

Landlord and tenant lived experiences during COVID-19



Based on AHURI Final Report No. 344: Post pandemic landlord-renter relationships in Australia

What this research is about

This research investigated the mental and economic wellbeing of landlords and tenants affected by the COVID-19 pandemic to help governments at all levels make the best housing policy decisions during and following the coronavirus pandemic.

The context of this research

The private rental sector is home to almost 3 million Australian households, a large proportion of this stock is owned by 'Mum and Dad' landlords, for whom rental payments have traditionally provided income and serviced mortgages.

The COVID-19 pandemic has had serious implications for the Australian economy, with the unemployment rate reaching over 9 per cent. For landlords and tenants that have lost employment, had reduced income, or are seeking employment, this leaves a challenging financial situation for meeting rent or mortgage payments.

Moratoriums on evictions and rent increases were announced in April 2020 as a national direction to be implemented by the states and territories. Most jurisdictions implemented a six month ban on evictions and rent increases of private tenants who cannot meet their rent obligations because of loss of income as a result of COVID-19. However, evictions based on other reasons can still occur.

Table 1: Summary of jurisdiction moratorium as of April 2020

State	Eviction ban	Rent increase ban
NSW	6 months	6 months
VIC	6 months	6 months
QLD	6 months	6 months
SA	6 months	6 months
WA	6 months	6 months
TAS	4 months	No
ACT	6 months	6 months
NT	n/a	n/a

Source: Ziffer 2020a.

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The key findings

Tenants' finances

The lifestyle of many tenants had changed during the pandemic to being more cost-aware and cost-efficient. Most were trying to save on non-essential spending, such as entertainment, and trying to reduce other costs, such as household utility bills. These spending changes were supported by the survey data which found that 60 per cent of tenants had immediate issues, or anticipated near future issues, with paying their rent.

Tenant perceived stress

The financial challenges and uncertainty were very stressful for many tenants within the qualitative data captured. Tenants relied on support networks or created new networks during these difficult times. In extreme cases, friends offered struggling tenants that could not afford rent a place to stay, while other tenants leant on their family members for help.

Tenants within the same residence also relied on each other. It was common that couples would rely on their partners, if one had lost work or had reduced hours, so they were able to manage rent payments. In share houses, where one or two tenants had lost income, the others agreed that they should benefit from any reduced rent from the landlord.

While homes were often regarded as a safe place from the COVID-19 virus, some tenants in higher transmission areas felt less safe in their sharehouses, particularly when their housemates undertook behaviour that could increase the risk of spreading the virus to them.

The survey results reinforced that there were higher stress levels in tenants than with landlords. Responses found that almost one third (32%) of tenants reported that they often felt they were unable to control important things in their lives, compared to 15 per cent of landlords. Also, 47 per cent of landlords had confidence in their ability to handle personal problems compared to only 27 per cent of tenants. Tenants were also more likely to feel that things were against them, with half of tenants feeling that things never or rarely went their way compared to 27 per cent of landlords. Tenants were also feeling the most overwhelmed, with over one-fifth (21%) of tenants often feeling that difficulties were piling up so high that they could not overcome them, compared to 6 per cent of landlords.

Table 2: Mean perceived stress for each item: the higher the value the greater the perceived stress (minimum = 1, maximum = 4)

	Item 1: lack of control	Item 2: personal problems	Item 3: things not going their way VIC	Item 4: difficulties overwhelming
Tenants	3.06	1.89	2.47	2.62
Landlords	2.47	1.56	2.04	2.13

While the perceived stress levels results were statistically significant, it should be noted that the sample size is not large enough to be representational Australia-wide, and that tenants could also have been more stressed than landlords prior to the pandemic.

Tenant lived experience

The general wellbeing for tenants went beyond the financial challenges and stresses they were facing. The implications of being isolated in lockdowns were particularly difficult for tenants that were living in share houses and/or small apartments.

With people having to spend a significant amount of time at home, it has revealed issues for rental properties in relation to quality or defects. While many of these issues were known before the pandemic, they have become more of a pressing issue for some tenants during this period.

There were several tenants who were not satisfied with the response to quality or defect issues, and this impacted on not only the useability of their dwellings, but also the relationships with the real estate agent or landlord. Tenants were particularly frustrated that they were being told that COVID - 19 was the reason for many of the delays.

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Landlord finances

The challenges that emerged for landlords primarily revolved around economic wellbeing. Landlords reported they had reduced rental income due to changes in the rental market, and had reduced spending to compensate for the heightened risk of losing tenants or having reduced rental income.

The landlords that appeared most at risk both financially and mentally were those that lived with their tenants. These landlords did not have the option of selling the property without having to move out themselves, which limited their options when mortgage challenges arose. One landlord that lost their tenant (as they could no longer pay rent) explained that they found living on their own during the pandemic very challenging and had contacted mental health support due to both isolation and financial challenges.

Landlords and tenants negotiations during COVID-19

The majority of tenants in this research had financial concerns which had arisen from the pandemic, and for many there was a hesitancy to ask the real estate agent or landlord for assistance either through a rent reduction or rent deferral. This often related back to the uncertainty about the impact on their housing security, but also that there was the perception that landlords would be resistant to help and would cause further tensions and stress for the tenants.

The majority of tenants concerned with their financial situation had requested a rent reduction, but many were left unsatisfactorily resolved.

The analysis found that there were two clear groups of landlords; those who were willing to consider financial assistance for their tenants, and those who were against this. Many landlords reflected that during the pandemic everyone needed to be more accommodating and make sacrifices, and that they had a role and responsibility for the wellbeing of their tenants. This was not just evident where landlords knew their tenants quite well, but even when they did not know their tenants (i.e. using an agent). It was not only about helping tenants, but also a reflection that receiving some money as rent was better than letting the property sit there empty, without rent, if the tenant had to move out.

Those landlords who had resisted reducing rental payments seemed to come from concerns around their own financial position, such as the need to continue to service their own mortgages or for landlords who were retired.

It is clear that there were a range of different approaches for landlords and tenants to raise and negotiate issues around rent due to changing financial circumstances from COVID-19. There was no common approach to how this was addressed and there were a range of outcomes which were largely influenced by the landlord's broader financial position and ability to absorb any loss of rental income. There was significant uncertainty throughout these negotiations and with what will happen into the future, as current agreements needed to be re-negotiated.

Impact and effectiveness of government interventions

Tenants largely believed the government support interventions such as JobKeeper and JobSeeker had been effective, and had helped to deal with the unexpected loss of work or reduced work hours. This not only addressed financial strains, but helped to reduce stress and issues relating to mental wellbeing. There was confusion, stress and uncertainty about what would happen at the end of the government support period.

The perception of the effectiveness of government interventions varied much more for landlords, who felt that the provision of government assistance was regarded as an indirect benefit, accessed via the direct provision of assistance to tenants, who were then able to pay rent.

The qualitative responses among landlords often described dissatisfaction with government support interventions, ineligibility, or that assistance was too limited to be helpful.

The lack of clarity around the rental support was a significant concern for landlords. In particular, how tenants would be able to pay back any deferred rent, given they were not likely to have improved financial situations any time soon. Overwhelmingly, landlords thought government action had not adequately considered them and gave tenants too much power. Many landlords, for example believed that their tenants had claimed financial hardship without adequate proof.

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What this research means for policy makers

Our research suggests that policy interventions that create common frameworks, provide universal guidance, that provide structure, and increase peoples' (both landlords and tenants) ability to plan in the medium term are needed.

Wellbeing: The results suggested that tenant wellbeing was more greatly effected than landlord wellbeing. This suggests that, at least in the short term, wellbeing interventions to help tenants should be prioritised.

Government support: Policy development must include more details about the process of demonstrating financial hardship and seek to formally include mortgage relief strategies as part of the broader housing and wage relief packages for a more holistic package of support.

Landlord-tenant negotiations: Policy development must look to ensure that tenant, landlords and property agents all understand their rights and responsibilities during this time and more clearly define the processes which should be followed, or what the options are for seeking further assistance.

Future policy on supporting the landlord-tenant relationship should consider:

- a protective negotiation framework to structure rent negotiations as a more formal process between tenants and landlords that enables tenants to request reductions without fear of poor tenant references or refusal by the landlord to fix defects
- clear government guidance for real estate agents to provide clarity, guidance, and information on acceptable and unacceptable practice in resolving landlord-tenant negotiations
- centralised guidance on tenant hardship, as to how to demonstrate hardship and how this is assessed
- policy flexibility on moving, that reduces stress and the risk of homelessness for tenants that give 28 days' notice and commit to moving

- a landlord hardship fund, or access to a package of assistance for landlords, for vulnerable landlords, such as those that have lost work, lost rental income and live with their tenant
- improved information and guidance in defining the end of support, such as protocols for rent deferral repayment plans.

Methodology

This research consisted of 38 participants writing a weekly diary of their lived experience during the COVID-19 pandemic in June and July 2020, and a broader survey of 111 landlords and tenants.

To cite the AHURI research, please refer to:

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