

Senate Standing Committees on Community Affairs
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Dear Committee Secretary

Inquiry into the worsening rental crisis in Australia

The ACT Council of Social Service (ACTCOSS) welcomes this opportunity to provide a submission to the Inquiry into the worsening rental crisis in Australia. ACTCOSS advocates for social justice in the ACT and is the peak body for not-for-profit community organisations in Canberra.

ACTCOSS is supportive of submissions from the Australian Council of Social Service (ACOSS) and others in the COSS network. We also support the [Everybody's Home](#) campaign for a better, fairer housing system. We encourage the committee to take heed of the recommendations made by housing peaks, tenancy organisations and rental advocates as experts in the field.

At present, the Australian housing context is riddled with instability and unaffordability that disproportionately effects the most vulnerable and disadvantaged households. The consequences of this housing crisis are clearly evident in the ACT region. As our [2023 ACT Cost of Living Report](#) reveals, Canberra has the most expensive overall median rent prices and is the least affordable jurisdiction in the country for people on low incomes.

The causes of this housing crisis are complex, multifaceted and interdependent. Accordingly, achieving a fit-for-purposes rental housing market in Australia will require national leadership and housing policies that consider the multiple and complex demand and supply factors that influence the rental market. A substantial increase in social housing, increased rent assistance, rent regulation and other tenancy law reforms should be core areas for immediate policy reform. With housing insecurity likely to increase in coming years, we urge the Federal Government to work with state and territory jurisdictions to take action to prevent prohibitive rent increases, replicate the ACT's ban on no cause evictions, implement appropriate housing standards for rental properties, and boost the supply of social housing.

Recommendations

- ***The Commonwealth engage with state and territory government to devise, fund and implement a plan to grow Australia's social and affordable housing sector to meet current and future demand.***

- ***The Commonwealth to work with states and territories to strengthen tenant rights and protections by improving the form and consistency of residential tenancy laws, while safeguarding against any regression of rights in jurisdictions.***
- ***State and territory governments should set limits for rent price increases in line with rental CPI increases, and at a maximum occurrence of once every 12 months.***
- ***Improve compliance and accountability through accessible and robust frameworks that better ensure effectiveness of existing laws, including in relation to privacy.***
- ***Reform residential tenancies laws to include specific and minimum quality, efficiency, repair and maintenance standards for all rental properties, and meaningful tools for their enforcement.***
- ***Implement minimum energy efficiency standards for rental homes.***
- ***Immediately increase CRA by 50% to support low-income households in rental stress, and undertake a review of the adequacy, eligibility and structure of CRA to ensure it better meets the needs of low-income households experiencing rental stress.***
- ***Fund the development of a National Aboriginal and Torres Strait Islander Housing Strategy, with increased investment in community-controlled social and affordable housing in urban, regional and remote Australia, and with the development and implementation of the strategy led by Aboriginal and Torres Strait Islander communities.***

Reform Priorities

Increasing social and affordable housing

There cannot be an adequate response to the housing and rental crisis without substantial investment in social housing. With a declining stock of social housing in recent decades, the quantity and diversity of public and social housing dwellings is insufficient to meet the demands on the system. The large and persistent shortfall in social housing supply is intrinsically linked to the rental and overall housing market, putting increased pressure at all points along the housing continuum. Lengthy social housing waiting lists force up demand in the private market, contributing to the worsening housing affordability crisis.

The proportion of social housing in the Australian housing market has been in decline since the 1980s and, with the exception of increased federal investment during the Global Financial Crisis, has been severely neglected by all levels of government over the past three decades. At the same time as social housing stock has declined, the structure of the private rental market has shifted, with an increase in the concentration of rental supply at mid-market levels, and more middle and higher-income households entering and remaining in the rent market. That is, increases in private rental stock have been largely at the top end of the market, and at the same time there has been a loss of stock at the bottom end of the market. In a context of rising rents and declining homeownership, more higher-income households 'trade down' and compete for what would have been cheaper rentals, crowding out lower-income households and putting upward pressure on the cost of these rental properties.

Exacerbating the shortage of rental properties for those on low incomes is the loss of homes provided through the National Rental Affordability Scheme (NRAS). The scheme was introduced by the Federal Government in 2008 and approximately 36,000 homes were constructed. It provided an annual financial incentive to property owners who supplied new properties that were to be rented at below market rates to people on low to moderate incomes. While the expiry of NRAS, an estimated 23,000 affordable rental properties will be lost between now and 2026.

The problem created for low-income households by the loss of stock at the lower-priced end of the rental market, intense rental market competition and the 'crowding out' of the rental market by higher-income households is precisely why the large-scale provision of social housing is the most important policy response to the housing crisis. Any other attempt to tackle the rental crisis in Australia will simply not address those most in need, and those who have been most failed by current policy settings.

The need for significant and sustained investment in social housing is evident in the ACT, where high private rental costs have been exacerbated by a shortfall of at least 3,100 current social housing properties, as well as a projected shortfall of 8,500 additional social housing dwellings to meet future need by 2036.¹ As of the 2021 census, the undersupply of housing coupled with prohibitively high prices left almost 1,777 people unhoused in the ACT and 122,494 people unhoused nationally – figures that have increased drastically in the last 20 years.² Without interventions to improve supply of social housing, 43% of ACT's homelessness service users are experiencing persistent homelessness.³

Whilst the ACT Government has committed \$55.9 million for 140 new public housing dwellings in the 2023-24 ACT Budget, this funding will be insufficient to meet the demand for additional housing in the Territory. The pressure of demand is underscored by the fact that the number of public housing dwellings in the ACT is currently at its lowest since 2013.⁴ There are currently 3,173 applicants on the waiting list for social housing properties in the ACT, and standard housing applicants are waiting for 1,893 days on average (over 5 years) before being housed.⁵

Increasing social and affordable housing is imperative and must be a priority as part of any policy response to alleviate the pressures in the rental market and ensure housing stability and safety for those on low incomes. While increasing social and affordable housing is the responsibility of both levels of government, the Commonwealth has a core role to play in financing the substantial investment that is required. The share of the Budget allocated to housing has fallen from 4.5% some fifty years ago, to just 0.5% today. Whilst the funding announced in the Social Housing Accelerator Program has been a welcome intervention, the level of demand and housing pressure far

¹ J Lawson et al., *Social housing as infrastructure: an investment pathway*, AHURI Final Report 306, Australian Housing and Urban Research Institute Limited, 2018, p 63.

² Australian Bureau of Statistics, *Estimating Homelessness: Census, 2021*, ABS, Estimating Homelessness: Census, Canberra, March 2023, accessed 5 May 2023.

³ Productivity Commission, *Report on Government Services 2023 - G Housing and homelessness*

⁴ Productivity Commission, *Report on Government Services 2023 - G Housing and homelessness*

⁵ Housing ACT, *Waitlist and processing times - Housing*, ACT Government, 24 July 2023, accessed 1 August 2023.

exceeds that which has been made available. As a result, the capacity for increased public and social housing to improve market conditions and reduce rental pressures is severely limited if not negligible at present.

Recommendation: The Commonwealth should engage with state and territory government to devise, fund and implement a plan to grow Australia's social and affordable housing sector to meet current and future demand.

Strengthen tenancy laws

There is a clear and compelling need to strengthen and better coordinate residential tenancy laws across Australia. Key areas that should be prioritised for reform are:

- tenant application (including rent bidding, applications forms, and data retention)
- security of tenure (including length of lease, no cause evictions, and retaliatory evictions)
- rental housing conditions and tenancy liveability (including minimum standards for rental accommodation and energy efficiency).

The gaps and inconsistencies in residential tenancy laws across jurisdictions underscores the need for national, state and territory governments to work together to develop a national approach to strengthening renters' rights. We would however stress the importance of safeguarding against any regression of rights in the ACT, given the significant and much-needed improvements made by the ACT Government in the past year.

Recommendation: the Commonwealth should work with states and territories to strengthen tenant rights and protections by improving the form and consistency of residential tenancy laws, while safeguarding against any regression of rights in jurisdictions.

Ending no cause evictions

The ACT has recently passed the [Residential Tenancies Legislation Amendment Act 2023](#), effectively ending 'no cause' evictions for both periodic leases and following fixed term leases. This welcome reform has increased the rights and security of tenants in the ACT, where renters comprise almost a third (30.7%) of households.⁶

Protecting against no cause evictions is essential to the safety and security of rental tenancy. In particular, the current challenges of limited housing stock have left many renters unable to protect their tenancy rights for fear of being unfairly evicted. Instituting protections against no cause evictions is also fundamental if other forms of rental regulation are to work. For example, without protections against no cause evictions, landlords could potentially circumvent rental limits by terminating tenancies and resetting the rent upon the establishment of a new lease.

Without adequate protections, renters face myriad challenges of insecure tenure, including the high costs of frequently moving, and increased challenges for people with disability, people with mental ill health and older Canberrans struggling with housing that is both affordable and inaccessible.

⁶ Australian Bureau of Statistics, [Snapshot of Australian Capital Territory](#), ABS, 28 June 2022.

The successful implementation of the legislation in the ACT should be replicated nationally to ensure that tenancies are not being arbitrarily or unfairly terminated. Stability and security of tenure are fundamental to redressing the rental crisis and improving renters' rights. By replicating the ACT's approach to no grounds evictions, jurisdictions across Australia could instil a shared set of rights and protections.

Recommendation: Residential tenancy laws should strengthen tenants' security against termination and eviction, with consideration given to replicating across jurisdictions the ACT's ban on no-cause terminations, including at the end of a fixed term.

Limiting prohibitive rent increases

Reforms are urgently needed to limit and stabilise rental price increases. Without fair limits to prevent excessive rent increases, renters are facing prohibitive costs leading to housing insecurity, potential homelessness, increased pressure on social housing waitlists and high rates of rental stress.

The ACT is currently Australia's least affordable jurisdiction for people on low incomes, with one of the highest overall median rental prices in the country.⁷ Over 60% of lower income private renters in the ACT are experiencing rental stress (paying more than 30% of their income on housing costs).⁸ Heavy pressures on both housing supply and affordability have created an environment of rapidly increasing rental costs misaligned from indexation of wages or income. Excessive rent increases are contributing to cost-of-living pressures, leaving disadvantaged households unable to cover other essential costs including food and medicine.

In 2019, the ACT introduced legislation to regulate rent increases on residential properties. Under these arrangements, rents may only be increased during fixed-term tenancies if specified in rental agreements, and can only be increased once every 12 months during periodic leases or outside of a fixed-term agreement. Increases to the rents of periodic leases are limited to a prescribed amount, defined as 110% of the percentage increase in the rents component of the Consumer Price Index (CPI) for Canberra. In certain instances, landlords can increase rent above the prescribed amount if they have applied to the ACT Civil and Administrative Tribunal and demonstrated that the increase is not excessive in relation to prevailing market rents for comparable premises.

ACTCOSS supports the ACT Government's action on regulating rental increases, which has provided certainty to renters on periodic leases and protected them from excessive rent hikes. We note there is no evidence these reforms have diminished rental supply or led to investors exiting the housing market. Research from the Australian Housing and Urban Research Institute (AHURI) finds a lack of evidence for claims that improved rental rights disincentivise landlords from real estate investment.⁹ Further, investors tend to purchase existing housing, and

⁷ SGS Economics & Planning (SGSEP), [Rental Affordability Index](#), SGSEP, 2022.

⁸ Australian Government Productivity Commission, [Report on Government Services 2023 - G Housing and homelessness](#), Productivity Commission, 24 January 2023, accessed 1 August 2023.

⁹ C Martin et al., [Regulation of residential tenancies and impacts on investment](#), Australian Housing and Urban Research Institute (AHURI), November 2022.

those landlords who may disinvest and sell property following rental reforms, creating opportunities for these properties to be purchased by owner-occupiers or non-profit affordable housing providers.¹⁰

While these reforms have improved the security of tenancies, rents have nonetheless continued to increase in the ACT at a rate outpacing most other jurisdictions. In 2022, less than 3% of private rental properties were found to be suitable for a household living on minimum wage without placing the household in severe rental stress.¹¹

We believe several factors have impeded the effectiveness of the ACT rental regulation framework. First, the ability of landlords and agents to prescribe higher increases within fixed-term lease agreements provides a loophole that can readily be exploited in a trapped rental market with extremely low vacancy rates. Renters face significant barriers to finding suitable housing and as a result often face the threat of being left unhoused if unwilling to agree to the terms of a lease as proposed. The ACT Government's 2022 Survey on Short-Term Rental Accommodation recently found that one of the main reasons people rented through a short-term rental accommodation service in the ACT was 'difficulties getting a long-term rental / house share'.¹² This points the need to consider the application of rental regulation in tandem with policy settings for Short-Term Rental Accommodation, the latter being particularly permissive in the ACT and in most other Australian jurisdictions. Further, the ability of landlords to exponentially increase the rental price of a property between different tenancies creates an incentive to limit the length of tenancies or find reasons to evict existing tenants.¹³

In short, we support the measures implemented by the ACT Government to restrict the frequency and extent of rental increases, however further reforms are needed to remove loopholes and reduce incentives for short-term rentals arrangements and tenancy churn. By implementing limits on rent increases in tandem with other rental protections, state and territory governments can significantly improve the safety and affordability of tenancies, particularly for long-term renters.

Recommendation: State and territory governments should set limits for rent price increases in line with rental CPI increases, and at a maximum occurrence of once every 12 months.

Strengthen enforcement, accountability and data collection to ensure compliance

Legislation is only as good as its enforcement. Accordingly, better enforcement, oversight and accountability is needed to ensure compliance with residential tenancy laws. In the ACT, as elsewhere, the residential tenancy law relies on renter to enforce laws. In addition to funding tenancy advocacy services, government agencies need to be better resourced to pro-actively enforce rental laws and apply penalties to deter non-compliance. Improved data collection and reporting should also be undertaken to better understand the effects of existing rental regulations and identifying areas of systemic non-compliance.

¹⁰ AHURI, [Regulation of residential tenancies and impacts on investment](#).

¹¹ Anglicare Australia, [2022: Rental Affordability Snapshot](#), Anglicare, April 2022.

¹² ACT Government YourSay Panel, [Short-Term Rental Accommodation Survey Final Report](#), ACT Government, 22 September 2022.

¹³ AHURI, [Brief: Understanding what is a 'rent freeze', a 'rent cap' or 'rent control'](#), 27 June 2023.

Recommendation: Improve compliance and accountability through accessible and robust frameworks that better ensure effectiveness of existing laws, including in relation to privacy.

Improve the quality of rental housing and implement minimum energy standards

Poor quality housing negatively impacts on the lives of a significant proportion of low-income renters, affecting their health and wellbeing, as well as adding to unaffordability due to the financial burden of maintaining, repairing or heating/cooling these dwellings. At one end of the spectrum, this can mean a house is in need of repair, and at the other it could mean a major structural issue (such as rising damp). Analysis of the Australian Housing Conditions Dataset, which counts social and private renters together, suggests more than ten per cent of very low-income renters report having essential and urgent repair needs, while nearly a quarter of low-income renters report not being able to keep comfortably cool in summer.¹⁴

While the ACT requires rental properties to be maintained in a habitable state, current laws regarding minimum standards for private rental properties are generic overall and lacking in detail. A further shortcoming is that the onus of policing landlords' obligations regarding dwelling conditions falls on tenants.

ACTCOSS has advocated for the implementation of minimum housing standards for rental properties in the ACT for over a decade. Renters on low incomes are extremely vulnerable to poor quality housing, having to accept any available property within their means. When basic standards of living, and housing quality are not met, tenants are facing significant health issues and prohibitively high energy costs. In the ACT around 40 deaths per year can be attributed to cold homes.¹⁵ Better Renting has also previously calculated that energy-inefficient rental properties deny ACT renters annual benefits worth almost \$40 million.¹⁶ As such, we would strongly encourage reforms to embed minimum housing and energy efficiency standards for rental properties.

Formulating effective solutions to problems of energy inefficient housing in the low-cost rental sector is particularly challenging because of 'split incentives'— where the landlord pays for improvements that provide them with no immediate or direct financial benefit—and other tenancy and financial barriers. Having minimum standards for the energy-performance of rental homes is a critical starting point and must underpin all other policy strategies. Similarly, mandatory disclosure of dwelling performance is an important tool to aid prospective tenants in their selection of properties, and as a way of monitoring compliance with minimum standards.

As part of the ACT Government's rental reforms earlier this year, all residential rental properties are now required to meet a minimum energy efficiency standard for ceiling insulation. Whilst this is a promising start and will hopefully improve the energy performance and thermal comfort of many homes, it is only one of a larger collection

¹⁴ Liu, E., Martin, C. and Easthope, H. [Poor-quality housing and low-income households Review of evidence and options for reform](#); Shelter Brief no. 63; Sydney: UNSW City Futures Research Centre, 2019.

¹⁵ Better Renting, [Unsafe as houses: cold-housing deaths in the ACT](#), Better Renting, Canberra, 2019.

¹⁶ Better Renting, [Frozen out: the burden of energy deficiency on people who rent](#), Better Renting, Canberra, 2018.

of necessary minimum standards to ensure healthy homes. With 40% of rental properties in the ACT advertised with the lowest energy-efficiency rating, there is major scope for improvement.¹⁷

In addition to higher ceiling insulation standards, we would encourage the addition of energy efficient electric heating/reverse-cycle air conditioning, and energy efficient electric hot water. We also support recommendations made by Healthy Homes for Renters regarding a framework for minimum energy efficiency rental requirements.¹⁸ Introducing best practice, prescriptive minimum energy efficiency standards for rental properties will significantly reduce cost of utilities for many renters and ensure access to an affordable energy supply.

ACTCOSS also strongly supports measures to allow renters to modify their homes to meet accessibility needs where necessary. By implementing a framework for minimum standards, the Federal Government could play a major role in redressing rental inequities and improving community wellbeing. However, as previously discussed we would oppose measures that resulted in any regression of rights in the ACT, as a leading jurisdiction in the space.

Recommendations:

- **Reform residential tenancies laws to include specific and minimum quality, efficiency, repair and maintenance standards for all rental properties, and meaningful tools for their enforcement.**
- **Implement minimum energy efficiency standards for rental homes.**

Increase and review Commonwealth Rent Assistance

To meet the human rights of all Australians and ensure that all community members can cover the cost of essentials, the Federal Government needs to commit to a minimum income floor in our income support system by lifting all base rates of payment to at least \$73 a day (the same level as the pension and pension supplement) and indexing them to wages as well as prices.

Additionally, ACTCOSS calls for a comprehensive review of the sufficiency of Commonwealth Rent Assistance (CRA) and an immediate increase in rent assistance payments to counteract the severity of the housing crisis. In the ACT, of those low-income households receiving CRA, 43.9% are still experiencing rental stress.¹⁹ Investment in improving the sufficiency of rental subsidies is particularly urgent given the extensive wait times for social housing applicants.

We support ACTCOSS' call for CRA to be benchmarked against actual rents and for the maximum rate to be increased by 50% to support low-income households in rental stress. We would further urge the Government to

¹⁷ Better Renting, [Baby it's cold inside: energy efficiency ratings in the ACT](#), Better Renting, Canberra, 2019.

¹⁸ Healthy Homes for Renters, [Community Sector Blueprint: a National Framework for Minimum Energy Efficiency Rental Requirements](#), Healthy Homes for Renters, 28 November 2022.

¹⁹ Productivity Commission, *Report on Government Services 2023 - G Housing and homelessness*

undertake a review of the adequacy and eligibility criteria of CRA given the high proportion of renters experiencing poverty and rental stress who are not Centrelink recipients and are being left unsupported.

In addition to an immediate increase in CRA, there is a need to review and refine the structure of CRA to ensure it better targets those most in need and genuinely relieves rental stress. A shortcoming in the existing design of CRA is that it treats households in similar circumstances in the same way wherever they live in Australia, ignoring the fact that private rental housing markets (and market rents) differ substantially across the country. As a result, it does not make housing affordable for significant numbers of households, using common affordability benchmarks. It also ignores the housing needs of working households on low-incomes without children because they are ineligible for any Centrelink payment.

It is imperative any increase and review of CRA is implemented alongside long-term measures that tackle the root causes of the housing crisis: it should not be at the expense of much-needed systemic change in how Australia delivers social and affordable housing, including direct investment in social housing.

Recommendation: Immediately increase CRA by 50% to support low-income households in rental stress, and undertake a review of the adequacy, eligibility and structure of CRA to ensure it better meets the needs of low-income households experiencing rental stress.

Implementing a national First Nations housing strategy

Ensuring that Aboriginal and Torres Strait Islander Australians have access to safe, secure, and affordable housing is essential if we are to close the gap on health, education, employment and other life outcomes. Despite this, Commonwealth investment in First Nations housing plummeted over the last decade, from \$794 million in 2011-12 to only \$111.7 million in 2023-24 and zero in 2024-25. While Labor committed \$100 million for remote housing in the October 2022 Budget, this investment is limited to remote communities in the Northern Territory. Yet unmet First Nations housing need and high rates of homelessness are present across the nation in major cities, regional areas, as well as in remote communities.

Only around a third of Aboriginal and Torres Strait Islander households own their own home, compared to two-thirds of non-Indigenous people. Consequently, a far greater proportion of Aboriginal and Torres Strait Islander people (around 60%) live in rental accommodation than non-Indigenous people (30%). Aboriginal and Torres Strait Islander households are also over-represented in the social housing sector due to difficulties experienced in accessing private rental accommodation. These difficulties include racial discrimination within the private rental market; challenges meeting criteria for properties; and lack of appropriate and good quality housing.

ACTCOSS has long advocated for the implementation of a national First Nations housing strategy that applies across urban, regional and remote Australia. By establishing and fully funding a clear strategy and agreement to boost stock of community-controlled social housing, the Federal Government could produce valuable improvements to redress the harsh impacts of the housing crisis.

Recommendation: Fund the development of a National Aboriginal and Torres Strait Islander Housing Strategy, with increased investment in community-controlled social and affordable housing in urban, regional and remote Australia, and with the development and implementation of the strategy led by Aboriginal and Torres Strait Islander communities.

Conclusion

ACTCOSS calls on the Federal Government to take action to redress the immense struggle of low-income renters navigating cost of living pressures and housing unaffordability. By increasing investment in social and affordable housing, as well working with state and territory governments to reform tenancy laws, the Federal Government can drastically improve the lives of people on low incomes. We hope to see meaningful engagement with housing advocacy services and community organisations to ensure that a national program of rental reforms reflects the needs and vulnerabilities of low income and marginalised communities. With the highest rate of homelessness service users experiencing persistent homelessness in the country, the ACT urgently needs to see decisive action on affordability, accessibility, and availability of housing.

Yours sincerely

A handwritten signature in blue ink that reads 'Devin Bowles'.

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