DISRUPTED
The consumer experience of renting in Australia

CHOICE
national shelter
nato
2018
ABOUT THIS REPORT

This report was jointly produced by:

CHOICE

Set up by consumers for consumers, CHOICE is the consumer advocate that provides Australians with information and advice, free from commercial bias. CHOICE fights to hold industry and government accountable and achieve real change on the issues that matter most.

National Shelter

National Shelter is a non-government peak organisation that aims to improve housing access, affordability, appropriateness, safety and security for people on low incomes. Since 1976, National Shelter has worked towards this goal by influencing government policy and action, and by raising public awareness about housing issues.

NATO

The National Association of Tenant Organisations (NATO) is a federation of State and Territory-based Tenants' Unions and Tenant Advice Services across Australia. NATO's membership comprises Tenants Queensland, the Tenants' Union ACT, the Tenants' Union of New South Wales, the Tenants' Union of Tasmania, Tenants Victoria, Tenancy WA, Darwin Community Legal Service - Tenants' Advice Service (NT) and Shelter South Australia. NATO is an affiliate member of National Shelter, and several NATO organisations are members of the International Union of Tenants.

With special acknowledgments:
Dr Chris Martin, City Futures Research Centre, UNSW Sydney

CONTENTS

4 | INTRODUCTION
6 | Spotlight: Australian women over 55 who rent
7 | QUALITY
9 | Spotlight: Australian families with children
12 | Spotlight: Long term renters in Australia
13 | STABILITY
15 | Spotlight: Renting in regional Australia
19 | Spotlight: Renting with a disability
20 | AFFORDABILITY
22 | Spotlight: Under 25 and renting
23 | How we put this report together
INTRODUCTION

We all need a home we can count on. It’s very difficult to raise a family, go to work, be part of our local communities or maintain our health and wellbeing without a good place to call home. Across the nation, more and more people are renting their homes. There are now over 2.6 million households in Australia who rent. These Australians are raising families. They are sending their children to local schools. They are growing old and retiring.

Disrupted – the second report commissioned by CHOICE, National Shelter, and The National Association of Tenant Organisations (NATO) – delves into the issues facing Australians who rent. It reveals three problems that people who rent are facing across the nation, with many:

- living in poor quality homes afraid to request repairs;
- on insecure tenancies; and
- struggling with rental affordability and cost of living pressures.

Renting in Australia is not a one-size-fits-all experience. The experience of families who rent with children is very different to that of women over 55 who rent their homes. This is again different from the experience of a 20-year-old entering the private rental market for the first time. This report highlights the unique lived experiences of different demographics across Australia.

However, across every demographic, Australians who rent are putting up with homes that are in desperate need of repairs. Over half of all people who rent are living in homes that currently need repairs. In some cases, they are left in situations that are simply unsafe.

Despite this, people who rent are often holding back requests for repairs. At best, they fear that requests will be ignored or delayed indefinitely. At worst, people who rent fear requests will either result in an increase in rent or an eviction. Nearly half (44%) of Australians who rent are concerned that a request for repairs could result in an eviction. This fear of negative repercussions creates significant stress for people, deterring them from asking for repairs or requesting improvements to their home.

Australians are increasingly renting on insecure tenancies that fail to provide certainty and peace of mind. 9 out of 10 people who rent (88%) are on contracts of a year or less, which means they are not certain of where they will be living in 12 months’ time. Around 3 in 10 Australians (29%) are living on periodic agreements or ‘rolling’ contracts.

An insecure housing market also means that people renting homes are constantly on the move. 2 in 5 Australians who rent (40%) think they will not be living in the same home in 12 months’ time.

This report focuses on the impacts on Australians who rent who have to constantly move home. Renters tell us that moving homes is an expensive, time-consuming and emotionally taxing endeavour. The stress of moving is particularly evident for families. Families with school children have to factor in a number of considerations: will I be able to find another family home in the same local school catchment? Will I be able to find a home that is close to local services such as my doctor or place of worship? Will I still be able to live close to my friends and family, so I can have that support network?

The financial burden of moving also takes a toll on Australians who rent. They are often forced to pay for a number of additional expenses such as removalists, cleaners, time off work, paying double rent to secure a new home before their existing lease ends, and paying two concurrent bonds. This places further financial strain on these households. For Australians who rent, the fear of being evicted does not come just with anxiety and stress, but also a serious financial impact.

Many Australians who rent are also living in a precarious financial position. More than 2 in 5 of all Australians who rent (43%) are finding it difficult to get by on their current income, compared with 21% of non-renters. This financial fragility, when combined with a fear of rental increases as a repercussion for requesting repairs, means that many people who rent are more likely to be silent and accept a problem with their home than run the risk of further straining their finances.

As a consumer experience, Australians expect and deserve better. Imagine paying tens of thousands of dollars a year for an important product, only to find that there is a greater than 50% chance there are problems with it – and compound that with being unable to request a remedy for fear of negative repercussions. It is evident that the system is broken.

The Australian Consumer Law creates guarantees that automatically protect Australian consumers and give them the rights they expect. The law is applied consistently across the country, providing certainty for businesses and consumers alike. Consumers know that if they have a problem with something they buy, then they have the right to a remedy. The private rental market is not functioning in this way. Australians who rent are living in homes that are in desperate need of repairs, and unlike in any other market for consumer goods, they are unable to assert their rights to a remedy because they fear eviction or an unreasonable hike in rent.

Renting doesn’t have to be this way. It’s time we modernise tenancy laws across Australia to better support Australians who rent.
SPOTLIGHT: AUSTRALIAN WOMEN OVER 55 WHO RENT

66% have previously owned a residential home and no longer own it, compared with 27% of other renters

48% are living alone, compared with 22% of the rest of the population

66% of women over 55 would find a rent increase of 10% very difficult or difficult to afford, compared with 39% of the rest of the population

1. QUALITY

Across Australia, people who rent are reporting that their homes need repairs. New South Wales and Victoria – states with the largest population of people renting – report the highest numbers of people living in properties that need repairs.

Homes that need repair

51% of people who rent are currently living in a home that is in need of repairs.

Despite this, Australians who rent are concerned about asking for repairs. This concern ranges from simply being ignored indefinitely, to being slugged with higher rent prices, to being evicted.

How concerned would you be about the following, if you were to make a request for repairs from your landlord?

- 69% are concerned that the request would be delayed an unreasonable length of time
- 68% are concerned that the request could mean a rent rise
- 64% are concerned that the request would go ignored indefinitely
- 44% are concerned that the request could get them evicted

“I’ve rented all my life and I’m 62. I can’t afford to buy, being on a disability pension. I long to be settled somewhere. [My] current landlord has ignored my maintenance requests for 4 months now. He won’t spend money unless it’s an absolute emergency and then only when threatened.

One landlord… put in an illegal flue over the stove that did not let fumes escape to outdoors. When I said I was going to Consumer Affairs I was threatened with and got a notice to leave without reason.”

Debra 62, VIC, single.
Another commonly reported issue is difficulty in keeping a home cool or warm, with almost 3 in 10 people who rent (28%) reporting problems with this. Victoria has the highest proportion of renters who experience problems regulating temperature, with 36% of people who rent reporting mould in their bathrooms and 20% reporting mould in their bedrooms.

The inability to keep a home at an appropriate temperature also has financial impacts through higher energy bills. Almost 4 in 5 Australians who rent (78%) are concerned about the cost of their electricity bills. They are often forced to decide whether to pay higher electricity bills and have their home an appropriate temperature, or live in often unsatisfactory conditions.

SPOTLIGHT: AUSTRALIAN FAMILIES WITH CHILDREN

56% expressed concern the last time they moved homes about the “distance from a local school catchment, or increased distances from my child(ren)’s school”

Mould remains a serious issue for families with children. Almost 2 in 5 (39%) have reported issues with mould in the bathroom, compared with 29% of other people who rent.

Almost half (49%) of all people who rent with children would find a 10% increase in rent very difficult or difficult to afford, compared with 35% of other people who rent.

Disrupted: The consumer experience of renting in Australia
**A SNAPSHOT OF THE BATHROOM**

Australians who rent report the bathroom as the most problematic room in their home.

- **Toilet faulty or broken** – 22%
- **Cracked tiles** – 19%
- **Taps or shower heads leaking** – 33%
- **Mould** – 33%
- **No fan or poor ventilation** – 25%

*Reported issues in their bathroom since renting their current property

**A SNAPSHOT OF THE KITCHEN:**

- **Appliances that are faulty or don’t work** – 23%
- **Issues with water pressure or temperature** – 12%
- **Drawers or shelves that are broken or difficult to use** – 16%
- **Mould** – 9%
- **No fan or poor ventilation** – 17%

*Reported issues in the kitchen since renting their current home

**A SNAPSHOT OF THE BEDROOM:**

One survey respondent shared the challenge he had with not being allowed to pursue basic modifications to his bedroom:

*"Not allowed to hang my own curtains so it isn’t dark enough for me to sleep in the day when I’m on night shift."* Gregory, QLD, 36.

This issue of lack of autonomy is commonplace across the nation, with almost a quarter (23%) of all Australians who rent having experienced issues with restrictions on how they want to use their home, including making minor alterations. This becomes an issue of grave safety when people who rent are not allowed to secure furniture or televisions to their wall.

According to Product Safety Australia, since 2001, at least 22 children under the age of nine have died in Australia from toppling furniture and televisions.

One tragic example of this was when a 22-month-old toddler in Western Australia died when an unsecured chest of drawers crushed him. It was unsecured because the landlord had refused to let the toddler’s mother secure the chest of drawers to the wall.
**SPOTLIGHT: LONG-TERM RENTERS IN AUSTRALIA:**

For many Australians, renting is a long-term housing option. 6 in 10 people who rent (60%) have been renting for 10 or more years. Across the following issues, long-term renters experience more problems in their current home than those who are newer to the private rental market.

55% of long-term renters have moved properties five times or more.

36% of long-term renters are living on month-to-month leases, compared with 21% of Australian who have been renting for less than five years.

### Since renting your current property have you experienced any of the following issues?

- **Issues with locks, doors, windows**
- **Rats (cockroaches, moths, ants, etc.)**
- **Difficulties to keep property cool or warm**
- **Delays from landlord to take action on issues raised**
- **Issues with hot water**
- **Electrical problems**
- **Leaks or flooding**
- **Lack of fly screens on windows**

### What is the type and duration of renters’ current rental agreement?

<table>
<thead>
<tr>
<th>State</th>
<th>&lt; 5 years</th>
<th>5 to 9 years</th>
<th>10+ years</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>39%</td>
<td>8%</td>
<td>54%</td>
</tr>
<tr>
<td>VIC</td>
<td>30%</td>
<td>6%</td>
<td>54%</td>
</tr>
<tr>
<td>QLD</td>
<td>16%</td>
<td>12%</td>
<td>62%</td>
</tr>
<tr>
<td>SA</td>
<td>23%</td>
<td>8%</td>
<td>55%</td>
</tr>
<tr>
<td>WA</td>
<td>26%</td>
<td>11%</td>
<td>53%</td>
</tr>
<tr>
<td>TAS</td>
<td>11%</td>
<td>8%</td>
<td>68%</td>
</tr>
</tbody>
</table>

**Across the nation, people who rent are living on insecure tenancies. Almost 9 in 10 Australians who rent (88%) are on leases of a year or less, and are not certain of where they will be living in a year’s time. This impacts a person’s ability to feel part of the local community and establish roots.**

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Disrupted: The consumer experience of renting in Australia
MOVING HOMES

Moving homes is a highly stressful and expensive experience for Australians who rent. More than 4 in 5 people who rent (83%) express concern about the ‘stress caused by the effort needed to move’ when last moving rental properties.

57% of people who rent experienced concern about commute times and distances to their place of work/study when last moving properties.

Moving homes often means moving away from familiar support networks and local services. A majority (53%) of Australians who rent express concern about finding new local services when last moving rental properties. This included having to find a new family doctor, a new place of worship, and new community groups.

Practical considerations, such as distance from local public transport services, are things renters have to think about when moving properties. One survey respondent shared her concern about moving homes:

“A strong concern because I don’t drive, and [the] new place was all I could afford, but had serious reduction in public transport options.” - Wendy, 54, QLD, living alone.

Another concern for Australians who rent is how to maintain access to local support networks. Half of all people who rent (53%) expressed concern about the ‘distance from family, friends, support network’ when last moving. 52% of renters expressed concern about moving away from existing social and community groups. This distance from local community groups and family structures can be isolating.

SPOTLIGHT: RENTING IN REGIONAL AUSTRALIA

People who rent in regional areas face many similar challenges with their urban counterparts. A majority of people (51%) who rent in regional Australia have rented for 10 or more years:

<table>
<thead>
<tr>
<th>Proportion of people who</th>
<th>Regional</th>
<th>Metro</th>
</tr>
</thead>
<tbody>
<tr>
<td>have rented 10 or more years</td>
<td>39%</td>
<td>39%</td>
</tr>
</tbody>
</table>

Thinking about current financial position, if your rent were to increase 10%, which of the following best applies?

Regional

- Would find the rent rise very difficult/difficult to afford: 42%
- Would comfortably/very comfortably afford the rent rise: 31%
- Would just be able to afford the rent rise: 27%

Metro

- Would find the rent rise very difficult/difficult to afford: 39%
- Would comfortably/very comfortably afford the rent rise: 36%
- Would just be able to afford the rent rise: 26%
Have you ever had a landlord end a tenancy ‘without grounds’?

<table>
<thead>
<tr>
<th></th>
<th>Metro Australians</th>
<th>Regional Australians</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10%</td>
<td>9%</td>
</tr>
</tbody>
</table>

State of repairs - living in homes that are in need of repairs

<table>
<thead>
<tr>
<th>Repair issue</th>
<th>Metro Australia</th>
<th>Regional Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doors, locks and windows</td>
<td>30%</td>
<td>32%</td>
</tr>
<tr>
<td>Pests</td>
<td>27%</td>
<td>29%</td>
</tr>
<tr>
<td>Difficulties keeping home cool or warm</td>
<td>29%</td>
<td>24%</td>
</tr>
<tr>
<td>Issues with hot water</td>
<td>24%</td>
<td>22%</td>
</tr>
<tr>
<td>Electrical problems</td>
<td>23%</td>
<td>24%</td>
</tr>
</tbody>
</table>

Renters in regional Australia report repair issues with their current home at similar rates to people who rent in metropolitan regions:

"Moved cities in January. Spent a lot of money, time and effort on the new house. Told owner was selling after relationship breakup, and had 60 days to find another place. Didn’t sleep at all that night. I don’t drive and had just got a job close by and learnt the bus routes. Worried that we wouldn’t find another affordable property that would suit all of us, have fences, allow the dog etc. Worried about having to organise and pay for transfer of utilities again and carpet/flea treatment etc. No savings left after first move and only working a few hours a week. Worried about physically moving all our gear – again.” Jillian, 48, QLD, single parent living with children.

The last time Australians who rent moved homes:

<table>
<thead>
<tr>
<th>Cost of moving properties</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have mail redirected</td>
<td>54%</td>
</tr>
<tr>
<td>Paid for a removalist</td>
<td>47%</td>
</tr>
<tr>
<td>Clean, repair, or remove something from their old home</td>
<td>46%</td>
</tr>
<tr>
<td>Take time off work</td>
<td>33%</td>
</tr>
<tr>
<td>Disconnect or reconnect electricity, gas, phone, or internet</td>
<td>45%</td>
</tr>
<tr>
<td>Pay rent on their old home in order to secure their current home</td>
<td>24%</td>
</tr>
</tbody>
</table>
A periodic agreement occurs when a fixed-term lease expires and the contract converts to a rolling contract. Rolling leases can place Australians who rent on edge, leaving them in insecure positions.

**A closer look: periodic agreements in Australia**

<table>
<thead>
<tr>
<th>State/Territory</th>
<th>Notice periods for no grounds evictions for periodic agreements</th>
<th>Notice periods for no grounds evictions at the end of fixed term contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>90 days’ notice</td>
<td>30 days’ notice</td>
</tr>
<tr>
<td>QLD</td>
<td>2 months’ notice</td>
<td>2 months’ notice</td>
</tr>
<tr>
<td>VIC***</td>
<td>120 days’ notice</td>
<td>90 days (for contracts more than 6 months)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>60 days (for contracts less than 6 months)</td>
</tr>
<tr>
<td>SA</td>
<td>90 days’ notice</td>
<td>28 days’ notice</td>
</tr>
<tr>
<td>WA</td>
<td>60 days’ notice</td>
<td>30 days’ notice</td>
</tr>
<tr>
<td>TAS</td>
<td>Not permitted</td>
<td>42 days’ notice</td>
</tr>
<tr>
<td>ACT</td>
<td>26 weeks’ notice</td>
<td>26 weeks’ notice</td>
</tr>
<tr>
<td>NT</td>
<td>42 days’ notice</td>
<td>14 days’ notice</td>
</tr>
</tbody>
</table>

* Victoria has passed legislation which comes into effect in 2020. Once effective, this law will limit the use of no-grounds eviction to the end of the first fixed term only.

Ending unfair evictions

An eviction occurs when a person who rents is forced to leave their home at the landlord’s instigation. Across every state and territory in Australia, people renting can be evicted without grounds. Renters can be evicted at any time for something as reasonable as complaining about repairs, or simply for no reason at all.

The following state and territories can evict Australians who rent for unspecified reasons with the following notice periods:

- NSW: 90 days’ notice
- QLD: 2 months’ notice
- VIC***: 120 days’ notice
- SA: 90 days’ notice
- WA: 60 days’ notice
- TAS: Not permitted
- ACT: 26 weeks’ notice
- NT: 42 days’ notice

*** Victoria has passed legislation which comes into effect in 2020. Once effective, this law will limit the use of no-grounds eviction to the end of the first fixed term only.

The fear of eviction looms large over Australians who rent. With the population of people who rent growing at 2.6 million households, and with 1 in 10 people who rent being evicted without grounds at least once, this is a widespread problem.

Australians who rent are less likely to assert their enshrined consumer protections for fear of being evicted for no reason. More than 2 in 5 people who rent (44%) are concerned that requesting repairs could get them evicted. As the Victorian Government recently acknowledged, “the landlord’s ability to terminate a periodic tenancy for no specified reason can compromise tenant’s willingness to assert their rights for fear of receiving a retaliatory eviction notice.”

**What’s the solution?**

Recent research by AHURI has found that the ‘foremost approach to assuring tenants’ security is to allow landlords to terminate on prescribed grounds only’. Banning no-grounds eviction across Australia would provide more secure housing for Australians who rent. Let’s ensure Australians who rent have the security they need to create homes, build lives and raise families.

**SPOTLIGHT: RENTING WITH A DISABILITY**

Australians with a disability who rent are presented with additional challenges and barriers in the private rental market.

- Almost six in ten (58%) had to pay for removalists when last moving properties, compared with 46% of the rest of those who rent.
- 16% have been served with ‘without grounds’ eviction, compared with 9% for rest of those who rent.
- 92% expressed a concern about the ‘stress caused by the effort needed to move’ in their last move, compared with 82% for rest of those who rent.

“Currently I have a hole in my bathroom ceiling where rain gets in when it rains hard that hasn’t been repaired for 6 years. The ceiling is mouldy, which they say is my responsibility. I complained of a hot water system leak, which they left until the floor swelled and the tiles broke and the cupboards softened. I had to stay at a friend’s for 2 months while they repaired the kitchen.

At a previous flat, termite damage was unrepaired for over a year, and then the rent was raised. When I complained I was evicted with 6 weeks notice.”

Thomas, 51, NSW, on a disability support pension.
3. AFFORDABILITY

The percentage of people in each state and territory who would find a 10% increase in rent to be very difficult or difficult to afford:

Two in every five Australians who rent (40%) would find a 10% rental rise very difficult or difficult to afford.

“Close to a nervous breakdown when I realised that there was no way that I could afford current rental charges and that there was a very strong possibility that I would end up living in my car given that public housing waiting lists at the time were in the order of 18 months.”
Sandy, 59, TAS, single.

Many Australians who rent are in a precarious financial position. This is particularly pertinent with families with children, where half of all families (49%) would find a rent rise difficult or very difficult to afford. Very few Australians who rent are living comfortably financially – only 12% would very comfortably afford a 10% increase in rent today.

62% of people who rent express a concern about the cost of their rent.\(^6\)

COST OF LIVING PRESSURES:

Renters are feeling the squeeze with cost of living pressures. Over 2 in 5 Australians who rent (43%) are finding it difficult to get by on their current income.\(^6\) Less than 1 in 5 (18%) are living comfortably on their current income.

How worried are you about the following:

| My level of savings and investments | 71% |
| My disposable income | 69% |
| My level of debt including mortgage and credit | 43% |

People renting across Australia are finding it difficult to keep on top of everyday household expenses. Electricity ranks as the greatest concern for people who rent, with 78% concerned about the price of electricity.\(^11\)

How concerned are you about the current costs of each of the following household expenses?\(^12\)

| Electricity | 78% |
| Food and groceries | 72% |
| Fuel | 68% |
| Car insurance | 58% |
Movement from home ownership into renting

Nearly 3 in 10 Australians who rent (28%) have previously owned property and moved back into the private rental market. Renting is not necessarily a stepping stone to home ownership, but a housing option available and used at every stage of an Australian’s life.

This movement from home ownership to renting is most prevalent with older Australians. Almost two thirds (65%) of people who rent at 55 years or above have previously owned property and no longer own it.

Research in Australia has found that the transition from home ownership to renting is often due to ‘critical life events’. These critical life events include divorce, loss of a partner, unemployment, serious illness or injury.

28% of Australians who rent have previously owned a home that they lived in or previously owned an investment property, but no longer own it.

SPOTLIGHT: UNDER 25 AND RENTING:

78% express a concern that a request for repairs would be delayed an unreasonable length of time, compared with 68% for rest of those who rent.

65% expressed concern about the distance from family, friends, and support network caused by moving, compared with 52% of the rest of those who rent.

“Our home is falling to bits – there is paint peeling everywhere, our locks don’t work, and the plumbing is almost completely broken. We’ve just given up asking our landlord for repairs. It’s futile. He either ignores it or gets someone to do the cheapest job possible. We really feel part of the local community. It’s better to put up with a home that’s falling to bits than being asked to leave.” Henry, 23, NSW.

NOTES

1. CHOICE Consumer Pulse, March 2018
2. CHOICE Consumer Pulse, March 2018
3. CHOICE Consumer Pulse, March 2018
9. CHOICE Consumer Pulse, March 2018
10. CHOICE Consumer Pulse, March 2018
11. CHOICE Consumer Pulse, March 2018
12. CHOICE Consumer Pulse, March 2018