

Affordable Housing and the New South Wales Rental Market

2014 SURVEY REPORT



Compiled by Ned Cutcher and Leo Patterson Ross
for the Tenants' Union of New South Wales
April 30th 2014

In January – February 2014 the Tenants' Union of New South Wales (TU) conducted a short online 'Housing Affordability Survey'. Comprised of 20 questions, the survey aimed to gauge tenants' current experiences and expectations of renting in New South Wales. We received 580 responses to the survey. For full details of our data in context, please refer to Part 6 of this Report.

Summary

1. Tenants' motivations: The majority of respondents are renting because they can't afford to buy. This is particularly true for older and less wealthy tenants. Younger, wealthier tenants and tenants in the private rental market still cite affordability as a reason for renting, but are more likely to see their current housing situation as a matter of preference.

2. Mobility and stability: The majority of respondents are quite mobile, having moved at least once in the last five years, and many more frequently than that. However, as they get older, tenants tend to settle into more stable arrangements. Tenants in social housing are far less likely to move than tenants in the private market. Older tenants are less likely to move for personal reasons, and more likely to move because their landlord requires it. Tenants are overwhelmingly worried about their prospects of finding an affordable alternative if they must move from their current housing.

3. Perception of landlords: The overwhelming majority of respondents do not have a bad relationship with their landlord. Despite this, many report that landlords only sometimes respond to requests for repairs and maintenance. High numbers have put up with problems, or not asserted their rights, in order to avoid the possibility of adverse consequences. This is across the board, but proportionally higher for tenants on moderate incomes, between the ages of 25 and 54 years.

4. Tenants' satisfaction: Respondents are generally satisfied with their current housing. This is interesting when considered alongside other data – tenants are generally satisfied, notwithstanding low levels of landlord performance. Tenants will put up with problems, and seek to avoid conflict with their landlord in order to retain as much agency as possible over decisions about moving.

5. Affordability: Most respondents are paying higher rents now than they were 12 months ago. Overwhelming numbers of respondents in the private market are in housing stress. There is a high level of worry about managing rent payments – many respondents have gone without a meal or medical treatment in the last year, in order to make the rent.

6. Our data in context: From 580 responses we had a disproportionate number from tenants aged 25-44, and in the inner ring suburbs of Sydney. Responses were more closely aligned with state averages on other criteria, such as income, landlord type and household type. Regardless, data from our survey provides useful insights into the expectations and experiences of renters in New South Wales.

1. Tenants' motivations

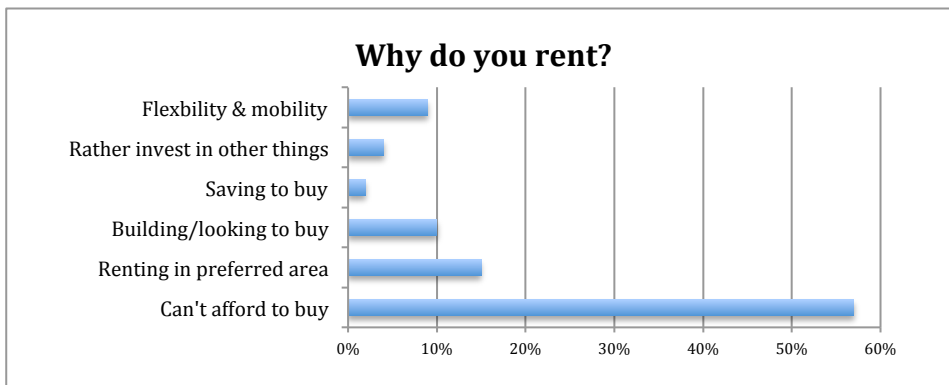
We asked: why do you rent?

"I try not to think about buying an apartment of the same quality as my rental because it makes me want to cry".

"Both of us have left marriages and we're starting again"

"I'm waiting for my parents to die, so I can afford a deposit"

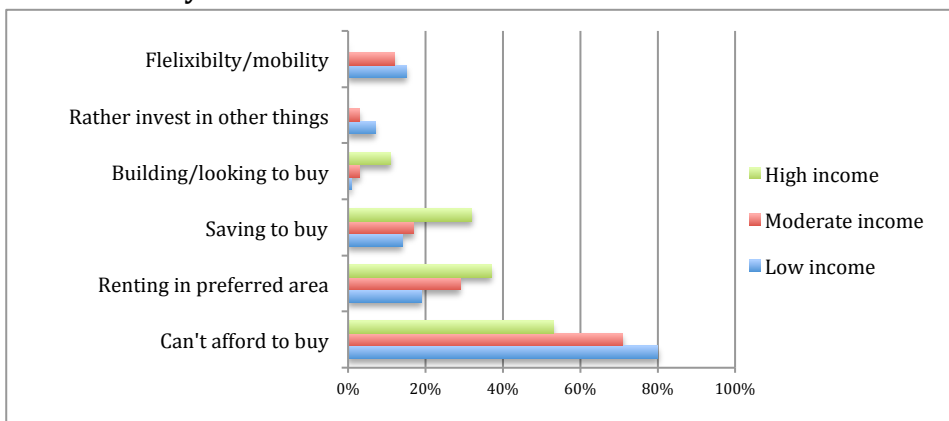
"My only concern about not owning is – what happens when I retire? How will I afford the rent? Will I be able to retire?"



Affordability is a major concern when it comes to accessing housing. 57% of our respondents identified the cost of home-ownership as a key reason for renting. 15% said renting is more affordable in their preferred area, while 9% said they prefer the flexibility and mobility of renting.

By comparison, 10% of respondents said they are saving to buy, and 2% of respondents said they are currently building or looking to buy. 4% said they would rather invest in other things.

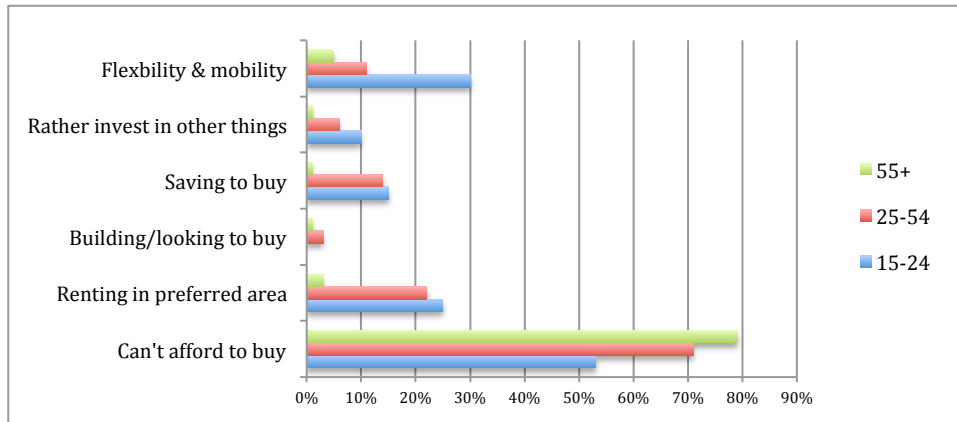
Motivations by income:



High proportions of low and moderate income respondents said affordability is a reason for renting. They were less likely to be saving or looking to buy, and more likely to see some benefit in the flexibility and mobility of renting. Interestingly, the highest proportion of renters who prefer to invest in other things are in the low income bracket.

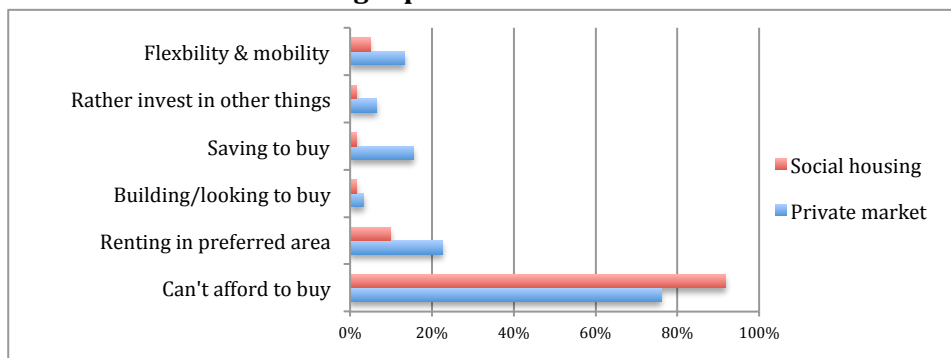
Fewer high income respondents suggested buying is not affordable. Regardless, they would rather not invest in other things, and do not prefer the flexibility or mobility of renting. Responses suggest high income earners tend to rent in a preferred area while saving or looking to buy.

Motivations by age:



Affordability is a more likely motivation for older renters, whereas younger renters are more likely to prefer the flexibility and mobility of renting. Older tenants appear less inclined to consider their housing circumstances as an expression of choice.

Motivation – social housing & private market:



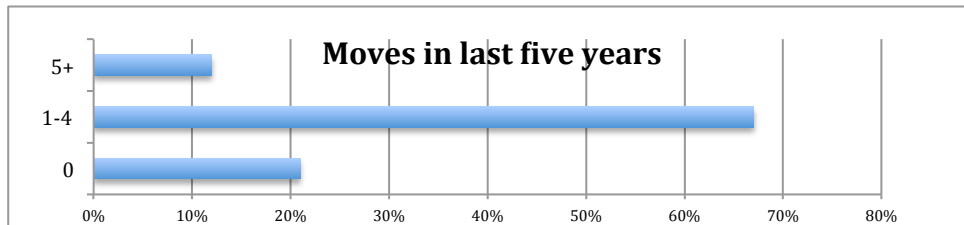
Affordability remains the key reason to rent in both social housing and the private market. Social housing tenants are less likely to view their housing circumstances as a matter of preference.

2. Mobility and stability

We asked: how many times have you moved in the last five years?

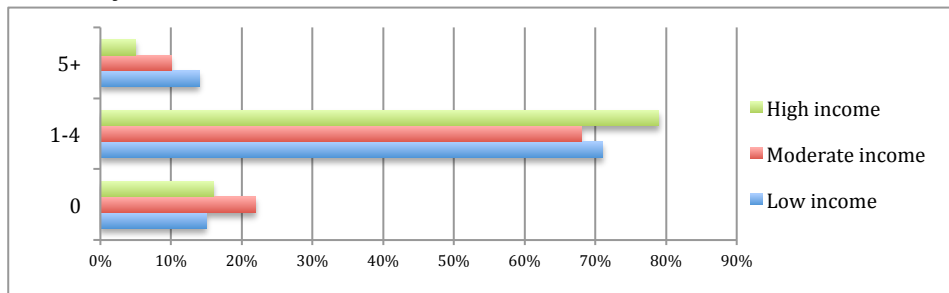
"We are still recovering from our last move 2 years ago. But sooner or later we'll be asked to leave our current housing, and this really worries and affects me".

"We've just had to move, and we've stayed in the same area. We're paying \$290 per week more which we can't really afford but we don't have a choice if we want to stay in the area".

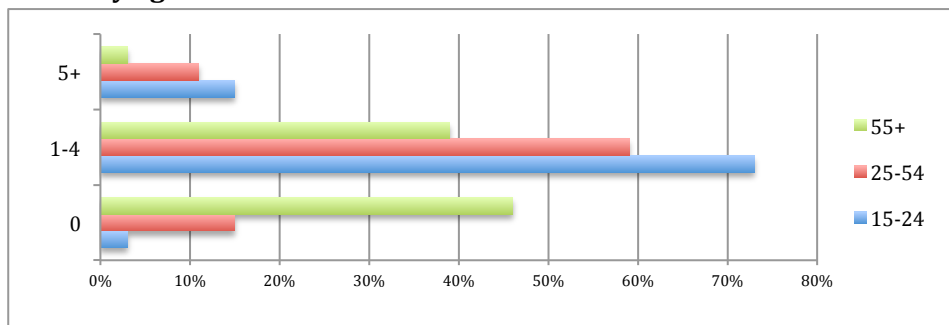


Respondents are very mobile: 79% have moved at least once in the last five years. 67% have moved between 1 and 4 times, and 12% have moved on average at least once a year. This is interesting, considering only 9% of respondents said they prefer the flexibility and mobility of renting.

Moves by income:

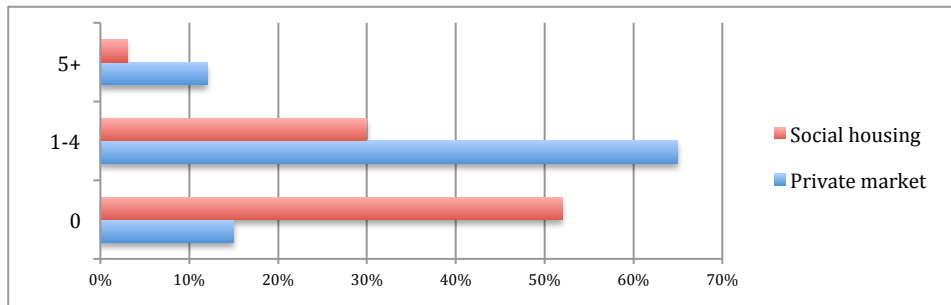


Moves by age:



This plays out similarly across all levels of income, although it appears tenants tend to settle into more stable housing as they get older.

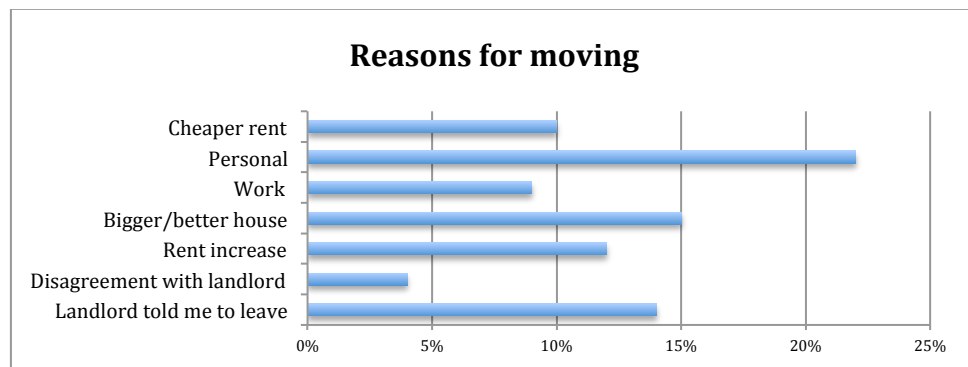
Moves – social housing & private market:



Not surprisingly, tenants in social housing tend to have a great deal more stability than their counterparts in the private market. 77% of respondents currently in the private market have moved at least once in the last 5 years, compared to 33% of respondents currently in social housing.

We asked: if you have moved out of a rental property in the last 3 years, what was the reason?

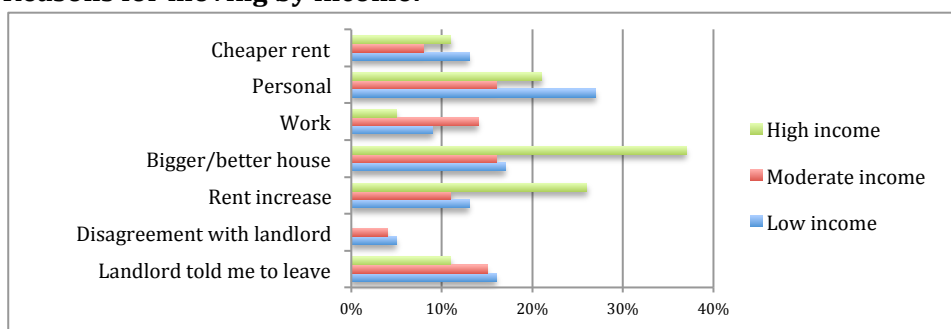
“I moved out west because my house was mould infested, but I had to move back (but to a less mouldy flat) because I couldn't find work”



At 21%, personal reasons were the most frequently cited. Again, this is interesting when considered against tenants’ reasons for renting, where only a small number prefer the flexibility and mobility of renting. Personal reasons could cover a broad range of concerns, and may in fact overlap with others such as moving to a bigger/better house (15%), because of a rent increase (12%), to find cheaper rent (10%) or for work (9%).

14% of respondents said they were told to leave by the landlord. Only 4% said they moved because of a disagreement with the landlord.

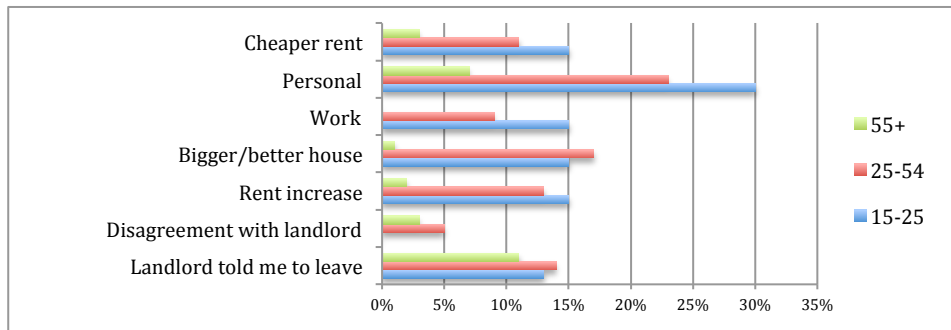
Reasons for moving by income:



High income tenants are more likely to move to a bigger/better house or in response to a rent increase, and less likely to leave on account of the landlord’s wishes or behaviour. Lower income

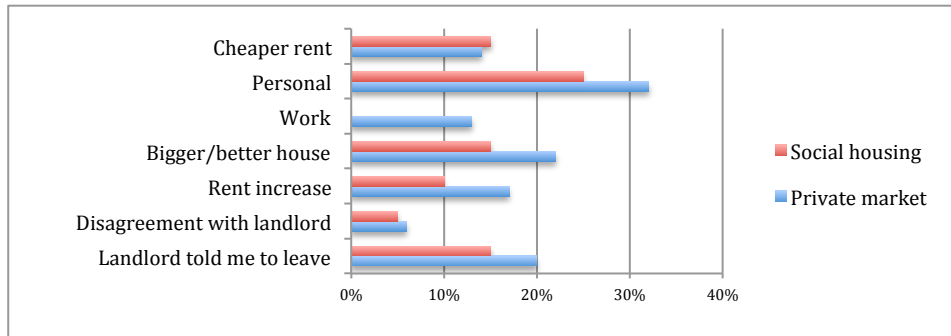
tenants are more likely to move for personal reasons, to move into a bigger/better house, or because the landlord requires it.

Reasons for moving by age:



Older tenants are more likely to leave at the landlord’s request than for any other reason. Younger tenants are more likely to cite personal reasons for moving.

Reason for moving – social housing & private market:

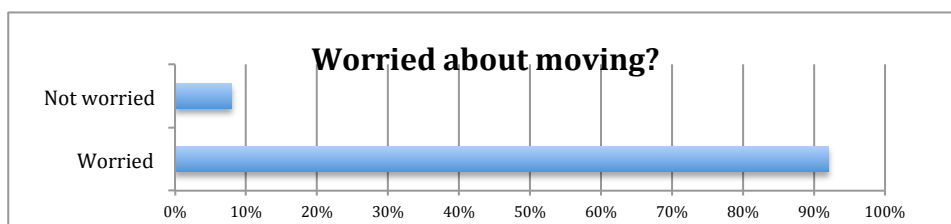


Tenants in social housing are more likely to have moved for cheaper rent than their counterparts in the private market. No tenant in social housing cited work as a reason for moving.

We asked: if you had to move from your current housing, would you worry that a suitable home, at a rent that you can afford, might not be affordable in your preferred area?

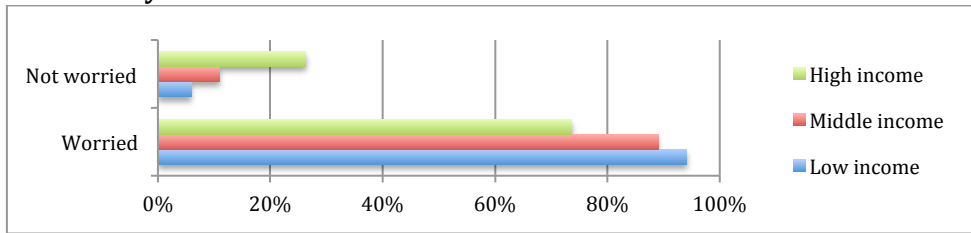
“The competition is tough and frankly I feel lucky to have secured a rental property at all. It concerns me that, even as a professional, independent and reasonably-well-paid person, I may struggle to find another rental property if my situation changes”.

“I have lived in the inner-west for 38 years. If I didn’t have community housing, I would not be able to live in the area I am familiar with, and feel connected to”.



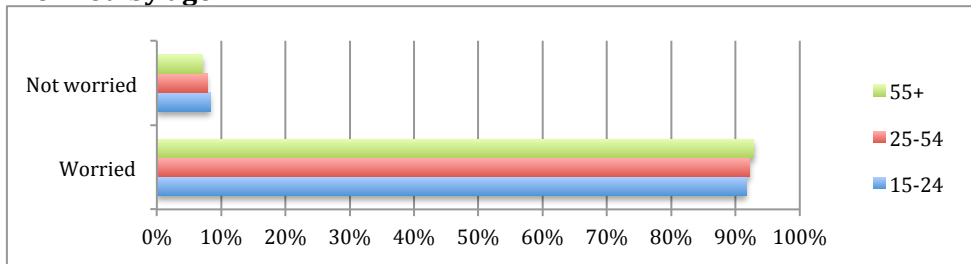
A resounding 92% of respondents said they would worry about finding affordable housing, if they had to move.

Worried by income:



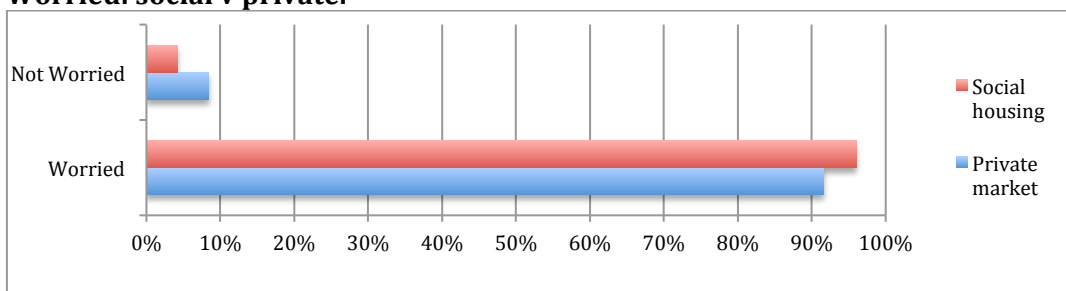
While numbers were very high across the board, higher income tenants were less likely to worry about finding affordable housing if they had to move.

Worried by age:



Younger tenants were more likely to worry than others.

Worried: social v private.

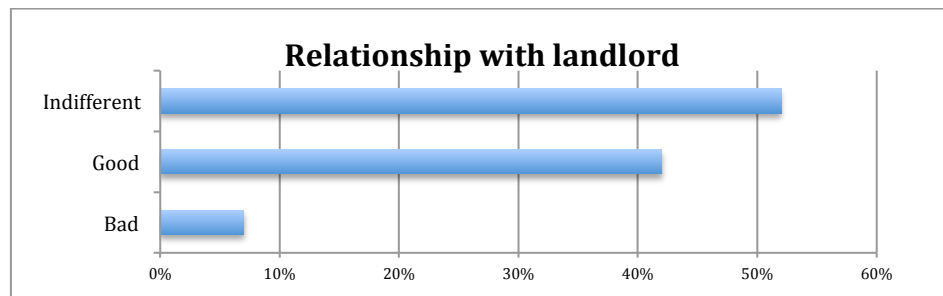


Unsurprisingly, social housing tenants- those who almost by definition are generally unable to provide for their housing in the private market were almost unanimously worried about the prospect of moving. More surprisingly, their worry was almost equally matched by private market tenants.

3. Perception of landlords

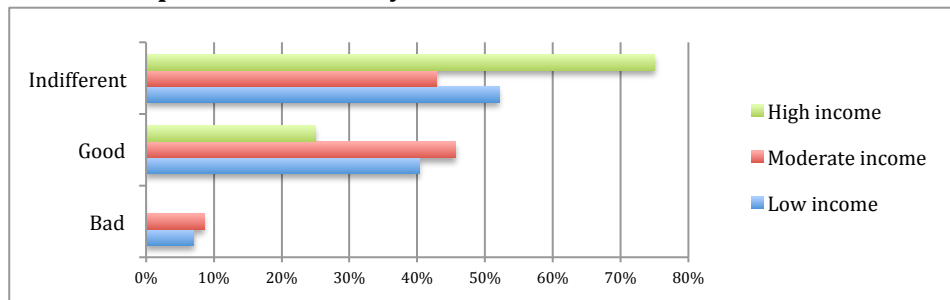
We asked: how would you describe your relationship with your landlord

“Agent is responsive. Owner is extremely difficult.”



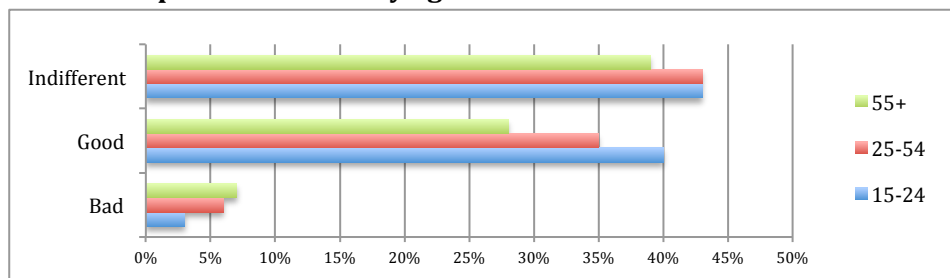
The overwhelming majority of respondents do not have a bad relationship with their landlord. In fact, only 7% suggest their relationship is bad. 42% have a good relationship with their landlord, while 52% are indifferent.

Relationship with landlord by income:



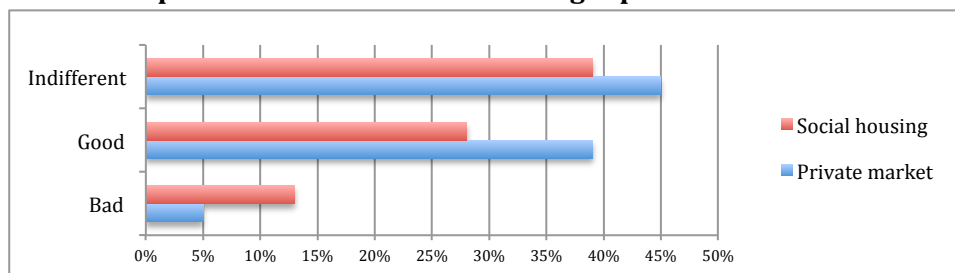
None of our respondents from the high income range reported a bad relationship with their landlord. They were also less likely to report a good relationship.

Relationship with landlord by age:



Relationships with landlords appear to deteriorate somewhat as tenants become older, although a bad relationship remains overwhelmingly uncommon across all age groups.

Relationship with landlord – social housing & private market:

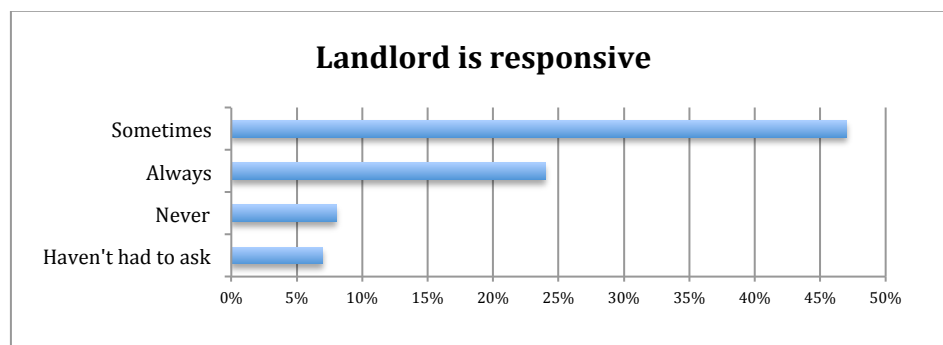


Social housing tenants are more than twice as likely to have a bad relationship with their landlord than their counterparts in the private market, although numbers remain low.

We asked: how responsive is your landlord/landlord’s agent to requests for repairs and maintenance?

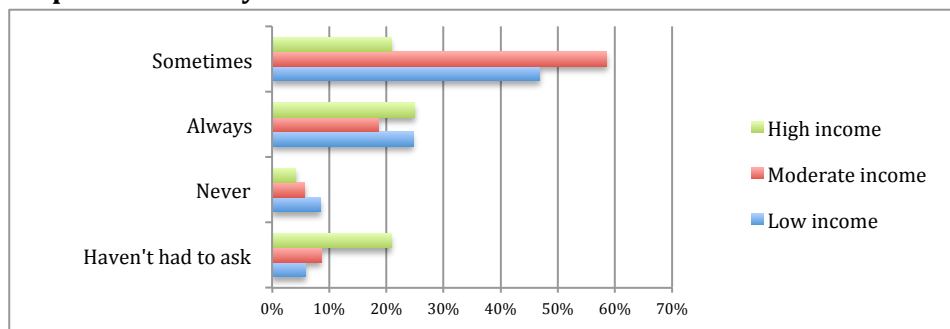
“For the most part I have given up asking for repairs to be done. I do what I can myself and report the rest with little hope of them being done”.

“We are landlords as well as tenants. When the agent was screening our current tenants for us, they told us our preferred applicants had taken their previous landlord to the tribunal. A serious mould issue had made their last property unliveable, and they’d managed to get out of the tenancy on account of it. The agent presented this as a negative and tried to convince us to go with another applicant, because you don’t want ‘trouble makers’ as tenants”.



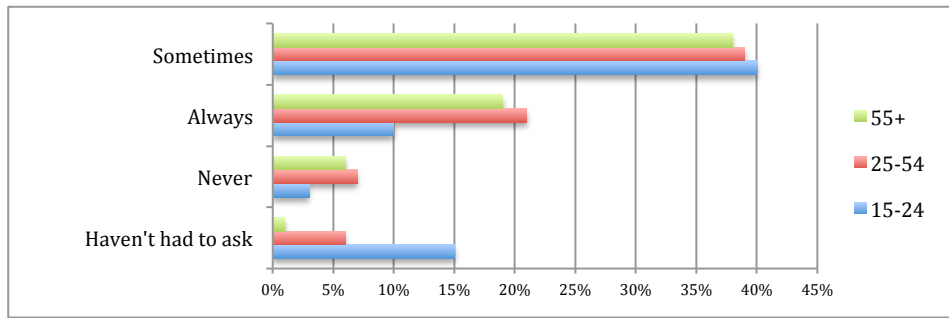
Despite the mostly good or indifferent relationships with landlords, 47% of respondents said their landlord responds only some of the time to request for repairs and maintenance, while 8% said landlords never respond. 24% are always responsive, and 7% of survey respondents have never had to ask for repairs and maintenance.

Responsiveness by income:



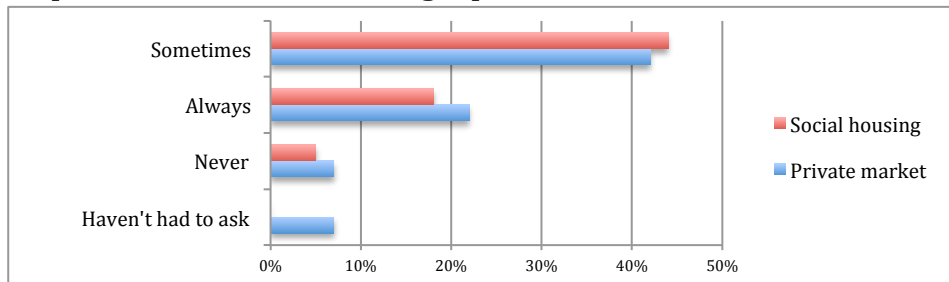
Tenants on higher incomes are less likely to ask for repairs and maintenance, and a slightly higher proportion of low income tenants said their landlord is never responsive.

Responsiveness by age:



A substantially higher number of younger tenants said they have never had to ask for repairs and maintenance. Perhaps this says something about our changing expectations over time?

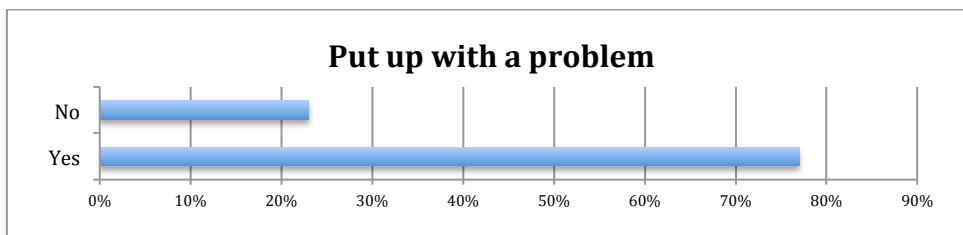
Responsiveness – social housing & private market



All respondents in social housing have had to ask for repairs and maintenance at some time.

We asked: have you ever put up with a problem, or declined to assert your tenancy rights, because you were worried about adverse consequences?

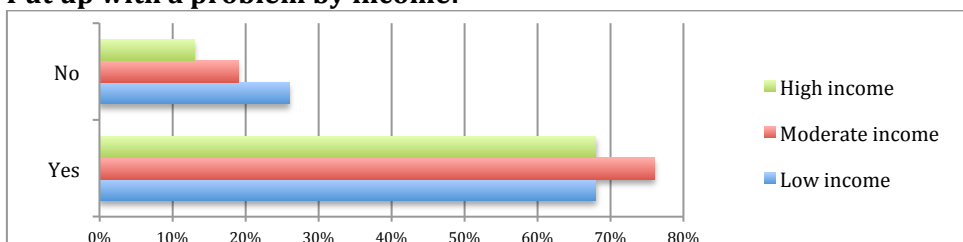
“Any time you contact the landlord about problems with the property, if they do fix it, they put the rent up by at least 10%. It’s better to stay off their radar”.



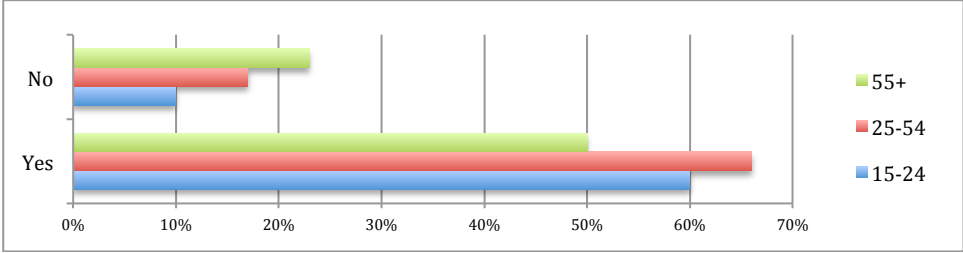
Again presenting a contrast to the low proportion of bad relationships with landlords, a startling 77% of respondents have put up with a problem or declined to assert their rights as a tenant because they were worried about adverse consequences.

This is consistent with low numbers of tenants moving because of a dispute with their landlord.

Put up with a problem by income:

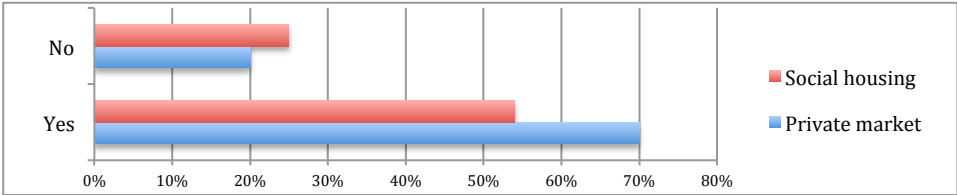


Put up with a problem by age:



Moderate income tenants, and tenants in the 25-54 year age range, are the most likely to have put up with a problem, but numbers are high across the board.

Put up with a problem - social housing & private market:



Social housing tenants are somewhat less likely to put up with a problem for fear of adverse consequences.

4. Tenants' satisfaction

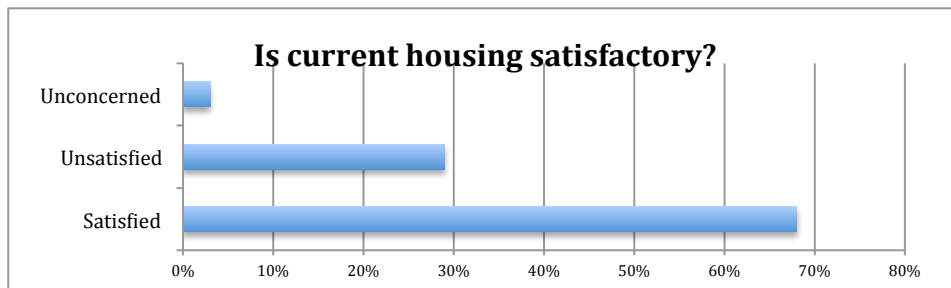
We asked: is your current housing satisfactory?

"Although I've said that I'm satisfied with our rented apartment, because it is in a good area and very convenient, it is run down and far too small for our basic needs and far too expensive for what we pay."

"Despite being relatively comfortable given our good income, the process we went through to find a new rental house was shocking. The way the real estate industry works and what passes as liveable is atrocious. You feel you have very little security, choice or power in the situation, since the pressure is there to accept whatever is offered, even if it is not value for money or if the conditions are unfair".

"I live like this because it's do-able. They're small inconveniences and you find a way to get around it".

"I spend a high portion of my income on rent, but for this I have a place where I feel safe, comfortable, and at home. I see a point in time when I will no longer afford to live in the city where I was born, have grown up, and that makes me sad".

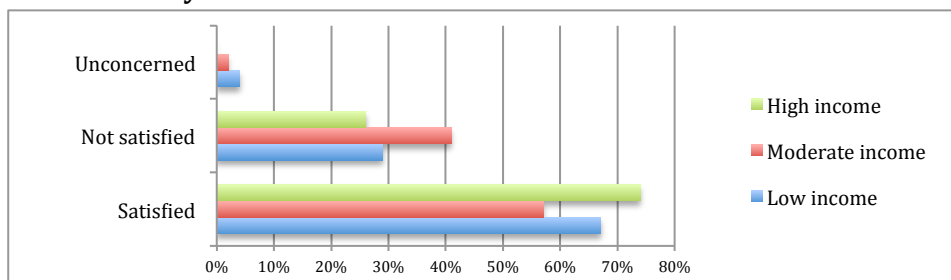


68% of respondents said they are satisfied with their current housing. 29% said they are not satisfied, and 3% said they hadn't given it any thought.

This is consistent with the low number of bad relationships with landlords, and presents another interesting contrast to results about landlord responsiveness.

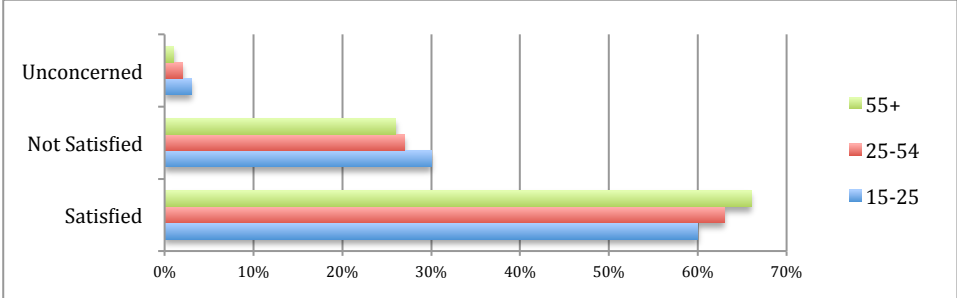
It offers further insight into tenants' dealings with landlords, and their reasons for moving. Notwithstanding generally poor landlord performance, tenants tend towards satisfaction with their housing. They will put up with problems, and seek to avoid conflict with their landlord, in order to retain as much agency as possible over decisions about relocation.

Satisfaction by income:



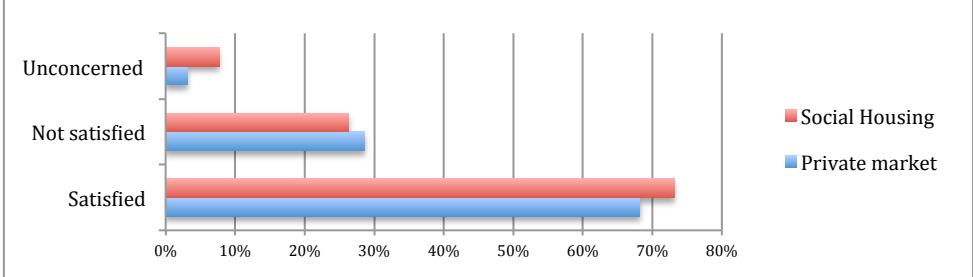
High income tenants are more likely to be satisfied, while tenants on moderate incomes are less likely to be satisfied.

Satisfaction by age:



Tenants tendency towards satisfaction appears to increase with age.

Satisfaction – social housing & private market:



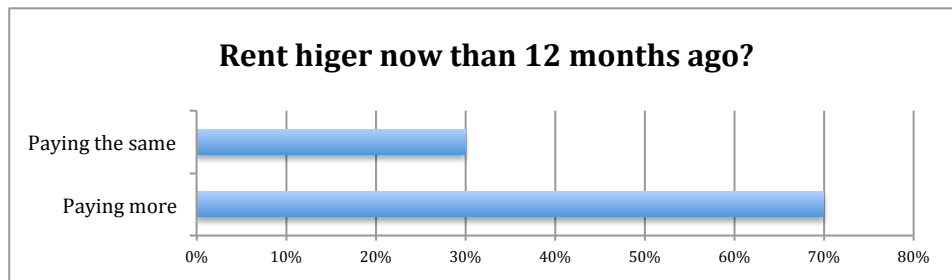
Tenants in social housing tend towards a slightly higher level of satisfaction than those in the private market.

5. Affordability

We asked: are you paying more rent now than you were 12 months ago?

“Housing is unaffordable. High rents, competition to secure properties and growing inequality is creating a new generation of working poor in Sydney”.

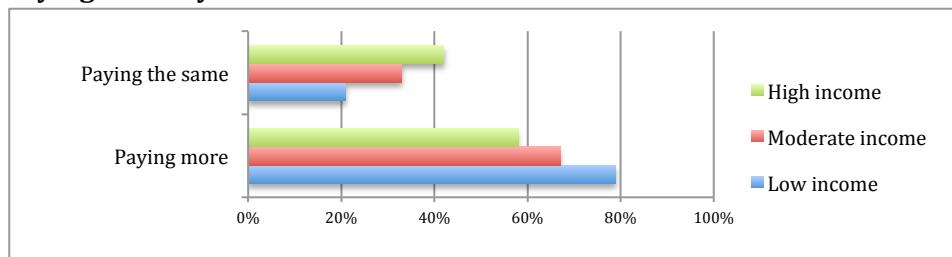
“Our rent has doubled in 3 years, despite moving further and further from our workplaces and community. The lack of affordable housing and the lack of security in housing has by far been the single largest cause of stress, tension and depression in my family over the last 3 years”.



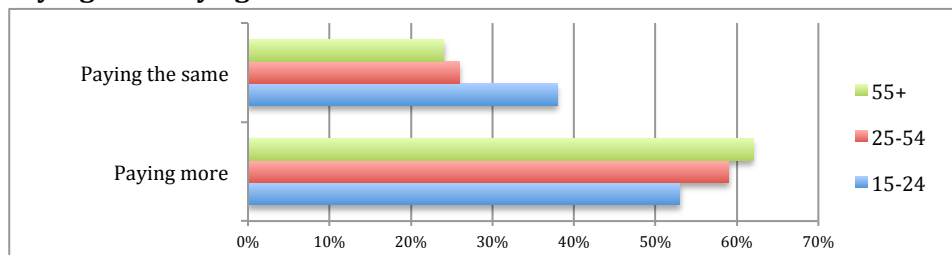
70% of respondents said they are paying more rent now than they were 12 months ago.

Overall, respondents' rents have increased by 10% in the last 12 months. However, not all respondents reported an increase: where rents did increase, the average rise was 15%.

Paying more by income:

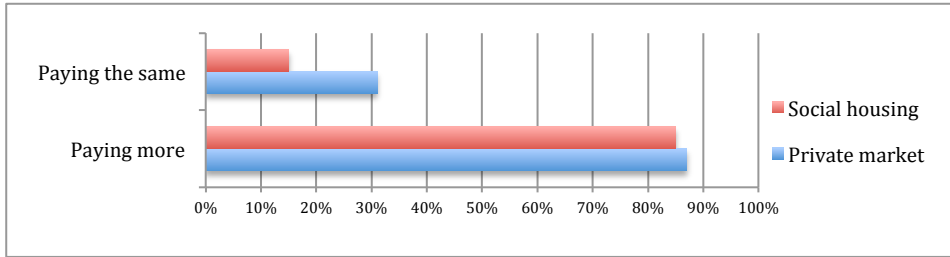


Paying more by age:



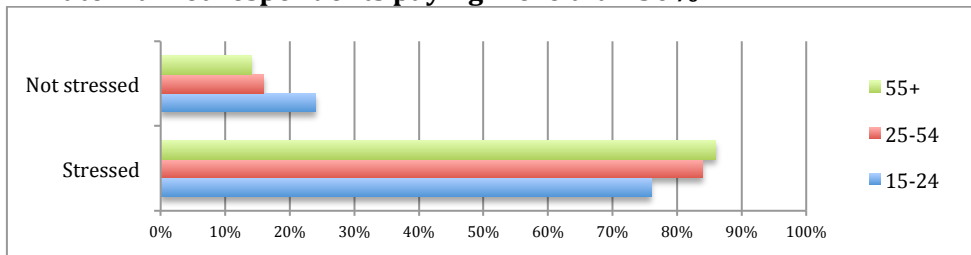
Lower income and older tenants are more likely to be paying a higher rent than they were 12 months ago.

Paying more – social housing & private market:



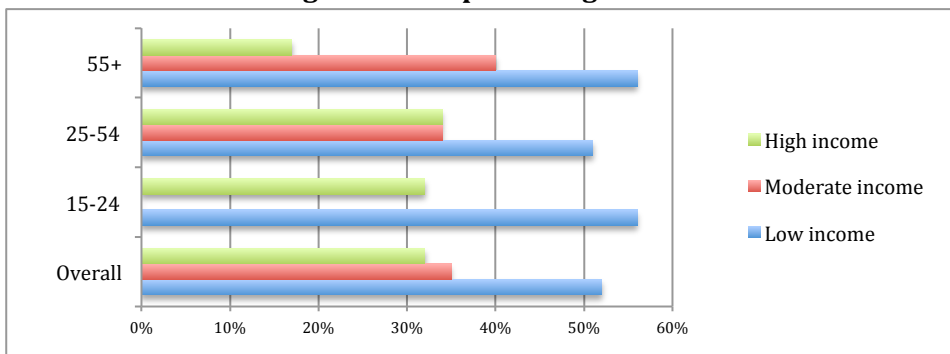
Lower numbers of tenants in social housing report they are paying the same as they were 12 months ago. This reflects annual increases to statutory incomes, but may also be due to Housing NSW’s recent amnesty on undeclared additional occupants. Many household incomes would have been recalculated upwards, and rents increased for tenants in public housing.

Private market respondents paying more than 30%:



Over 70% of tenants in the private market are paying more than 30% of their income in rent. This proportion increases slightly as tenants get older.

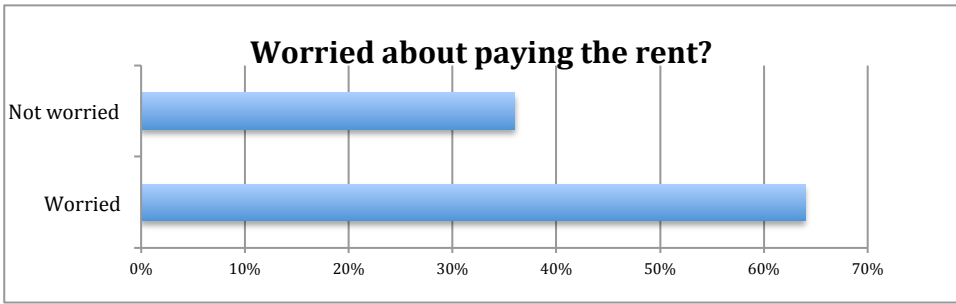
Private market - average rent as a percentage of income:



When considered as an average, low income respondents are paying more than half of their incomes in rent. Moderate income earners are paying more than a third of their incomes in rent. But high income earners are also paying about a third of their incomes in rent.

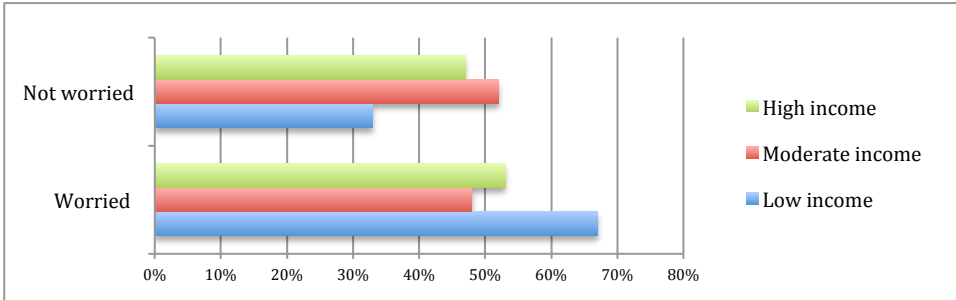
We asked: do you worry about paying the rent?

“So many times I have heard from real estate agents ‘this would be cheap in Sydney’. But we are not in Sydney, we are 600 km away from Sydney and we do not have the same employment opportunities or public transport and infrastructure as people in Sydney”.

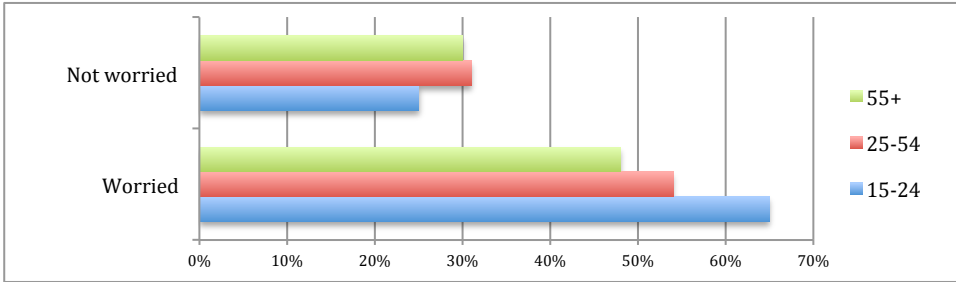


64% of respondents said they worry about paying the rent.

Rent worry by income:

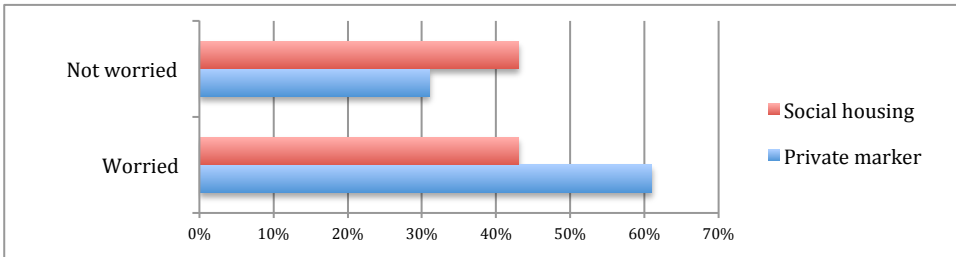


Worried about rent by age:



Younger and lower income tenants are more likely to worry about paying the rent.

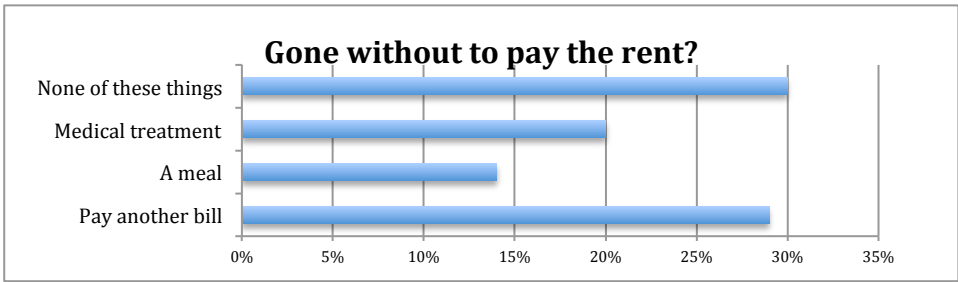
Rent worry – social housing & private market



Tenants in the private market are more worried about paying the rent than their counterparts in social housing.

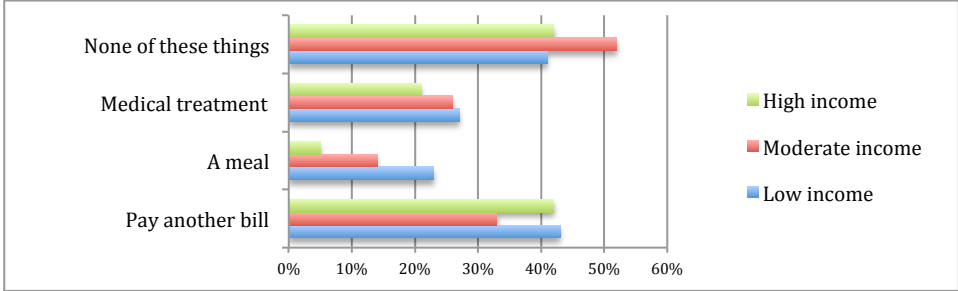
We asked: have you done any of the following (in the last 12 months) in order to pay the rent?

“I have very little left to pay for all my other bills such as electricity, mobile telephones and what I have gone without in order to save costs are a telephone landline and internet connection. I have no internet connection of my own and have to use Internet Cafes and in winter I try to go without “



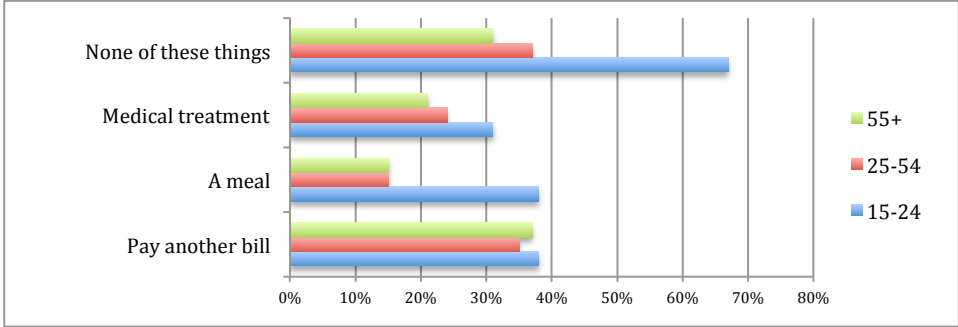
In order to make the rent, 29% of respondents have not paid another bill when due, 20% have gone without medical treatment, and 14% have gone without a meal. 30% of respondents haven't done any of these things.

Gone without by income:



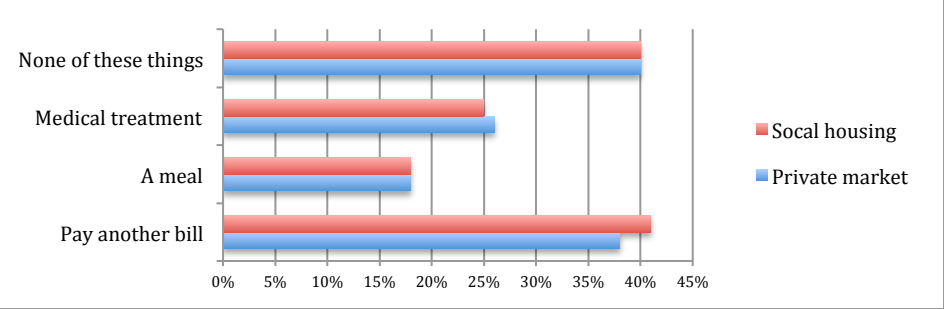
Low income tenants were more likely to have gone without a meal.

Gone without by age:



Younger tenants were far more likely to have done none of these things – perhaps tapping into a parental or other safety net in order to ensure the rent is always paid.

Gone without – social housing & private market:

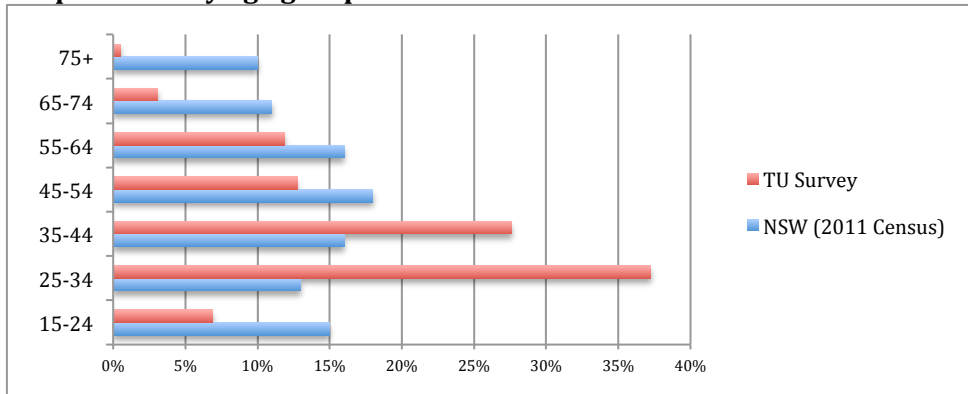


6. Our data in context

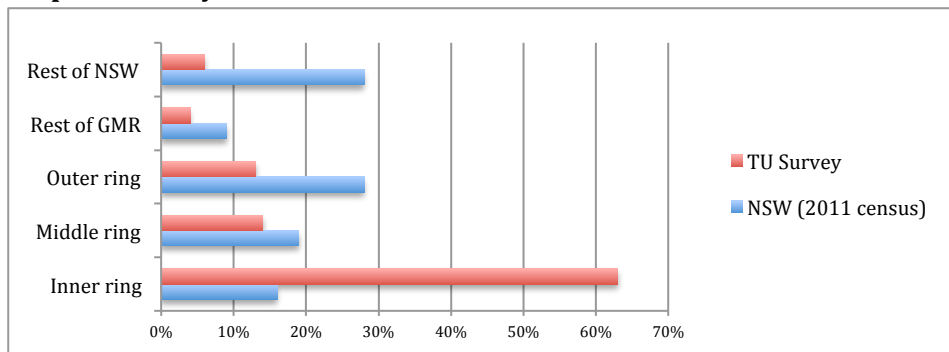
Our survey was predominantly promoted via the social media sites Facebook and Twitter, as well as our e-bulletin and blog. It was not circulated in a hard copy, or brought to the direct attention of our members. It received 580 random responses over a four-week period, with an 82% completion rate.

When compared with data from the 2011 Census (renters in NSW), we can see that we have had a disproportionately high response from tenants in the 25-44 year age bracket, and inner-ring suburbs of Sydney.

Respondents by age group:

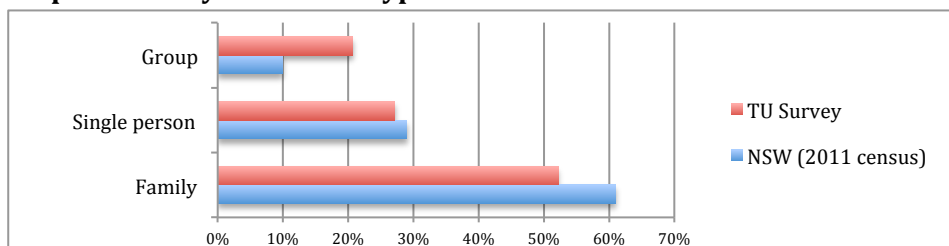


Respondents by location:



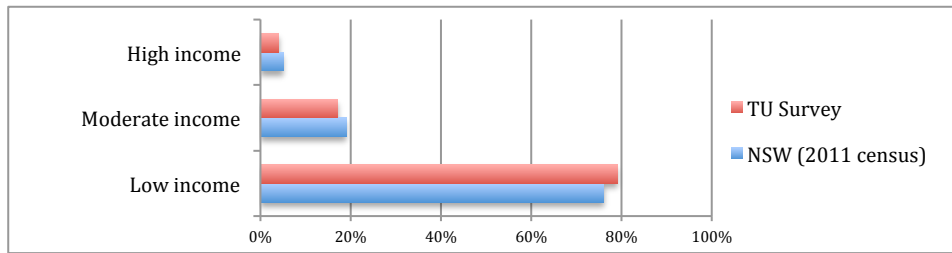
There was a notably higher-than-average response from group households, which is not surprising given the age and location of a large proportion of our respondents. Younger people living in relatively high-cost areas may observe affordability concerns more readily than others – they might opt for shared accommodation in higher numbers than others.

Respondents by household type:

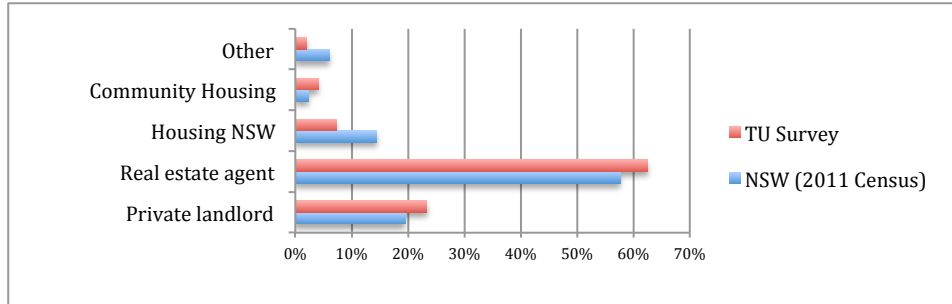


Nevertheless, respondents were more closely aligned with NSW renter averages on other criteria such as income and landlord type.

Respondents by income:



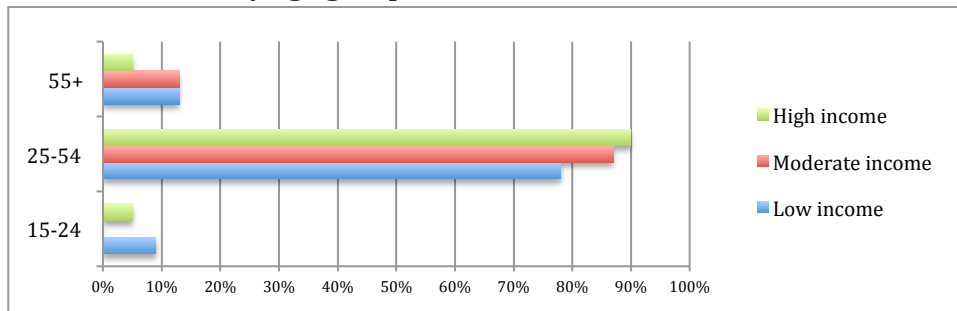
Respondents by landlord type:



Some further comparisons

In reviewing responses to our survey, we have focused on comparisons by income bracket and age group. We can see how incomes are proportionally spread across age groups:

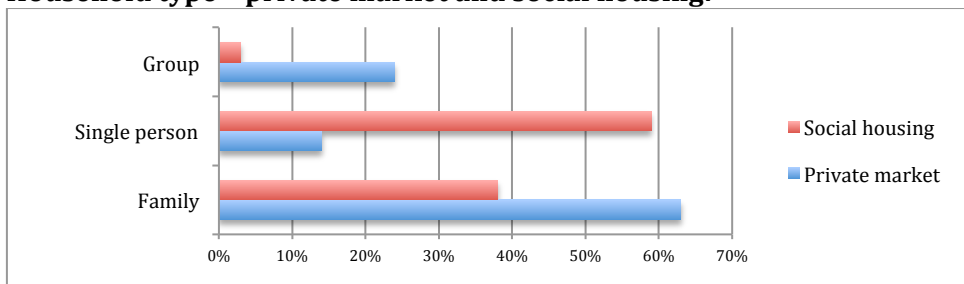
Income brackets by age group:



Interestingly, there are no moderate income tenants in the 15-24 age group – perhaps younger moderate income earners avoid the rental market for longer than their low or high income counterparts? It is also interesting that the proportion of high income tenants drops off considerably from the 25-54 age group to over 55’s – perhaps exiting the rental market in time for their retirement?

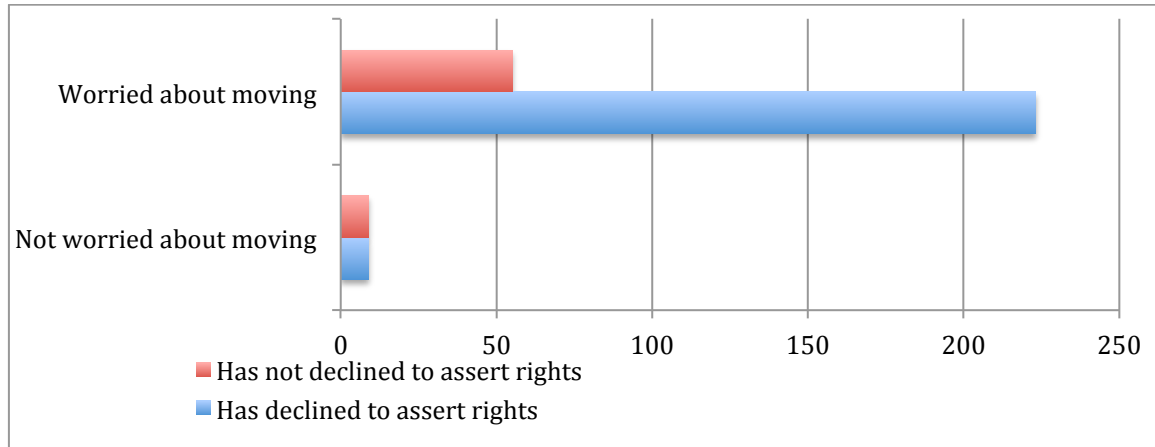
We have also looked at comparisons between social housing and the private market:

Household type – private market and social housing:



On this, it is not surprising that the number of single person households is disproportionately high amongst social housing tenancies, while group and family households are more prevalent in the private market.

Conclusion



The most striking thing the survey shows is how *worried* tenants are - particularly in circumstances they cannot control or where choices are restricted. It starts with most tenants renting because the other option - buying - is closed to them, then most worry about the rent, and almost all worry about what would happen if they had to move. Most express satisfaction with their current housing, but is a satisfaction formed in a tightly constrained space: they see few or no other options in the housing market (not in owner-occupation, or in rental), and they put up with problems and with lacklustre rates of responsiveness from landlords. Some go without meals or medical attention, but almost all worry.

The survey makes clear that things are especially bad for older, low income renters, but even wealthier people, young people, and people in relatively secure social housing are worried about security and affordability in the rental market.

This means policies to increase affordable housing options, and to give tenants a greater assurance of security and control over the circumstances of their moving, would alleviate worry and directly improve the quality of life of many persons.