



PO Box 8
CIVIC SQUARE
ACT 2608

Ph: (02) 6247 1026
Fax: (02) 6257 4801

tuact@bigpond.net.au
www.tenantsact.org.au

ABN: 99 664 903 582

Affordable Housing Steering Group

Re: Homelessness and Aged Accommodation

Thank you for the opportunity to provide brief comments in relation to the Steering Group's considerations of the above issues.

I am happy to discuss these issues further and would like to express the Tenants' Union's ongoing commitment to participation in any ongoing consultation process in relation to the protection of the rights of tenants' in the ACT as members of the ACT community affected by affordable housing issues.

Yours sincerely

Deborah Phippen
Executive Officer

28 November 2008

For free advice on residential tenancy problems call the
Tenants' Advice Service Ph: 6247 2011
Mon- Fri 9.30am-1pm & 4.30pm-8pm Tues



Submission by Tenants' Union (ACT)

1. Introduction

- 1.1. The Tenants' Union ACT (TU) is one of the primary providers of information, advice and education to tenants in the ACT.
- 1.2. The Tenants' Union membership consists of private, public and community housing tenants, occupants of other forms of accommodation as well as individuals interested in tenancy issues. The TU represents people renting in the ACT (private, public, community), works to promote the rights and interests of tenants and undertakes housing and tenancy-related projects.
- 1.3. The TU is a community legal centre providing tenancy advice, information and referral through the Tenants' Advice Service (TAS). Through Affordable Housing funds we have been able to expand our service to include minor assistance, casework and representation. The TAS provides information, advice and referral through its advice workers and also undertakes community legal education, producing information, conducting workshops and presentations, and promoting tenant participation. The TAS is funded through the Department of Justice and Community Safety, by a proportion of the interest earned from bonds lodged with the Office of Rental Bonds.
- 1.4. In the last year (07/08) our service reported 2,763 phone contacts with ACT tenants on tenancy/housing issues (over 39,000 since 1994). In addition to this we had direct contact with people renting through a variety of other forums including presentations, workshops, information stalls, and community meetings. Furthermore we participate in a range of networks and forums with community service workers and providers who have contact with people renting.
- 1.5. The consequence of this experience and range of services, and close links with related organisations, is extensive knowledge of tenancy and housing issues in the ACT. Accordingly the TU is providing a submission responding to issues and items identified as being of particular relevance to people renting their homes in the ACT, and therefore the organisation.
- 1.6. It is noted that Steering Group will be considering options to increase the supply of affordable housing for older Canberrans and further initiatives to address homelessness and sleeping rough in the ACT. In the first instance it may appear that the TU has no interest or expertise in the area of developing housing options, however there are a number of issues directly related to our work that must be addressed in any planning in relation to people's rental housing and homes, whatever the rental tenure. Those matters are listed below.
- 1.7. First and foremost for the TU is the experience of people renting at present. While we acknowledge that it is crucial that work be done to expand the supply of affordable housing in the ACT, these are obviously not measures that will provide rapid results. In addition, if the issues raised here are not addressed they will continue to adversely affect the very people in the community that affordable housing options are attempting to assist. On the whole, these are issues related to the regulation of this housing. The positive aspect of changes to legislation is that it can be achieved relatively quickly, have a very significant impact on many ACT tenants and with minimal cost.

2. Rent Increases

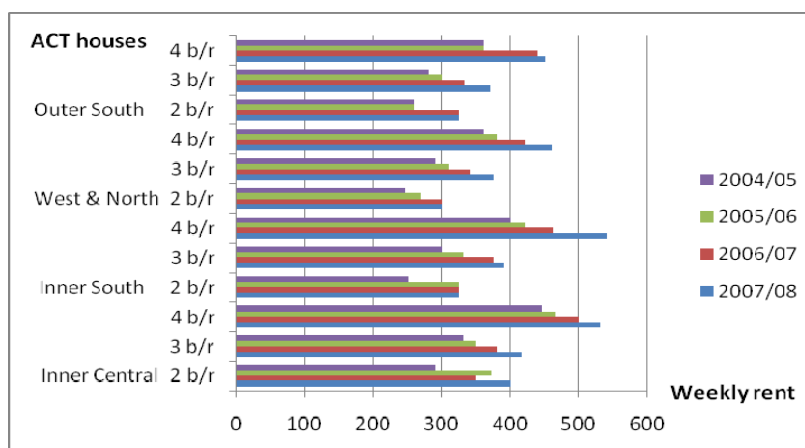
- 2.1. It is our experience that levels of hardship and stress are exacerbated due to rent increases in existing tenancies, and this is particularly felt by people from groups of disadvantage, including seniors. This is an issue that has not been adequately addressed in housing affordability discourses. While it is widely acknowledged that rent levels are increasing, and no doubt the Steering Group is well aware of the figures (such as those demonstrated

Affordable Housing Submission

in the table below based on REIA figuresⁱ), these are based on advertised rents for vacant properties.

When considering vacant properties it is easy to overlook the experience of people in existing tenancies. Too often we see people in housing stress in the first year of the tenancy, particularly people in reliant on government pensions and other payments and this is a matter for serious concern. These

tenancies are somehow sustained and then stretched to breaking point after 12 months in the tenancy when they face a rent increase.



- 2.2. The market rates are used to formulate the private rental dwelling CPI which in turn is used in the ACT Residential Tenancies Act 1997 (RTA) in determinations in relation to excessive rent increases. They are also used by lessors to justify extremely high rent increases. It is our experience, as noted in our report reviewing the RTA that the increases tenants are facing are causing significant problems, and do not reflect general increases in cost of living or levels of income. The table below shows rent increases brought to the TAS line from November to December 2007.

| \$ Increase per week (annual) | % increase | Corresponding RTA formula increase | Comments |
|-------------------------------|------------|------------------------------------|--|
| 40 (2,080) | 14 | \$ 17.80 | |
| 60 (3,120) | 18 | | |
| 30 (1,560) | 11 | | |
| 45 (2,340) | 19 | | |
| 20 (1,040) | 8 | | |
| 40 (2,808) | | | |
| 60 (3,120) | 20 | \$28.40 | |
| 40 (2,080) | | \$20 | |
| 40 (2,080) | | | |
| 60 (3,120) | | | |
| 60 (3,120) | | | |
| 45 (2,340) | 17 | | \$25/wk increase previous year and \$35/wk increase year before that |
| 50 (2,600) | | 20 | |
| 70 (3,640) | | | |
| 54 (2,808) | 18 | | |
| 70 (3,640) | 24 | | |
| 20 (1,040) | | | Tenant suggested \$10/week, received 8 week NTV |
| 40 (2,080) | 8 | | |
| 25 (1,300) | | | |

Affordable Housing Submission

| | | | |
|------------|----|--|------------------|
| 70 (3,692) | | | |
| 35 (1,820) | 16 | | |
| 35 (1,820) | 11 | | |
| 55 (2,860) | | | |
| 30 (1,560) | | | |
| 20 (1,040) | | | |
| 60 (3,120) | | | |
| 30 (1,560) | | | |
| 15 (780) | | | |
| 30 (1,560) | | | |
| 45 (2,340) | | | One bedroom unit |

2.3. As noted in our report:

When considering the amount and effect of these increases, it is essential to bear in mind that the increase for the CPI for dwelling rents from September 2006 to September 2007 is 6.1% and the general CPI increase was 1.1%ⁱⁱ. This difference in CPI figures shows that the calculation used in the RTA does produce a figure greater than the general CPI increase. When looking at the effect of the increase it is also very important to consider that we are looking at quite substantial increases being borne at a time when the minimum wage increase was \$27.36/week (\$1,423). This increase in income does not equal many of the rent increases proposed, and does not provide people with the ability to cover other costs; this is clearly exemplified by a recent TAS call where the proposed rent increase took the rent to significantly more than the tenant's wage. In relation to other cost mechanisms, the current inflation rate is 1.9%ⁱⁱⁱ and the official interest rate increase by the Reserve Bank for the period November 2006 to November 07 was 0.75%^{iv, v}.

2.4. High rent levels and low vacancy figures significantly affect tenants' ability to move within the ACT, they limit choice and bargaining power. It is difficult to argue for shorter fixed terms, lower rent etc if the landlord knows they can just go to the next person on the list. Lack of choice regarding movement can also mean that tenants will stay, or take up tenancies they can't really afford because they have no other alternative. Additionally, knowledge of this situation and difficulty in finding affordable accommodation means that tenants are reluctant or fearful of asserting their rights in addressing problems within existing tenancies. They fear (whether it is based on fact or imagined) that they may lose their accommodation and will face difficulties in finding anywhere else to live. To this end we have recommended in our report that consideration be given to how excessive rent increases are determined (see our report for further detail).

3. Security of tenure

- 3.1. As with any of the issues raised here, security of tenure is an issue for all people renting, problems relating to it are obviously exacerbated for those in anyway disadvantaged. The Tenants' Union endorses and supports ACT Shelter's statements in relation to the need for changes to the RTA to ensure greater stability for older people in rental housing.
- 3.2. In addition, as noted above it is our experience that tenants are unlikely to challenge rent increases (or other problems within their tenancies) even if they cannot afford them because of fear of eviction. Improving security of tenure will enable more tenants to challenge actions that are causing them stress, distress and even hardship.

4. Share accommodation

- 4.1. It is noted that the Steering Group is considering options that include shared housing. It is our experience as providers of advice and advocacy that there are many problems associated with the protection of people in such accommodation, defined as “occupants” under the RTA.
- 4.2. While occupants have the right to seek dispute resolution through the Residential Tenancies Tribunal, the lack of standard agreements such as the existing Standard Residential Tenancy Terms means a lack of clarity and protection for often the most vulnerable and disadvantaged people in the community. We have made submissions in relation to improvements for occupants in both our RTA Review, and the Occupancy Project Report as presented to the Department of Justice and Community Safety. We submit that these matters be considered by the Steering Group when determining details in relation to such forms of accommodation.

5. Housing Standards

- 5.1. As noted previously any issues that are the basis of problems for tenants in general are likely to be affecting disadvantaged tenants, and often causing a relatively greater degree of hardship. The standard of rental housing causes a great deal of problems for tenants in relation to comfort and use of their home as well as significantly affecting housing costs.
- 5.2. The lack of standards in relation to basic matters such as adequate heating, insulation, water efficiency and even the provision of smoke alarms is a matter of concern to the TU. All of the matters affect affordability for tenants, and while new properties should not be a problem, the lack of regulation in relation to the thousands of existing older rental properties must be addressed in order to ensure that the broader housing affordability issues are resolved.

ⁱ Based on REIA *Market Facts* June 2008

ⁱⁱ <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6401.0>

ⁱⁱⁱ <http://www.rba.gov.au/>

^{iv} A.2 Reserve Bank of Australia – Monetary Policy Changes, <http://www.rba.gov.au/Statistics/Bulletin/A02hist.xls>

^v pp 17-18, Tenants’ Union ACT Inc and Welfare Rights & Legal Centre, “RTA Report Card 2007 Submissions regarding the Residential Tenancies Act 1997”