

Private Rental Housing

Rental reform that enables renters to thrive.

The private rental market is a critical part of the WA housing system with almost 700,000 people (or 27% of the population) living in rental housing.¹

Renters in the private market are highly vulnerable to market fluctuations, as demonstrated through the COVID pandemic where prices have risen steadily and vacancy rates are at all-time lows across the country.² Low income and marginalised households are particularly vulnerable to these shocks in the rental market.

As a result, an increasing proportion of Western Australians are now seeing renting as their only housing option, including substantial growth in 'renters for life'. In this context, improving the conditions of rental housing as well as the rights of tenants is urgently required.

The Australian rental market is dominated by 'mum and dad' investor-owners, who are driven by tax incentives and welfare settings in retirement. Research suggests that we need a significant shift in the private rental market that reframes landlords as housing service providers rather than investors.³ This requires increasing the rights of tenants while at the same time transitioning towards a private rental sector with a greater presence of institutional and community housing ownership and management.

Research has also shown that current Commonwealth Rent Assistance (CRA) levels are inadequate.⁴ **Shelter WA supports National Shelter in calling for an urgent review of CRA and an increase to the maximum rate of at least 50%.**

In WA, review of the *Residential Tenancy Act 1987* (RTA) is in progress. **Shelter WA is advocating for the implementation of the 'Tenancy Ten' (see overpage)**, which includes the introduction of minimum rental standards, the introduction of reasonable grounds evictions and rent stabilisation.

Shelter WA supports a long term shift to a rental sector that facilitates institutional investment into affordable rental housing. To do so would involve the removal of Commonwealth and state-based tax barriers to build-to-rent products⁵, and new opportunities for the community housing sector to partner with the WA Government to deliver new social and affordable housing.

In the interim, additional assistance is required to keep tenants in their homes, reduce demand for social housing, and prevent homelessness. Evidence suggests that private rental brokerage programs can be a highly effective and cost-efficient way for governments to protect tenants from housing insecurity and homelessness.⁶

¹ ABS (2022) Quickstats: Western Australia. <https://www.abs.gov.au/census/find-census-data/quickstats/2021/5>

² National Shelter (2021), Moving on: how do tenancies end in the rental market? Retrieved from: <https://www.sheltersa.asn.au/site/wp-content/uploads/Shelter-Moving-On-Report-Final-2021.pdf>

³ Hulse, K. et al (2018) Private rental in transition: institutional change, technology and innovation in Australia. AHURI. https://www.ahuri.edu.au/sites/default/files/migration/documents/AHURI-Final_Report-296-Private-rental-in-transition-institutional-change-technology-and-innovation-in-Australia.pdf

⁴ Duncan, A (2022) Behind the line: poverty and disadvantage in Australia 2022. Bankwest Curtin Economics Centre. Curtin University. Retrieved from: <https://bcec.edu.au/assets/2022/03/BCEC-Poverty-and-Disadvantage-Report-March-2022-FINAL-WEB.pdf>

⁵ 'Build to rent' is the process whereby developers and their financiers build multi-unit buildings and, instead of selling the units, retain them to rent to tenant households. Rents may be set at market rent or, for affordable and social housing, at an appropriate discount to market rents (AHURI, 2017, 'Could Build-to-Rent create affordable rental housing?'): Note: It is important that tax incentives and barrier removal for build-to-rent products is tied to the delivery of below market affordable housing.

⁶ Tually, S. et al (2015) The role of private rental support programs in housing outcomes for vulnerable Australians. AHURI Positioning Paper No.162.

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Shelter WA recommendations:

- That the WA State Government accelerate reform of the Residential Tenancies Act 1987 to provide better conditions and greater security for tenants (implement the tenancy ten).
- That the Commonwealth Government review and increase the maximum rate of CRA by at least 50%.⁷
- That the WA State Government facilitate participation by tenants and owners in longer term leases (2+ years) through common and commercially available contracts,⁸ and investigate incentive schemes encouraging landlords to offer long term leases.
- That the WA State Government establish permanent, adequate, rolling funding and financing mechanisms to deliver a pipeline of affordable rental housing in line with evidence based need.⁹
- That the Commonwealth and WA State Governments provide tax incentives to deliver affordable build-to-rent development, managed by registered CHOs.¹⁰
- That the WA State Government invest in the expansion of private rental assistance programs to prevent homelessness and keep people in their homes.¹¹
- That the WA State Government proceed with implementation of a state-wide registration system for short stay accommodation providers and regulate the sector to protect the availability and accessibility of long term rental accommodation for local residents.

⁷ This is a recommendation of National Shelter.

⁸ This is a recommendation by Infrastructure WA in the State Infrastructure Strategy: Foundations for a Stronger Tomorrow.

⁹ These mechanisms should work proactively to leverage federal investment and facilitate growth of the community housing sector. For example, a Housing Capital Aggregator and/ or a Housing Future Fund as recommended by the National Affordable Housing Alliance (NAHA) and the Grattan Institute, and a state growth fund (similar to the Victorian Government example).

¹⁰ This is a recommendation by the National Affordable Housing Alliance (NAHA), which includes national industry and not-for-profit organisations. For more information see: https://www.nationalaffordablehousingalliance.com/_files/ugd/268af9_3b5a0bba51a849b18fd3f022c218cb.pdf

¹¹ A program could build on the lessons of the Assisted Rental Pathways Pilot, which concluded in 2021.

The Tenancy Ten

1. End unfair evictions

Stop tenants being evicted without a valid reason. Introduce reasonable grounds for ending a tenancy.

2. Allow reasonable modifications

Renters should be allowed to make their house a home.

3. Create mandatory minimum standards

Housing should be fit for people to live in and not make you sick.

4. Stabilise rent increases

A mechanism to cap unfair rent increases.

5. Include boarders and lodgers

Extend legal protections to boarders and lodgers.

6. Allow pets

Tenants shouldn't have to choose between a family member and a home.

7. Quick, fair and consistent dispute resolution

Introduce mediation and reported decisions for greater clarity.

8. Better deal for public housing tenants

Remove provisions that discriminate against public housing tenants

9. Increase access to tenant advocacy and information

Make advocacy services and tenancy information available to all renters.

10. Climate change readiness

Government funding and incentives are needed to adapt existing housing stock, including rentals, to address climate risk.