

COVID-19 and the impact on Australian renters



Based on AHURI Final Report No. 340: Renting in the time of COVID-19: understanding the impacts

What this research is about

This research surveyed and analysed the circumstances for Australian renters during the COVID-19 pandemic in July and August 2020. It identifies challenges for the rental sector and provides insights into how the rental market is performing, the uptake of existing support measures and the demand for future assistance.

The context of this research

Even before COVID-19, there were acknowledged problems within the rental sector: poor affordability, variable dwelling quality and condition, and tenure insecurity. Many of these issues have been amplified during the pandemic.

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. Tenure insecurity has become a pressing risk for many renters.

“Overall, the data indicates that a policy-important number of tenants in Australia are lined up on the brink of a financial precipice.”

The key findings

Analysis shows that almost all tenants were affected in some way (often in multiple ways): in their employment, living environment, ability to pay rent, and risk of eviction. Many renters are also currently buffered from the full economic effects of the pandemic by their savings, their superannuation and rent deferment, as well as a temporary government supports in the form of eviction moratoriums, JobKeeper and JobSeeker.

Overall, the data indicates that a policy-important number of tenants in Australia are lined up on the brink of a financial precipice. With the dual health and economic effects of the COVID-19 pandemic still evolving, if savings and superannuation buffers eventually run out, renters will be 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.

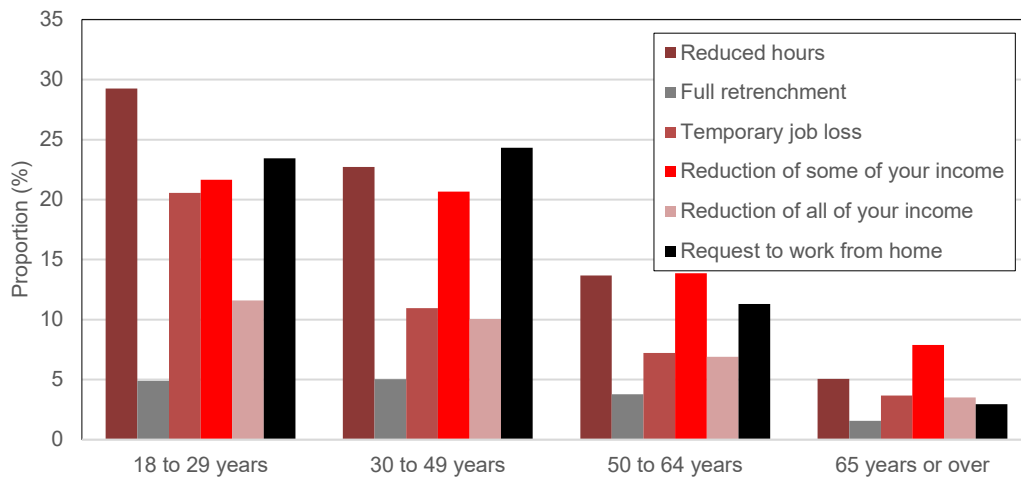
Reduced employment and income

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

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

Younger people were disproportionately affected across all categories of change to employment or income, with the following graph showing the very clear gradient in impact from younger to older age groups.

Figure 1: Employment changes due to the COVID-19 pandemic, by age group

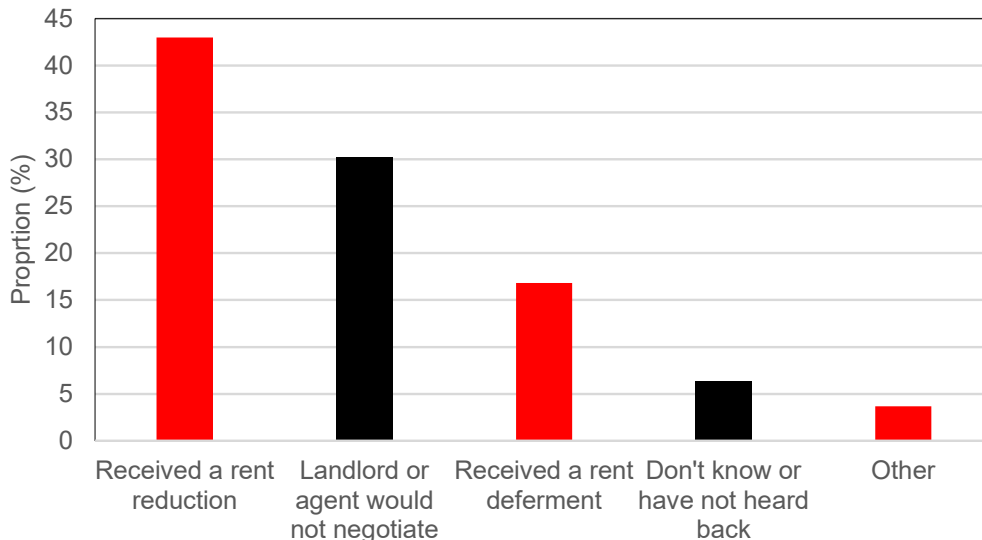


Source: Authors.

Negotiations of rent alteration

Just under 30 per cent of tenant households surveyed had either requested (16 per cent) or were planning to request (12 per cent) a rent alteration as a result of COVID-19-related hardship. The majority (60 per cent) of these requests were met with either a rent reduction or deferment. More than a third (36 per cent) of respondents to this question said that landlord either would not negotiate, or did not respond to their request.

Figure 2: Proportion of respondents granted or negotiating a rent reduction or defer



Source: Authors.

Eviction and the threat of eviction

Just over 5 per cent of respondents had been issued with an eviction notice during the pandemic. Some appear to have been subsequently protected by eviction moratoriums, but 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, 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 per cent) 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.

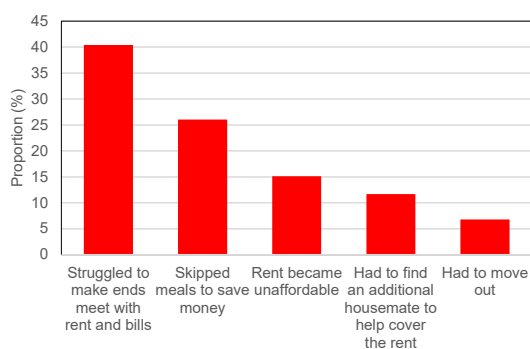
Effects on households' living situations

Just over 40 per cent of respondents reported that they had experienced negative changes to their living situation, with a relatively large proportion of tenants (22 per cent) reporting multiple changes.

Among those affected, one in four reported that they struggled to make ends meet with rent and bills, a quarter had skipped meals, and around 12 per cent sought 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.

Figure 3: Changes in living situation of respondents



Source: Authors.

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.

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, more than 30 per cent of residents of flats and apartments reported a lack of adequacy.

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. 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 impacted by COVID-19 lockdowns.

Victorian respondents, who have experienced the longest period of lockdown nationally, were 1.5 times more likely than respondents in other places to report 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.

“Because of inadequate incomes due to COVID-19, just under 40 per cent of respondents indicated that after paying for rent there was not enough money left over to pay for essentials such as bills, clothing, transport and food.”

Need for government support

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.

Across 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.

Overall, low-to-moderate income households had a higher uptake of first or additional assistance than higher income households.

Additional demand was more pronounced in the 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 and the Northern Territory had slightly lower than average levels of additional income support.

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

There was considerable uncertainty about the 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.

What this research means for policy makers

The evolving nature of the pandemic presents a challenge for policy. 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.

- 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. 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 need for a coordinated, universal framework for landlord-tenant negotiations. The data suggests that some population groups were especially disadvantaged negotiating COVID-19 responses with individual landlords or agents. 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.
- Policy interventions need to be carefully targeted. The research 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.

Methodology

This research surveyed 15,000 (public and private) renting households across all Australian states and territories during July and August 2020.

To cite the AHURI research, please refer to:

To cite the AHURI research, please refer to: 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.

Available from the AHURI website at ahuri.edu.au/research/final-reports/340