

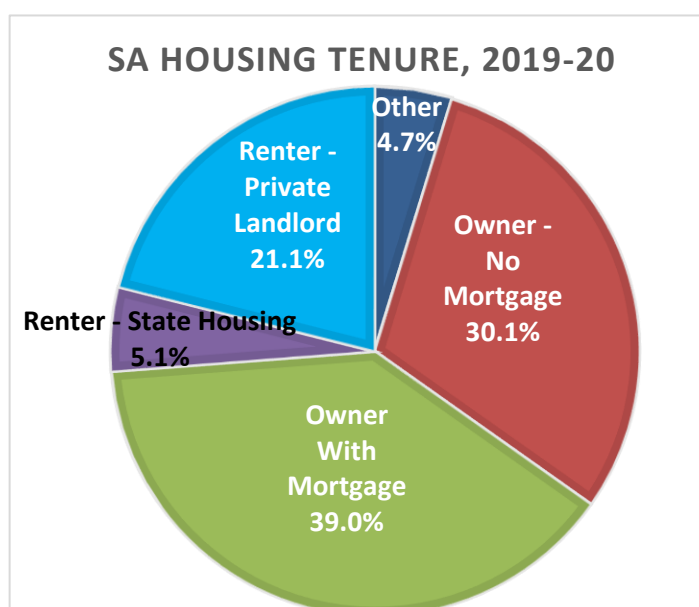
April 2023

Rental Affordability

According to the [ABS](#), in 2019-20, there were around 205,000 rental households in South Australia, making up 28.4% of the SA housing market. This proportion was slightly below the national average where 31% were renters.

On average, these renter households had lower incomes than home-owner households and spent proportionately more of their income on housing.¹

For this reason, housing affordability issues are likely to be felt most acutely by renters.



SA Household Income and Housing Costs, by Tenure 2019-20

Tenure	Average Housing Costs per week	Housing Costs: % of Gross H/hold Income
Owner – no mortgage	\$57	3.9%
Owner with a mortgage	\$390	14.3%
Renter – State Housing	\$157	21.2%
Renter – Private Landlord	\$321	18.4%
Total Renters	\$282	18.4%

Note: housing costs here include rent, water and council rates, and housing loan payments.

Renters on low incomes struggle with housing affordability. Of the 205,000 South Australian renter households, nearly 60% were in the bottom two income quintiles. Of those low-income renters, 29.9% or 34,921 households were in housing stress, that is, spending more than 30% of their income on housing costs. Almost all of these were in private rentals.

¹ In absolute terms, mortgagees spent more than renters on housing costs, but it was proportionately less due to the higher average incomes of mortgagees. Mortgagee's costs also include the "compulsory savings" of capital repayment, so are not directly comparable. However, this data pre-dates recent interest rate rises.

Using [government data from new rental bonds](#), SACOSS calculates that the median rental for a 2-bedroom unit in the cheapest Adelaide suburbs in the December Quarter of 2023 was \$340 per week. It was \$400 for a 3-bedroom house.² As the table below shows, ***these rental prices are unaffordable for people on low incomes looking to rent.***

Rental Affordability for Low Income Earners

	Total Income*	% of Income 2-bed unit	% of income 3 bed house
Single JobSeeker	\$414.40	82%	
Single Age Pensioner	\$589.50	58%	
Single Minimum Wage	\$812.60	42%	
Single Parent JobSeeker – 2 children	\$717.70	47%	56%
Single Parent Minimum Wage – 2 children	\$1,196.33	28%	33%

* includes where appropriate Centrelink Supplements, Commonwealth Rent Assistance and Family Tax Benefits based on children aged 10 and 14.

In this context, public housing is particularly important. It provides homes for those who are left out of the housing market and adds supply to the market to make housing more affordable for everyone. Its construction provides economic stimulus in the short term and it is a store of public wealth over the long term. However, [the stock of public housing in South Australian has declined over recent decades](#), many of the houses are [old and energy-inefficient](#), and there is a substantial waiting list for homes.

Renting, whether public or private also creates additional costs that some homeowners can avoid. For instance, solar power and energy efficiency improvements like double-glazing or insulation are at the owner's behest and are often not possible for renters. Tenants often have little choice and may find that once in a home they face crippling energy bills due to the thermal inefficiency of the housing and appliances. And to make matters worse, low-income renters receive a lower Cost of Living Concession than home-owners.

SACOSS Proposals

SACOSS is calling on the state government to implement the following key proposals to address rental affordability:

- Cap rent increases at the CPI
- Strengthen the Residential Tenancies Act by
 - Banning, not just limiting, rent bidding
 - Preventing no-cause evictions
- Implement mandatory disclosure of energy efficiency standards
- Develop and implement minimum energy efficiency standards
- Invest in more public housing (current plans do not cover population growth, let alone begin replacing lost stock)
- Increase the Cost of Living Concession for renters to level paid to homeowners.

Further details on these can be found in separate policy briefs on *Reform of the Residential Tenancies Act* and on *Public Housing* at: www.sacoss.org.au/housing

² These figures are the median rent in the suburb which was the mid-point (mode) among the bottom half of Adelaide suburbs where rental bonds were lodged.