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Renting in the time of COVID-19: understanding the impacts

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Acronyms and abbreviations used in this report

ACT   Australian Capital Territory

AHURI   Australian Housing and Urban Research
              Institute Limited

ARHCD   Australian Rental Housing Conditions
              Dataset

Glossary

A list of definitions for terms commonly used
by AHURI is available on the AHURI website
www.ahuri.edu.au/research/glossary.

Executive summary

Key points

We have not yet seen the full effect of COVID-19 and the subsequent economic crisis, but this early analysis of the COVID19 module of the Australian Rental Housing Conditions Dataset (ARHCD) suggests that the rental sector will be where many of the upcoming challenges for Australia overlap.

- The COVID-19 module captures a 'snapshot' of circumstances for Australian renters. The initial findings, presented here, suggest a policy-important cohort of tenants in Australia are lined up on the brink of a financial precipice. Many renters are currently buffered from the full economic effects of the pandemic by their savings, their superannuation, and rent deferment, as well as temporary government supports in the form of eviction moratoriums, JobKeeper and JobSeeker.

- The impacts of COVID-19 across the rental sector are, in many respects, still emerging, and this presents a real challenge for policy-makers in developing targeted and effective assistance. While policy responses may, in the short term, focus on protective mechanisms, such as eviction moratoriums, the systemic nature of the challenges faced by renters suggests that long-term recovery will be most effectively realised through system-wide policy shifts.

- Challenges for effective policy response include the need to provide targeted assistance quickly, to provide a framework of certainty that enables all stakeholders in the rental sector to plan for the future (e.g. tenants, landlords, housing providers, social services), and to anticipate what issues may evolve in an extended pandemic.

- Without control of COVID-19 and the associated health risks, there can be no recovery for the Australian economy. Housing is at the frontline of interventions—and, as such, is a potential weakness in recovery.

Key findings

The COVID-19 pandemic, and the subsequent economic and social lockdown, has rapidly changed our housing system: the way we use our homes, our ability to afford them, and the role of government safety nets. The rental sector, where almost a third of Australians live—and where 20 per cent of Australians invest—has been dramatically affected. Large numbers of renting households have been thrown into precarious employment, or even unemployment, with many now finding it difficult to make housing payments. Tenure insecurity has become a pressing risk for many renters.

We report here on a survey of 15,000 renters, with data collected during July and August 2020—a time when many Australian state borders were closed, social distancing measures were in force across the nation, and various levels of extended lockdown were affecting employment and the economy. Building on existing research and a scheduled data collection of Australian renters (as detailed in Baker, Daniel et al. 2018)[1], this Australian Housing and Urban Research Institute (AHURI) rapid response project added a focussed module exploring the effects, vulnerabilities and experiences of renting households during the COVID-19 pandemic.

The COVID-19 module aimed to address the pressing need among the policy and research community for robust and timely data. Further, it was designed through a consultation process to directly respond to the key data requirements nominated by policy stakeholders. Our consultation with these stakeholders highlighted a need to capture data reflecting: employment and income change, rent reductions and deferrals, evictions, use of the home for work and study, mental and other health effects, the usefulness of government supports, and renter expectations for the future.

Preliminary analysis of the dataset shows that almost all tenants were affected in some way (often in multiple ways) across and beyond their employment, living environment, ability to pay rent, and risk of eviction. Overall, this data suggests that a policy-important cohort of tenants in Australia are lined up on the brink of a financial precipice. Many renters are currently buffered from the full economic effects of the pandemic by their savings, their superannuation, and rent deferment, as well as a temporary guardrail of government supports in the form of eviction moratoriums, JobKeeper and JobSeeker.

Importantly, the dual health and economic effects of the COVID-19 pandemic are still evolving. If (or as) the pandemic progresses, savings and superannuation buffers will eventually run out, making these renters entirely dependent on packages of government support. In the absence of an effective and accessible vaccine, it is likely that the situation for renters captured in this mid2020 snapshot will be different (and almost certainly worse) by mid-2021.

The following findings illustrate the scale of effect shown in the data.

- There is clear evidence of increased stress and anxiety across Australia's renting population, with almost half of all households surveyed reporting experiencing stress and anxiety as a result of COVID-19. When asked about the ways in which their living situation had been affected, about a third of tenants said they struggled to make ends meet or had skipped meals.

- The broader financial hardship faced by many of the respondents was a strong theme in the verbatim responses: for example, the inability to save, cancellation of services and memberships, and reliance on charitable services.

- Just over 60 per cent of households experienced some change to their employment or income circumstances, across variables including reduced working hours, retrenchment, temporary lay-off, and income decrease.

- Just over 5 per cent of respondents had received an eviction notice since the start of the pandemic.

- One in three respondents had requested, or were planning to ask for, a rent reduction or deferral. (Notably, of those who had requested a rent change, 42% were granted a rent reduction, 17% entered into a rent deferral arrangement, but 30% had their request declined and 6% were still waiting to hear back.)

- Among the households surveyed, there was widespread reference to the value of the JobKeeper and JobSeeker assistance packages. We note, though, a slight difference in the way that each of these assistance packages appeared to be viewed by tenants. Respondents repeatedly described the value of JobKeeper in keeping them 'afloat' and allowing them to 'make ends meet'. Diversely, the increased income for some households associated with elevated JobSeeker payments appeared to provide improvements to their living situation that were often beyond their pre-COVID-19 situation.

- There was generalised concern among respondents in regard to what would happen when these temporary support payments ceased.

- When renters were asked about the future and whether they anticipated requiring additional government support in the next 12 months, approximately a third expected they would require further support, a further 30 per cent were uncertain, and the remaining 40 per cent did not expect to require further support.

- Renters who anticipated that they would need financial assistance in the next 12 months were almost six times more likely than other renters to report that their mental health had significantly declined as a result of COVID-19.

- At the time of data collection, roughly one in eight renters had accessed their superannuation in order to meet their living costs, and a third of renters had accessed their savings in order to make ends meet during the pandemic.

This data snapshot potentially indicates a substantial shift in the quality of life for many Australians following the advent of COVID-19. These initial findings do, however, give policy-makers some guidance as to where intervention might be most effectively applied to mitigate future damage to Australian rental households (e.g. via increased income support payments, securing stable housing for all, and strengthening housing and employment safety nets).

Reflections for policy

Housing is at the frontline of COVID-19 interventions—and, as such, a potential weakness to other interventions. For example, a workforce obliged to continue working when feeling unwell because of high housing costs presents a risk to the effective control of COVID-19. In addition to affordability, other housing issues fundamental to the recovery of the economy include access to housing that is secure, uncrowded, and able to be maintained with high levels of hygiene and thermal comfort.

In framing priorities for policy response, this preliminary analysis of the COVID19 module suggests the following.

It is likely that there will be a sustained increase in the number of renting households requiring some form of assistance in the medium term at least.

- There is a need for a coordinated, universal framework for landlord–tenant negotiations.

- The lack of certainty about future government assistance is harming people's mental health.

- Policy interventions need to be carefully targeted.

- Following this rapid response work, systematic analysis of this dataset should be undertaken to provide a more detailed identification of the population cohorts most likely to benefit from interventions (and the forms of interventions most likely to assist in the control of the pandemic).

- As the pandemic progresses, there will almost certainly be an ongoing need to monitor the effects on rental households, to provide further 'snapshots' that capture evolving requirements and effects.

The study

This Research Project capitalised on a large-scale data collection project, the 2020 Australian Rental Housing Conditions Dataset (ARHCD), to add a focussed COVID-19 module. Data for the COVID-19 module was collected in July and August 2020. The module covered all Australian states and territories, and gathered information on the experiences of Australia's renting households: the assistance they accessed; their concerns and plans; and their requirements to 'rebound'. In addition to the dataset creation, this project presents an initial analysis of the COVID-19 module.

This study was designed to acknowledge the short-, medium- and long-term challenges facing decision-makers, and the need for better insights into how the rental market is performing, the uptake of existing support measures, and the demand for future assistance.

This project was framed around four interlinked stages. Stage 1 was consultative: a series of structured interviews were undertaken with policy stakeholders from each Australian state/territory to identify key themes of interest and issues of emerging importance to policy development. From this initial round of consultation, a Policy Issues Paper was produced (Baker, Beer, et al. forthcoming), summarising the leading items of policy interest, and calling for feedback and comment. The COVID-19 module was subsequently designed to reflect the findings of this consultation process. In Stage 2, data collection using a commercial provider was commissioned. Analysis of the preliminary dataset was undertaken in Stage 3. The dataset will be lodged with the Australian Data Archive, for broader public access, following the required embargo.

1. The collection of rapid rental insights: policy priorities and approach

The AHURI-funded COVID-19 module leverages an existing data collection exercise to provide an in-depth snapshot of tenant experiences during the COVID19 pandemic.

- **The project combines four stages of work.**

  - Rapidly consult with key stakeholders on the data needs of government and non-government decision markers.

  - Develop a unique COVID-19 module to gather information from Australian rental households in mid-2020.

  - Describe key tenant COVID-19-related experiences and needs across nine priority areas identified in the stakeholder consultations.

  - Lodge the COVID-19 module dataset with the Australian Data Archive, post-embargo, to provide an important evidence infrastructure for Australian policy-makers and researchers.

1.1 The development and collection of data infrastructure

In mid-2020, the largest systematic collection of data on living in the Australian rental sector—the Australian Rental Housing Conditions Dataset (ARHCD)—was scheduled to occur. Funded by the Australian Research Council (ARC) in partnership with six Australian universities, the ARHCD was to gather information from 15,000 (public and private) renting households across all Australian states and territories. The aim of the ARHCD was to create a publicly available resource for research and government stakeholders, so that policy decisions could be based on a robust understanding of conditions in the rental sector, and a detailed profile of who lives in rental housing in 2020 Australia, and their housing needs. The AHURI-funded COVID-19 module was designed to leverage the timing and scale of this major Australian data collection project, and to quickly collect the data that the policy and research community needed.

Stage 1: Stakeholder consultation and module development

Undertaken during the first period of national social distancing restrictions, this stage sought to garner the views and priorities of policy stakeholders across all Australian states and territories, via a series of telephone and remote conference meetings. Meetings were structured around a series of discussion topics that had been identified as important during preliminary discussions, such as: security of tenure, protection of mental health, the role of rental agents in negotiating tenancy assistance, patterns of rent reduction, eviction, access to superannuation, difficulty meeting housing costs, isolation, and working or studying from home.

The key issues arising from these meetings were synthesised into a Policy Briefing paper which was subsequently circulated to participants for comment. From this, a series of key policy issues were identified:

1. changes in employment or loss of income
2. whether tenants have negotiated rent reductions or deferrals; whether these were successful and, if so, what they have agreed upon
3. the influence of property agents on tenant–landlord negotiations
4. whether tenants have been evicted or threatened with eviction
5. effects of COVID-19 on people's living situations
6. whether residents' homes have provided them with enough space to work or study from home
7. whether housing-related issues have affected mental health
8. what government supports tenants have received or anticipate requiring
9. the confidence of renting households to 'rebound' from economic hardship or retrenchment.

The research team translated the issues identified into a module of survey questions. Ethical approval was sought and granted by The University of Adelaide Human Research Ethics Committee (H-2020-069).

Stage 2: Data collection

A commercial data provider was engaged to undertake the data collection. Following a series of pilot data collections designed to refine the questions and highlight any gaps, full data collection commenced in July 2020. Using an online panel of respondents, data was collected from a representative proportion of renters in all Australian states and territories. Where possible, the number of private and public renters in each jurisdiction was preserved. Figure 1 summarises the conceptual plan of the research approach.

Figure 1: Dataset conceptual plan
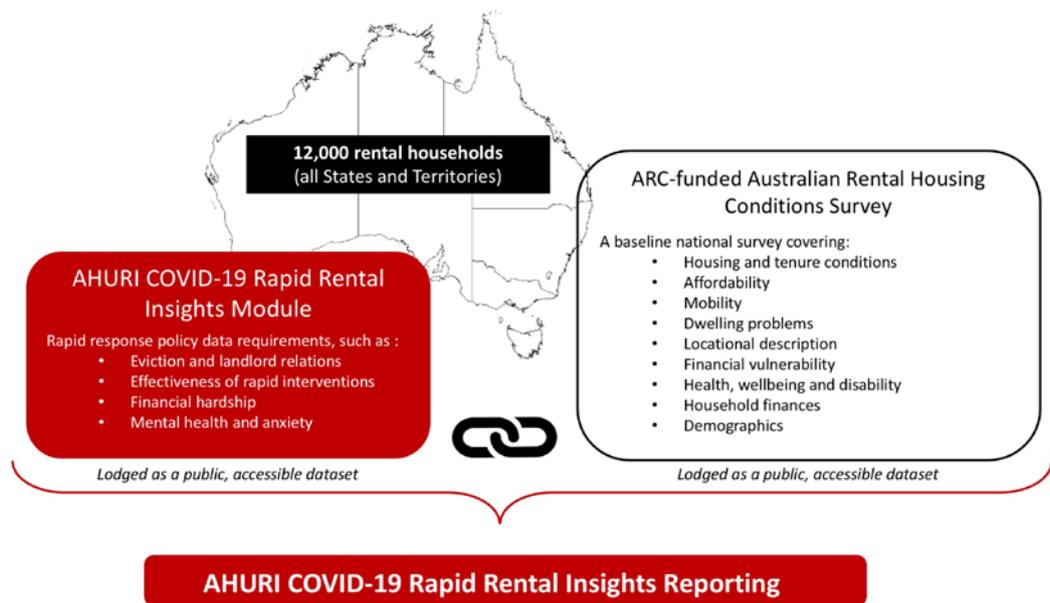
Source: Authors.

Stage 3: Description and analysis

Following data collection (as described in Appendix 1), a preliminary, cleaned dataset was provided by the collection agency in August 2020. Minor changes in sampling design resulted in a higher number of responses to the online survey; that is, almost 1,300 more than the initial proposed sample of 12,000. The analysis presented in the following sections of this report is structured to respond to the nine identified policy issues described above.

Stage 4: Open access lodgement

An additional aim of this project, and of the related ARHCD project, is to provide a data resource that can be accessed by the research and policy community. Following embargo, the data will be accessible on the Australian Data Archive.

2. Rental households' COVID-19 experiences

- The majority of respondents had experienced significant changes to their employment and income because of the COVID-19 pandemic.

- There is evidence that the pandemic caused financial hardship, stress and anxiety among many rental households.

- Tenants' housing circumstances were precarious, with one in twenty having received an eviction notice. Rent relief processes were highly individualised.

- Many rental households had accessed their superannuation or used their savings to meet housing and living costs during the pandemic.

- The JobKeeper/JobSeeker programs had provided important safety nets for many tenants, though there was concern about the anticipated wind-back of the schemes.

- Around a third of renters expected that they would need longer-term government support in recovering from COVID-19-related financial hardship.

2.1 Analysis of the preliminary COVID-19 module dataset

The following analyses are drawn from a preliminary version of the COVID-19 module dataset. This preliminary dataset contains information on the housing, economic, health and demographic characteristics of 13,289 renting households nationally, together with responses to the COVID-19-specific questions. The dataset comprises a balanced sample across age cohorts, gender, location and landlord type. All survey respondents resided in rented accommodation —either in the private rental sector or in public/community housing—at the time that they participated in the survey. Quotas were used to achieve representativeness by state/territory and landlord type. Respondents living in social housing (public and community sectors) were purposely over-sampled to allow for adequate sample sizes when stratified in future analysis.

There are no up-to-date Australian statistics to which we can compare the ARHCD sample across dwelling type, size and condition; however, the preliminary findings are consistent with the characteristics of rented houses represented in the 2016 Australian Housing Conditions Survey (Baker, Daniel et al. 2018). Roughly reflecting the broader rental sector, just under 80 per cent of renting households were in the private sector, 13 per cent rented from a social housing provider, and the remaining portion rented from an employer or other landlord type. The age distribution of responding persons was slightly skewed to the younger or working ages: 22 per cent were aged over 50 years, 48 per cent were aged between 30 and 49 years, and the remaining 28 per cent were aged 18 to 29 years. There were more female respondents than male (59% compared with 41%).

### 2.1.1 Changes in employment or loss of income

The majority of rental households (63%) had experienced changes to their employment or income due to the COVID-19 pandemic. Reduced hours (22%) or reduced income (19%) were the most commonly reported impacts, though a high number of respondents also reported being asked to work from home (21%). While only a relatively small proportion had experienced retrenchment (5%), around 10 per cent had experienced complete loss of income and a further 13 per cent had experienced temporary job loss.

The verbatim responses to 'Other' changes to employment or income revealed that many respondents had been asked to take annual leave; were unable to secure ongoing work or a new job; had an increase in their hours with no commensurate remuneration; were unable to continue voluntary work; or had increased caring responsibilities. We also note that some immunocompromised respondents did not go to work due to the health risk.

The results were highly varied by household income. Low-to-moderate income households (<$90,000/annum) generally faced higher rates of reduced working hours (up to 26%), temporary job loss (up to 16%) or reduction to overall income (up to 11%) compared to higher income households. By contrast, higher income households (>$90,000/annum) showed higher rates of retrenchment (up to 7%), partial income loss (up to 24%) or requests to work from home (up to 40%).

In respect of changes to employment or income, the disparity between age cohorts was stark. Younger age groups were disproportionately affected across all categories; Figure 2 shows the very clear gradient in impact from younger to older age groups.

Figure 2: Employment changes due to the COVID-19 pandemic, by age group
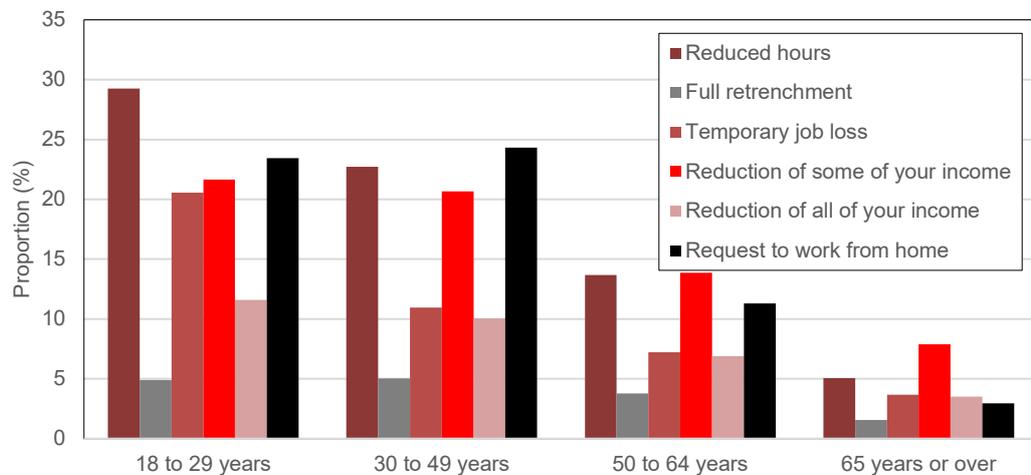
Source: Authors.

2.1.2 Negotiations of rent alteration

Just under 30 per cent of tenant households surveyed had either requested (16%) or were planning to request (12%) a rent alteration as a result of COVID-19-related hardship. As Figure 3 shows, the majority (60%) of these requests were met with either a rent reduction or deferment. More than a third (36%) of respondents to this question said that either the landlord would not negotiate, or that they have not yet received a response from their landlord.

Figure 3: Proportion of respondents granted or negotiating a rent reduction or defer
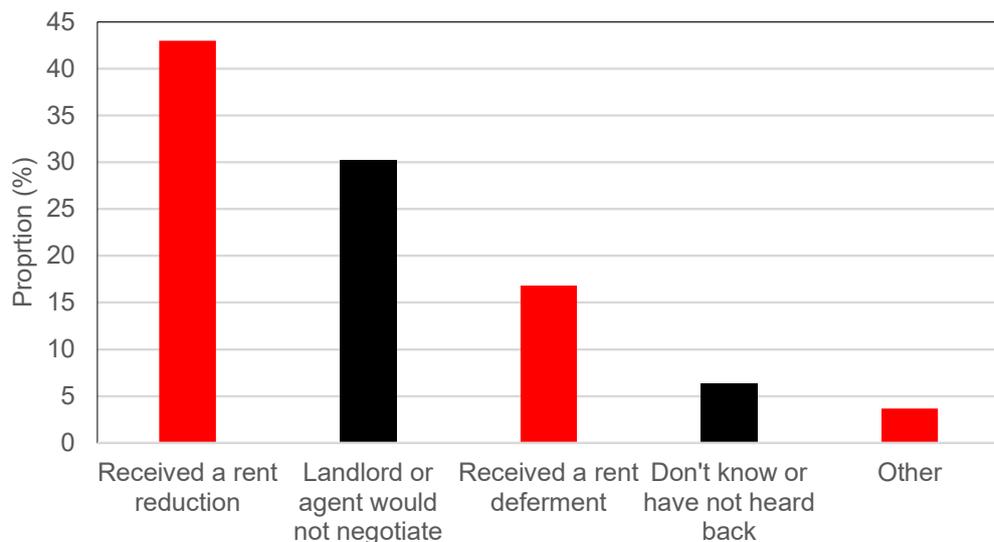
Source: Authors.

A series of more qualitative, extended responses volunteered by some respondents offers considerable insight into the reasons for and effects of these outcomes. Reflecting on these responses, we see a diversity of reductions negotiated, but standing out are two common themes: uncertainty around the terms of rent deferment (and the ability to pay it when called in), and a high onus on tenants to prove hardship and provide documentation.

The data highlights a wide spread of rent reduction responses negotiated between tenants and their landlords. Where households had negotiated for changes to their rent due to hardship, these negotiations were necessarily piecemeal and highly dependent on individual circumstances, such as: the existing relationship between tenant and landlord, the willingness of the tenant to request rent adjustment, the financial circumstances of both the tenant and landlord during COVID-19, and the presence of an agent in the negotiations. Of particular concern, rent deferral appears to have been prevalent as an outcome of rent reduction negotiations. A number of respondents were apprehensive about their ability to repay deferred rent, citing reasons such as: *'It'll become debt, so I didn't take it'* and *'It wasn't a good solution as we would have to pay more later'*. Many tenants, however—potentially assuming that the pandemic and economic shutdown would be short term—agreed to deferring rent.

Negotiation between landlords and tenants was largely structured on a case-by-case basis. This necessarily resulted in a wide variety of processes involved. While many landlords appear to have been open to providing rent adjustments, there was a widespread focus on requiring tenants to provide proof of hardship. The means of doing this varied greatly, but a recurring experience of tenants documented in the qualitative data was that the information required was either excessive or intrusive. The following responses illustrate tenant reticence: *'I decided not to pursue it because real estate are asking personal questions';* [they] *wanted to know too many personal details regarding personal finances—including super';* [the] *agent requested too much evidence'; 'if we would have wanted to proceed with our claim to reduce the rent, we would have needed to send the agent every single income, invoice, etc. (a whole lot of formalism).'*

Perhaps even more enlightening are the large number of responses given to the question, 'Why did you not ask your landlord or agent for a rent reduction due to COVID-19?' Among the responses of the more than 700 people who volunteered extra information, the four main reasons were: they did not require assistance, they did not ask because they anticipated refusal, they were too embarrassed to ask, or they were concerned about keeping their rental record unblemished. Example responses include the following.

> 'Got an email from them saying to not even bother and to remind us that if we fell behind, we would be breached.'

> 'My landlord is elderly and relies on my rent.'

> 'Real estate sent out letter at beginning of COVID-19 saying that late payment of rent and decreases will not be tolerated.'

> 'Scared to give them any reason to not renew our lease.'

> '[We'd] prefer to not have a black mark against us or have to move.'

2.1.3 The influence of property agents in tenant–landlord negotiations

More than two-thirds of households surveyed rented through a real estate agent. The presence of an agent in the negotiation of rent reduction/deferral appears to slightly alter both the negotiation process as well as outcomes. Tenants were more likely to have *requested* a rent reduction from an agent than a landlord. However, the data shows that tenants were less likely to have them *granted* by agents (see Figure 4). Figure 4 also suggests that agents were more likely than landlords to decline tenant requests to negotiate rent reductions (33% versus 24%).

Figure 4: Proportion of respondents successful in negotiating a rent reduction or deferral
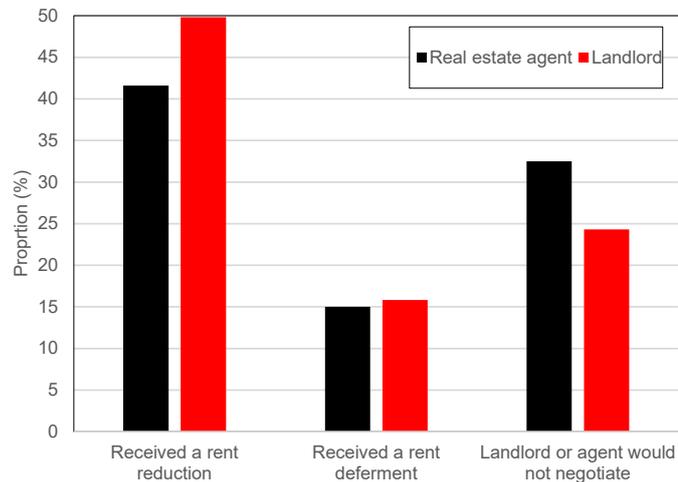
Source: Authors.

2.1.4 Eviction and the threat of eviction

Just over 5 per cent of respondents had been issued with an eviction notice during the pandemic. Some of those tenants benefitted from state and territory eviction protections, but our data suggests that just over half of households issued with eviction notices went on to be evicted. There was an unevenness in the receipt of eviction notices across the population: for example, older people (aged over 50 years) were significantly less likely to have received an eviction notice since March 2020, and higher income households were more likely than lower income households to have received an eviction notice. There is also an interesting jurisdictional pattern, with much higher proportions (6–7%) of renters issued with eviction notices in Western Australia, New South Wales and Victoria, compared with roughly 3–4 per cent in South Australia, Queensland and Tasmania.

2.1.5 Effects on households' living situations

Just over 40 per cent of respondents reported that they had experienced negative changes to their living situation as a result of COVID-19 (see Figure 5), with a relatively large proportion of tenants (22%) reporting multiple changes to their living situation. Among those affected, one in four reported that they struggled to make ends meet with rent and bills and a quarter skipped meals. A substantial number of respondents (12%) had found an additional housemate to help pay their rent. One in six respondents reported that their rent had become unaffordable. Of particular concern, there was a clear gradient of effect, with lower income households more likely to report more negative effects on their living situation (see Figure 6).

Figure 5: Changes in living situation of respondents
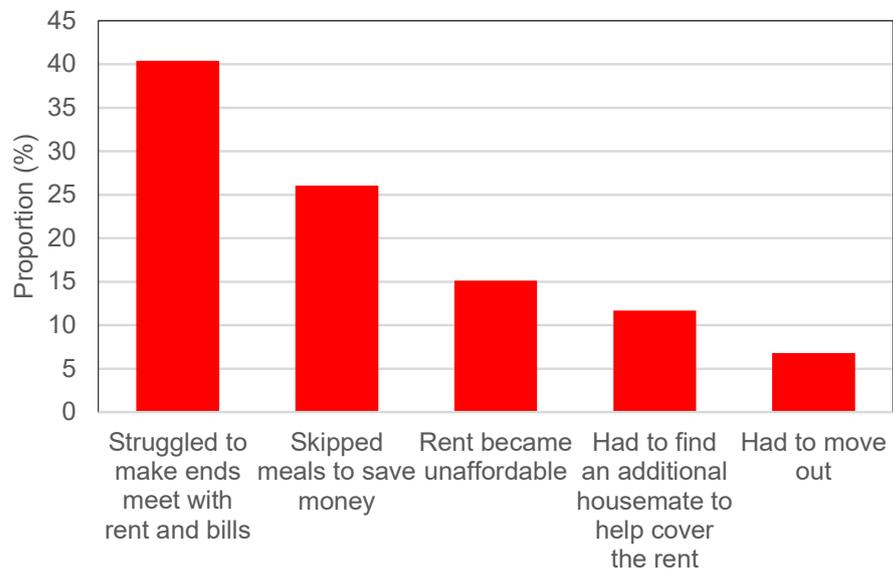
Source: Authors.

Figure 6: Changes in living situation, by household annual income
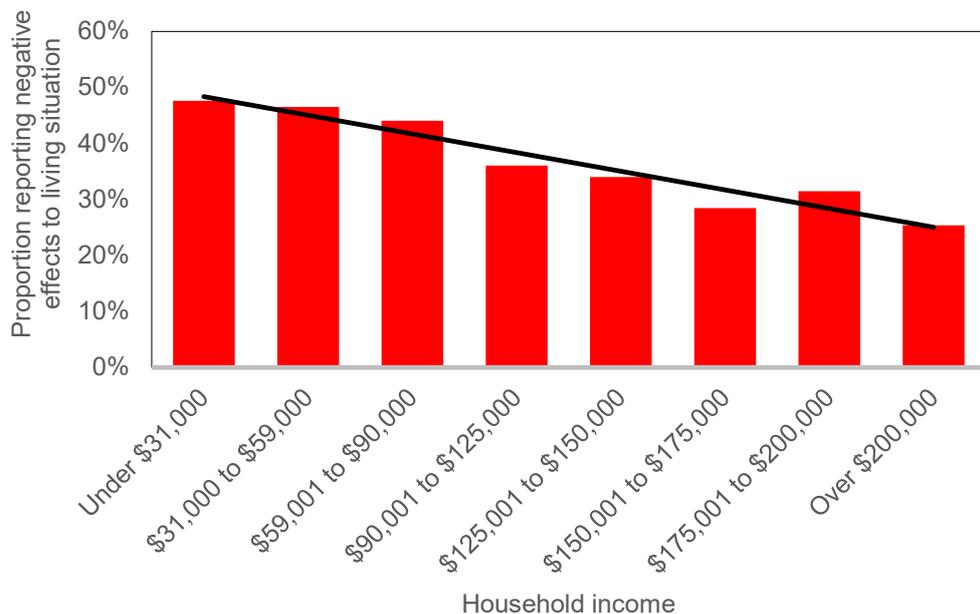
Source: Authors.

2.1.6 Adequacy of space to work or study from home

Around half of respondents reported that they had to work or study from home due to the pandemic. Of these, around a quarter reported that their housing was not adequate for this purpose. This was also graded by income, with more than a third of low-income households (<$31,000/annum) reporting that their housing was inadequate to meet their needs when working or schooling from home (see Figure 7).

There was a slight variation in dwelling adequacy for work or study between dwelling types. While a quarter of people resident in separate or semi-detached houses reported that their housing was not adequate for study or work, almost one third of residents of flats and apartments reported a lack of adequacy.

Figure 7: Inadequacy of study/work conditions, by household annual income
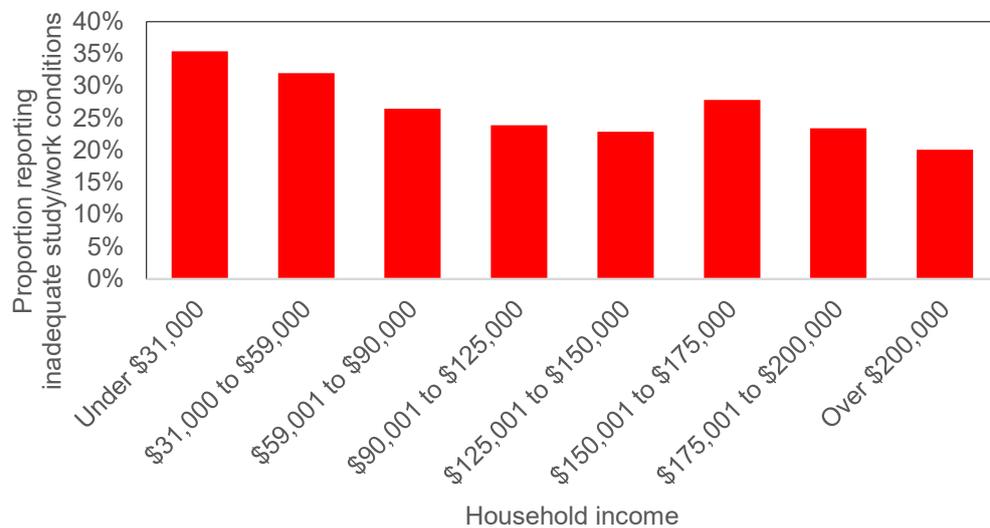
Source: Authors.

2.1.7 Effects of housing-related issues on mental health

Around half of survey respondents indicated that their mental health had been negatively affected by COVID-19 lockdowns and just over 10 per cent reported that this had been significant. Households anticipating the need for financial assistance in the next 12 months had the greatest odds of reporting their mental health to have been significantly negatively impacted by COVID-19 lockdowns (see Figure 8). Residents of Victoria, who have experienced the longest period of lockdown nationally, reported the highest likelihood of negative effects on their mental health. Of interest, the odds of people reporting decreased mental health was around 30 per cent higher if they were required to work from home during the pandemic.

Figure 8: Odds of reporting significantly decreased mental health as a result of COVID-19
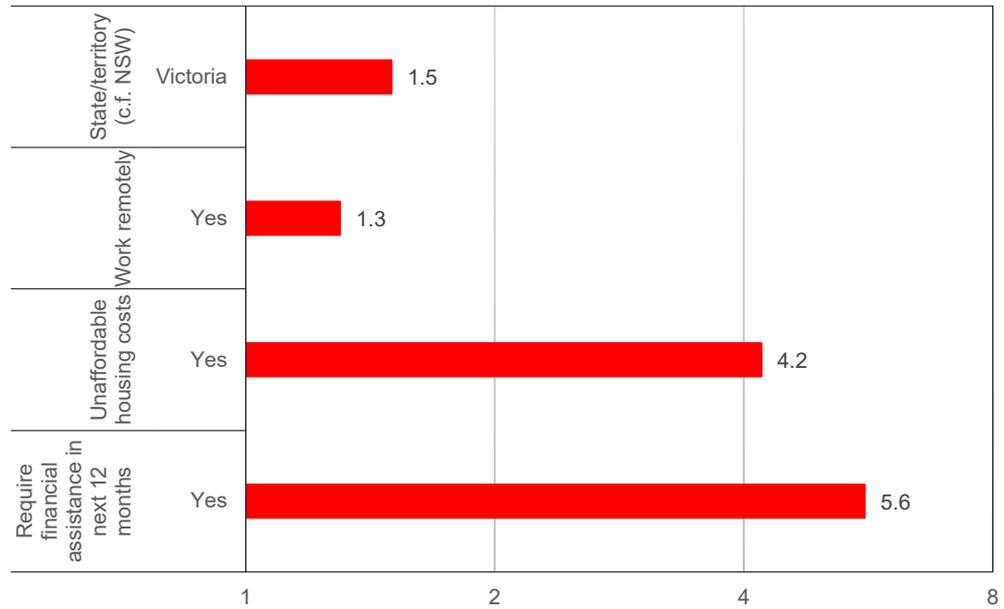
Source: Authors.

Many tenants reported experiencing significant interpersonal and psychosocial challenges, including very high levels of social isolation or loneliness, a strongly felt sense of helplessness, a loss of self-esteem, and an increasing incidence of personal relationship difficulties (see Figure 9). These personal challenges—especially in combination—are likely to serve as an impediment to individual and household recovery in the short, medium and longer term. Individuals will be less inclined to seek employment opportunities, and some may require ongoing interpersonal support from the health and community services sectors.

Figure 9: Proportion of respondents experiencing interpersonal and psychosocial challenges, by state/territory
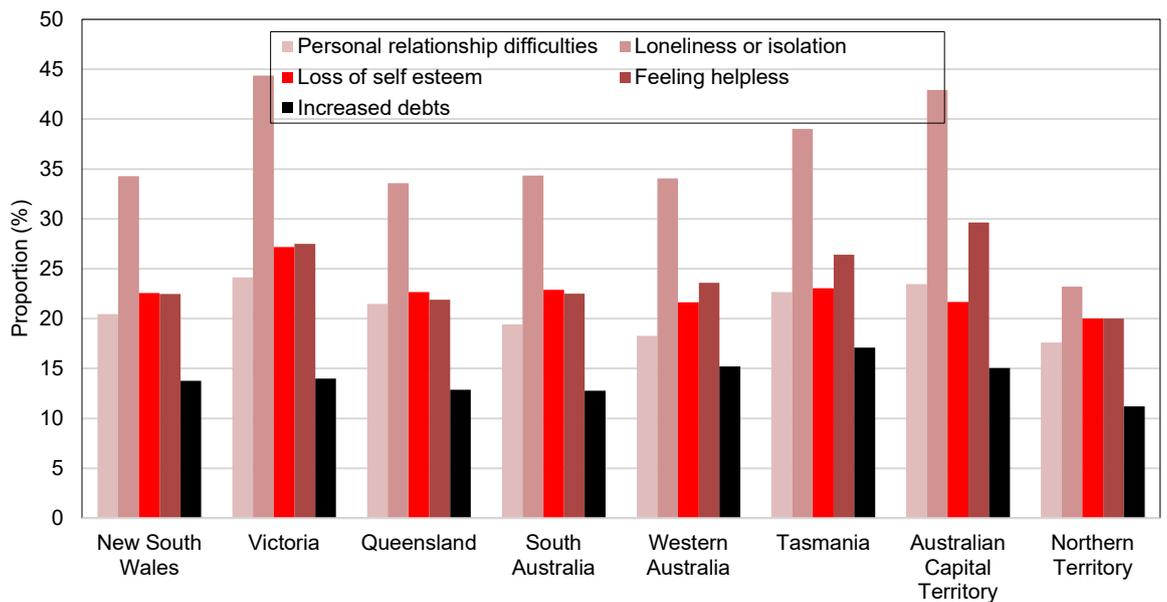
Source: Authors.

The challenges associated with the COVID-19 pandemic resulted in negative impacts at the household and individual level. There was a high degree of congruence among respondents that the COVID-19 outbreak, and associated closures of parts of the economy, had had a negative impact on their wellbeing with respect to their mental health, social wellbeing and financial wellbeing (prevalence by state is shown in Figure 10, below). The reported outcomes were remarkably uniform across jurisdictions (with the exception of the Northern Territory) and notably high. Consistently across the three measures, more than one-third of respondents reported that their wellbeing was negatively affected by their housing during COVID-19.

Figure 10: Proportion of respondents reporting negative impacts related to current housing circumstances by state and territory
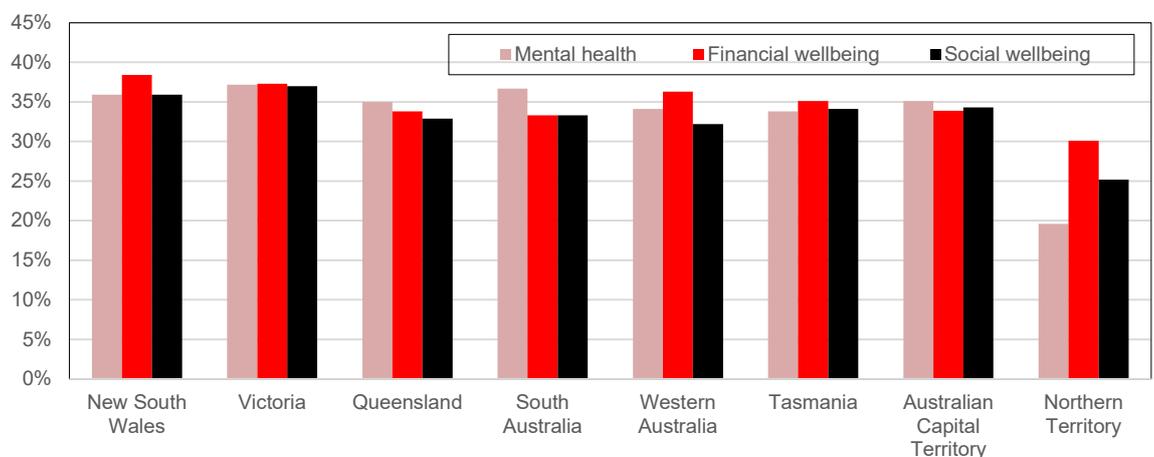

Source: Authors.

2.1.8 Government supports tenants have received or anticipate requiring

Across the data collection, there was widespread reference to the value of the JobKeeper and JobSeeker assistance packages. Importantly, the two assistance packages were viewed differently by tenants. Respondents repeatedly described the value of JobKeeper in keeping them 'afloat' and allowing them to 'make ends meet'. Diversely, the increased income for some households associated with elevated JobSeeker payments appeared to provide improvements to their living situation that were often beyond their pre-COVID-19 situation.

Some 5 per cent of respondents had accessed JobKeeper and 7 per cent JobSeeker since March 2020. These rates varied by jurisdiction, with 6 per cent of respondents in Victoria accessing JobKeeper, compared with less than 1 per cent in the Northern Territory. Similarly, with JobSeeker the range of need varied, from 4 per cent in the Northern Territory to 8 per cent in Western Australia. This variation across jurisdictions is to be expected, given variation in the nature and duration of COVID-19 outbreaks within the community at the state and territory level, as well as differences in the ways in which subnational governments have regulated in response to the pandemic.

Across all of Australia, 16 per cent of respondents reported that they had accessed government income assistance for the first time, or sought additional income support, because of COVID-19 and its impacts (see Figure 11). Overall, low-to-moderate income households had a higher uptake of first or additional assistance than higher income households. Across the states and territories, additional demand was more pronounced in the Australian Capital Territory (ACT), Western Australia and Victoria, where 18 per cent, 17 per cent and 16 per cent of respondents, respectively, indicated they needed income support due to the pandemic. Tasmania had the lowest level of additional income support needs among tenants (14%).

Figure 11: Proportion of respondents seeking additional or first-time government income assistance, by state/territory
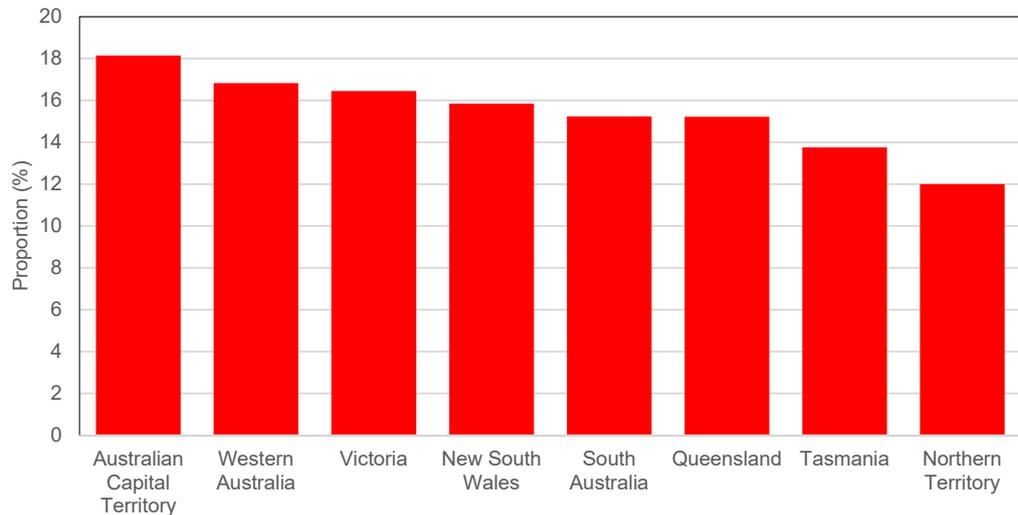
Source: Authors.

This high additional demand for income support was likely driven by inadequate incomes due to COVID-19, with just under 40 per cent of respondents indicating that after paying for rent there was not enough money left over to pay for essentials such as bills, clothing, transport and food. Inadequate income available after rent was most evident in the ACT, where 42 per cent of respondents indicated they did not have sufficient income after paying for their housing—this is likely a product of high housing costs in that jurisdiction.

Across the tenants participating in the survey there was considerable uncertainty about their need for government income support into the future. When asked the question, 'Do you think you will need financial assistance in the coming 12 months due to COVID-19?', 28 per cent responded that they would, 40 per cent that they would not, and 31 per cent that they did not know. A higher percentage of Victorian respondents reported that they would be likely to draw on income support in the future (32%), while just 19 per cent of ACT tenants indicated they would need income support over the next 12 months.

2.1.9 Capacity to rebound from economic hardship or job loss

Across all states and territories, 25 per cent of tenants who responded to the survey were dependent on a government allowance or pension as their main source of income. This reliance on (relatively low) statutory incomes provides them with a smaller financial buffer than working households should there be increased expenses during an extended COVID-19 pandemic. While the impact on income may be muted for these households when compared with people in full-time employment, many would be significantly affected by additional costs arising out of the pandemic—higher transport costs, cost of groceries, home utilities—and would have limited savings to assist them.

Tenants dependent on government income support represented 36 per cent of all respondents in South Australia and 39 per cent in Tasmania, but just 13 per cent in the Northern Territory and 17 per cent in the ACT. Some 21 per cent of Victorian respondents, 23 per cent of New South Wales respondents and 30 per cent of Queensland respondents were dependent on some form of government support.

3. Policy development options

The COVID-19 module of the ARHCD captures a snapshot of circumstances for Australian renters. The initial findings, presented in this report, suggest a policy-important cohort of tenants in Australia are lined up on the brink of a financial precipice. Many renters are currently buffered from the full economic effects of the pandemic by their savings, their superannuation, and rent deferment, as well as a temporary guardrail of government supports in the form of eviction moratoriums, JobKeeper and JobSeeker. Importantly, though, the dual health and economic effects of the COVID-19 pandemic are still evolving. If (or as) the pandemic progresses, for many renters, their savings and superannuation buffers will eventually run out, making them entirely dependent on packages of government support. In the absence of an effective and accessible vaccine, it is likely that the situation for renters captured in this mid-2020 snapshot will be different (and almost certainly worse) by mid-2021.

The evolving nature of the pandemic presents a challenge for policy-makers. Just as with health responses, housing responses need to simultaneously address short, medium, and long term needs. They need to provide targeted assistance quickly, provide a framework of certainty to enable all stakeholders in the rental sector (tenants, landlords, housing providers, social services) to plan for the future, and they need to anticipate what may evolve in an extended pandemic.

In developing better frameworks and policies, policy-makers should be aware of the broader context within which housing responses to COVID-19 are located. As the discussion in Section 2 has shown, the impact of the pandemic on tenants varies considerably across states/territories with respect to indicators such as the incidence of loneliness, relationship difficulties with partner, the loss of all or part employment, and rental unaffordability. As expected, some of the most acute impacts have been felt in Victoria and New South Wales, the jurisdictions with the highest incidence of COVID-19. However, on some indicators the Northern Territory, ACT and Western Australia show signs of significant stress—despite the low (relative and absolute) incidence of COVID-19 in these jurisdictions. This outcome draws attention to the fact that the impact of COVID-19 on private tenants is a product of the interaction between the incidence of the virus on the one hand, and the economic and social structure on the other.

- In the ACT, the combination of an expensive private rental market and a relatively fluid, younger workforce has made tenants vulnerable to shocks such as COVID-19.

- In Western Australia and the Northern Territory, reliance on industries such as tourism and resources development has been associated with a population of renters dependent on long-distance commuting and tourism, both of which have been affected by COVID-19.

These findings emphasise that economic recovery is fundamental to delivering more secure and affordable housing for those in the private rental market. It also **highlights that housing policy is central to achieving economic recovery**, as accommodation that is secure, uncrowded and able to be maintained with high levels of hygiene and thermal comfort will be fundamental to the recovery of the economy. Personnel obliged to continue working when feeling unwell because of high housing costs are a risk to the effective control of COVID-19.

A recent study by the Australian Government's National Skills Commission (NSC 2020) concluded that the nation needs to have control of COVID-19 and associated health risks before the economy can recover. This conclusion was based on a survey of businesses across Australia over the three weeks ending 10 July 2020. Critically, half of all businesses surveyed said another outbreak of COVID-19 was the biggest potential threat to their ongoing viability. As would be expected, the risk of employees contracting COVID-19 was of greatest concern in some industries. Recent outbreaks in aged care facilities in Victoria underpin the severity of this risk, especially as staff are potentially confronted with the challenge of working across a number of sites, and being exposed in the broader community.

Overall, the key message to emerge from the NSC (2020) report is **that without control of COVID-19 and associated health risks there can be no recovery for the Australian economy**. Effective housing policy to reduce the incidence, duration and impact of COVID-19 on the Australian population is essential both economically and with respect to public health. A fully and effectively functioning economy will also work to reduce the incidence of social isolation and clinical mental health issues by reducing the anxiety felt by many and allowing greater social integration.

In broad terms, housing policies need to do the following.

- Reduce the impact and severity of unaffordable housing in order to:
  - allow people in high risk workplaces to absent themselves from work when appropriate
  - limit the adverse impacts of COVID-19 on mental health
  - encourage people to engage in education and/or retraining to secure their economic future
  - reduce or remove the impact of COVID-19 and associated employment insecurity on the educational outcomes of children.
- Look to the outcomes of the COVID-19 pandemic and consider ways to make both the housing stock and housing programs more resilient in the face of comparable future events.

The data contained in this AHURI-funded COVID-19 module suggests a series of policy development directions and priorities.

- Regardless of the form and timing of extensions to interventions such as JobKeeper and JobSeeker, **it is likely that there will be a sustained increase in the number of renting households requiring some form of assistance in the medium term at least.** With this in mind, policy focus is no doubt already turned to resourcing and expanding the options for government and non-government provided accommodation assistance, such as domestic violence shelters, temporary and emergency accommodation, and social housing. In forward planning, the timing of the lifting of the moratorium on evictions will be important. Tenants receiving eviction notices will require immediate support for relocation, and this support should be holistic, taking into account continuity of education for children (noting that many of the most disadvantaged households include children) and employment for adult household members.

- **There is a clear need for a coordinated, universal framework for landlord–tenant negotiations.** As we moved into the pandemic, a key characteristic of the Australian rental sector was its fragmented structure. This meant that when the economic shutdowns began, individual tenant households were, in a great many cases, negotiating COVID-19 responses with individual landlords or agents. The data suggests that some population groups were especially disadvantaged in this process. Further, the lack of clear guidelines, or the presence of a framework for these discussions, resulted in uneven outcomes.

- **The lack of certainty about future government assistance is harming people's mental health.** This is reflected in the data showing that renters who anticipated they would need financial assistance in the next 12 months were six times as likely to report a deterioration in their mental health. Tenants need more certainty to allow them to plan into the future—to the extent that this is possible in an era of evolving health and economic crises. It is clear that, even though an indicative March 2021 expiry date for JobKeeper/JobSeeker packages currently exists, this assistance will be required by many Australian households well beyond that date. Our analysis suggests that removing the indicative expiry date, thereby guaranteeing that a welfare assistance safety net will exist beyond March 2021, would form an important mental health intervention.

- **Policy interventions need to be targeted.** The COVID-19 module clearly indicates that some population cohorts have been especially affected in the pandemic. For example, households with low to moderate household incomes (<$90,000/annum) are more likely than even slightly higher income households to have struggled to make ends meet. Households with children, particularly one-parent families, stand out as needing priority access to financial or housing-related forms of assistance. It is important to note that the mental health effects of the pandemic also appear to have been uneven, and therefore some key groups are flagged as particularly vulnerable. More than half of all private renters, for example, identified that their mental health had declined significantly as a result of the pandemic. Social renters, on the other hand, reported a much lower prevalence of mental health decline. Although further work needs to be undertaken to understand this difference, it is likely driven by concerns about security of tenure in the private rental sector, and the stress of negotiating with individual landlords. Women also seem to have been more vulnerable to negative mental health effects, and younger people appear to have been affected much more than older people. In a cautious economic environment, these findings give clear initial guidance on who should be prioritised for intervention.

- We note that the findings presented here represent a rapid response, preliminary analysis of the data. Following this report, **we recommend that systematic analysis of this dataset be undertaken to provide a more detailed identification of the population cohorts most likely to benefit** from the various potential interventions.

- Critically, this dataset represents a 'snapshot' of tenant experiences during the COVID19 pandemic, providing the essential basis for policy stakeholders and researchers to robustly measure and understand the effects of the outbreak on Australians. **As the pandemic progresses, there will almost certainly be an ongoing need to monitor these effects via repeat surveys (perhaps using a defined set of indicators of progress), to provide further 'snapshots' that capture evolving requirements and effects**—at least in the medium term (2021).

3.1 Final remarks

We have not yet seen the full effect of COVID-19 and the subsequent economic crisis. The findings of this report suggest that the rental sector will be where many of the upcoming challenges for Australia overlap. Even before COVID-19, there were acknowledged problems within the sector: poor affordability, variable dwelling quality and condition, and tenure insecurity. Many of these issues have been amplified during the pandemic. Further, renters have been particularly vulnerable to the economic effects of the shutdown, being generally less attached to the labour market than homeowners, having slightly lower incomes, and with a higher rate of employment in the industries most affected by the lockdown measures.

In many respects, our preliminary findings serve to underline the importance of government-provided safety nets in Australia—though they also reveal significant cracks within the system from which many households are not able to rebound. While policy responses may, in the short term, focus on protective mechanisms like eviction moratorium, the systemic nature of the challenges faced by residents within the rental sector suggests that long-term recovery will be most effectively realised through system-wide policy shifts.

Overall, this preliminary analysis of the COVID-19 module presents some clear policy guidance.

- It is likely that there will be a sustained increase in the number of renting households requiring some form of assistance in the medium term at least.

- There is a need for a coordinated, universal framework for landlord–tenant negotiations.

- The lack of certainty about future government assistance is harming people's mental health.

- Policy interventions need to be carefully targeted.

- Following this rapid response work, further systematic analysis of the dataset should be undertaken to provide a more detailed identification of the population cohorts most likely to benefit from interventions (and the forms of interventions most likely to assist in the control of the pandemic).

- As the pandemic progresses, there will almost certainly be an ongoing need to monitor the effects on rental households, to provide further 'snapshots' that capture evolving requirements and effects.

References

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National Skills Commission (NSC) (2020) *Impacts of COVID-19 on business—business' operating capacity*, accessed 14 August 2020, https://lmip.gov.au/default.aspx?LMIP/Gaininsights/COVIDInformation/ResearchandInsights

Appendix 1: The COVID-19 module of the ARHCD

Table 1: The COVID-19 module, online formatting and coding

SECTION 4: COVID-19 EXPERIENCE
(online participants only)

We are now going to ask you a few questions about your housing experiences during the COVID-19 pandemic. You have the option of choosing not to answer these if you prefer not to do so.

Q46. Have you suffered any of the following employment change as a result of COVID-19?

Please select all that apply.
[PROGRAMMER NOTE: RANDOMISE ORDER]

Reduced hours	☐ 1
Full retrenchment	☐ 2
Temporary job loss	☐ 3
Reduction of some of your income	☐ 4
Reduction of all of your income	☐ 5
Request to work from home	☐ 6
Other (please type in)	☐ 95
No changes	○ 96
Prefer not to say	○ 98

Q47a. Did you ask your landlord or agent for a rent reduction due to COVID-19?

Please select one response only.

Yes, have asked	○ 1
No, but plan to ask	○ 2
No, not planning to ask	○ 3
Prefer not to say	○ 98

ASK IF Q47a=1 (YES)

Q47b. What was the outcome of your request?

Please select one response only.

Received a rent reduction	○ 1
Received a rent deferment	○ 2
Landlord or agent would not negotiate	○ 3
Other **(please type in)**	○ 95
Don't know or have not heard back	○ 97
Prefer not to say	○ 98

ASK IF Q47a=3 (NO)

Q47c. Why are you not planning to ask for a rent reduction?

Please select all that apply.

Too hard to request for one	☐ 1
Not possible due to contractual reasons	☐ 2
Not needed	☐ 3
Other **(please type in)**	☐ 95
Don't know	○ 97
Prefer not to say	○ 98

ASK IF Q47a=1 (YES)

Q48. How helpful was your landlord or agent when you made a request for a rent reduction?

Please select one response only.

Very helpful	○ 1
Fairly helpful	○ 2
Not very helpful	○ 3
Not helpful at all	○ 4
Don't know	○ 97

Q49a. Have you received an eviction notice since March 2020?

Please select one response only.

Yes	○ 1
No	○ 2
Prefer not to say	○ 98

ASK IF Q49a=1 (YES)

Q49b. Have you been evicted since March 2020?

Please select one response only.

Yes	○ 1
No	○ 2
Prefer not to say	○ 98

Q50. Have you withdrawn or applied to withdraw from your superannuation to cover housing or other costs due to COVID-19?

Please select one response only.

Yes	○ 1
No	○ 2
Prefer not to say	○ 98

Q51. Have you used your savings to cover housing or other costs due to COVID-19?

Please select one response only.

Yes	○ 1
No	○ 2
Prefer not to say	○ 98

Q52a. As a result of COVID-19, has your living situation been affected in any of the following ways?

Please select all that apply.
[PROGRAMMER NOTE: RANDOMISE ORDER]

Rent became unaffordable	☐ 1
Had to move out	☐ 2
Skipped meals to save money	☐ 3
Struggled to make ends meet with rent and bills	☐ 4
Had to find an additional housemate to help cover the rent	☐ 5
Other **(please type in)**	☐ 95
No big changes	○ 96
Prefer not to say	○ 98

ASK IF Q52a=2 (MOVED OUT)

Q52b. Where are you currently living?

Please select one response only.

Moved in with family	☐ 1
Renting elsewhere	☐ 2
Sharing rent-free with others (where you may be crashing with friends)	☐ 3
Other (please type in)	☐ 95
Prefer not to say	○ 98

Q53. As a result of COVID-19, have you experienced any of the following situations?

Please select all that apply.
[PROGRAMMER NOTE: RANDOMISE ORDER]

Experienced high(er) levels of worry or anxiety	☐ 1
Sought for government income assistance for the first time or for more assistance	☐ 2
Sought additional hours at work	☐ 3
Experienced difficulties in personal relationships	☐ 4
Felt high(er) levels of loneliness or isolation	☐ 5
Loss of self-esteem	☐ 6
Experienced high(er) levels of helplessness	☐ 7
Experienced high(er) levels of debts	☐ 8
Other (please type in)	☐ 95
None of the above	○ 96
Prefer not to say	○ 98

ASK IF Q53=2 (GOVERNMENT ASSISTANCE)

Q54a. As a result of COVID-19, have you sought for…?

Please select all that apply.
PROGRAMMER: INCLUDE THE FOLLOWING DEFINITIONS FOR EACH:

JobKeeper payment: Under the JobKeeper payment, eligible employers will be reimbursed a fixed amount of $1,500 per fortnight through their employer.

JobSeeker payment: The Jobseeker payment is a payment available to eligible employees stood down or let go, sole traders, self-employed, casual workers and contract workers as a result of COVID-19 hardship.

The JobKeeper payment	☐ 1
The JobSeeker payment	☐ 2
Other government financial assistance	☐ 3
None, have not sought for any government assistance	○ 96
Prefer not to say	○ 98

Q54b. Do you think that you will need financial assistance in the coming 12 months due to COVID-19?

Please select one response only.

Yes	○ 1
No	○ 2
Don't know	○ 97
Prefer not to say	○ 98

Q55. As a result of COVID-19, do you think your mental wellbeing has…?

Please select one response only.

Decreased significantly	○ 1
Decreased slightly	○ 2
Increased slightly	○ 3
Increased significantly	○ 4
No change	○ 5
Don't know	○ 97
Prefer not to say	○ 98

Q56a. Have you had to work or study remotely from home as a result of COVID-19?

Please select one response only.

Yes	○ 1
No	○ 2
Prefer not to say	○ 98

ASK IF Q56a=1 (YES)

Q56b. How adequate do you feel your home is for working or studying at home (such as in terms of space, furniture, utilities, internet, and privacy)?

Please select one response only.

Very adequate	○ 1
Fairly adequate	○ 2
Not very adequate	○ 3
Not adequate at all	○ 4
Don't know	○ 97
Prefer not to say	○ 98

Q57. Where do you realistically see yourself living in 12 months' time?

Please select one response only.

In the same rental property	○ 1
In a different rental property	○ 2
In a home that you own with a mortgage	○ 3
In a home that you own outright no mortgage	○ 4
Other	○ 5
Don't know	○ 97
Prefer not to say	○ 98

Source: The Australian Rental Housing Conditions Dataset, Baker et al., 2020