



20 July 2020

Senate Community Affairs References Committee  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Dear Members

### **INQUIRY INTO THE WORSENING RENTAL CRISIS IN AUSTRALIA**

Anglicare WA is pleased to make the following submission to the inquiry into the worsening rental crisis in Australia.

Anglicare WA is a leading not-for-profit organisation in Western Australia that helps people in times of need. We provide support for people struggling with homelessness, domestic violence, grief, mental health and other forms of crisis and trauma. Last year, we helped 70,889 people, delivering 98 services across 83 locations in WA. These services include provision of housing and financial assistance, financial and other counselling, community education and advocacy.

The financial and emotional stress of paying high rent can be exhausting and has a far-reaching impact on all aspects of life, including work, wellbeing and social connection. Through our work, we have seen the transformative power of providing safe, stable and affordable accommodation.

The discussion points and recommendations contained within the submission were collated from across Anglicare WA, incorporating the views and responses of front-line workers, program managers, researchers and our leadership team.

We thank you for the opportunity to share out insights. Please direct any enquires to

Kind regards

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## SUMMARY OF ANGLICARE WA RECOMMENDATIONS

- Significantly increase the level of funding for social and affordable housing. This will require a range of funding mechanisms, including:
  - Adopt and establish the Housing Australia Future Fund in addition to guaranteed annual Commonwealth budget spend.
  - Encourage State-based Housing Future Funds to leverage available Commonwealth funds in addition to a guaranteed State budget allocation.
  - Abandon the proposed Stage 3 Tax Cuts to fund social and affordable housing and/or increases in income support.
- Increase the rate of Commonwealth Rent Assistance and remedy the existing limitations of the Commonwealth Rent Assistance scheme by:
  - Removing the cut-in rate for the payment;
  - Index payments to market rents rather than CPI;
  - Remove requirements for lease agreements.
- Encourage establishment of State based rental assistance schemes to provide emergency rent relief to households experiencing rent or financial distress.
- Consider national rental law consistency to improve the stability and affordability of renting across Australia. Measures to include:
  - Limit rent increases to one increase per year.
  - Limit rent rises by:
    - capping rent rises at CPI
    - requiring the landlord to justify a rent increase above CPI;
    - linking rent increases to average wage increases; or
    - a combination of the above.
  - End no ground evictions - including at the end of a fixed term.
  - Implement minimum energy efficiency standards for all housing and introduce a mechanism for enforcing them.
  - Extend legal protection to boarders and lodgers.
- Increase the rate of JobSeeker and other welfare payments to \$76 a day and link future increases to the Wage Price Index.
- Establish the minimum wage as a living wage that is regularly adjusted to maintain a socially accepted minimum standard of living.
- Permanently increasing the rate of JobSeeker and other working age income support payments to above the poverty line and indexing them to the Wage Price Index.
- Consider regulation reform for short stay rentals such as AirBNB.

## ANGLICARE WA RESPONSE

### Rising rents and rental affordability

Each year, Anglicare WA conducts the [Rental Affordability Snapshot](#)<sup>1</sup> to develop a better understanding of how the rental market is changing and the implications for Western Australians living on low incomes.

The statistics emerging from the Snapshot are sobering (see Fig.1).

This year's Snapshot is based on 2,912 available private rentals in WA on 17/18 March 2023<sup>1</sup>. It shows that there were 545 fewer properties this year, than were available at the same time in 2022, even though this year's Snapshot included two additional regions. This represents a 16% decline.

The last 12 months also saw significant increases in median rents across Western Australia. For example, median rents moved:

- From \$480 to \$560 in the Perth metro area (+17%)
- From \$420 to \$520 in the South West and Great Southern (+24%)
- From \$600 to \$750 in the North West (+25%)

		WA		Perth Metro		South West Great Sth		North West		Mid West Gascoyne		Wheatbelt Goldfields	
Household Type	Payment Type	#	%	#	%	#	%	#	%	#	%	#	%
Couple, two children	JobSeeker (both adults)	6	0%	1	0%	1	0%	0	0%	1	2%	3	3%
Single, two children	Parenting Payment Single	2	0%	1	0%	1	0%	0	0%	0	0%	1	1%
Couple, no children	Age Pension	19	1%	7	0%	2	1%	1	1%	5	11%	4	4%
Single, one child	Parenting Payment Single	4	0%	0	0%	0	0%	0	0%	2	4%	2	2%
Single, one child	JobSeeker	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Single	Age Pension	1	0%	0	0%	1	0%	0	0%	0	0%	1	1%
Single aged over 21	Disability Support Pension	0	0%	0	0%	1	0%	0	0%	0	0%	0	0%
Single	JobSeeker	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Single aged over 18	Youth Allowance	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Single in share house	Youth Allowance	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Couple, two children	Minimum Wage + FTB A	428	15%	294	12%	68	33%	12	6%	16	34%	38	37%
Single, two children	Minimum Wage + FTB A & B	21	1%	3	0%	4	2%	1	1%	2	4%	11	11%
Single	Minimum Wage	5	0%	5	0%	0	0%	2	0%	0	0%	2	2%
Couple, two children	Min. Wage + Parenting Payment (partnered) + FTB A&B	77	3%	15	1%	20	10%	5	3%	9	17%	29	28%
TOTAL LISTINGS		2912		2364		205		192		47		104	
MEDIAN		\$560		\$560		\$520		\$750		\$370		\$450	

Figure 1: Affordable and appropriate properties in WA by household type, number and percentage.

<sup>1</sup> Listings are drawn from realestate.com.au

The increased costs significantly limit housing options for low-income households, particularly for people who rely on government benefits and, increasingly, those on the minimum wage. On the date of the Snapshot:

- There were zero properties affordable for people on JobSeeker anywhere in WA – not even a room.
- Only 1% of available properties were affordable for people on other income support payments.
- Only 1% of properties were affordable for a single parent with two children on a minimum wage.
- 3% of properties were affordable for a couple on one minimum wage and Parenting Payment.

*I live by myself in a flat and my rent was recently increased from \$280 to \$320 per week. My lease expires in July and I'm terrified they'll increase it again and I'll either lose my home or have to cut out even more essentials.*

Single, no children, Disability Support Pension, private rental, \$320 pw

## The experience of renters and people seeking rental housing

Amid skyrocketing rents, the search for appropriate, affordable, and stable accommodation can boil down to one word: *struggle*. More and more households are facing this struggle daily.

In the lead up to producing the 2023 Rental Affordability Snapshot, Anglicare WA conducted a survey to collect insights from renters about their housing situation. These accounts indicate that high rental costs are driving many low-income households to live in overcrowded, unsuitable, or inadequately maintained accommodation. Some people report spending more than 50% of their income on rent or being forced into living far away from their schools, employment, and support networks. This greatly adds to transport costs and contributes to both financial and mental stress.

*I struggle to pay rent while also paying for other things I need to help set me up in the future. Almost no rentals, that I can catch public transport to uni from, are affordable, and even those that are affordable are extremely competitive... I am worried about where I will live once my lease ends soon.*

Single, no children, Youth Allowance, community housing, \$196 pw

*No meds, no haircuts, no extra food just basics, no going out unless free venue & parking plus bring own food... School supplies, uniforms, work clothes, petrol...its so hard...waiting for rents to increase & petrified of our electricity bill...it's too hard to be this scared all the time, just too hard.*

Grandmother living with daughter and grandson, Jobseeker, Family Tax Benefit A and B, Min wage/low income, private rental, \$350 pw

*I am 80 years old this year and reside with my adult daughter in community housing. I have two small dogs and have been told by my daughter that the Department of Housing does not want me residing there with them. She gets angry at me a lot and sometimes hits my dogs. The unit is very small, and we don't have much space to ourselves. I would like to get my own place for me and the dogs.*

Single and residing with adult daughter, Age Pension, Staying with family, \$200 pw

Our work supporting households experiencing disadvantage, through a diverse range of services, tells us that the rising rental costs mean that thousands of households regularly make decisions between paying rent, paying other bills – or paying for food.

The rising costs of rents are pricing many people out of their own place to live. Those who can no longer afford a private rental find themselves seeking other options – including share housing, couch surfing, living in cars, and waiting an average of 113.5 weeks, alongside 19,195 other households, for social housing<sup>ii</sup>.

Emergency housing is also limited – at present, 2 out of 3 requests for accommodation via homelessness services go unmet<sup>iii</sup>. Whilst this is difficult for anyone caught in such a situation, of particular concern are the fates of victim survivors of family and domestic violence, who make up 42% of people who seek homelessness services<sup>iv</sup>. Given the lack of affordable housing, this distressing statistic suggests thousands of vulnerable Australians have no choice but to stay put where they are and are forced to continue living with their abuser.

### **Actions that can be taken by governments to reduce rents**

Governments used to invest strongly in social housing to meet need, but over the past three decades housing stock has not kept up with population growth. Demand for affordable housing now far outweighs supply. In WA alone, there is an unmet need for 39,200 social and 19,300 affordable homes<sup>v</sup>, while a recent analysis by SGS Economics and Planning<sup>vi</sup> estimates that Australia will need an additional 500,000 such homes to meet growing population needs by 2026.

We strongly support efforts by Federal and State Governments to increase the supply of social and affordable housing, especially mechanisms that will provide a steady pipeline of social and affordable homes. Federally, this includes the:

- National Housing Accord 2022.
- proposed Housing Australia Future Fund.
- \$2 billion Social Housing Fund Accelerator payment<sup>vii</sup>.

We strongly support the Federal government's continued investment in social and affordable housing as a guaranteed expenditure.

Supplementing the government's policy to fund development of public housing, the Commonwealth Rent Assistance payment (CRA) was introduced as a means of assisting low-income households who were left with no option but to rent in the private market. However, this payment is not currently fit for purpose.

CRA rent thresholds and payments are adjusted biannually against changes in general inflation. This indexation does not accurately reflect the average (and soaring) private rental costs and is leaving tenants with increasingly larger gaps to pay. There are also inequities in access to the payment. The CRA is inadequate for people living in share housing, as they are often unable to meet the requirements around lease agreements, and the payment cut-in criteria disadvantages those on lowest incomes, since they have to spend a much larger proportion of their income on rent before they become eligible for the assistance. As a consequence of these issues, only one in three people on the JobSeeker payment is eligible for the payment, and only one in four income support recipients get the payment overall.<sup>viii</sup>

Both the increase funding for social and affordable housing together with increasing the CRA could be funded by the retention of an estimated \$254 billion in revenue by abandoning the proposed Stage 3 Tax Cuts<sup>ix</sup>.

### **Recommendations**

- **Significantly increase the level of funding for social and affordable housing. This will require a range of funding mechanisms, including:**
  - **Adopt and establish the Housing Australia Future Fund in addition to guaranteed annual Commonwealth budget spend.**
  - **Encourage State-based Housing Future Funds to leverage available Commonwealth funds in addition to a guaranteed State budget allocation.**
  - **Abandon the proposed Stage 3 Tax Cuts to fund social and affordable housing and/or increases in income support.**

- **Increase the rate of Commonwealth Rent Assistance and remedy the existing limitations of the Commonwealth Rent Assistance scheme by:**
  - **Removing the cut-in rate for the payment;**
  - **Index payments to market rents rather than CPI;**
  - **Remove requirements for lease agreements.**
- **Encourage establishment of State based rental assistance schemes to provide emergency rent relief to households experiencing rent or financial distress.**

### **Improvements to renters' rights**

Increasing the availability of stock will naturally drive down the cost of accommodation. However, until this happens, renters need protection from unreasonable rent increases, such as is often happening in Western Australia and several other states.

A recent Make Renting Fair WA Renters Survey <sup>x</sup> shows that over the last 12 months 17% of responders had their rent increased twice or more. The survey also indicates that almost two in 10 (19%) of responders had large rent increases of between \$76 and \$200 a week. Under upcoming proposed reforms in the Western Australia, it is expected that the rent increases would be restricted to once a year. However, while this is a step in the right direction, there is little point limiting rent increases to once a year if there is no limit to the amount that can be increased.

Thanks to the current record low vacancy rates, real estate agents and landlords can easily replace tenants, creating a significant power imbalance and contributing to housing insecurity. Left to their own devices, renters can feel powerless to negotiate rent increases without protection from 'no grounds' eviction. The WA Renters Survey indicates that 41% of renters who did try to negotiate the rent increase were refused; and 41% of renters didn't try to negotiate the rent increase, with the most common reason being the fear of losing their lease and not being able to find another property. Likewise, many renters are too scared to request maintenance, worried that this might either lead to a rent increase (62%) or eviction (40%).

Another issue for tenants is lack of minimum standards. Renters bear the cost of energy and water use without the ability to make changes to key efficiency features such as insulation, window coverings, efficient cooking, heating, and cooling appliances. Renters on low incomes are particularly affected, being unable to choose alternative affordable properties, and they thus bear the higher costs of utility bills.

Lastly, consideration must be given to issues surrounding boarders and lodgers, who often live in the most precarious housing but don't have the same basic rights and protections in legislation as any other tenant would have. In WA, boarders, lodgers, and their landlords currently rely on common law rights and remedies, and outdated public health legislation. Imperfections in this system result in lack of minimum room standards, no formal requirements with respect to privacy, disputes over house rules and little regulation around bonds.

Government intervention to bring about national standards around tenancy agreements is essential to establish a more level playing field for renters.

### **Recommendations**

- **Consider national rental law consistency to improve the stability and affordability of renting across Australia. Measures to include:**
  - **Limit rent increases to one increase per year.**
  - **Limit rent rises by:**
    - **capping rent rises at CPI**
    - **requiring the landlord to justify a rent increase above CPI;**
    - **linking rent increases to average wage increases; or**
    - **a combination of the above.**
  - **End no ground evictions - including at the end of a fixed term.**
  - **Implement minimum energy efficiency standards for all housing and introduce a mechanism for enforcing them.**
  - **Extend legal protection to boarders and lodgers.**

### **Factors impacting supply and demand of affordable rentals**

The lack of social and affordable housing supply is due to long term neglect and a lack of investment in a system to house those most vulnerable in our community. This long-term neglect of social and affordable housing infrastructure has led to market failure, where rents continue to escalate pushing more people into homelessness.

The private rental market has been supplementing the underinvestment in social housing for decades; however, the private rental market is not geared or structured to provide social housing. As such, people on low incomes or income support are forced to compete for private rental housing and are often priced out of the market. This market has rarely been affordable, regardless of supply.



The single biggest policy that could ensure people have access to decent housing would be to increase income support and ensure everyone has access to adequate income. The reality is that many Australians struggle to achieve a living wage<sup>2</sup> that would allow them to access stable and appropriate accommodation as well as other requirements of quality life, such as sufficient food, education, and healthcare.

The latest [wages price index](#) shows that wages in between March 2022 and March 2023 rose just 3.7%, well below the 7.0% [increase in inflation](#). The combination of high inflation with stagnant wages, combined with drying up of full-time low skill, entry level jobs and a trend toward casual or short contract work<sup>xi</sup>, means that more working people are forced into making choices between food, bills and rent. Anglicare WA operates the Emergency Relief and Food Access Service (ERFAS), as part of the Financial Wellbeing Collective. ERFAS data shows that between June 2022 and June 2023, there has been a 72% increase in callers who were employed.

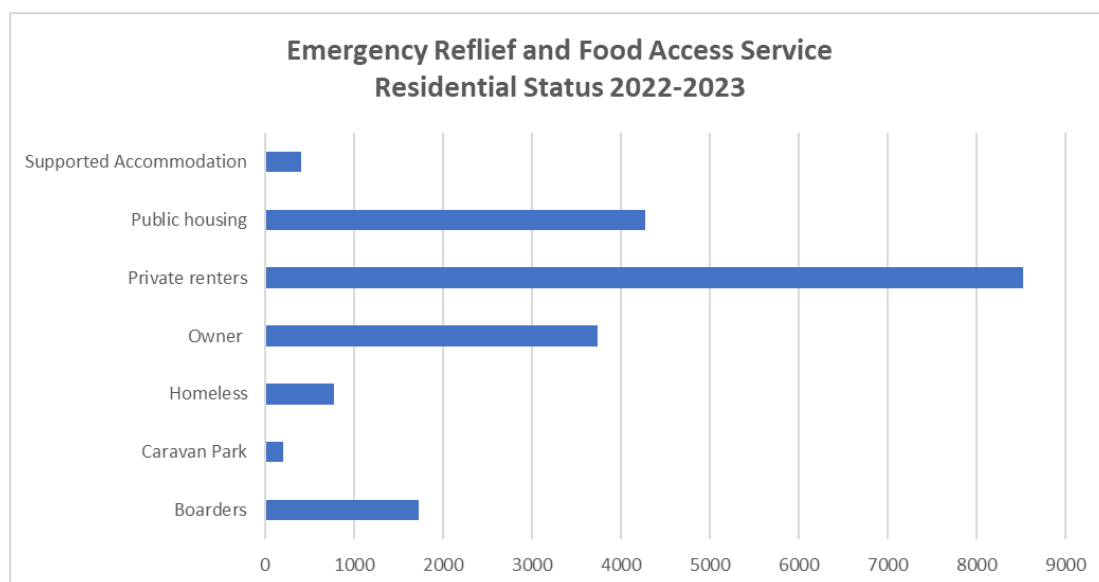


Figure. 2 Data from the Emergency Relief and Food Access Service shows that 43% of people accessing the service live in a private rental.

Likewise, income support payments, ostensibly intended as a means to give people a hand up in times of need, sit well below the poverty line. A number of reports (such as the 2022 ACOSS [How JobSeeker and other income support payments are falling behind the cost of living<sup>xii</sup>](#)) indicate that social payments are not appropriately indexed and in fact push recipients deeper and deeper into poverty. Last year's

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<sup>2</sup> A living wage is a wage that allows for a socially acceptable quality of life. It is different to a minimum wage, which is set independently from any measure of living standards, is slow to respond to changing economic conditions, and which doesn't take into account the differences in family responsibilities or individual needs.

[WACOSS 2022 Cost of Living Report](#)<sup>xiii</sup> shows that a single parent family has just \$9.15 left in their budget after meeting their basic living costs, while an unemployed person is **\$13.24 short** of being able to meet even those basic needs.

Global supply chain issues and skill shortages that are slowing progress on new builds, succession of interest rate rises that put home ownership out of reach for many Australians, and increased migration are just some other factors that are contributing to increased demand for limited supply of affordable rental accommodation.

Another reason for the reduced supply is that we have seen many investors sell their rental properties to profit from record high property prices. There is also a trend in landlords choosing the highly profitable holiday rentals, leaving less stock available for stable, long term housing. As of July this year, there are currently 11,507 Airbnb listings in WA alone (up from 9,697 in January 2022)<sup>xiv</sup>. The surge in short term, holiday lets may be another opportunity for reform to return properties to the private, long term rental market.

### **Recommendations**

- **Increase supply of social and affordable housing.**
- **Increase the rate of JobSeeker and other welfare payments to \$76 a day and link future increases to the Wage Price Index.**
- **Establish the minimum wage as a living wage that is regularly adjusted to maintain a socially accepted minimum standard of living.**
- **Permanently increasing the rate of JobSeeker and other working age income support payments to above the poverty line and indexing them to the Wage Price Index.**
- **Consider regulation reform for short stay rentals such as AirBNB.**
- **Abandon the Stage 3 Tax Cuts to fund social and affordable housing and/or increases in income support.**

We urge the Government to take note of the impacts and solutions to rising rental prices, in particular through the lens of low-income households, and seek strategies to end hardship before it amplifies across future generations.



Figure 3. Responses to a survey question posed as part of the Anglicare WA Rental Affordability Survey. These insights paint a vivid picture of what is missing in the lives of Australians struggling with housing affordability.

<sup>i</sup> Anglicare WA. (2023). 2023 Rental Affordability Snapshot. <https://www.anglicarewa.org.au/news/2023/04/26/2023-rental-affordability-snapshot>

<sup>ii</sup> Shelter WA <https://www.shelterwa.org.au/knowledge-hub/information-fact-sheets/>

<sup>iii</sup> Australian Institute of Health and Welfare. (2022). Specialist homelessness services annual report 2021-22. <https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/contents/unmet-demand-for-specialist-homelessness-services>

<sup>iv</sup> Australian Institute of Health and Welfare. (2022). *Family, domestic and sexual violence data in Australia*. <https://www.aihw.gov.au/reports/domestic-violence/family-domestic-sexual-violence-data/contents/about>

<sup>v</sup> Troy, L., van den Nouwelant, R. & Randolph, B. (2019). *Estimating need and costs of social and affordable housing delivery*. [https://cityfutures.ada.unsw.edu.au/documents/522/Modelling\\_costs\\_of\\_housing\\_provision\\_FINAL.pdf](https://cityfutures.ada.unsw.edu.au/documents/522/Modelling_costs_of_housing_provision_FINAL.pdf)

<sup>vi</sup> SGS Economics (2021). *Economic Impacts of Social Housing Construction*. <https://www.sgsep.com.au/assets/main/SGS-Economics-and-Planning-SHARP-Final-ReportSGS.pdf> .

<sup>vii</sup> Prime Minister of Australia (18 June 2023). *Albanese government delivering \$209 million for immediate social housing boost in Western Australia*. <https://www.pm.gov.au/media/albanese-government-delivering-209-million-immediate-social-housing-boost-western-australia>

<sup>viii</sup> Anglicare Australia. (2023). *Reforming Rent Assistance*. <https://www.anglicare.asn.au/publications/reforming-rent-assistance/#:~:text=The%20paper%20is%20released%20in,raised%20as%20rents%20have%20soared>

<sup>ix</sup> Anglicare Australia (March 2023). *Briefing Paper – Left behind: Who benefits from the Stage Three Tax Cuts*. <https://www.anglicare.asn.au/publications/left-behind/>

<sup>x</sup> Make Renting Fair (May 2023). *WA Renters Survey 2023: The impact of rent increases for WA renters*. <https://makerentingfairwa.org.au/news/f/new-survey-data-shows-full-impact-of-unlimited-rent-increases>

<sup>xi</sup> Anglicare Australia. (2022). *Jobs Availability Snapshot*. <https://www.anglicare.asn.au/publications/jobs-availability-snapshot-2022/>

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<sup>xii</sup> Australian Council of Social Services. (2022). *How JobSeeker and other income support payments are falling behind the cost of living*. [https://www.acoss.org.au/wp-content/uploads/2022/09/ACOSS-cost-of-living-report\\_web\\_v02.pdf](https://www.acoss.org.au/wp-content/uploads/2022/09/ACOSS-cost-of-living-report_web_v02.pdf)

<sup>xiii</sup> Western Australian Council of Social Services. (2022). *Cost of Living 2021*. <https://www.wacoss.org.au/library/2022-cost-of-living-report/>

<sup>xiv</sup> Inside Airbnb. (2023). [Inside Airbnb: Western Australia](#)