

Submission into the worsening rental crisis in Australia

AUGUST 2023



Committee Secretary

Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Secretary,

Thank you for the opportunity to make a submission into Australia's worsening rental crisis.

Everybody's Home is a national campaign to fix the housing crisis. It was launched in 2018 by a coalition of housing, homelessness and welfare organisations to achieve the change needed so everyone has a safe, affordable and decent place to live. The campaign is now supported by 500 organisations, businesses and councils, and more than 40,000 individuals across Australia.

Our submission is informed by the lived experience of renters at the coalface of the housing crisis. Throughout June 2023, we conducted a community survey to better understand what this looks like in real terms.¹ The results are harrowing. Decades of poor planning and chronic underinvestment are reflected in the experiences of people fearful of an uncertain future or struggling to find a decent place to live at all. A sample of these experiences have been anonymously included to illustrate our findings and protect individual privacy.

Given the systemic nature of this policy challenge, our submission speaks to the housing crisis at large, with specific focus on the following Terms of Reference:

- a. the experience of renters and people seeking rental housing,
- b. rising rents and rental affordability;
- c. actions that can be taken by governments to reduce rents or limit rent rises;
- d. improvements to renters' rights, including rent stabilisation, length of leases and no grounds evictions;
- e. factors impacting supply and demand of affordable rentals;
- g. the impact of government programs on the rental sector; and
- h. any other related matters.

Our recommendations are informed by the principle of putting people at the centre of housing.

¹ [Brutal Reality: The Human Cost of Australia's Housing Crisis](#) (2023) *Everybody's Home*

Recommendations

1. Homes for all – ending the social housing shortfall

Everybody's Home calls on the Federal Government to urgently begin a program to end Australia's social housing shortfall by funding and building at least 25,000 homes each year.

2. A better deal for renters

Everybody's Home calls on the Federal Government to coordinate a process of rental reform. As part of this process, each State and Territory should be asked to commit to four principles:

- Limits to unfair rent increases;
- An end to no cause evictions;
- Minimum standards for rental homes; and
- Independent enforcement of rental rules and regulations.

3. A fairer tax system for housing

Everybody's Home calls on the Federal Government to incrementally reduce the capital gains tax discount over the next ten years, and limit negative gearing concessions to target new homes or social housing over the same period.

4. Decent incomes, decent homes

Everybody's Home calls on the Federal Government to ensure renters on the lowest incomes can count on decent incomes, by:

- raising the rate of working age payments to the poverty line
- indexing Commonwealth Assistance Rent (CRA) to rents, rather than CPI
- reform CRA so that it provides support to those who need it most.

In short, we must redesign our approaches to place homes, not profits, at the centre of our policy response. We must reimagine how we support each other to ensure everyone gets the help they need and we must reemphasise the role of governments in making this happen.

This is not a question of funding, because successive governments have shown that it has the wherewithal to spend billions on concessions that make the problem worse. It is a question of priorities, and what our collective dream for a better society looks like. For Everybody's Home, it is a future where every Australian has a safe, decent, and affordable place to call home.

Thank you for the opportunity to comment and we look forward to the Committee's findings.

Yours sincerely,

Maiy Azize

National Spokesperson

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Introduction

Australia is in the grips of a major housing crisis. Despite living in one of the world’s wealthiest countries, housing in Australia has never been less affordable. Soaring costsⁱ and low vacancy ratesⁱⁱ have resulted in fierce competition in the private rental market.

The widening gap between incomes and housing costs have made it increasingly difficult for people to afford suitable housing, pushing them into housing stress or even homelessness. Nearly one million low-income Australians are now paying more than 30 percent of their income on housing.ⁱⁱⁱ These statistics are borne out in the experiences of renters, making impossible trade-offs to remain in their homes:

[I] worry every day about an email from the real estate agent announcing either an eviction or rent increase. So much of our income goes on rent already and we’ve put off medical care and visiting family for years in order to pay the rent and bills. Our house is cold, mouldy and there are electrical problems and leaks but we don’t ask for repairs because we fear being kicked out as a result or having the rent put up... We work multiple jobs to keep paying the rent, but for people on single incomes or unable to work, the stress must be unbelievable.

1. Lack of social and affordable housing

For decades governments have stepped away from investing in social housing, meaning private landlords are shouldering primary responsibility of providing this essential service for about a third of the population. This policy choice made by successive governments has led to skyrocketing prices and pushed more people into precarious and insecure living arrangements.^{IV}

Poor planning and chronic underinvestment has also led to ballooning social housing waitlists, with an estimated shortfall of anywhere between 640,000-750,000 social homes.^V ^{VI} The lack of social housing means there is nowhere to go for people who have been forced out of the private rental market. It also means that people in the most severe rental stress are competing for the cheapest rentals.

I worry I have no future. There will be nowhere I can afford to live when my landlords decide to demolish where my housemates and I are living and rebuild to move in. I have been on the waitlist for public housing for fifteen years.

Over the last six years, the lack of affordable housing options has been further compounded by the loss of more than 14,000 affordable rentals following the cancellation of the National Affordable Rental Scheme.^{VII} A further 23,000 properties will be lost between now and 2026. We heard from many of the people who will be directly impacted:

On Tuesday 1st August I will be tossed from the NRAS unit I've been renting since June last year. The owner wants to sell but I can't find any accommodation let alone accommodation I can afford. So after more than a year, I now have a nicely furnished home, mostly free furniture picked up on Facebook and also including a brand new washing machine donated to me by The Good Guys through the Salvation Army... What am I to do now?

Give everything away and sleep in my car?

Despite the dire state of social housing, it is rarely positioned as a solution in mainstream commentary on housing. Instead generic housing supply is posited as the default answer to housing affordability, rather than social and affordable housing. It has become the favoured solution of the development industry, property commentators, and the real estate industry as housing becomes increasingly commodified. Yet the reality is that Australia has an oversupply of dwellings compared to its needs and demographics.^{VIII} Between 165,000 and 240,000 new dwellings were built across the country each year over the last decade.^{IX} Increasing supply in the private market has failed to make housing more affordable. Instead, wealthier households have simply become smaller and become more likely to own more than one home. Australia's undersupply is not in generic housing, but in social and affordable housing.

...most of my income goes to rental payments. Access to public housing is my only option for secure housing and my child has special needs which must be accessible to him and I have been on the emergency waiting list for nearly two years and still waiting.

Stories of housing stress, coupled with the uncertainty of waiting for years and even decades for a secure home, highlight the scale of Australia's social housing shortfall and the very real impact it is having.

The rental market has become unaffordable and I have a ten year wait at aged 71 on the Disability Support Pension. I'm registered for housing in the area but not knowing where I will be living from month to month [means] I'm feeling alone, afraid, and depressed.

For older people, the prospect of an indefinite wait can be taxing. A recent study of rental listings showed that 0 percent of rental listings posted online across Australia in March 2023 would be affordable for a person on the Age Pension, even including the

IV [The market has failed to give Australians affordable housing, so don't expect it to solve the crisis](#) (2022) *The Conversation*

V [Quantifying Australia's unmet housing need: a national snapshot](#) (2022) *Community Housing Industry Association*

VI [The Economic Case for Investing in Social and Affordable Housing](#) (2023) *Oxford Economics Australia*

VII [National Rental Affordability Scheme Quarterly Performance Report](#) (2022) *Department of Social Services*

VIII [Regional housing supply and demand in Australia](#) (2017) *Australian National University*

IX [Building Activity, Australia](#) (2022) *Australian Bureau of Statistics*

maximum rate of Commonwealth Rent Assistance.^x Survey participants expressed a high degree of anxiety about ageing in the private rental market, particularly the prospect of evictions and arbitrary rent increases. Yet with waiting lists at record-highs, many have no choice.

I've been living with my 93-year-old mother for years. I'm on an age pension [and have] been on a housing list for twenty years. It's ridiculous.

I worry all the time that I won't find my own home. What will happen as I get older. Should I have stayed in the domestic violence situation that was killing me for housing security?

Many people told us of the precariousness of their situation, particularly for those experiencing domestic or family violence having nowhere to turn.

I have two young children, and we fled a domestic violence relationship from their father in 2020. I left knowing we would be homeless, and we entered a local women's shelter. We stayed there for two years and four months, when the shelter said they can no longer support us. For six months now, my children and I have been couch surfing, camping and house sitting. We are no closer to receiving a house in almost three years of being on the priority list. It is now winter and our options are extremely limited and I would rather not camp with my children. The other woman's shelters are at capacity and we are on the waiting list. We were given seven days of brokered accommodation. But otherwise, there are no other services in place to help us. We are on the waiting list for Rapid Rehousing for almost three years.

Service providers are equally concerned about the lack of access to social housing for vulnerable cohorts:

I work at a women's shelter in Tasmania and I am becoming increasingly concerned with the lack of affordable public housing for those in my community, particularly women fleeing domestic violence with their children... families end up couch surfing and bouncing between shelters due to the lack of available housing.

In recent decades, social housing has primarily been targeted at people on very low incomes, and who often have experienced homelessness, family violence or have other complex needs. However historically, social housing was more expansively available to people on low and middle incomes.^{xi}

As home ownership becomes more out of reach and housing stress climbs, the need for social housing is increasing across diverse sections of the community. More social housing will also benefit those who don't qualify for it as they face less competition for rentals and prices become more affordable.

Access to public housing is my only option for secure housing.

Without significant action, many Australians will continue to be left to the mercy of the private rental market as they endure severe rental stress and insecurity. Taking on the shortfall will require significant planning and long term investment, and must be considered in the context of any policy response to the wider rental crisis.

Recommendation 1

Urgently begin a program to end Australia's social housing shortfall by funding and building at least 25,000 homes each year.

X [Rental Affordability Snapshot. National Report 2023, Fourteenth Edition](#) (2023) Anglicare Australia

XI [Social Housing in Australia: Evolution, Legacy and Contemporary Policy Debates](#) (2019) *Housing Policy in Australia*

2. Insecure rental arrangements

In recent decades, renting has gone from being a largely temporary form of housing to a more permanent one. Record numbers of Australians will now rent for life, and that number is growing. Despite these changes, laws and regulations across the country continue to treat renting as temporary, failing to reflect the fact that many people will now spend their entire working lives and their retirement in the private rental market.

The stress and insecurity felt by renters across the country is palpable, with many expressing a high degree of anxiety about the precarity of their situation:

Renting has provided no long term security, I never feel like I'm at home because landlords and state law treat me as a guest on their property... I want stability but all I've had is price rises and abusive landlords that break the law with no repercussions. There is zero clarity for where I'll live in twelve months let alone past that.

Unbridled rent increases coupled with fear of eviction means it is near impossible for renters to build a home where they feel secure or confidently plan for the future:

We are currently coming to a point where we will be notified of a rental increase... that is too much for us to take on, or the landlord decides to remove us in order to place the rent up even higher. We also feel like we can't ask for things to be fixed in the house out of fear we are being difficult - we had been told the landlord believes we "ask for too much." The things we have asked for included replacing an unsafe and rotting back deck, removing mould, fixing water leaks, fixing a blocked drain.

The constant churn of short-term leases, the widespread legality of no-cause evictions across the country, and the scarcity of affordable homes have combined to create fierce competition for rentals. This is forcing people into accepting properties that fail to meet basic standards. It also leaves them vulnerable to unscrupulous behaviour by landlords.

I worry about whether I should request for non-urgent repairs as I am concerned there could be unethical retaliation through increasing our rent higher or worse finding reasons to evict. I worry about not having these repairs done as they will impact on the liveability of my home. If I do need to move, I'm worried about not being able to find somewhere else nearby that I can afford, and having to move away which will strain or sever my access to education, work and community.

As more Australians are set to become lifelong renters, it is important to ensure protections so that everyone can obtain and maintain tenancies in the private rental market. Setting the balance in the market is critical to building a system that is stable, and affordable. Renters should be entitled to stronger protections, more security, and more choice.

Depending on which State or Territory they live in, renters are afforded very different levels and types of protections. In some states, renters can be evicted for no reason at all, are disempowered in disputes with landlords, and vulnerable to poor housing conditions that make people sick or send energy bills sky-high. The average tenant is paying well over \$2,500 every time they move, placing yet another financial burden on renters, often outside their control.^{XII}

I'm scared we will be kicked out so they can make more money. I'm a single parent and we have moved five times in [the] last few years. I just want stability for my children and I to buy but feel hopeless that will happen ever.

People cannot create a home if they can be evicted with little notice and no cause, if they can't ask for repairs, and if they don't have the flexibility to deal with changing life circumstances. They are also unlikely to be able to retrofit their homes and age in place as they get older. Even small changes are difficult to plan for if tenants are constantly worrying about the possibility of a rent increase.

[I am] terrified I won't be able to rent anymore if the prices keep going up. I'm in tears right now because I have to move due to the owner moving back in... I feel alone in all of this.

XII [Vulnerable tenancies a growing issue despite COVID recovery](#) (2022) Tenants Union of NSW

There are almost no limits on rent increases in most parts of the country, making it difficult for people to plan for their future or maintain an affordable tenancy. People from all walks of life expressed high levels of anxiety about the spiralling cost of renting and the uncertainty it brings, with 66 percent of survey respondents telling us the housing crisis was negatively impacting on their mental health:

I'm constantly thinking about how much my landlord will decide to increase my rent. If he decides to increase that rate, I won't be able to afford the home, so I don't know what I'll do. Given how little rentals are available, this thought plagues me.

I worry not only for myself and my family but also the thousands of others even worse off. I am a full time carer for my husband and have two daughters as NDIS participants. I am currently unable to support them as well as I would like as my own needs cannot be met. Almost 60 years old and living in a garage surrounded by boxes of my possessions. My mental and physical health is suffering and so is the mental health of my family.

People also told us about delaying major life events, being forced to return to living with their parents and being dislocated from their communities:

I am delaying having children as I do not know how financially stable we will be over the next few years.

I am 30 years old and I cannot afford to live out of home anymore. I had to move home because rent is unaffordable.

I live in a sharehouse with three others and my landlord can legally raise the rent again next month. If the increase is more than \$200 per week I won't be able to afford to live in my community anymore. I don't want to be forced to live on the outskirts of the city where I don't know anyone.

The impact of protracted anxiety, insecurity and uncertainty is far-reaching and will have long term consequences in people's lives.

Protections and limits to rent increases should be enacted across Australia to protect the rights of renters, by ending no-cause evictions and restricting unjustified or punitive rent increases. These protections should be actively enforced and lease conditions should be actively monitored, rather than putting the onus on tenants to take action against their landlord. At the time of this report's publication, Federal, State, and Territory housing ministers are preparing to meet to discuss protections for renters. This offers the Federal Government an opportunity to drive and lead a process of reform.

Finally, these protections must also include minimum rental standards to ensure that every renter is guaranteed a healthy home. Renters should be guaranteed a minimum standard of liveability that prevents them from overspending on energy, and prompt action on essential repairs. Australians deserve not just accessible and affordable homes, but healthy homes too.

Recommendation 2

Coordinate a process of rental reform. As part of this process, each State and Territory should be asked to commit to four principles:

- Limits to unfair rent increases;
- An end to no cause evictions;
- Minimum standards for rental homes; and
- Independent enforcement of rental rules and regulations.

3. Unfair tax-handouts

**Housing is now a privilege
for fewer and fewer people.**

This description of the state of housing in Australia, offered by one community survey respondent, should prompt reflection on the inequality driven by Australia's housing system. Housing costs have been rising much faster than incomes for decades. This has been fuelled by the commodification of housing, which in turn has been shaped by tax concessions that encourage speculative investment and disadvantage first homebuyers. In addition to driving up rents and house prices, these tax concessions cost billions each year, resources that would be much better spent directly delivering more affordable rental housing.

Among respondents to our community survey, there was palpable anger about these arrangements. Many people highlighted the unfairness of the arrangements, especially for young people who are inheriting a broken system:

I get really angry. This housing crisis has been engineered by politicians with investment properties and politicians scared to upset investors... The current Federal Government has the biggest policy levers and they fail to act.

Housing is a way to get rich with huge incentives paid by the taxpayer, negative gearing, capital gains discounts.

Negative gearing and other investor tax concessions...have turned people renting into nothing more than commodities.

The role of these arrangements in inflating housing costs, coupled with their cost to the budget, drive much of this anger. In 2022-23, the Australian Government effectively gave away just under \$130 billion in various tax concessions. This included \$40 billion on capital gains tax concessions. Nearly 60 percent of the benefit of those concessions went to the top twenty percent of income earners, while only three percent went to the bottom twenty percent. Data from the Parliamentary Budget Office suggests that tax concessions claimed by landlords was around \$10 billion in 2019-20. As a result of these concessions which incentivise investment and underwrite the losses of landlords, the rental market is now geared towards encouraging private investors being able to make profit, rather than towards providing secure and affordable homes to Australians.

Good education and hard work are no more sufficient to have a decent life, to meet basic needs such as shelter, food, water and clothing. As long as the policies are tilted towards speeding up of wealth accumulation, there is no hope of a decent life.

It is now well-known that these tax and policy settings have driven up rents and locked a generation of Australians out of home ownership. What is less well understood is that this has meant that federal spending on housing is largely directed at measures that make affordability worse, not better. At the same time, many billions of dollars in revenue have been starved from directly supplying social and affordable housing. A government that is serious about housing affordability would end this nonsensical approach.

The gap between rich and poor is widening and there are no plans to guarantee young people to have the security of somewhere to live.

Everybody's Home calls for a phasing in a regime of tax reform. As part of these reforms, the capital gains tax discount would be incrementally reduced over the next ten years. This incremental approach would guard against concerns about the impact of the reform on housing markets. Negative gearing should also be limited, or used target investment in social and affordable housing. The current negative gearing arrangements should be phased out over the coming decade.

These tax reforms should be accompanied by a reset of the policy settings which provide inequitable benefits to those with existing wealth and assets. There are several options for review and reform which could raise revenue and promote equality. For example incentives to downsize, introduced in the 2017 Federal Budget, could be abolished. In practice

these simply deliver a tax break for high income earners with high marginal tax rates earning income from property sales.

The revenue savings from these changes should be invested in measures that directly improve rental affordability. Phasing out negative gearing and capital gains tax exemptions would provide significant and immediate funds for homes for people on low incomes who are struggling to survive in the private rental market or are homeless. It would also reduce house price inflation, encourage investment in new builds to add to the affordable housing supply, and reduce price pressure in the rental market.^{xiii}

Recommendation 3

Incrementally reduce the capital gains tax discount over the next ten years, and limit negative gearing concessions to target new homes or social housing over the same period. This incremental approach will prevent sudden shocks to the housing market, while promoting affordability over time.

xiii [Pathways to housing tax reform](#) (2018) *Australian Housing and Urban Research Institute*

4. Inadequate income support

Poverty and housing are inextricably linked because housing is the largest fixed cost for most Australian households. As we face a housing market that has never been less affordable or more volatile, Australians are spending record amounts on housing, impacting financial security and driving hardship across the nation.

Over one million Australians currently live on JobSeeker or Youth Allowance.^{XIV} This does not include other working age payments, such as the Parenting Payment or the Disability Support Pension. Many are likely to be renting, yet modest increases to the rates of these haven't made a dent in affordability. The weekly rate of JobSeeker is barely above half of the Henderson poverty line.^{XV} With so many Australians living on income support, the pace and size of rent increases are far outstripping these payments and pushing more Australians into poverty and housing stress.

I worry that the rent will increase further. It's gone up by \$30 per week and I won't be able to pay and where would I go if I couldn't afford an apartment any more. I worry that the rent will take up the whole of my JobSeeker payment and I'd be left with nothing to live on.

In the decades since the JobSeeker payment was developed, then called Newstart, rents in capital cities have almost tripled.^{XVI} Income support

payments and Commonwealth Rent Assistance are both linked to general CPI rather than to housing costs, and have failed to keep up. It's important to remember that essential living costs like food, education, health, transport, petrol, and electricity have also been rising since the early nineties, outstripping CPI.

I worry that eventually I won't be able to make my rent payments and that myself, my husband, and my mother will be evicted. I'm on a full carers pension and they're both on disability. Rent assistance isn't nearly enough, we never have enough food for groceries, and we're thousands of dollars behind in bills.

Finally, it is clear that Commonwealth Rent Assistance payments are leaving behind the people who need them most. Only one in four people on working age payments, such as JobSeeker and the Disability Support Pension, are eligible for help.^{XVII} The payment is also poorly structured for people on low payments, such as Youth Allowance, and those who are sharehousing or in informal housing arrangements. The payment needs to be reformed to ensure it helps those who need it most.

It's time to end the poverty trap once and for all. The Government must raise the rate of payments above the poverty line and reform Commonwealth Rent Assistance. If it doesn't, renters on the lowest incomes will be pushed deeper into housing stress and homelessness.

Recommendation 4

Ensure renters on the lowest incomes can count on decent incomes, by:

- raising the rate of working age payments to the poverty line
- indexing Commonwealth Assistance Rent to rents, rather than CPI
- reform Commonwealth Rent Assistance so that it provides support to those who need it most.

XIV [JobSeeker Payment and Youth Allowance recipients: Monthly profile, May \(2023\) Australian Government](#). This includes 820,965 people on the JobSeeker payment and 229,665 on Youth Allowance.

XV [Poverty in Australia 2022: A snapshot \(2022\) Australian Council of Social Service and UNSW Sydney](#)

XVI Op cit: SQM Research.

XVII [DSS Demographics, March 2023 \(2023\) Department of Social Services](#)

Conclusion

Australia's housing system is broken. In order to fix this, we need to take a holistic rather than piecemeal policy response. Rather than buck-passing, Australians overwhelmingly want their governments to step up. They want affordable and social housing for people who need it. They want renting to be treated and regulated as though it is a tenure that people will live in for life, because for many, it will be. They want homes and the people who live in them to be prioritised over the interests of investors. And they want a fair social security system in place for the people who need it. Or as one of our survey respondents aptly put it:

*We need investment in public housing.
We need to increase welfare payments.
We need to end negative gearing, capital gains discounts and make the tax system more progressive.*

We can achieve this by putting people back at the centre of housing and lifting our gaze beyond the next year or election cycle to deliver the multi-decade policy response this crisis requires.