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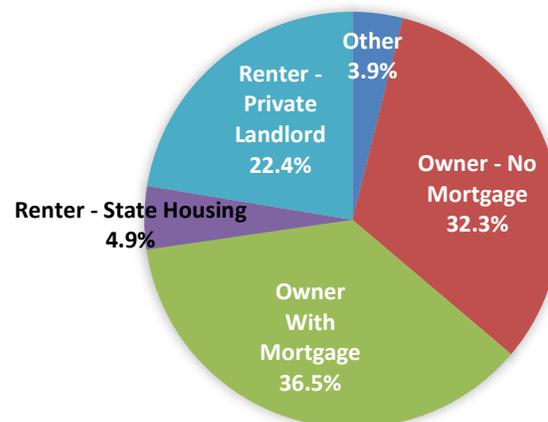
## Rental Affordability

In 2017-18, there were around 204,000 rental households in South Australia, making up 29.5% of the SA housing market.<sup>1</sup> This proportion was slightly below the national average where 32% were renters.

On average, these renter households had lower incomes than home-owner households and spent proportionately more of their income on housing.<sup>2</sup>

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

SA HOUSING TENURE, 2017-18



SA Household Income and Housing Costs, by Tenure 2017-18

Tenure	Average Weekly Income	Housing Costs: % of Gross H/hold Income
Owner – no mortgage	\$1,742	3.1%
Owner with a mortgage	\$2,519	15.4%
Renter – State Housing	\$665	22.7%
Renter – Private Landlord	\$1,670	17.9%
Total Renters	\$1,449	18.5%

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

Renters on low incomes particularly struggle with housing affordability. Of the 204,000 South Australian renter households, nearly 60% were in the bottom two income quintiles. Of those low-income renters, 32.4% or 39,556 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.

The proportion of private renters in the rental market is also increasing. In 1994-95, 56% of renters had private landlords. By 2017-18, it was 83% as public housing shrunk to just 4.9% of the total number of houses.

<sup>1</sup> Unless otherwise stated, all data in this report is from the Australian Bureau of Statistics (2019), [Household Occupancy and Costs, Australia, 2017-18](#).

<sup>2</sup> 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.

Using data from new rental bonds, SACOSS calculates that the median rental for a 2-bedroom unit in the cheapest Adelaide suburbs in the June Quarter this year was \$293 per week. It was \$385 for a 3-bedroom house.<sup>3</sup> 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	\$384.40	76%	
Single Age Pensioner	\$546.75	54%	
Single Minimum Wage	\$753.80	39%	
Single Parent JobSeeker – 2 children	\$698.74	42%	55%
Single Parent Minimum Wage – 2 children	\$1,110.94	26%	35%

\* 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 Australia 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 other additional costs that at least 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 on similar incomes.

#### SACOSS Proposals

Given all the above, SACOSS is putting forward three policies to address rental affordability:

- a significant investment to increase the net stock of public housing in South Australia;
- minimum energy efficiency standards for private and public rental properties, and mandatory disclosure of energy efficiency ratings for all rental properties in SA; and
- a targeted investment to improve the energy efficiency standards of public and community housing.
- Increase the Cost of Living Concession for renters to level paid to homeowners.

**These proposals are detailed in separate Policy Briefs: [www.sacoss.org.au/housing](http://www.sacoss.org.au/housing)**

<sup>3</sup> 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. Data from Government of South Australia, [Private Rent Report](#), June Quarter, 2021.