



A PERFECT STORM

Arrears and evictions across the Anglicare Australia Network



A P E R F E C T S T O R M

Arrears and evictions across the
Anglicare Australia Network

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Anglicare Australia is a network of independent local, state, national and international organisations that are linked to the Anglican Church and are joined by values of service, innovation, leadership and the Christian faith that every individual has intrinsic value. With a combined expenditure of \$1.82 billion, and a workforce of 20,500 staff and 9,000 volunteers, the Anglicare Australia Network contributes to more than 50 service areas in the Australian community. Our services are delivered to 450,000 people each year, reaching over 1.33 million Australians in total. Our services are delivered in partnership with people, the communities in which they live, and other like-minded organisations in those areas.

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Introduction

After a year of upheaval, renters in Australia are facing a perfect storm.

Rents are less affordable than ever. Yet the support that had been given to renters at the height of the pandemic is falling away. In most parts of the country, people in hardship had been given the right to defer their rental payments. They were also protected by eviction moratoriums to ensure they weren't punished for deferring payments. These arrangements expired in most States and Territories at the end of March. Some renters have found themselves tens of thousands of dollars in rental arrears. If they can't afford to repay their landlords, they face the very real prospect of eviction. On top of it all, cuts to JobSeeker, Youth Allowance and other payments came into effect at the beginning of April.

Government actions, which seemed so promising at the beginning of the Covid-19 pandemic, have not tackled the twin crises of rental stress and poverty. Instead they have delayed the effects, leaving people stranded at a time when their plight is easier to ignore. The economy is recovering, we are told, and there is little room in this narrative for people who are still doing it tough.

This report, and the survey it is based on, aims to challenge this narrative and bring the experiences of our clients to the fore. At a time when much of the commentary has overlooked renters on low incomes, Anglicare Australia is calling for action. Australia needs more affordable homes, and people at risk need enough income to keep a roof over their heads.

If Australia's recovery is as strong as we're told, then our governments must take action to stop people from being left behind.

Background

On 29 March 2020, all jurisdictions except for the Northern Territory enacted a moratorium on evictions in response to the Covid-19 pandemic.¹ There were variations in the moratoriums across different states and territories,² but their aim was to stop households who lost income during the pandemic from being evicted from their homes. The rental moratorium in Queensland was the first to expire on 29 September 2020. The others remained in force until the beginning of April 2021, with the exception of South Australia’s moratorium. South Australia’s moratorium will be the last to expire on 31 May 2021.

In addition to the moratoriums, state and territory governments introduced a range of measures for tenants and landlords to maintain tenancies. These included deferrals for renters who could not afford to pay their full level of rent, support to negotiate payment plans, and provisions to allow tenants to terminate their lease early.

Table 1. Post-moratorium support for tenants and landlords

State or territory	Status of Covid-19 support measures
Queensland	The eviction moratorium and deferral period expired on 29 September 2020.
NSW	The eviction moratorium and deferral period expired on 26 March 2021. There is ongoing support to negotiate repayment plans for arrears accrued during the moratorium period. Although the moratorium has expired, landlords are only able to evict Covid-19 affected tenants if they can demonstrate a good faith attempt to negotiate a repayment plan.
ACT	The eviction moratorium and deferral period expired on 28 March 2021. There is now a transition period that limits evictions for arrears accrued during the moratorium period.
Victoria	The eviction moratorium and deferral period expired on 28 March 2021.
Tasmania	The eviction moratorium and deferral period expired on 31 January 2021.
SA	The eviction moratorium and deferral period will remain in place until 31 May 2021.
NT	No eviction moratorium or deferral period was provided.
WA	The eviction moratorium and deferral period expired on 28 March 2021. The Residential Rent Relief Grant Scheme can provide support to pay arrears or rent for people who have lost their jobs; lost more than 50 percent of their income since 20 March 2020; or who are receiving a Centrelink payment. This is capped at \$2,000 per tenancy.

Methodology

As support for renters falls away, Anglicare Australia member agencies became concerned about the impact of rental arrears and evictions on their clients. This survey explores the experiences of Anglicare Australia Network members in assisting clients with rental arrears and housing stress.

Copies of a short questionnaire were sent to members of Anglicare Australia's Financial Wellbeing Network, and Anglicare Australia's Housing and Homelessness Network. The questionnaire allowed for free-form responses, which were later categorised for this report. Respondents were permitted to skip questions.

Participating agencies were:

- » ac.care
- » Anglicare NSW South, NSW West, and ACT
- » Anglicare Southern Queensland
- » Anglicare Sydney
- » Anglicare Tasmania
- » Anglicare Victoria
- » Anglicare WA
- » Anglicare Western NSW
- » AnglicareSA
- » Samaritans Foundation.

A copy of the questionnaire is provided as an appendix to this report.

Survey results

How agencies are supporting clients

Member agencies were asked if they had clients in need of help because of rental arrears. All respondents (100 percent) had clients in this situation. The services they provided to these clients ranged from financial counselling and emergency relief to homelessness services. In some cases, Anglicare Australia member agencies negotiated with real estate agents on behalf of clients. Not all respondents had client numbers and breakdowns on hand, but among those who did, responses ranged from 5 to 60 percent of clients.

One member agency serving a major capital city reported a 98 percent increase in people accessing support for rental arrears between August 2020 and March 2021. They noted that there are growing numbers of people accruing debts in the thousands.

Worryingly, one member agency working in a particularly tight rental market reported seeing fewer clients for rent arrears because real estate agents are serving evictions quicker than usual. They found fewer opportunities to sustain tenancies, especially for older people who have not been able to secure rent adjustments for financial hardship or if a partner dies.

Managing rental arrears

Most respondents reported seeing clients carrying debts that ranged from \$500 to \$5,000. One agency said that prior to Covid-19, \$2,000 would have been considered a large debt. Since the pandemic, it has become common to see rental debts between \$4,000 and \$5,000. Another agency told us of a client carrying \$20,000 in rental debts, excluding fines.

Respondents were asked about how their clients planned to pay off these debts. The most commonly cited answers from responding agencies are presented at Table 2.

Table 2. Client strategies for paying rental arrears

Client strategies for paying rental arrears	Agency responses
Negotiating payment plans	80%
Borrowing from payday lenders	50%
Support from government schemes	30%
Borrowing from friends and family	20%
No interest loans	20%

Most agencies have clients who have had to negotiate payment plans with landlords and agents (80 percent). However, one agency reported that these payment plans were rare, with many agents instead opting to terminate lease agreements. This agency was working in a particularly tight rental market. Another reported that negotiating payment plans was rarely successful.

Half of all respondents (50 percent) reported that their clients were turning to payday lenders to manage their rental arrears. This was discouraged, with one agency saying that it “encourages clients not to access payday lenders due to their interest rates and some payday lenders not using responsible lending requirements.” Another described it as “heartbreaking to see people needing to do this, however [we] can passionately appreciate they may see no other way.” This reliance on payday lenders could trigger a vicious cycle of debt among those who can afford it the least.

Some Anglicare Australia member agencies are paying these debts on behalf of clients, or assisting clients with portions of payments. One capital city agency has provided \$588,006 in arrears support to its clients since August 2020, with an average payment of \$750. However, this experience is not unique to agencies in metropolitan areas.

Another member working across a regional centre reported providing approximately \$60,000 in brokerage for rental arrears since September 2020.

Importantly, not all clients can secure payment plans or relief. Others may be reluctant to ask for help. As one agency reported, they make “big payments towards their arrears and then have no money for other daily essentials.” This can also lead to a cycle of hardship.

Notices to vacate

An overwhelming majority of agencies (89 percent) had clients who have been issued with notices to vacate. The prevalence of these notices appears to vary depending on the local rental market. One agency said that “in most cases, clients are being given the chance to pay their arrears rather than being asked to vacate.” However another agency, operating in a tighter rental market, said that “clients were still being served an eviction notice, however, had an extension on the time that they were to vacate.”

A third of respondents (33 percent) expressed concern that the moratorium had not been properly explained to renters, as they had clients who were unaware when it was ending. One agency told us, “while the moratorium was an important step to ensure homelessness did not skyrocket during the Covid lockdown period... its implementation should have included more consumer education around the long-term impacts of accepting rent deferrals.” Clients may not have realised that they could be evicted into homelessness. For some clients, this can lead to dire consequences. As one agency reported, “these people have been swiftly brought before the NSW Civil and Administrative Tribunal with pay to stay orders enforced, meaning pay your arrears by a certain date or the Sheriff will be there to take possession of the property.”

It is not clear how clients will manage if they are due to be evicted, or how they will find new housing arrangements. For clients on very low incomes, it may not be an option to find a new lease in an unaffordable market. The survey explored this question, and the most commonly cited answers from responding agencies are presented at Table 3.

Table 3. Managing evictions

Client strategies for managing evictions	Agency responses
Turning to housing and homelessness services	44%
Couchsurfing with family or friends	44%
Sleeping rough	22%
No known plans	22%
Challenging the eviction at a tribunal	11%
low or no interest loans	20%

It is very concerning that almost half of all respondents (44 percent) reported that their clients will be turning to housing and homelessness services – services which are often stretched to the limit already.

The same number of respondents (44 percent) have clients who will be forced to couchsurf with friends or family. This includes clients who are pitching tents in the backyards of loved ones. 22 percent of agencies reported that their clients are preparing to sleep rough, either on the street or in their cars.

Equally concerning are the agencies (22 percent) who could not put forward responses because they did not know of any plans by their clients. They may be vulnerable to taking on unaffordable rental agreements, or worse, being pushed into homelessness.

The impact of JobSeeker cuts

People living on income support payments have had a turbulent experience in the past year, especially if they lost work during the downturn. In March 2020, the Government announced a \$550 fortnightly supplement for people receiving JobSeeker and related payments. The full supplement began on 27 April 2020. From 24 September 2020 the supplement was cut to \$250. From 31 March 2021, the supplement was abolished and a new base rate of JobSeeker was announced. At \$310 per week, the rate is well below the poverty line.³ The full force of the cuts came into effect just as deferral arrangements and eviction moratoriums were expiring in most parts of the country.

This had a major impact on clients. The overwhelming majority of agencies reported seeing debts and rental arrears as a result of cuts to government payments (90 percent). The temporary nature of the increases has been a double-edged sword – some clients were finally able to move into secure accommodation, only to find themselves in severe financial stress. As one agency reported, “we have heard of many clients who secured rental properties during Covid... Now that they are no longer receiving the supplements, the rent is no longer serviceable.” This was a typical response and a recurring theme in survey answers. Another agency added that this “puts the clients into housing stress and may result in rent arrears, eviction and homelessness.”

Analysing major trends

A perfect storm

In looking at the results of the survey, it is clear that the end of rent deferrals, the expiry of eviction moratoriums, and cuts to government payments have come together to create a crisis for many renters. All participating agencies in our survey have clients in need of help, and almost all are seeing more people in need of help as a result of cuts to government payments.

This comes as Anglicare Australia's Rental Affordability Snapshot, released ahead of this report, showed that the rental market is less affordable than ever.⁴ The Snapshot surveyed 74,266 rental listings across Australia and found that:

- » 859 rentals (1.2 percent) were affordable for a person earning the minimum wage
- » 386 rentals (0.5 percent) were affordable for a person on the Age Pension
- » 236 rentals (0.3 percent) were affordable for a person on the Disability Support Pension
- » 3 rentals (0 percent) all sharehouses, were affordable for a person on JobSeeker
- » 0 rentals (0 percent) were affordable for a person on Youth Allowance.⁵

These are renters on the lowest incomes, and they are among the most likely to have deferred rent payments. The lack of affordability is exacerbating the problems created by the expiry of moratoriums. One agency participating in our survey speculated that "what has caught the clients unawares is the shortness of affordable rental stock... [it wasn't] predicted that there would be absolutely no affordable houses to rent. So, it's been a double negative in that clients have large arrears as well as no rental houses." Put simply, renters on low incomes are facing a perfect storm.

Of particular concern are renters who are out of work. They are coping with recent cuts to payments while also facing a dire shortage of affordable rentals. Over 1.5 million Australians now live on JobSeeker or Youth Allowance,⁶ making this a major concern. These numbers help explain the high levels of concern uncovered by this survey – 90 percent of agencies reported seeing debts and rental arrears as a result of cuts to government payments.

The full impact cannot be known

It is difficult to compare our findings because it is difficult to find data on rental arrears. A tenant may negotiate a repayment plan with their landlord, and this will not show up in any dataset. The number of tenants who have had arrears taken from their bond is also not reported.

The data available on evictions is also limited. Tenancy Advice Services are not obliged to report on their interactions with tenants or the outcomes of any disputes. Anecdotally, it seems that only a low proportion of eviction matters are challenged by tenants in a Civil and Administrative Tribunal. Even if Tribunal data were published, it would not paint the full picture as most tenants simply vacate their properties.

There is no data on the number of notices to remedy or notices to vacate that are issued, nor of the outcome. None of the various residential tenancy acts around the country require landlords and their agents to report on this.

Recommendations

The key to making renting more affordable in Australia lies in two factors: ensuring every Australian has a decent income, and providing enough affordable rentals for people who need them. These are the two primary causes of rental unaffordability. This is reflected in responses to the survey. 50 percent of agencies we surveyed called for more social and affordable housing, while 40 percent said they wanted the rate of JobSeeker and other payments raised. These were two most popular recommendations from respondents. The survey also highlights the role played by homelessness services, who will be helping many clients facing eviction.

Raising the rate of payments

With so many Australians reliant on JobSeeker, the cuts that were enacted ahead of our survey will push more Australians into poverty and housing stress. Much was made of the doubling of the JobSeeker rate at the beginning of the pandemic. However, the rate had simply caught up with rising living costs after a 26-year freeze.⁷ The long stagnation of payments made the increase look large, but in truth, Australia's unemployment payments have been so low for so long that the debate over rates lost all sense of proportion.

In the decades since the rate was frozen, rents in capital cities have more than doubled and income support payments have failed to keep up. For example, the median rent in Sydney is \$565 per week.⁸ Recent cuts could force a person on JobSeeker to spend all of their income on rent. Anglicare Australia's Rental Affordability Snapshot shows that all but three rental listings and sharehouses were unaffordable for someone on Jobseeker, even with the help of Commonwealth Rent Assistance and other supplements.⁹

It's time to end the poverty trap once and for all. The Government must raise the rate of JobSeeker above the poverty line. If it doesn't, people out of work will be pushed deeper into housing stress and homelessness.

More affordable rental homes

Governments must again take up their responsibility to ensure affordable homes for every Australian. This is highlighted by the number of agencies who reported that their clients will be evicted into homelessness, including couchsurfing. Waiting lists for social housing are so long that this is not a viable option for many people.

The shortfall of affordable and social homes across Australia is massive. The Australian Housing and Urban Research Institute has shown that we need 433,400 social and affordable rentals just to make up for that shortfall.¹⁰ To get ahead of that shortfall for the future, the Everybody's Home campaign is calling for 500,000 social and affordable rentals.

Ending our social housing shortfall would be the most powerful way to tackle the rental crisis. We urge the Government to back the social housing pledge put forward by the Everybody's Home campaign, and make a badly needed investment in social housing.

Conclusion

The Covid-19 pandemic showed that Australia's governments can work together for the greater good. It is possible to make a transformational investment in social housing, and as we saw in 2020, action to raise the incomes of Australians most in need is well within reach. The results of this survey show that these measures cannot be temporary. Without permanent change, temporary relief will only delay the effects of poverty and housing stress.

Permanent changes will require governments to prioritise the wellbeing of people living in housing stress. They will also require national leadership on payments for people on the lowest incomes, and investment in social housing at the exact time when Australians would most benefit.

As we recover from a historic downturn, it will again be political decisions that determine whether we spiral even deeper into a crisis that leaves many thousands in severe hardship – or whether we can reimagine the system together and leave no one behind.

Appendix: Questionnaire

1. Of the clients seeking financial assistance from your organisation, how many:
 - a. Are experiencing/experienced difficulties with rental arrears?
 - b. Have you provided financial support for assistance with rental arrears?
 - c. Have you provided referrals to other organisations who may be able to offer advice or assistance?
2. Do you know whether and how clients are/planning to pay off rental arrears?
3. For clients with rental arrears, are you able to provide any information about what level of debt are they carrying?
4. Do you know if your clients have been able to make use of the rental moratorium? If so:
 - a. Are you aware of clients experiencing a sudden arrears bill or notice to vacate as a result of the rental moratorium ending?
5. Are you aware of clients struggling with rent or accruing rental arrears as a result of the JobKeeper and the JobSeeker supplement being wound up?
6. Are you aware of clients who have been issued with a notice to vacate or who have already been evicted as a result of rental arrears, including for people who accrued debts during the rental moratorium? If so:
 - a. Do you know what they are planning to do regarding housing arrangements, or what their arrangements are?
7. What do you think governments at State, Territory or Federal levels can and should do to support these clients who are at risk of or experiencing financial challenges relating to rental arrears?

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