



1 September 2023

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

via email: [community.affairs.sen@aph.gov.au](mailto:community.affairs.sen@aph.gov.au)

To the Committee Secretariat,  
**Re: The worsening rental crisis in Australia**

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We welcome the opportunity to provide a response to the Senate Inquiry into *The worsening rental crisis in Australia* ('the Inquiry'). The Inquiry is timely with decades of chronic underinvestment in social and affordable housing having resulted in a critical shortage of public and affordable housing. Our submission begins with an overview of the rental market in Tasmania and the increasing pressures on both social housing and the private rental market as a result of low vacancy rates, skyrocketing rents, the lack of supply and the loss of properties to short-stay accommodation. We then outline reforms that will increase supply and provide greater security for residential tenants across Australia.

The Tenants' Union of Tasmania is the peak body representing the interests of more than 57,000 residential tenants located across Tasmania. We are a not-for-profit community legal centre specialising in residential tenancy law and providing information, advice and representation to residential tenants. We also offer community legal education and training and advocate for the improvement of residential tenants' rights.

We also note that as a member of the National Association of Renters' Organisations (NARO) we have previously signed onto a joint statement along with 86 other organisations working in a broad range of sectors including housing, youth and community services. The joint statement has been provided to the Inquiry and we strongly support its recommendations.<sup>1</sup>

### **Inquiry Term A – The experience of renters and people seeking rental housing**

According to data collated by the Real Estate Institute of Tasmania, house prices in Tasmania have increased by 115 per cent over the last decade. Ten years ago, the median house in Tasmania sold for \$290,000. Today, the same house will sell for \$626,000.<sup>2</sup>

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<sup>1</sup> National Association of Renters' Organisations, *The worsening rental crisis in Australia*, submission 47.

<sup>2</sup> Homes Tasmania, *Tasmanian Housing Strategy, Discussion Paper* (September 2022) at 13.

With growth in wages failing to match the rise in property prices, home ownership has become increasingly unattainable - particularly for first home buyers. As a result, it is unsurprising that residential tenants have become increasingly diverse in terms of age, income and stage in life as the Australian Housing and Urban Research Institute has observed:<sup>3</sup>

*Once seen as a transitional housing tenure for young people between leaving the family home and becoming home owners, there are more private renters at mid-life and more private renters with children (40% of private rental sector households). Importantly, there has been an increase in both lower and middle/higher income households in the private rental sector. Australians are renting for longer periods — a third of private renters have been renting for 10 or more years.*

**- Skyrocketing rents**

Data provided by Tasmania’s Rental Deposit Authority highlights that over the last five years median rents across Tasmania have increased by 48 per cent as the following table demonstrates.

**Weighted median rent for 3-bedroom properties in Tasmanian regions**

Region	Rent March 2018	Rent March 2023	% Increase
Greater Burnie	\$265.00	\$385.00	45%
Central Coast	\$280.00	\$400.00	43%
Greater Devonport	\$280.00	\$400.00	43%
Rural North West	\$260.00	\$380.00	46%
West Coast	\$165.00	\$310.00	88%
Inner Launceston	\$330.00	\$485.00	46%
Outer Launceston	\$295.00	\$455.00	54%
North East	\$250.00	\$400.00	60%
Central North	\$270.00	\$450.00	66%
Central South	\$290.00	\$450.00	55%
South East	\$320.00	\$500.00	56%
Eastern Shore	\$380.00	\$550.00	45%
Hobart City	\$478.00	\$620.00	30%
Kingston Area	\$408.00	\$585.00	43%
Glenorchy City	\$360.00	\$535.00	49%
Far South	\$323.00	\$450.00	39%
<b>Tas. Average</b>	<b>\$310.00</b>	<b>\$460.00</b>	<b>48%</b>

Source: *Tasmanian Rents* March 2018; *Tasmanian Rents* March 2023. As found at <https://tutas.org.au/publications/tasmanian-rents/> (accessed 1 September 2023).

The increase in Tasmania’s median weekly rent is the highest in Australia. In recently released data, the Australian Bureau of Statistics found that over the last four-and-a-half-years rents in Tasmania had increased by 44 per cent, followed by

<sup>3</sup> Kath Hulse, Sharon Parkinson and Chris Martin, *Inquiry into the future of the private rental sector* (Australian Housing and Urban Research Institute, Final Report No. 303: August 2018) at 8-9.

Western Australia (29 per cent), South Australia and the Australian Capital Territory (19 per cent), Queensland (18 per cent), Victoria (12 per cent), the Northern Territory (11 per cent) and New South Wales (8 per cent).<sup>4</sup>

According to the *Rental Affordability Index* (RAI), a study published bi-annually by National Shelter and SGS Economics & Planning, Greater Hobart is Australia's least affordable metropolitan area relative to income.<sup>5</sup> The RAI found that tenants in Greater Hobart spend around 29 per cent of their income on rent, with the authors noting that "although household incomes in Tasmania are significantly lower than the national average, rents are only marginally lower than mainland averages... [and] the gap between income and rent has been widening over the past five years, with little sign of abating".<sup>6</sup> Outside Greater Hobart, the report noted that whilst tenants spend around 28 per cent of their income on rent it was "at its most unaffordable" since reporting on the RAI had commenced.<sup>7</sup>

- ***Housing stress***

Since 2007, Anglicare Tasmania has published an annual snapshot of the Tasmanian private rental market to assess whether it is possible for people living on low incomes to afford to rent a home. As part of the research, all properties listed for rent are reviewed on one weekend each year and then assessed as to whether each property is affordable and appropriate for 14 types of households on low incomes. The *Rental Affordability Snapshot Tasmania 2023* found that "rent in Tasmania is rising up to 10 times faster than income support payments"<sup>8</sup> leading the authors to conclude that "people on income support cannot afford to rent in the private rental market".<sup>9</sup>

- ***Waitlist for social housing leading to overcrowding***

Unaffordable rents and the concomitant increase in housing stress has in turn placed a significant strain on Tasmania's social housing system. Over the last decade the waitlist for social housing has increased by 86 per cent from 2465 applicants in June 2014 to 4598 applicants in June 2023.<sup>10</sup> Over the same timeframe, the average wait time for social housing has increased from 35 weeks to 93 weeks.<sup>11</sup>

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<sup>4</sup> According to the ABS median weekly rents in Tasmania have increased by 44 per cent over the last four and a half years from \$270pw to \$390pw. In Western Australia rents have increased by 29 per cent from \$350pw to \$450pw; in South Australia by 19 per cent from \$320pw to \$380pw; in the Australian Capital Territory by 19 per cent from \$470pw to \$560pw; in Queensland by 18 per cent from \$380pw to \$450pw; in Victoria by 12 per cent from \$375pw to \$420pw; in the Northern Territory by 11 per cent from \$450pw to \$500pw and; in New South Wales by 8 per cent from \$490 to \$530. As found at Australian Bureau of Statistics, 'New insights into the rental market' (24 April 2023). ABS Website.

<sup>5</sup> National Shelter and SGS Economics & Planning, *Rental Affordability Index* (November 2022) at 51.

<sup>6</sup> Ibid at 51.

<sup>7</sup> Ibid at 55-56.

<sup>8</sup> Anglicare Tasmania, *Rental Affordability Snapshot Tasmania 2023* (April 2023) at 4.

<sup>9</sup> Ibid at 26.

<sup>10</sup> Department of Health and Human Services, *Annual Report 2013/14* at 21; Department of Communities *Tasmania, Housing Dashboard June 2023* at 14.

<sup>11</sup> Ibid at 15.

Unsurprisingly, the lack of social housing has put further strain on social housing households with the most recent Commonwealth Government data reporting that overcrowding in Tasmanian public housing is higher than the national average,<sup>12</sup> and the rate of overcrowding in community housing is the highest of any State or Territory in Australia with the largest increase over the last five years.<sup>13</sup>

- ***Homelessness***

The lack of affordable rental properties in the private rental market and inadequate social housing has resulted in increased homelessness, with the most recent Census estimating that 2350 people in Tasmania were homeless in 2021, a 45 per cent increase since the 2016 Census and the largest increase in the country.<sup>14</sup>

In summary, as we have sought to outline above and has been acknowledged by the Tasmanian Government “there are more Tasmanians than ever experiencing housing stress, growing demand for social housing and increasing rates of homelessness”.<sup>15</sup>

**Inquiry Term C – Actions that can be taken by governments to reduce rents or limit rent rises**

Decades of chronic underinvestment in social housing has led to a critical shortage of affordable housing, with a recent report entitled *Quantifying Australia’s unmet housing need – A national snapshot*, finding that there are currently 640,000 Australian households whose housing needs are not being met and this was projected to increase to 940,000 households in 2041.<sup>16</sup>

Recent research from the Grattan Institute has found that Australia’s stock of social housing has barely grown in almost twenty-five years, even though the country’s population had increased by around 39 per cent from 18.5M in 1997 to 25.7M in 2021.<sup>17</sup> In 1991, about 6 per cent of housing in Australia was social housing, but now it is less than 4 per cent.<sup>18</sup> And in the five years leading up to COVID-19, the total stock of social housing across Australia increased by just 1600 homes.<sup>19</sup> Similar findings have been published by the UNSW City Futures Research Centre which found that in 1991 around 52,000 applicants across Australia were granted

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<sup>12</sup> According to the Productivity Commission, overcrowding in public housing was 5.2 per cent whilst the national average was 4.5 per cent in 2022. As found at Productivity Commission, *Report on Government Services 2022*, Table 18A.30.

<sup>13</sup> According to the Productivity Commission, overcrowding in community housing increased from 3.3 per cent in 2018 to 4.5 per cent in 2022. As found at Productivity Commission, *Report on Government Services 2022*, Table 18A.32.

<sup>14</sup> Australian Bureau of Statistics, *Estimating Homelessness: Census*.

<sup>15</sup> Tasmanian Housing Strategy, *Discussion Paper* (September 2022) at 5.

<sup>16</sup> Community Housing Industry Association, UNSW City Futures Research Centre, University of Sydney *Quantifying Australia’s unmet housing need – A national snapshot* (November 2022).

<sup>17</sup> Grattan Institute, ‘A place to call home: it’s time for a Social Housing Future Fund’. Also see Australian Government Centre for Population, ‘National, state and territory population - June 2021’.

<sup>18</sup> Grattan Institute, ‘A place to call home: it’s time for a Social Housing Future Fund’.

<sup>19</sup> *Ibid.*

social housing compared to just under 30,000 in 2020-21, a 61 per cent reduction when the increase in Australia's population is taken into account.<sup>20</sup>

We urgently need more social housing. We strongly support *Everybody's Home* recommendation that 25,000 social housing properties are built each year to address current and projected affordable housing need.<sup>21</sup>

**Recommendation:** That all levels of Government commit to building 25,000 social housing properties each year.

### **Increase in Income Support and Rent Assistance**

Income support payments are well-below the poverty line with single persons in receipt of Jobseeker receiving a paltry \$49.50 per day and Youth Allowance is \$40.20 per day.<sup>22</sup> The \$40.00 per fortnight increase in Jobseeker and Youth Allowance that was announced in the 2023-24 Federal Budget<sup>23</sup> is welcome and will relieve cost of living pressures but it is not enough. We strongly support the Australian Council of Social Services recommendation that at a minimum the rate of Jobseeker, Youth Allowance and other income support payments should be at the same level as the pension and pension supplement.<sup>24</sup>

**Recommendation:** That at a minimum, all income support payments are paid at the same rate as pension and pension supplements.

### **Improving the efficacy of Commonwealth Rent Assistance**

As well, Commonwealth Rent Assistance (CRA) needs to be increased. In a 2020 Australian Housing and Urban Research Institute report, the authors found that whilst CRA "plays an important role in reducing housing stress among those eligible to receive it... CRA simply does not extend far enough in reducing housing stress for significant numbers of low-income tenants".<sup>25</sup>

Currently, CRA is indexed to the Consumer Price Index meaning that in a jurisdiction like Tasmania where rents have increased by 48 per cent over the last five years, the real value of CRA is decreasing. Last year, the Productivity Commission found that many persons in receipt of rent assistance are struggling with "little income left to afford other essentials after paying the rent".<sup>26</sup> The

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<sup>20</sup> UNSW City Futures Research Centre, *Managing Access to Social Housing in Australia: Unpacking policy frameworks and service provision outcomes* (May 2022) at 3.1.

<sup>21</sup> *Everybody's Home, The worsening rental crisis in Australia*, submission 52.

<sup>22</sup> Australian Council of Social Service, 'Politicians, advocates and prominent Australians call for JobSeeker increase in Federal Budget'.

<sup>23</sup> Services Australia, 'Increase to Working Age and Student Payments'.

<sup>24</sup> Australian Council of Social Services, 'Budget Priorities Statement 2022-23'.

<sup>25</sup> Australian Housing and Urban Research Institute, *Demand-side assistance in Australia's rental housing market: exploring reform options* (October 2020) at 43.

<sup>26</sup> Productivity Commission, *In need of repair: The National Housing and Homelessness Agreement Overview* (August 2022) at 37.

Productivity Commission recommended that CRA should be reviewed “as a priority” and that there “is a strong case for changes to improve its adequacy”.<sup>27</sup>

Whilst the announcement in the 2023-24 Federal Budget that the maximum rate of CRA will be raised by \$30.00 per fortnight is welcome,<sup>28</sup> median rents in Hobart have increased over the last two years by \$74.00 per week.<sup>29</sup> At the end of this submission we have attached a map of Tasmania’s regions which highlights that over the last two years, rents have increased across Tasmania by between \$50.00 - \$100.00 per week.

As well as its current inadequacy, we also note that CRA could be better targeted as the Australian Housing and Urban Research Institute has found:<sup>30</sup>

*Around 246,000 or 18 per cent of low-income private renter income units pay rents that exceed 30 per cent of their income, but yet they do not receive CRA. Another 330,000 or 23 per cent receive CRA while not in housing stress.*

The ineligibility of many persons on low incomes to access CRA has also been observed by Anglicare Australia:<sup>31</sup>

*Only one in three people on JobSeeker are eligible for the payment (38 per cent). Young people out of work fare even worse, with only one in ten on Youth Allowance eligible (12 per cent). In total, only one in four income support recipients receive the payment at all (27 per cent).*

**Recommendation:** That the eligibility and adequacy of Commonwealth Rent Assistance is reviewed.

As well as significantly increasing the Federal Government’s investment in social housing, increasing income support and improving the efficacy of CRA, we also need to strengthen residential tenancy legislation so that residential tenants have the right to safe, secure and affordable housing.

**Inquiry Term D - Improvements to renters’ rights, including rent stabilization, length of leases and no grounds evictions**

Much of Australia’s residential tenancy legislation has not kept pace with its changing role. As the Australian Housing and Urban Research Institute has recently observed “it is increasingly recognised that Australia’s private rental sector is not “fit for purpose” for a changing and expanding role, being grounded

<sup>27</sup> Productivity Commission, In need of repair: The National Housing and Homelessness Agreement (August 2022) at 2 and 18.

<sup>28</sup> Services Australia, Budget 2023-24.

<sup>29</sup> CoreLogic, Quarterly Rental Review April 2022 and Quarterly Rental Review April 2023.

<sup>30</sup> Australian Housing and Urban Research Institute, Demand-side assistance in Australia’s rental housing market: exploring reform options (October 2020) at 46.

<sup>31</sup> Anglicare Australia, Reforming Rent Assistance: Ending rental stress across Australia (January 2023) at 8.

in its historical role as a transitional sector where people move on from rental housing to home ownership”.<sup>32</sup>

Three areas of residential tenancy reform that is urgently required is around security of tenure, rent increases and strengthening minimum standards including energy efficiency standards.

## 1. Security of Tenure

### ➤ *Repeal no reason end of lease evictions*

With one-third of Australian residential tenants having rented for ten years or more,<sup>33</sup> it is important that stability is assured. Tenants with security of tenure are able to remain embedded in their local area and provides continuity in work, schooling and community engagement as well as ensuring that disadvantaged groups avoid further social exclusion. Tenants with security of tenure are also able to assert their rights without fear of eviction. Currently, this is not the case, with a number of reports published by CHOICE finding:<sup>34</sup>

- around half of all tenants worry they will be blacklisted from future tenancies; and
- 44 percent of tenants are concerned that a request for repairs could result in eviction; and
- 14 per cent of tenants refuse to stand up for their rights because of the possibility of landlord recrimination.

Evictions also significantly impact tenant well-being.<sup>35</sup> Residential tenants are more likely to report poor mental<sup>36</sup> and physical<sup>37</sup> health than non-tenants. Children subject to regular forced moves often have disrupted schooling, and as a

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<sup>32</sup> Australian Housing and Urban Research Institute, *AHURI submission to the Productivity Commission Review of the National Housing and Homelessness Agreement* (NHHA) (March 2022) at 25.

<sup>33</sup> Kath Hulse, Sharon Parkinson and Chris Martin, *Inquiry into the future of the private rental sector* (Australian Housing and Urban Research Institute, Final Report No. 303: August 2018) at 8-9.

<sup>34</sup> CHOICE, National Shelter and the National Association of Tenant Organisations, *Unsettled: Life in Australia's private rental market* (February 2017). See also CHOICE, National Shelter and the National Association of Tenant Organisations, *Disrupted: The consumer experience of renting in Australia* (December 2018)..

<sup>35</sup> Rachel Ong Viforj, Ranjodh Singh, Emma Baker, Rebecca Bentley and Jack Hewton, *Precarious housing and wellbeing: a multi-dimensional investigation* (Australian Housing and Urban Research Institute, Final Report No. 373: February 2022).

<sup>36</sup> John Cairney and Michael Boyle, Home ownership, mortgages and psychological distress, *Housing Studies* (2004) 19(2) 161-174.

<sup>37</sup> Australian Housing and Urban Research Institute, *Do housing conditions make a difference to our health?* (AHURI Research and Policy Bulletin, No. 6: April 2002).

result are more likely to exhibit anti-social behaviour in later life.<sup>38</sup> Finally, it is expensive, with each move costing a residential tenant on average \$4,000.00.<sup>39</sup>

The ability of landlords to evict residential tenants for no other reason than 'end of lease' does not mean that they do not have a reason for terminating the agreement. It simply means that the landlord does not need to disclose the reasons to the tenant. It opens up tenants to the threat of retaliatory eviction (whether actual or implied), it potentially facilitates unlawful discrimination, and it operates to dissuade tenants from enforcing their ostensible rights under the Act.

We strongly believe that if there is no change to the use of the property, residential tenants should be able to maintain their tenure unless the landlord can prove that they have breached their residential tenancy agreement as is the case in the Australian Capital Territory.<sup>40</sup> South Australia and New South Wales have also committed to abolishing no cause evictions.<sup>41</sup>

Elsewhere, among many other examples from similar countries, in Japan all residential tenants can exercise a unilateral option to renew their fixed term lease, and it can be very difficult for a landlord to evict a tenant.<sup>42</sup> And in the United Kingdom, the Conservative government has recently introduced the *Renters (Reform) Bill 2022-23* into the House of Commons which includes the abolishing of 'no grounds' evictions.<sup>43</sup> In justifying the need for the changes the government noted:<sup>44</sup>

*[No grounds evictions] causes tenants to feel insecure, unable to plan for the future or call where they live a home. Many tenants are reluctant to challenge poor standards because they worry that their landlord will evict them rather than deal with their complaints. After eviction, tenants cannot always find suitable housing nearby, interrupting their employment and children's education. Unexpected moves are expensive meaning tenants have less money available for a deposit when buying a home or to put towards other essentials such as food or heating.*

These reasons apply equally to Australian residential tenants, and should result in similar changes.

We would also note that Australia is a signatory to the *International Convention on Economic, Social and Cultural Rights*, which establishes a right to adequate housing.

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<sup>38</sup> Roger Webb, Carsten Pedersen, Pearl Mok, Adverse outcomes to early middle age linked with childhood residential mobility, *American Journal of Preventive Medicine* (2016) 51(3) 291-300.

<sup>39</sup> Tenants' Union of NSW, *Eviction, Hardship and the Housing Crisis* (February 2022).

<sup>40</sup> Sections 92-97 of Schedule 1 of the *Residential Tenancies Act 1997* (ACT). Also see section 91ZZD of the *Residential Tenancies Act 1997* (Vic).

<sup>41</sup> Government of South Australia, *Review of SA's renting laws* (Consumer and Business Services). Also see Tawar Razaghi, 'NSW to ban no grounds evictions for renters on rolling leases' *Sydney Morning Herald*, 3 March 2023.

<sup>42</sup> Japan Property Central, *Landlords: Ending a Lease is Not Easy* (8 November 2017).

<sup>43</sup> *Renters (Reform) Bill 2022-23*.

<sup>44</sup> United Kingdom Government, 'A new deal for renting: government response' (Consultation Outcome: 16 June 2022).



In relation to evictions, the United Nations Committee on Economic, Social and Cultural Rights (UNCESCR) has expanded on what adherence to the right entails:<sup>45</sup>

*Instances of forced eviction are prima facie incompatible with the requirements of the Covenant and can only be justified in the most exceptional circumstances, and in accordance with the relevant principles of international law.*

And:<sup>46</sup>

*Whereas some evictions may be justifiable, such as in the case of persistent non-payment of rent or of damage to rented property without any reasonable cause, it is incumbent upon the relevant authorities to ensure that they are carried out in a manner warranted by a law which is compatible with the Covenant and that all the legal recourses and remedies are available to those affected.*

The UNCESCR has also provided that:<sup>47</sup>

- The eviction process must be reasonable and proportionate;
- Tenants need to be given access to free legal advice and representation;
- Tenants need to be afforded due process, such as reasonable notice periods;
- Forced evictions should not result in homelessness;
- The right is to live somewhere in security, peace and dignity.

As it stands, we do not think that Australia properly meets its commitments under the ICESCR.

## **2. Rent Controls**

### **➤ *Limit the amount of the rent increase to a fixed formula.***

Like much of Australia, Tasmania's rent control laws are weak. Currently, the *Residential Tenancy Act 1997* (Tas) provides that a landlord can increase the rent by as much as they like provided that the last increase was at least twelve months prior and the tenant has been provided with 60 days' notice.<sup>48</sup> The only protection against excessive rent increases is that a tenant may apply to the Residential Tenancy Commissioner to determine whether the rent increase is 'unreasonable'.<sup>49</sup> In assessing the reasonableness of the increase, the Residential

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<sup>45</sup> Committee on Economic, Social and Cultural Rights, General Comment No. 4: The Right to Adequate Housing (Art.11(1)), General Comments, 13 December 1991 (Sixth session, 1991), at paragraph 18 as found in Tenants' Union of Queensland response to the *Residential Tenancies Authority Tenancies Act Review Policy Review Paper June 2007: The Case for a New Tenancy Tribunal in Queensland – a Legal Argument 2007* at 84-85.

<sup>46</sup> Committee on Economic, Social and Cultural Rights, General Comment No. 7: The Right to Adequate Housing (Art.11(1)): Forced Evictions, 20 May 1997, (Sixteenth Session, 1997) at paras. 14-15

<sup>47</sup> Ibid.

<sup>48</sup> Section 20(3) of the *Residential Tenancy Act 1997* (Tas).

<sup>49</sup> Section 23(1) of the *Residential Tenancy Act 1997* (Tas).

Tenancy Commissioner must take into account “the general level of rents for comparable residential premises in the locality” and “any other relevant matter”.<sup>50</sup> With median rents across Tasmania having increased by almost fifty percent over the last five years, a landlord can justify a rent increase of this amount for no other reason than that it is market rent. Or, in the words of the Residential Tenancy Commissioner “the act does not require or enable me to regulate the market, simply assess rents in line with what the market is currently achieving”.<sup>51</sup> Recent media reports from other Australian jurisdictions strongly suggest that skyrocketing rents are not just a Tasmanian issue with the most recent Domain Rental Report observing that combined capital city rents have increased by 11.5 per cent and combined regional rents have increased by 6.3 per cent over the last twelve months.<sup>52</sup>

It is clear that market mechanisms are not working efficiently in Australia’s housing market. We strongly believe that rent increases occurring during a tenancy agreement should be subject to controls as is the case in the Australian Capital Territory. In the ACT rent increases are limited to a rate based on inflation. The onus on contesting the rent increase is dependent upon the quantum. If the proposed increase is above the proscribed rate the owner has the onus of establishing that the increase is justified, and if below, the tenant must demonstrate that the increase is excessive.<sup>53</sup>

Another model that could be considered is that proposed by the Tenants’ Union of New South Wales (TUNSW) who have recommended that an independent agency or body have the ability to determine rent increase thresholds taking into account stakeholder feedback and other relevant factors.<sup>54</sup> As noted by TUNSW, the advantage of this model is that “this would allow for thresholds that are responsive to local conditions, as well as being able to factor in a range of data and measures – such as general wages and other relevant factors”.<sup>55</sup>

### **3. Sustainable Homes**

#### **➤ Strengthen minimum standards and energy efficiency standards**

All residential tenants have a right to live in a safe, secure and healthy home with an affordable supply of energy. Sadly, many residential tenants do not live in healthy homes with cold weather in Australia killing at least 2,600 Australians

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<sup>50</sup> Section 23(2) of the *Residential Tenancy Act 1997* (Tas).

<sup>51</sup> Alexandra Humphries, ‘Residential Tenancy Commissioner rules 70 per cent rent increase “reasonable”’, *The Mercury*, 24 February 2018.

<sup>52</sup> Domain, *Rent Report June 2023*.

<sup>53</sup> Section 68(3) of the *Residential Tenancies Act 1997* (ACT) sets out the factors that are taken into account including: (a) the rental rate before the proposed increase; (b) outgoings or costs of the landlord in relation to the premises; (c) services provided by the landlord to the tenant; (d) the value of fixtures and goods supplied by the landlord as part of the tenancy; (e) the state of repair of the premises; (f) rental rates for comparable premises; (g) the value of any work performed or improvements carried out by the tenant with the lessor’s consent; and (h) any other matter the ACT Civil and Administrative Tribunal considers relevant.

<sup>54</sup> Tenants’ Union of New South Wales, *The worsening rental crisis in Australia*, submission 51.

<sup>55</sup> *Ibid* at 5.

every year.<sup>56</sup>

Last year, a report entitled *Cold and Costly – Winter Researchers’ Experiences of Winter 2022* tracked temperatures and humidity in rental properties across Australia.<sup>57</sup> The report found that Australia’s housing stock “is not built to cope with winter cold... [contributing to] higher energy costs, poorer respiratory and cardiovascular health and adverse mental health impacts”.<sup>58</sup> The report noted that the World Health Organisation recommends 18°C as the minimum healthy indoor temperature and yet in Tasmania, rental properties were below the WHO recommendation 21 hours of the day.<sup>59</sup> Finally, research undertaken by the Australian Council of Social Services and the Brotherhood of St Laurence indicates that low-income households spend 6.4 percent of their income on energy, compared to high income households paying an average of 1.5 percent.<sup>60</sup>

We strongly believe that all rental properties should meet basic energy efficiency standards which minimises the amount of energy required to heat or cool a home. Minimum energy standards for rental homes, including insulation, appropriate heating and cooling and draught-proofing, will ensure that residential tenants across Australia benefit from healthier homes and lower power bills.

In Victoria, following recent reforms, all appliances, fittings or fixtures which supply water, electricity or gas must meet minimum efficiency ratings.<sup>61</sup> In the ACT it is now a requirement that all rental properties be fitted with ceiling insulation.<sup>62</sup> And in New Zealand, landlords must install floor, wall and ceiling insulation, where it is reasonably practical to do so.<sup>63</sup>

In summary, all Australians including residential tenants have the right to safe, secure and affordable housing. For residential tenant households who rent, the reforms noted above will modernise residential tenancy legislation and provide better protections.

**Recommendation:** That all Australian residential tenancy legislation is modernised to better protect the right to safe, secure and affordable housing.

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<sup>56</sup> Antonio Gasparrini, Yuming Guo, Masahiro Hashizume, Eric Lavigne, Antonella Zanobetti, Joel Schwartz et al, Mortality risk attributable to high and low ambient temperature: a multicountry observational study, *The Lancet* Volume 386 Issue 9991.

<sup>57</sup> Joel Dignam and Bernadette Barrett, *Cold and costly: Renter Researchers’ Experiences of Winter 22* (Better Renting, Canberra: August 2022).

<sup>58</sup> Ibid at 1.

<sup>59</sup> Ibid at 2.

<sup>60</sup> Australian Council of Social Services, Brotherhood of St Laurence and the Australian National University, *Energy stressed in Australia* (October 2018).

<sup>61</sup> Consumer Affairs Victoria, *Efficiency standards for replacement appliances and fixtures*.

<sup>62</sup> ACT Government, ‘*Rental properties subject to minimum insulation standards in rental homes*’. Media Release, 5 April 2023.

<sup>63</sup> New Zealand Government Tenancy Services, *Insulation in rental properties*.

## **Inquiry Term E – Factors impacting supply and demand of affordable rents**

Housing is an essential service and must be recognized as such. As *Everybody's Home* noted in their submission, Australia already has an oversupply of dwellings compared to its needs and demographics.<sup>64</sup> At the same time, the Australian Government is providing billions of dollars in tax concessions to investors with the Parliamentary Budget Office recently estimating that there will be \$37.5B of lost revenue in 2023-24 as a result of deductions including interest costs, council rates and land tax as well as \$1.5B in capital gains tax discounts.<sup>65</sup> Rather than handing out billions of dollars in tax concessions to investors, we should instead be funding social housing. As the following case studies of short stay accommodation and empty homes demonstrate, providing tax concessions to investors is contributing to increasingly unaffordable homes for first homebuyers and skyrocketing rents.

### **Short Stay Accommodation**

Tasmania provides a useful example of the impact of short stay accommodation, with a number of studies finding that short stay accommodation, particularly in high-demand inner city areas such as Hobart has had a detrimental impact on supply.

#### **- Government Data**

Following Tasmania's passing of the *Short Stay Accommodation Act 2019* (Tas), booking platform providers are required to provide the Director of Building Control with certain prescribed information about stay premises including location. Deidentified data is then uploaded onto the Consumer, Building and Occupational Services website with the publication of quarterly updates of the number of properties being used as short stay accommodation. Relying exclusively on entire property investment properties the data highlights that over the last two years:<sup>66</sup>

- Entire property short-stay accommodation across Tasmania has increased by 41 per cent (from 1769 properties to 2497 properties); and
- In the Hobart City Council municipality, the number of entire property short-stay accommodation has increased by 38 per cent (from 293 to 405 properties); and
- In Greater Hobart, the number of entire property short-stay accommodation has increased by 41 per cent (from 405 to 573 properties); and

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<sup>64</sup> Everybody's Home, *The worsening rental crisis in Australia*, submission 52.

<sup>65</sup> Josh Butler, 'Greens decry property tax breaks costing 78 times what Labor proposes to spend on social housing,' *The Guardian*, 3 August 2023.

<sup>66</sup> Consumer, Building and Occupational Services, *Report on data collection Quarter 4 2020 and Report on data collection Quarter 4 2022*.

- In the Launceston City Council municipality, the number of entire property short-stay accommodation has increased by 50 per cent (from 190 to 286 properties).

As the following studies highlight, the significant increase in short stay accommodation has largely come at the expense of long-term rental stock particularly in Tasmania's two largest cities of Hobart and Launceston. Unsurprisingly, the loss of long-term rental accommodation to short stay accommodation has in turn resulted in lower vacancy rates and skyrocketing rents

- ***Marginal Housing during Covid-19***

In December 2020 the Australian Housing and Urban Research Institute released *Marginal Housing during Covid-19*.<sup>67</sup> The report focused on the impact of the Covid-19 pandemic on marginal, informal and short stay accommodation in a number of Australian cities including Hobart. The report found that around 6 per cent of Greater Hobart's rental market was available as short stay accommodation including 12 per cent of the Hobart City Council municipality. Importantly, the report found that following the State Government's Covid-19 enforced border closure, the return of 112 short stay accommodation properties to the long-term rental market in the Hobart City Council municipality had led to higher vacancy rates and rent reductions of 9 per cent.<sup>68</sup> As the authors concluded:<sup>69</sup>

*... even a modest reduction in Airbnb listings (about 17%) is associated with a significant reduction in rents. In rental markets it is clear that small changes in supply can make a significant difference for long-term renters. This analysis helps explain the great differences in Hobart rental increases and vacancy rates before and after Airbnb became a feature of Hobart real estate markets.*

- ***Monitoring the impact of short-term rentals on Tasmanian housing markets***

More recently, an independently funded report prepared for Shelter Tasmania was published entitled *Monitoring the impact of short-term rentals on Tasmanian housing markets*.<sup>70</sup> The report found that a majority of properties listed as short stay accommodation in the Hobart City Council municipality had previously been listed as long-term rentals.<sup>71</sup> The report also found that Hobart short stay accommodation as a proportion of its total private long-term rental market is much higher than in other Australian capital cities:

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<sup>67</sup> Caitlin Buckle, Nicole Gurrán, Peter Phibbs, Patrick Harris, Tess Lea and Rashi Shrivastava, *Marginal Housing during Covid-19* (Australian Housing and Urban Research Institute, Final Report No. 348).

<sup>68</sup> Ibid at 40.

<sup>69</sup> Ibid at 40.

<sup>70</sup> Shelter Tasmania, *Monitoring the impact of short-term rentals on Tasmanian housing markets* (June 2022).

<sup>71</sup> Ibid at 26.

**Comparing the penetration of Airbnb in Hobart, Melbourne and Sydney –  
December 2021 estimate**

<b>Location</b>	<b>Airbnb Density</b>
Greater Sydney	0.83%
Sydney LGA	2.08%
Greater Melbourne	1.25%
Melbourne LGA	3.82%
Greater Hobart	5.65%
Hobart City LGA	9.33%

Source: *Monitoring the impact of short-term rentals on Tasmanian housing markets* (June 2022), Table 6.

This led the authors to find that:<sup>72</sup>

*... both Greater Hobart and Hobart City have much greater Airbnb densities than Sydney and Melbourne. The densities for Greater Hobart are almost 7 times greater than Sydney and about 4.5 times greater than Melbourne.*

Most relevantly however was the authors analysis of vacancy rates and the important role they play in setting rent levels. As the authors conclude:<sup>73</sup>

*This means that small changes in the number of available properties in a housing market can have a significant impact on rents in an area through changes in the vacancy rate. When proponents of STRs [short term rentals] say that they could have no impact on rents, because they are only a small percentage of the total housing market, they are ignoring the market processes that change rents. In Greater Hobart (with a private rental market of about 19,500 dwellings) to move from a vacancy rate of 2 percent (where rent rises will be manageable) to 1% (where rent rises are likely to be double digit), would only need the withdrawal of 195 properties from the private rental market (or 0.2% of the total dwellings in Greater Hobart).*

- ***Monitoring the impact of short-term rentals on Tasmanian housing markets (Progress Report No. 1)***<sup>74</sup>

A more recent report prepared for Shelter Tasmania focused on Launceston, Tasmania's second largest city, finding that at least two-thirds (67 per cent) of entire properties being used as short-stay visitor accommodation in inner-city Launceston had previously been listed as long-term rentals.<sup>75</sup>

- ***Meet the Hosts – An analysis of short stay accommodation permit data in the Hobart City Council municipality***

The Tenants' Union of Tasmania released a report in July 2023 on short stay accommodation hosts in the Hobart City Council municipality. The report analysed the claim by booking provider platforms that "short-term rentals

<sup>72</sup> Ibid at 26.

<sup>73</sup> Ibid at 44.

<sup>74</sup> Shelter Tasmania, *Monitoring the impact of short-term rentals on Tasmanian housing markets* (First Update since the June 2022 Baseline Report) (December 2022).

<sup>75</sup> Ibid at 11.

provide a way for everyday people to stay afloat and combat rising cost of living and growing mortgage repayments".<sup>76</sup> The report found that the average short stay host in Hobart own an average of 3.2 properties in Tasmania alone with an average valuation of \$2.6M. Expressed in another way, hosts of entire property short stays in Hobart are on average 50 per cent wealthier than the average Australian – and that is only taking into account their Tasmanian property wealth. The report stressed that the only assets it had been able to access was publicly available property searches within Tasmania and that it was very likely that most of the Hobart hosts had other assets including cash, shares, interstate property and superannuation.

### Empty Homes

The 2021 Census found that 10.1 per cent or 1,043,776 of Australia's 10,318,997 private dwellings were unoccupied on the night of the Census.<sup>77</sup> Whilst there are a large number of reasons why properties were empty including that the property was being renovated or sold, the owners were overseas, or the new owner/tenant had not yet moved in, it is also incontrovertible that some investors are choosing to keep properties empty.

To better understand the magnitude of the problem, in 2022 we wrote to TasWater and asked how many residential properties in the inner-city municipalities of Hobart, Glenorchy and Launceston City Council they estimated were empty in the 2021 calendar year. The data requested of TasWater sought to capture residential properties where consumption was less than ten per cent (19kL) of the annual average residential water consumption (193kL). The less than ten per cent figure was agreed to in order to also capture empty residential properties with dripping taps.

The TasWater response was that there were 2,709 residential properties left empty or under-utilised in 2021, including 907 residential properties across the Hobart City Council municipality, 610 in the neighbouring Glenorchy City Council and 1,192 in Launceston City Council.<sup>78</sup>

### Homes empty for one year or more in Hobart, Glenorchy and Launceston 2021

Local Government Areas (LGAs)	Total number of residential dwellings*	Properties empty for 1 year or more**	Percentage of empty homes
Hobart	23,777	907	3.81%
Glenorchy	21,049	610	2.9%
Launceston	30,044	1,192	3.97%
<b>Total</b>	<b>74,870</b>	<b>2,709</b>	<b>3.62%</b>

\*Australian Bureau of Statistics 2021 Census \*\*Source: TasWater

<sup>76</sup> Amber Wilson, 'Airbnb: "not our fault"', *The Mercury*, 21 February 2023 at 2.

<sup>77</sup> Australian Bureau of Statistics, 'All persons Quickstats', 2021 Australian Census.

<sup>78</sup> It is also worth noting that of this 2709 residential premises, 15 per cent (409 residential premises) have been empty for at least three years and 12 per cent (303 residential premises) have been empty for at least four years.

The 2709 residential properties that were empty in Hobart, Glenorchy and Launceston municipalities in 2021 is a conservative figure and the true number of empty properties is almost certainly higher. This is because the data only captured residential properties with at least one year of either no or minimal water usage. The TasWater data also failed to capture many apartment complexes, which often only have a single water meter for the entire building.

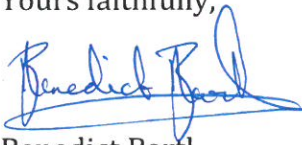
When it is recognised that Australia has a worsening housing crisis we need to ensure that our tax system is encouraging the building of homes for people who need them. Investors should not be incentivised to buy up existing long-term rental accommodation and turn it into short stay accommodation or leave properties empty. A review of our property tax concessions is urgently needed.

**Recommendation:**

1. That the Federal Government commit to a review of its property tax concessions.

If you have any queries, or would like to discuss our submission further, please do not hesitate to contact us.

Yours faithfully,



Benedict Bartl

Principal Solicitor

**Tenants' Union of Tasmania**

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# Tasmanian Rents

March Quarter 2023

from data collected by

**MyBond.**  
Rental Deposit Authority

statistics compiled by

 **Tenants' Union  
of Tasmania**

## MAP: March '23 Qtr 3-Bedroom Median Rent & 2-year change

