



**EXPLORING OPTIONS TO MAKE PRIVATE RENTAL ASSISTANCE FAIRER
AND MORE SUSTAINABLE
CHALLENGES FACED BY LOW INCOME SOUTH AUSTRALIANS IN THE
PRIVATE RENTAL MARKET**

**Prepared by
COTA SA**

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COTA SA is an organization run by for and with older South Australians to advance their rights, needs and aspirations.

COTA SA has around 12,000 individual members and 250 seniors' organisations with a combined membership of more than 60,000. Our associate members include aged care providers, local government bodies, health units, and other service and educational institutions.

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INTRODUCTION

COTA SA appreciates the opportunity to provide this submission to the Housing SA exploration into options for making private rental assistance fairer and more sustainable.

Historically in Australia renting has been thought of as the initial step towards purchasing your own home. As housing affordability becomes increasingly out of reach and rental affordability likewise, people over 50 who rely on the age pension or Newstart find that what the private rental market offers them is a path towards ill health and homelessness. For many older women in particular, private rental may well be a later life experience brought about by separation or the sale of a home of low value; their inexperience in the rental market is another layer of vulnerability for them.

The COTA SA state budget submission recommends:

The SA Government commission a review of housing available to older people and particularly for older people likely to be experiencing housing stress. It is recommended that part of this review includes consideration of initiatives that will assist older people to achieve housing that is affordable, accessible and that enables continuing engagement and contribution to their communities.

The issues for older people in private rental include –

- Security of tenure (strongly linked to risk of homelessness)
- Living on a limited fixed income (age pension; Newstart) – especially for single people.
- Diminishing resources – physical, familial, social and financial – to manage critical life events and frequent moves required by insecure tenure
- Affordability of private rental options
- Design and physical layout of private rental – usually not designed to facilitate ageing in place
- Emerging precarious models of residency which are attractive because they are affordable but have little legislative framework to safeguard tenant rights – eg. residential parks.
- Having to move to cheaper rental options located away from family, social networks and social supports.
- Limited or no resources to meet critical life events which impact on ability to pay rent
- A home that cannot support, for example, delivery of care or the physical restrictions that can come with age.
- Landlords and/or real estate agents who do not comply with the terms of the Residential Tenancies Act in providing a safe and adequate living environment and ignore requests for the work to be done.
- The high level of discretion given to landlords and their agents around return of the bond.
- Anxiety for the older renter that if they ask for work to be done or modifications to be made to their rental they will be pushed out at the earliest opportunity.
- Age discrimination within the rental market
- Some community agency housing options are only tailored to people over 60 years of age; people who in their fifties and living on Newstart cannot apply.
- Rural areas couple lack of suitable private rental options with lack of support services for people at risk of becoming homeless.

- Risks in the process of consolidation of the Commonwealth Assistance for Care and Housing for the Aged (ACHA) into the Commonwealth Home Support Program (along with other services including Home and Community Care services and day therapy centres)

In an environment of increased rental demand and static supply (especially at the affordable end) COTA SA, along with many other welfare organisations, can see a looming housing crisis for many older South Australians. Private rental is an insecure place to live in older life without resources; from the tenant perspective it is an under regulated environment increasingly unsuited to facilitating ageing well.

That is not to say that long term, or life-long, renting needs to be a problem. In Europe it is not unusual to be a long term renter. However, in Europe long term rental is supported by significant safeguards for renters around secure tenancy and rent control.

Rental Stress and Commonwealth Rent Assistance

Rental stress as reported in the Senate Inquiry into affordable housing in 2015 is broadly accepted to arise in a situation where a household's housing costs (excluding government rent assistance) exceeds 30% of gross household income. The Commonwealth Government's February 2015 report "a new system for employment and social outcomes" admits that "without increases to housing supply and improvements in housing affordability, Commonwealth Rent Assistance can only play catch up. Housing markets have failed to deliver sufficient affordable housing ... (which) puts further pressure on the affordable rental accommodation that is available."

Rental stress of course is not only financial; the stress factors for older people on limited incomes who live in private rental are diverse and multi-faceted. And the more affordable the rental the less likely it is to be appropriately designed or in a location which gives access to good transport and services.

1. KEY CHALLENGES IN THE SA PRIVATE RENTAL MARKET

1.1 Access to private rental tenancies

Access to public and private rental housing continues to be an important option for many older South Australians. It is estimated that the number of Australians over 65 years in rental households will grow from 232,600 people in 2008 to well over 500,000 in 2028. However, a 50% decline in public housing stock since the 1990s, and changes in priority away from older people to other increasingly vulnerable groups, means older people on fixed incomes are even more reliant on the private rental market.

This means they rely on a market that has been driven in recent times by high demand and falling vacancies. The Real Estate Industry SA reported in late 2015 that Adelaide had a 3% vacancy rate (and falling). The price pressures in a high demand market mean that private rental increasingly does not fit the description of “affordable”.

Affordability is the key challenge to accessing private rental for people who rely on the age pension or Newstart as their principal source of income.

The statistics around affordable private rental in South Australia continue to be alarming. The latest (April 2015) Anglicare Rental Affordability snapshot shows a crisis situation for people living on low incomes across the Adelaide and greater South Australian region. Anglicare’s examination of all properties listed on www.realestate.com.au for rent in Adelaide on a particular weekend in April 2015 showed only 2% were accessible to people reliant on the age pension for their income (including any Commonwealth Rent assistance they may be eligible for); for those on Newstart it drops to less than 1%.

The Domain Group rental report from December 2015 noted a rise in Adelaide median house rents to \$355 per week. Median rental unit price remained at \$290 per week. On the back of very low vacancy rates, Domain Group predicted that more rent increases were likely.

The cost of securing rental is also reflected in bond payments. Legally potential tenants can be asked for two weeks’ rent although in a market where demand outstrips supply we hear reports of people being asked for double that amount.

Unsurprisingly, the rate of households experiencing rental stress is on the increase and older people are forced to look for other options, including residential parks.

Residential Parks

Park residents own their homes (deemed transportable) and they lease the land on which these are built. At any time, the land can be sold out from under them. Unsurprisingly security of tenure is their principal concern but other issues include poor transport services, high site rents, an absence of legal protection for tenants, overdue repairs and maintenance, lack of conflict resolution mechanisms, difficulties with physical accessibility and limited management accountability.

1.2 Maintaining private rental tenancies

Once a tenancy has been secured, the next challenge is to maintain a tenancy. Tenants in the private rental market have very little security of tenure. So while we are seeing an increasing number of people who are long term renters in the private market, they have little protection from owners who buy and sell properties to achieve capital gains and only have to give 60 days' notice to their tenants. In South Australia, they also have little protection from rent increases which can legally reflect the overheated market rather than be linked to a more reasonable measure such as CPI.

Older people tell us that insecure tenancy means they are loath to ask for what would appear to be minimum standards of safety and security in the homes they rent. They do not want to be perceived as "troublesome" and feel threatened by the potential for non-renewal of lease or notice to vacate.

Current tenancy practice and laws, coupled with the high demand for affordable rentals, leave older people vulnerable (Senate Inquiry). The COTA SA position is that renters need the opportunity to become homemakers; this only comes via secure tenancy over a long period. Where there is a link between insecure tenancy and poverty the risk of becoming homeless is exacerbated.

People who live in residential parks where they own the house and rent the land it sits on can benefit from much longer term leases (some as long as 20 years with the option for renewal) but can also be subject to a notice to vacate - which means moving both themselves and their house - with only 90 days' notice.

Older people will typically pay their bills as a first priority – over food, lighting and heating – which makes them good tenants but also means they will sacrifice their good health and well-being to secure a roof over their head. Affordable housing, security of tenure and an environment which encourages healthy lifestyles should not be mutually exclusive.

1.3 Exiting Private Rental Tenancies

Compulsory exiting of a private rental can be traumatic for anyone, and older people have particular vulnerabilities in their reliance on social and health networks as they age to maintain their well-being. For those whose first experience of the rental market is in older age, knowledge about their rights – particularly in relation to bond claims – and how they can protect themselves is a significant lack.

For people with limited resources, the cost of frequent moves is a burden which can contribute to a "critical life event"; that is it can change their circumstances – whether financial or health - from being sustainable to being unsustainable. Premature moves into aged care can be the result, as can homelessness. When aged care becomes the residence of last resort for older people who can no longer afford to live in the private rental market, residential aged care places become scarce for their true demographic, that is people whose health and care requirements mean they need to live in an assisted environment. A backlog forms, commonly with people waiting in hospitals for extended periods (care awaiting placement) for a vacancy.

2. CHANGES WHICH COULD ADDRESS THE CHALLENGES

We note that the Commonwealth is calling for submissions via the Affordable Housing Working group about improving the supply of affordable housing – both social housing and private rental - through the introduction of “innovative, transformative and implementable financing models”. COTA will make a submission based on changes to negative gearing and the Capital Gains Tax (CGT) discount. It is clear that the Commonwealth is looking to change its role in housing.

2.1 Accessing private rental tenancies

For someone to be able to access affordable housing they must first have the resources to pay the bond and demonstrate capacity to pay the rent. Older people have told us they rely heavily on Commonwealth Rent Assistance, often supplemented by their own diminishing financial resources, to afford places in the private rental market.

COTA SA recommends:

- Bond assistance for low and moderate income private rental tenants be maintained.
- Rent assistance be increased to a threshold level to prevent housing stress.
- A specialist housing assistance program for older people be created (for example, attached to COTA SA) to promote timely access, support with decision making, financial and practical advice about private rental and other housing options.
- Information about private rental be linked to other assistance points for older people recognising that they may be first time renters in older age and are unused to seeking assistance as well as being unaware of their rights.
- An advocacy service be established for older people who experience discrimination in the private rental market.
- Work with community housing operators to extend opportunities for support to people over 50 experiencing housing stress.

COTA SA supports the Australian Housing and Urban Research Institute (AHURI) recommendation that secure pathways into community or public housing must be established for tenants who are vulnerable.

2.2 Maintaining private rental tenancies

The Senate Committee inquiry into affordable housing (2015) urged States and Territories to “carefully consider their tenancy laws with a view to putting in place a framework underpinned by the aspirational goal of creating longer, safer and secure tenancies with reasonable rent rises.”

Maintenance of a private rental situation depends on being able to meet rent commitments. For an older person who experiences a critical life event which means they are not able to meet their rent commitments in the short term, the prospects are bleak.

Ageing in place when you are renting a property which is not maintained to an adequate living standard by the owner or not adaptable to your changing needs as you age becomes impossible.

COTA SA recommends:

- Incentives for owners to provide longer leases on rental properties (potentially linked to access to negative gearing).
- Private rental tenants be given access to interest free loans for temporary rent arrears.
- Better enforcement of the Residential Tenancies Act around minimum standards for rental dwellings – perhaps via an independent inspection program.
- Limits to allowable levels of annual rent increase.
- Tax incentives for landlords who provide housing or modifications that reflect accessible housing guidelines and make dwellings suitable for older people to age in place.
- Investigation into ways in which private renters can be stabilized within their home and their community.
- Extra transitional rent subsidies and practical short term support for people undergoing a critical life event (short term support at the point of crisis).

In terms of residential parks, the COTA SA state budget submission recommends:

That the SA Government proceed as a matter of urgency with its proposed review of the Residential Parks Act 2007, and that the review includes a wide consultation process, including COTA SA and SA Residential Parks Residents Association

2.3 Exiting private rental tenancies

Moving house is expensive, exhausting and stressful for anyone. For older people it can be life changing, but not in a good way. Short term leases mean that in theory a private renter may have to move every year and even more frequently. The Residential Tenancies Act gives little protection to tenants from no cause eviction.

Not only is there the financial burden of having to move – especially if you are older and not physically able to do some of the work yourself – but we hear that some agents and landlords are loath to return bond payments. We feel this is an under reported area of disadvantage for older people and especially inexperienced renters.

COTA SA notes that the SA Residential Tenancies Tribunal is now defunct with its duties taken over by the South Australian Civil and Administrative tribunal which has a much broader remit.

COTA SA recommends:

- Close monitoring of the performance of the new tribunal to ensure it is meeting the needs of disempowered older renters.
- Education program for tenants in relation to bond claims.
- Early intervention strategies for tenants at risk of no cause eviction or temporarily not able to pay their rent.
- Funding for a program of volunteers to assist older people on low incomes in the moving house process (possibly operated via COTA SA).
- Government contribution towards moving costs via no interest loans.

3. OTHER STRATEGIES WHICH HAVE BEEN SUCCESSFUL IN ASSISTING PEOPLE IN THE PRIVATE RENTAL MARKET

COTA SA considers:

- The housing SA private rental assistance must be maintained as a critical support for people living on low incomes.
- The Commonwealth should be lobbied to reinstate the National Rental Affordability Scheme (abolished May 2014).
- The Commonwealth Federalism Review not negatively impact CRA and that it be maintained at least at its current level.

4. GENERAL SUGGESTIONS FOR MAKING PRIVATE RENTAL ASSISTANCE FAIRER AND MORE SUSTAINABLE IN SOUTH AUSTRALIA

Assistance for older people in the private rental market does not only have to be financial but it must be recognised that there is a high personal and financial cost to insecure tenancy. The terms of the Residential Tenancies Act present significant challenges for older renters. Time spent as a renter is no longer a transitory phenomenon and the percentage of people entering older age without their own home who rely on the age pension or Newstart is only going to increase.

COTA SA supports the recommendations of the Housing for the Aged Action Group in Victoria and would like to see the SA Government:

- Address problems for private renters within the Residential Tenancies Act around lease terms by prescribing minimum terms of 10 years for tenancy agreements and extend the amount of notice required for eviction up to six months where a tenant has not breached any agreement.
- Invest in upstream help for residents at risk with the aim of reducing the need for the Ombudsman or complaints processes and preventing homelessness
- Work with the University of Adelaide and the Housing for the Aged Action group via their Wicking Project Grant to look at options for supporting older people in housing stress and crisis
- Provide incentives for landlords to make housing adaptable and therefore suitable for people as they age and energy efficient (as per liveable housing guidelines).

CONCLUSION

The most critical housing issues for older people are –

- Affordability
- Security of tenure
- Physical accessibility and adaptability; and
- Proximity to family and community and to transport and services.

Each of these issues tends to be severely compromised for older people in private rental. We anticipate the numbers of older people in private rental will increase dramatically in the immediate future both because a sizeable number will come to older age with few financial reserves and low levels of home ownership and because alternatives such as public and social housing are likely to be in short supply. We welcome the 90 day project for current and future generations of older people who will benefit from comprehensive measures to address rental affordability as a key pillar of their continued well-being.

The Benevolent Society Index of Wellbeing for Older Australians points out:

“Older renters on a low income are some of the most vulnerable in our community as a high percentage of their income goes on housing costs. This leaves little to cover other essentials like food, health, transport and energy costs and/or it means they are forced to move to areas with lower amenity and poorer access to services.”

Targeted rental assistance in combination with a specialist support service that assists older people to secure long term, adaptable and affordable housing will help older people remain independent, healthy and avoid or delay entering residential care.

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