

SUBMISSION

TO | Economic and Finance Committee

TOPIC | Inquiry into South Australian Housing Availability

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Submission to the Economic and Finance Committee Inquiry into South Australian Housing Availability

Access to safe, secure, affordable housing

Uniting Communities welcomes the Economic and Finance Committees Inquiry into South Australian Housing Availability. This presents a crucial opportunity to improve housing outcomes for many South Australians.

Housing is fundamental to the health and wellbeing of South Australians. Every South Australian requires access to safe, secure and affordable housing. That is, housing that is affordable for people on low incomes, which positively impacts their health and provides security.

To improve the safety, security and affordability of housing in South Australia, consideration must be made to the high proportion of South Australians that rely on the private rental sector. Some of the most vulnerable and disadvantaged people are private sector renters. In an increasingly unaffordable and insecure rental market, it is vital that reforms are implemented in the private rental sector to improve the safety, security and affordability of housing.

The number of renters in South Australia has been steadily increasing over the last two decades. In the most recent 2021 census data 28 percent of South Australians are now renters.¹ For many South Australians, renting is no longer a temporary steppingstone to home ownership but a destination. Many will rent for the rest of their lives. Thus, provisions must be in place to improve renters' rights and protections.

About Uniting Communities

We are an inclusive not-for-profit organisation working alongside more than 80,000 South Australians each year and have been creating positive change for South Australian communities for more than 120 years.

We advocate for systems change across diverse social justice issues to shape public and social policy that delivers better outcomes for marginalised communities.

We help those in need find the courage to move forward through enriching their lives and uniting the communities in which they live. By tackling the deep-seated challenges that affect people's lives, we are working to create systemic change and brighter futures for all South Australians. We have a bold and unceasing commitment to social justice, advocating for change and improvement in the lives of those who need it most.

¹ ABS, 'South Australia Latest release 2021 Census', All persons QuickStats, Tenure Type, 2021, <<https://www.abs.gov.au/census/find-census-data/quickstats/2021/4>>.

Affordability

Rent increases

Rental properties are becoming increasingly unaffordable. According to March 2023 research there are no affordable and appropriate rental properties for prospective renters on JobSeeker Payment, Disability Support Pension and Youth Allowance.² Additionally, only 1 percent of rental properties are affordable and appropriate for a single person on a minimum wage and a single person on a minimum wage with two children.³ Only 17% of rental properties are affordable and appropriate for a couple with two children on a minimum wage.⁴ In part, this can be attributed to the lack of supply of rental properties in the state. However, it could also be attributed to the lack of regulation on rent increases.

Currently, there is no limit on rent increases in South Australia, that can occur once every 12 months. Current provisions in the *Residential Tenancies Act 1995* allow for renters to apply to the Tribunal if they believe the rent increase is excessive (Section 56). However, renters may not do this out of fear of retaliatory evictions. This creates insecurity and instability for renters who have an inability to determine how much their landlord will increase their rent. In addition, renters are fearful to report repairs and maintenance issues because their rent might be increased as a result.

Some rent increases are justified, in line with accruing costs to the landlord. However, is it the excessive and unreasonable rent increases that needs to be regulated. New Australian Bureau of Statistics data, reveals that larger rent increases are becoming increasingly more common in Australia for both existing renters and new renters. In June 2019 27.5% of existing renters received a rent increase in the last 12 months compared to 71.6 per cent in February 2023. In February 2023, over 60 per cent of properties with new renters had rent amounts more than 10 per cent higher than 12 months earlier.⁵ Limiting rent increases to the Consumer Price Index (CPI) would in turn protect renters from unfair and excessive rent increases that they cannot afford.

This reform is vital to improving housing security and affordability. Ultimately it will reduce housing stress for renters and support renters to maintain their tenancies.

Interstate example:

In the Australian Capital Territory, the prescribed amount for rent increases is based on the rents component of the Consumer Price Index (CPI) for Canberra. The prescribed amount is 110 per cent of the percentage increase in CPI for rents. That is, a landlord can increase the rent on a property by 10 per cent more than the increase in the CPI. Rent increases can only occur once every 12 months.⁶

² Anglicare Australia, 'Rental Affordability Snapshot', Regional Reports/Fourteenth Edition, 2023, p.2, <<https://www.anglicare.asn.au/publications/2023-rental-affordability-snapshot/>>.

³ Ibid.

⁴ Ibid.

⁵ ABS, 'New insights into the rental market,' sourced from Consumer Price Index, April 2023, <<https://www.abs.gov.au/statistics/detailed-methodology-information/information-papers/new-insights-rental-market#the-new-rents-dataset>>.

⁶ ACAT, 'rent increases,' 2023, <<https://www.acat.act.gov.au/case-types/rental-disputes/rent-increases>>.

Rent bidding

Currently, the *Residential Tenancies Act (Protection of Prospective Tenants) Amendment Bill* is seeking to ban rent bidding for prospective tenants. However, the bill in its current form (as introduced to the House of Assembly on 8th March 2023) does not prevent prospective renters from offering more than the advertised price for a rental property. As a result, prospective renters who can afford to offer the landlord or agent more than the asking price, will continue to do so, creating an unfair advantage over lower income renters. This is a significant barrier to attaining a rental property for prospective renters and contributes to the unaffordability of the rental market. Consideration must be made to prohibiting landlords and agents from accepting an amount higher than the advertised price, to comprehensively ban rent bidding.

Housing security

No cause evictions

Currently there are no protections for renters within the *Residential Tenancies Act 1995* to remain in the property long term, with considerable barriers to security of tenure. The primary barrier being the provision in the Act for the landlord to evict a tenant at the end of a fixed term agreement and anytime during a periodic tenancy, for no reason (section 83 and 83A)(this is often referred to as no cause evictions). There are no protections for renters if a landlord wants to evict them at the end of a fixed term agreement or anytime during a periodic lease even if it is for unreasonable and inappropriate reasons. For example, an eviction following a request by the tenant for a repair in the property. Retaliatory evictions have been reported by renters as a reoccurring issue.

In addition to unfair evictions, the notice period is minimal, 30 days at the end of a fixed term agreement. This leaves renters in a very vulnerable position, having 4 weeks to find a property they can afford in a very competitive rental market.

Currently, some renters are living in unsafe and unhealthy housing conditions due to fear of retaliatory evictions if they report issues with the property to the landlord. These issues include repairs, cracks in the walls and mould caused from the property. In a highly competitive rental market, with very few affordable rentals available, renters who are evicted face the risk of homelessness. Evictions thus, should only be allowed for legitimate reasons.

Removing Section 83 and 83A from the *Residential Tenancies Act 1995* would ensure that renters are given reasonable and fair reasons to vacate. Prescribed reasons to vacate include a breach of the tenancy agreement, sale of the property and family requiring property and major repair, which are currently included in the *Residential Tenancies Act 1995* (Section 85 and 85A). This reform would allow renters to remain in the property long term, without the fear of retaliatory evictions. This would improve housing security for nearly 30 percent of the South Australian population and have an immense impact on renters' overall wellbeing. Renters would feel safe to report issues with the property and take matters to the Tribunal, for example, for an excessive rent increase without the fear of retaliatory eviction.

In 2022 Uniting Communities conducted a survey with renters to find out some of the issues they were experiencing:

- "I reported the air conditioner and the main toilet for repairs and the next day I was emailed that my lease wouldn't be renewed."
- "If I so much as asked for a minor repair such as a flyscreen or broken lock, the lease wouldn't be renewed."
- "House had major subsidence damage that continued throughout our tenancy. When it rained the gutters poured water into some rooms and through electrical fittings. Could see through some cracks in the walls to outside. Agent would not discuss any options, refused to break lease, did not seek repairs, and then did not renew lease because we were 'difficult renters'."
- "Waiting on maintenance for close to a year including a window that does not close. Not comfortable pushing the issue as I know I'll just be replaced as a tenant."

Safe housing

Poor housing conditions

Fundamental to safe housing is ensuring the property does not have negative impacts on the health and wellbeing of renters. Currently, many rental properties in South Australia are too cold in winter and too warm in summer.⁷ These housing conditions can have significant negative health impacts.⁸ Research demonstrates a link between cold, damp and mouldy homes and negative health, including illnesses such as asthma and cardiovascular conditions.⁹

Establishing minimum energy efficiency standards in all rental properties would fundamentally improve the health and wellbeing of all renters in South Australia. Poorly insulated housing is making it challenging for people to heat or cool their homes. An energy inefficient home will take considerably more energy to heat or cool, leading to high energy or gas bills. As a result, some renters are forced to turn off heating and cooling appliances as they cannot afford the bill. The average energy debt in South Australia is \$1242, which is 27% above the national average of \$972.¹⁰ Further, given electricity prices are projected to increase up to 24% from 1 July 2023 minimum energy efficiency standards can be an important tool for the government to help financially stressed people reduce their bills.¹¹

Improving energy efficiency standards in rental properties could include requiring ceiling and floor insulation, with the goal of adopting a modelled-performance standard that requires properties to achieve a minimum rating. Uniting Communities supports the [Healthy Homes for Renters Community Sector Blueprint](#) and encourage the state government to consider implementing this blueprint within South Australia. The blueprint outlines parameters for introducing minimum energy efficiency standards including a staged approach that minimises costs for some property owners and reduces impact on trades and supply chains.

⁷ Barlow et al. 'Cold homes in Australia: Questioning our assumptions about prevalence,' 2023, <<https://www.sciencedirect.com/science/article/pii/S2214629623001846>>.

⁸ Daniel, L et al. 2023, 'Australian rental housing standards: institutional shifts to reprioritize the housing-health nexus', *Regional Studies*, *Regional Science*, 9. 462.

⁹ Healthy Homes Standards, 'Tenancy Services,' Ministry of Business, Innovation and Employment, 2022, <<https://www.tenancy.govt.nz/assets/Uploads/files/healthy-homes-standards-key-facts.pdf>>.

¹⁰ SACOSS, 'SA power users face shocking electricity price surge,' 2023, <[¹¹ Australian Energy Regulator, 'Default Market Offer 2023–24 draft determination,' 2023, <<https://www.aer.gov.au/news-release/default-market-offer-2023%E2%80%9324-draft-determination>>.](https://www.sacoss.org.au/sa-power-users-face-shocking-electricity-price-surge#:~:text=With%20an%20average%20debt%20of,the%20national%20average%20of%20%24972.>>.</p></div><div data-bbox=)

Interstate examples:

The ACT Government has introduced a regulation under the *Residential Tenancies Act 1997* to require all residential rental properties in the ACT to meet a new minimum energy efficiency standard for ceiling insulation.¹²

In Victoria, properties must be free of mould, dampness and have ventilation which meets the Building Code of Australia ventilation standards. The property must have an energy efficient heater in the main living area that is fixed, not portable. Additionally, landlords cannot refuse a reasonable request by renters to make minor modifications to the property to improve insulation or reduce energy and water usage.¹³

Federal budget:

The new federal budget incorporated some initiatives for improving energy efficiency of homes. The Expansion of Nationwide House Energy Rating scheme (NathERS) will now include existing homes and appliances (rather than just new homes), \$36.7 million over 4 years from 2023–24 (and \$2.1 million per year ongoing) to develop further initiatives to improve energy performance, including expanding and modernising the Greenhouse and Energy Minimum Standards program scheme.

We encourage the state government to work with the federal government to expand these initiatives to include minimum energy standards in South Australia’s private rental properties.

New Zealand example:

The Warm Up New Zealand: Healthy Homes program was established to create warmer, drier, healthier homes by improving the energy efficiency and energy security of homes. The energy efficiency and clean energy program is addressing respiratory illnesses and winter mortality rates.¹⁴ The New Zealand Healthy Homes standards were introduced into the Residential Tenancies Act in 2019 and include requirements for heating in the main room and appropriate floor and ceiling insulation.¹⁵

Conclusion

When inquiring into the supply and availability of housing, the Committee is encouraged to consider improving the security and affordability of the rental sector. Reforms to better protect the interest of renters through targeted policy and legislative change are essential. This will ultimately improve housing outcomes for South Australia’s most vulnerable individuals and families.

¹² Minimum energy efficiency standards for rental homes, ‘Justice and Community Safety Directorate,’ 2023, <<https://www.justice.act.gov.au/renting-and-occupancy-laws/energy-efficiency-standards-for-rental-homes>>.

¹³ Renters Victoria, ‘Minimum Standards,’ 2022, <<https://rentersvic.org.au/advice/starting-your-tenancy/minimum-standards/>>.

¹⁴ Energy Efficiency and Conversation Authority, ‘Warm up New Zealand,’ Climate Interactive, <<https://www.multisolving.org/wp-content/uploads/2022/05/Warm-Up-New-Zealand.pdf>>.

¹⁵ Healthy Homes Standards, Tenancy Services, Ministry of Business, Innovation and Employment, 2022, <<https://www.tenancy.govt.nz/assets/Uploads/files/healthy-homes-standards-key-facts.pdf>>.