaining approval for pets on tenants. Owners and agents could specify what they consider are reasonable pet allowances given the size and amenity of properties such as the animal's size, whether it is de-sexed, registered, trained and/or immunised and if it can be accommodated within the properties.

Pet bonds should not be considered as there is no evidence that an extra bond increases the supply of pet friendly rental accommodation, but merely increases unaffordability for low income renters.

Tenant black lists, databases and rental references should be more heavily regulated and policed, especially when owners/agents operate private groups on social media platforms that are difficult to monitor, to prevent negative sharing of tenant details that may impact on future tenancies, for example, a tenant accessing the tribunal or requesting maintenance.

Thank you for the opportunity to contribute to the Inquiry and we would be pleased to provide evidence to the Committee in person if required.

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Attachment 1 – Relevant Shelter SA Publications

In support of this submission Shelter SA provides the below previous publications that are relevant to renting and housing supply:

[Shelter SA Residential Tenancies Act Review Submission](#)

[Shelter SA Election Platform](#)

[Shelter SA Empty Homes Report](#)