



EXECUTIVE SUMMARY

FINAL REPORT NO. 340

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

Authored by

Emma Baker, The University of Adelaide

Rebecca Bentley, The University of Melbourne

Andrew Beer, The University of South Australia

Lyrian Daniel, The University of Adelaide

Publication Date October 2020

DOI 10.18408/ahuri3125401

Title

Renting in the time of COVID-19: understanding the impacts
—Executive Summary

Authors

Emma Baker, The University of Adelaide
Rebecca Bentley, The University of Melbourne
Andrew Beer, The University of South Australia
Lyrian Daniel, The University of Adelaide

ISBN

978-1-922498-07-6

Key words

Rental, Survey, COVID-19.

Series

AHURI Final Report

Number

340

ISSN

1834-7223

Publisher

Australian Housing and Urban Research Institute Limited
Melbourne, Australia

DOI

10.18408/ahuri3125401

Format

PDF, online only

URL

<https://www.ahuri.edu.au/research/final-reports/340>
(full report)

Recommended citation

Baker, E., Bentley, R., Beer, A. and Daniel, L. (2020) *Renting in the time of COVID-19: understanding the impacts*, AHURI Final Report No. 340, Australian Housing and Urban Research Institute Limited, Melbourne, <https://www.ahuri.edu.au/research/final-reports/340>, doi: 10.18408/ahuri3125401.

AHURI

AHURI is a national independent research network with an expert not-for-profit research management company, AHURI Limited, at its centre.

AHURI's mission is to deliver high quality research that influences policy development and practice change to improve the housing and urban environments of all Australians.

Using high quality, independent evidence and through active, managed engagement, AHURI works to inform the policies and practices of governments and the housing and urban development industries, and stimulate debate in the broader Australian community.

AHURI undertakes evidence-based policy development on a range of priority policy topics that are of interest to our audience groups, including housing and labour markets, urban growth and renewal, planning and infrastructure development, housing supply and affordability, homelessness, economic productivity, and social cohesion and wellbeing.

Acknowledgements

This material was produced with funding from the Australian Government and state and territory governments. AHURI Limited gratefully acknowledges the financial and other support it has received from these governments, without which this work would not have been possible.

AHURI Limited also gratefully acknowledges the contributions, both financial and in-kind, of its university research partners who have helped make the completion of this material possible.

Disclaimer

The opinions in this report reflect the views of the authors and do not necessarily reflect those of AHURI Limited, its Board, its funding organisations or Inquiry Panel members. No responsibility is accepted by AHURI Limited, its Board or funders for the accuracy or omission of any statement, opinion, advice or information in this publication.

AHURI journal

AHURI Final Report journal series is a refereed series presenting the results of original research to a diverse readership of policy-makers, researchers and practitioners.

Peer review statement

An objective assessment of reports published in the AHURI journal series by carefully selected experts in the field ensures that material published is of the highest quality. The AHURI journal series employs a double-blind peer review of the full report, where anonymity is strictly observed between authors and referees.

Copyright

© Australian Housing and Urban Research Institute Limited 2020

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License, see <http://creativecommons.org/licenses/by-nc/4.0/>.



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 deferral, 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.

¹ [The Australian Rental Housing Conditions Dataset project](#) (2020) was funded by the Australian Research Council (LE190100132) and The University of Adelaide, in partnership with The University of South Australia, The University of Melbourne, Swinburne University of Technology, Curtin University and Western Sydney University. [doi:10.26193/IBL7PZ](https://doi.org/10.26193/IBL7PZ)

- 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.



Australian Housing and Urban Research Institute

Level 12, 460 Bourke Street

Melbourne VIC 3000

Australia

+61 3 9660 2300

information@ahuri.edu.au

ahuri.edu.au

 twitter.com/AHURI_Research

 facebook.com/AHURI.AUS

 Australian Housing and Urban Research Institute