

Anglicare Australia Rental Affordability Snapshot: Believe Housing Australia South Australia Report

Introduction

Believe Housing Australia was launched in March 2022 after more than 20 years of operation as AnglicareSA Housing. It is a fully owned subsidiary company of AnglicareSA and a nationally accredited Tier 1 Community Housing Provider, operating throughout metropolitan and regional South Australia. Believe Housing Australia is one of the state's leading providers of social and affordable housing and tenancy services, including housing for older and younger people, Aboriginal housing services and specialist disability accommodation.

Methodology

Every year Anglicare Australia tests if it is possible for people on low incomes to rent a home in the private market. We do this by taking a snapshot of the properties listed for rent on realestate.com.au on one weekend in March. We then assess whether each property is affordable and suitable for fourteen types of households on low incomes.

Those households are:

- single people receiving the Disability Support Pension, Youth Allowance, JobSeeker and the Age Pension, or earning minimum wage
- single parents receiving the Parenting Payment or earning the minimum wage
- couples without children on the Age Pension, and
- couples with children on JobSeeker, Parenting Payment, earning the minimum wage, or a combination of these income sources.

To test whether a listing is affordable, we calculate the income for our household types using government data. We use these figures to calculate the maximum affordable rent for each household type, and compare that against listed properties that are suitable for each household type. The Snapshot follows the internationally accepted benchmark that rent needs to be no more than 30 percent of a household budget to be affordable for people on low incomes.

Findings

On the Snapshot weekend of Saturday 18 March 2023, 1,456 private rentals were advertised for rent in South Australia. While a property could be affordable and appropriate for more than one household type, any individual property can only be rented out by one household type at any time.

To this end, we found that:

- 11 (1 percent) individual properties were suitable for at least one household type living on income support payments without placing them in housing stress.
- 256 (18 percent) individual properties were suitable for at least one household type living on minimum wage without placing them in housing stress.

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|---|-------------------------------------|
| On the Snapshot weekend, these are the number of unique properties affordable and appropriate for: | |
| Households on income support payments (#1-10) | Households on minimum wage (#11-14) |
| 11 | 256 |

Table 1: Rental Affordability, South Australia, by household type and percentage

| # | Household Type | Payment Type | Number Affordable & Appropriate | Percentage Affordable & Appropriate |
|------------------------|--|--|---------------------------------|-------------------------------------|
| 1 | Couple, two children (one aged less than 5, one aged less than 10) | Jobseeker Payment (both adults) | 2 | 0% |
| 2 | Single, two children (one aged less than 5, one aged less than 10) | Parenting Payment Single | 1 | 0% |
| 3 | Couple, no children | Age Pension | 8 | 1% |
| 4 | Single, one child (aged less than 5) | Parenting Payment Single | 0 | 0% |
| 5 | Single, one child (aged over 8) | Jobseeker Payment | 0 | 0% |
| 6 | Single | Age Pension | 6 | 0% |
| 7 | Single aged over 21 | Disability Support Pension | 0 | 0% |
| 8 | Single | Jobseeker Payment | 0 | 0% |
| 9 | Single aged over 18 | Youth Allowance | 0 | 0% |
| 10 | Single in share house | Youth Allowance | 0 | 0% |
| 11 | Couple, two children (one aged less than 5, one aged less than 10) | Minimum Wage + FTB A (both adults) | 252 | 17% |
| 12 | Single, two children (one aged less than 5, one aged less than 10) | Minimum Wage + FTB A & B | 15 | 1% |
| 13 | Single | Minimum Wage | 9 | 1% |
| 14 | Couple, two children (one aged less than 5, one aged less than 10) | Minimum Wage + Parenting payment (partnered) + FTB A & B | 48 | 3% |
| Total No of Properties | | 1456 | | |

Discussion

This is not a good time to be renting in South Australia. The rental vacancy rate in Adelaide hit a record low – and the lowest of all Australian capitals – as last year’s snapshot was being taken in March 2022ⁱ, and as of March 2023, it had increased to just 0.5% in metro Adelaide and even lower in some regional areasⁱⁱ.

Meanwhile, median rents continue to rise sharply year on year. According to Domain’s quarterly rental report for March 2023, the median price for a rental house in Adelaide is now \$520 and, for a unit, \$420. This represents an annual increase of 13%ⁱⁱⁱ, continuing a steep upwards trajectory since the pandemic and a total increase of 21% since Dec 2020^{iv}.

Low vacancy rates and rising rents affect everyone, and many South Australians find themselves experiencing housing stress and even homelessness for the first time. The situation is particularly dire for those on the lowest incomes. A shortage of social and affordable housing means they are competing in the same private rental market as people on higher incomes, and as the snapshot shows, don’t stand much of a chance of finding a secure, affordable rental that meets their needs. If they can find a rental at all, it can mean making difficult financial decisions about other essential needs, often going without food, heating or other basics to meet these rising rents.

People on income support, especially those who are out of work, have few options. We found that that 0% of rentals – not one of the listed rental properties – were affordable for a single, childless person on the JobSeeker payment. This includes share houses and apartments in developments built primarily as student accommodation, but with policies that allow non-student tenants.

Families out of work are also facing a dire situation. Just 2 properties out of all those listed on the day of the snapshot (0%) were affordable and appropriate for out-of-work couples with two children. This is similar to the odds faced by single parents who are out of work, with affordability for this group also at 0%, or just 1 of the 1,456 listed properties. This helps explain why the rate of JobSeeker is such a critical factor in child poverty – one in six children now lives in poverty, with those growing up in households that depend on JobSeeker at much greater risk.^v

Nor has the rental market improved this year for young people, who are consistently the worst off in Snapshot findings. A person on Youth Allowance looking for a share house this year can afford none of the listed rentals (0%). Youth Allowance is the lowest of all government payments, leaving young people particularly vulnerable to ‘hidden’ forms of homelessness such as severe overcrowding and couch surfing, and other undesirable living situations.^{vi}

People with disabilities face unique challenges in this market. Some will find that the rentals listed in this Snapshot don’t meet their needs, and for many people, the Disability Support Pension is too low to allow them to rent a home that does. A single person on the Disability Support Pension could afford none of the rentals (0%) at the time of our snapshot, even before taking into account any individual needs regarding the suitability of properties.

The most generous of government payments is the Age Pension. Yet for a couple living on the Age Pension, only 8 of the 1,456 rentals, or 1%, were affordable. Single retirees could afford 6 of the listed properties, or 0%. With home ownership declining among older Australians, and more people entering retirement with a mortgage, it is easy to see how older people have become more vulnerable to housing stress and homelessness.

Working people are hardly better off. A single person working full-time on the minimum wage will find that only 1%, or a total of 9 rentals, are affordable. Of all of the households featured in this Snapshot, families with two parents in full-time work stand the best chance of finding an affordable home. However, even they will find they are locked out of 83 percent of rentals we surveyed. This

means families do not need to be out of work to experience housing insecurity and the compounding effects it has on poverty, health and social participation – all of which have lasting impacts on families and children, often across the life course.

Of course, this Snapshot doesn't tell the whole story. Although we look at the full-time minimum wage, we know that more and more people are working casually. Their plight is likely to be much worse than this Snapshot shows. Nor can the Snapshot consider the competition for each of these properties. South Australian media has reported widely on the numbers attending open inspections, with properties routinely attracting dozens of prospective tenants. Some tenants come to Believe Housing Australia after months of fruitless searching, often with kids in tow, in this nightmarish rental market. It's unfairly time-consuming, stressful, and leads people to apply in desperation for houses that are wholly unsuited to their needs as well as far beyond their budgets – and then consider themselves 'lucky' if they are successful.

In South Australia's current rental market, finding an affordable home in the private rental market continues to be complete fiction for people on low incomes. The housing system needs a re-think, not piecemeal policy measures, to reverse this trend.

Policy Implications

Raising JobSeeker and related payments over the poverty line

During the emergency welfare phase of the Covid-19 pandemic, increased income support payments brought 646,000 Australians out of poverty – temporarily. 13.4% of Australians now once again live below the poverty line, including 761,000 children^{vii}. Think about that. Earlier this year, Australians were ranked among the richest people in the world^{viii}, but we let three quarters of a million of our children live in poverty.

Many government policy measures related to housing affordability focus on home ownership rather than renting, and while measures like first homeowner grants can help individual homeowners break into the housing market, they can work to inflate the market rather than fixing the root causes of the affordability problem.^{ix} Raising incomes has to be part of how we solve the housing and rental affordability crisis. Meaningful increases in JobSeeker and related payments will give people on the lowest incomes a real chance to break cycles of debt, housing insecurity and ongoing welfare dependence.

A bolder housing vision for South Australia – and more investment

Everyone deserves and needs an affordable and secure home, and the social and economic benefits of housing people are to the whole community, not just recipients of social housing. But we are facing a major shortfall of social and affordable homes. South Australia is the only state or territory that has seen social housing stock decline in the period 2006-2020 (down 11%) even as demand has soared – in the same period, we have seen an 11% increase in homelessness and a 99% increase in rental stress.^x

The South Australian government has released a new housing policy in 2023, with increased investment and many measures to address different aspects of the housing crisis, such as supply, affordability, attrition of public housing, and rental reforms^{xi}. However, with over 15,000 people on the state's social housing waitlist as of June 2022, the few hundred proposed new social and affordable dwellings still falls far short of current need, and will not keep pace with future need.^{xii}

South Australia's rental reforms are welcome, such as the recent ban on rent bidding in line with some other states. However, the design of the ban means that while landlords and their agents cannot request or encourage rent bidding, they can still legally accept higher rents offered freely by

potential tenants. In such a competitive market, with tenants doing whatever they can to keep a roof over their heads, rent bidding continues to disadvantage people on low incomes without the means to offer more.

Our policy makers need to tackle the housing crisis with bolder, better funded and better designed measures.

Fixing tax concessions

Australia's current housing tax concessions contribute to the high costs of housing in Australia. They encourage capital-rich investors to speculate on the property market, and people trying to buy or rent a home often can't compete.

Negative gearing and capital gains tax concessions cost the federal budget \$14.85 billion per year, and overwhelmingly favour the wealthiest 20 percent of Australians. They also contributed to the staggering 23.7% rise in house prices across Australia in 2021^{xiii}. Despite house prices beginning to fall in several capital cities across 2022, Adelaide defied this trend with another 10.1% of growth^{xiv}. This means many renters who aspire to own their own homes simply cannot afford to exit the rental market.

Better targeting negative gearing and capital gains tax exemptions would provide funding for homes for people on low incomes who are struggling to survive in the private rental market or need social housing.

Conclusion

This year's Rental Affordability Snapshot shows that the private rental market is failing people on low incomes. There is very little on the market that would classify as a financially sustainable, secure home for people on the lowest incomes. The idea that changing policies such as tax settings or rental standards will 'scare off' investor landlords and result in even fewer rentals is a common catch cry and one that holds a lot of political sway. But we need to closely interrogate these kinds of orthodoxies when it is clear that these settings have not delivered what they supposedly promise in terms of an accessible, affordable rental market that meets the needs of both landlords and tenants.

The key to making housing more affordable lies in two factors: making sure everyone has a decent income, and providing enough affordable rentals for the people who need them. This requires a willingness to invest and a willingness to regulate. And that willingness must come from a shared belief that housing is a basic need and right for everyone, and benefits us all.

The Snapshot has been calling this situation urgent for some years now. We are not sure that 'urgent' is still the right word – that it conveys enough. If it was urgent *before* so many South Australians were living in tents, caravans and cars, what is it now? We need a new way of thinking about our housing crisis – a crisis that should never have been allowed to happen, but has happened nonetheless. We need to think hard about our values, and how we let those manifest in our markets and our policies.

ⁱ Domain Research. Vacancy rates: March 2022. Accessed on 17/04/23 at <https://www.domain.com.au/research/vacancy-rates-march-2022-1128965/>

ⁱⁱ SQM Research. Rental Vacancy Rates. Accessed on 17/04/23 at https://sqmresearch.com.au/graph_vacancy.php

ⁱⁱⁱ Domain March 2023 Rental Report. Accessed 17/04/23 at <https://www.domain.com.au/research/rental-report/march-2023/>

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- ^{iv} Domain December 2020 Rental Report. Accessed on 17/04/23 at <https://www.domain.com.au/research/rental-report/december-2020/>
- ^v Phillips, B. and Narayanan, V. (2021) [Financial Stress and Social Security Settings in Australia](#). Australian National University Centre for Social Research and Methods.
- ^{vi} Australian Institute of Health and Welfare. Australia's Youth: Homelessness and Overcrowding. Web article. Accessed on 17/04/23 at <https://www.aihw.gov.au/reports/children-youth/homelessness-and-overcrowding>
- ^{vii} Davidson, P; Bradbury, B; and Wong, M (2022) *Poverty in Australia 2022: A snapshot* Australian Council of Social Service (ACOSS) and UNSW Sydney.
- ^{viii} Credit Suisse Research Institute (CSRI). *Global Wealth Report 2022*. Credit Suisse, 2022.
- ^{ix} Pawson, H., Martin, C., Lawson, J., Whelan, S. and Aminpour, F. (2022) Assisting first homebuyers: an international policy review, AHURI Final Report No. 381, Australian Housing and Urban Research Institute Limited, Melbourne, <https://www.ahuri.edu.au/research/final-reports/381>, doi: 10.18408/ahuri7127201.
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- ^{xii} SACOSS Briefing Note: A Better Public Housing Future? Accessed on 17/04/23 at <https://www.sacoss.org.au/sites/default/files/public/documents/Fact%20Sheets/Fact%20Sheet%20-%20Better%20Public%20Housing%20Future.pdf>
- ^{xiii} Australian Bureau of Statistics. Residential Property Price Indexes: Eight Capital Cities. Released 15 March 2022. Accessed on 17/04/23 at <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/residential-property-price-indexes-eight-capital-cities/dec-2021>
- ^{xiv} CoreLogic Home Value Index: Australian housing values down -5.3% over 2022. Accessed on 17/04/23 at <https://www.corelogic.com.au/news-research/news/2023/corelogic-home-value-index-australian-housing-values-down-5.3-over-2022>