

# EVICTION, HARDSHIP, AND THE HOUSING CRISIS



**TENANTS'  
UNION**  
OF NEW SOUTH WALES

**Special Report**

February 2022



**Building a crisis-resilient renting system**

## Acknowledgements

We acknowledge the traditional owners and holders of knowledge of the land and pay respect to all Elders past, present and future. These owners were evicted from their own land and this displacement has ongoing impacts today.

The Tenants' Union of NSW's office is located on the unceded land of the Gadigal of the Eora Nation. The majority of Aboriginal and Torres Strait Islander people living on the lands of the Eora Nation are renters.

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The analysis and recommendations in this report are those of the Tenants' Union of NSW and do not necessarily reflect those of the organisations and individuals who provided valuable feedback on the report, or our funders.

## About the Tenants' Union of NSW

The Tenants' Union of NSW is the peak body representing the interests of tenants in New South Wales. We are a Community Legal Centre specialising in residential tenancy law and policy, and the main resourcing body for the state-wide network of Tenants Advice and Advocacy Services (TAASs) in New South Wales.

The TAAS network assists more than 25,000 tenants, land lease community residents, and other renters each year. We have long-standing expertise in renting law, policy and practice. The Tenants' Union NSW is a member of the National Association of Tenant Organisations (NATO), an unfunded federation of State and Territory-based Tenants' Unions and Tenant Advice Services across Australia. We are also a member of the International Union of Tenants.



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# 1. EXECUTIVE SUMMARY



**Eviction, hardship, and the housing crisis**

Building a crisis-resilient renting system



**TENANTS'  
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## 1. Executive summary

### 1.1 Building a more crisis-resilient renting system

All people deserve to live with stability and peace of mind, including people who rent their homes. Moving house is generally considered one of life's most stressful events: the financial costs, and the stress and anxiety associated with moving are substantial, and these are exacerbated when a household is forced to move. In this report we consider the broad range of direct and indirect costs faced by a household when they move. We examine, in particular, the costs associated with a forced move or eviction. We look at the immediate as well as the medium- and longer-term costs for the renting household. We also weigh up the costs incurred by others - including landlords, real estate, governments and the broader community.

In *Lives Turned Upside Down*, our joint 2018 report with Marrickville Legal Centre, we consider the direct and indirect costs of moving for renters who experience a 'no grounds' eviction.<sup>1</sup> Alongside financial costs, the report considers the anxiety and health impacts of eviction, as well as the increased risk of homelessness. *Lives Turned Upside Down* also discusses the way in which landlords' ability to use 'no grounds' eviction undermines renters' security and their confidence to assert existing legal rights for fear of retaliation. The report recommends replacing 'no grounds' evictions (section 84 and 85 of the *Residential Tenancies Act 2010*) with a range of reasonable grounds established through community consultation.

*Eviction, Hardship and the Housing Crisis* examines the cost of evictions more broadly, considering all landlord-initiated evictions. We consider the experience of eviction from start to finish, and identify the various kinds of financial costs experienced at the point of eviction and relocation, as well as the broader and medium to longer term impacts. We calculate the financial costs, taking into consideration household type and location. We also recognise a range of other factors that impact on costs, such as the relationship between eviction type and the risk of homelessness, income level and source, gender, Aboriginality, sexuality, whether you have a disability, or whether you are a single parent or living alone. These factors increase the risks and costs associated with eviction, including the risk of eviction into homelessness.

Eviction is a significant, often traumatic, event that can compound the personal crisis a household may be facing. It can destabilise a household and push them further into financial hardship. Renting households carry the primary burden of the direct costs

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<sup>1</sup> Tenants' Union of NSW, Marrickville Legal Centre (2019) *Lives Turned Upside Down: NSW renters' experience of 'no grounds' eviction*, [files.tenants.org.au/policy/2019-Lives-turned-upside-down.pdf](https://files.tenants.org.au/policy/2019-Lives-turned-upside-down.pdf), accessed 25 January 2022

associated with evictions, especially in the immediate term.

In the longer-term evictions result in increased expenditure on government services and significant impact on the health and wellbeing of the broader community. When appropriate alternative housing can't be found

and a household is made homeless, eviction makes recovery for that household significantly more difficult. During and following a life crisis, a stable home is a fundamental precondition for recovery. In terms of the costs faced, eviction into homelessness carries with it much higher financial and social costs for everyone, especially over the longer term.

*Eviction is a significant, often traumatic, event that can compound the personal crisis a household may be facing. It can destabilise a household and push them further into financial hardship.*

Eviction is too often relied on. It is relatively easy for a landlord to evict a renter, and often accepted as a standard or common practice. This is so much the case that we currently accept 'no reason' in NSW tenancy law to be a good enough reason to evict. As a community, we are failing to effectively challenge its prevalence despite the clear harm that results from its use.

In this report, we identify a number of ways in which our regulatory arrangements and settings could be improved to ensure people are not forced to move unnecessarily. We recommend the introduction of a relocation payment to be paid by the landlord as compensation for renters evicted for all 'no fault' evictions, that is for evictions in circumstances where no breach is involved. This includes evictions for 'no grounds' or no reason, but also all other grounds for eviction where a tenant has not breached their tenancy agreement including for sale of home, uninhabitable premises, or landlord hardship. A relocation payment would act as a disincentive on the unnecessary or frivolous use of eviction by landlords, and more equitably distribute the immediate costs involved when a renting household is forced to move. We also suggest higher fees for landlords should apply for eviction proceedings at the NSW Civil and Administrative Tribunal (NCAT, or the Tribunal), reflecting the seriousness and cost of eviction proceedings, and to discourage landlords from initiating proceedings at Tribunal unless absolutely necessary.

*Renting households in NSW face immediate 'core' costs of \$2,520 when they move, and generally are more likely to face 'average' costs of around \$4,075 to move.*

*'Core cost' of a move for renting households in NSW ranges from \$2,015 for a single person household in Greater Sydney through to \$3245 for a family household in Regional NSW*

*'Average cost' of a move for renting households in NSW ranges from \$3,215 for a single person household in Greater Sydney through to \$5,400 for a family household in Regional NSW*

*Eviction, Hardship and the Housing Crisis* makes the case that housing is an essential service. As an essential service, good public policy requires regulatory arrangements that provide a stronger disincentive for landlords (as providers of housing, an essential service) against unnecessary eviction. The need for the rapid introduction of hardship protections and support for renters when the Covid-19 pandemic began, demonstrated the weakness and very limited nature of existing hardship protections. Existing protections and settings were not sufficient to protect against the 'wave of evictions' widely anticipated once the pandemic's economic impact began to be felt.

Building a more crisis-resilient renting system requires the introduction of a more effective and permanent hardship framework, one that ensures appropriate support is provided to households experiencing hardship to sustain their tenancy through recovery, with eviction considered only an action of last resort. Such an approach would better reflect the fundamental hardship principle that access to an essential service should be maintained where possible. A provider of an essential service has a responsibility to provide support to those accessing their service who are experiencing financial hardship, especially those facing hardship as a result of unforeseen circumstances or unexpected events. This principle guides voluntary practice and regulation of providers in many other 'essential services' sectors, and should be applied more rigorously to housing providers.

In the final section of this report we propose such a framework. As we emerge from two years' experience of directly responding to a health crisis, there is general discussion of

what we have learned from Covid-19, and how we can 'build back better'. In this report we identify the strengths and weaknesses of the moratorium protections provided during the pandemic, and the elements of the crisis response that worked best. We propose introducing a permanent hardship framework that draws on the emergency measures introduced during the pandemic, but strengthened to address some of the problems identified in the 2020 and 2021 moratorium.

*Building a more crisis-resilient renting system requires the introduction of a more effective and permanent hardship framework, one that ensures appropriate support is provided to households experiencing hardship to sustain their tenancy through recovery.*

*Eviction should only ever be considered an action of last resort.*

We suggest a permanent hardship framework must include the following key elements:

- Provisions for temporary rent variation (rent reduction) in circumstances of hardship
- A mandated minimum rent variation (rent reduction)
- A rent relief hardship fund to offset the costs of a mandated rent variation
- Appropriate restrictions on eviction for renters experiencing hardship
- Eligibility criteria that recognises the range of circumstance in which hardship variation should appropriately be applied
- Easy access to hardship provisions, with prescribed timeframes for determining and applying a hardship rent variation
- Resourced advocacy and other relevant supports, including e.g. independent advice for renters, and access to a financial counsellor as part of the process

A permanent hardship protection framework will help ensure we continue to support people facing crises – whether every day or extraordinary – sustain their tenancies, allowing them to keep their basic needs of housing met.

## 1.2 Summary of recommendations

### Stronger protections to ensure renters are not unnecessarily forced to move

**Recommendation 1:** Replace 'no grounds' eviction provisions in current NSW tenancy law with a range of specified reasonable grounds for ending a tenancy.

**Recommendation 2:** Where a renting household is evicted for reasons other than breach (for all 'no fault' evictions) compensation for moving costs be payable by the landlord.

**Recommendation 3:** Review the current fee structure for applications to the NSW Civil and Administrative Tribunal to apply a higher fee for applications for eviction at NCAT that better reflects the seriousness of and costs involved in eviction proceedings, and discourages unnecessary eviction proceedings.

### Appropriate supports for renting households experiencing hardship to sustain their tenancies and stay safely housed through crisis and recovery

**Recommendation 4:** Reform NSW tenancy law to introduce a stronger permanent hardship framework. An effective permanent hardship framework must include the following:

- provisions for a prescribed minimum rent variation (rent reduction) for households in financial hardship
- wide eligibility criteria that draws on hardship eligibility developed in other sectors' hardship provisions within relevant Codes of Conduct
- appropriate restrictions on eviction (including the 'no grounds' eviction provisions at sections 84 and 85 of the Residential Tenancy Act 2010) for those eligible for hardship protection.

**Recommendation 5:** Implement an appropriate mitigation strategy to ensure all landlords have the financial capacity to meet legal obligations proposed in this report. This would include, for example, the obligation to:

- provide compensation for moving costs for an evicted renting household
- apply a rent variation (rent reduction) for a renting household in financial hardship.

**Recommendation 6:** Resource an independent scoping project and development of a government business case assessing the benefits and feasibility of implementation of the following:

- Mandatory landlord insurance scheme; and/or
- Landlord rental bond scheme

Publish and/or otherwise make publicly available the reports of the scoping project and the government business case evaluation undertaken.

# 2.

# EVICTED



**Eviction, hardship, and the housing crisis**

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## 2. Eviction

### 2.1 What is eviction?

An eviction can be defined as 'the removal of a tenant from premises so that the landlord may resume possession'.<sup>2</sup> Physical eviction without a court or tribunal order is unlawful for renters across Australia. Only appointed people, such as sheriffs, bailiffs or the police can physically evict a renter once an order is made. Generally, lodgers and other occupants are not given the same protection against eviction, though this is slowly changing.

The term 'eviction' itself is sometimes used to refer to the final step of a lengthier legal process; the step in which a person is forced to actually vacate premises. However, a better way of understanding eviction in practice is to include any instance where a landlord makes it known that they are leveraging and may seek to exercise a power (whether lawfully or not) that will eventually lead to the tenant being dispossessed of the premises.

### WHY RENTERS MOVE: Types of residential moves

*Evicted* author Matthew Desmond provides a useful classification of renters' reasons for moving into three categories: forced moves, responsive moves, and voluntary moves. Evictions are a type of forced move.

#### Forced moves

Forced moves are initiated by landlords or city officials (e.g. building inspectors) and involve situations in which tenants have no choice, or believe they have no choice, other than to relocate. These include formal and informal evictions.

#### Responsive moves

Responsive moves are motivated by housing or neighbourhood conditions. These include increase in rents, a deterioration in housing quality, escalating violence in the neighbourhood, domestic violence, and relationship dissolution.

#### Voluntary moves

Voluntary moves are intentional and unforced relocations. These include moves to be closer to kin or work, or other reasons relating to improving 'quality of life', such as moving into a larger home or a home with a garden.

Table 1: Why Renters Move, source: Matthew Desmond and Tracey Shollenberger (2015).<sup>3</sup>

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<sup>2</sup> Beer, A., Slatter, M., Baulderstone, J., & Habibis, D., (2006) "Evictions and housing management", *Australian Housing and Urban Research Institute*, AHURI Final Report No. 94., June 2006, p.20, [ahuri.edu.au/research/final-reports/94](http://ahuri.edu.au/research/final-reports/94), accessed 25 January 2022

<sup>3</sup> M. Desmond; T. Shollenberger (2015). Forced Displacement From Rental Housing: Prevalence and Neighborhood Consequences. *Demography*, 52(5), 1751–1772. doi:10.1007/s13524-015-0419-9

Most evictions in Australia occur through an informal process, through what is called an 'informal eviction' by some researchers.<sup>4</sup> Understanding evictions requires that we consider them as 'a process' rather than simply an event - a moment of being physically removed from a property, or receiving an eviction notice. Often a renter will vacate the property either before formal action commences, or early in the process. In a 2006 AHURI study on eviction, over 70 per cent of people vulnerable to eviction and in dispute with their landlord left their home by the time a formal request to vacate was served.<sup>5</sup> Almost a third of these renters left even before they received notice to vacate simply because they expected to be evicted. While formal action to evict had not commenced they nonetheless experienced the end of their tenancy as an 'eviction'. They were forced to leave their home. It was not experienced as a choice, and the forced move likely resulted in significant costs to them and their household. Not all threatened evictions - instances where a landlord makes clear they may seek to evict - actually result in the tenancy ending. The threat of eviction, and the power to evict, is just as important in understanding the impact of evictions and how landlords use them.

Understood in this way, evictions serve a number of functions for the landlord. They are a way of managing or mitigating risk. That is, where a breach has occurred and the landlord believes it will continue and may result in damage or loss, a landlord can pursue eviction to limit this loss and manage the risk. Eviction also serves as a 'tool' for managing the behaviour of renters, or as a 'behaviour corrective'. For example, where renters fall behind on their rent the landlord may serve an eviction notice, even where they are confident the tenancy will continue, simply to encourage a renter to pay off any accumulating arrears more promptly. Recent research undertaken in the US found eviction was more often than not being used in this way.<sup>6</sup> Landlords, they found, while generally keen to avoid a costly eviction through the courts, were using an eviction notice - or the serial threat of eviction - as a rent collection tool. The threat of eviction allowed them to both leverage the legal process and the power of the state to enforce compliance with their contract, but also to reinforce and remind the renter of the power imbalance in the relationship between the renter and landlord.

We see similar practice in the use of eviction proceedings for rent arrears in NSW. At the more moderate end of the scale this looks like the reasonably common practice of automated polite 'reminder emails' to alert a renter when they fall even a day behind in their rent, though this communication can quite quickly escalate in urgency and alarm as arrears build often with an explicit reference to the possibility of eviction unless arrears

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<sup>4</sup> Sabiha Zainulbhai, Nora Daly (2022), 'Informal evictions: Measuring Displacement Outside the Courtroom', [newamerica.org/future-land-housing/reports/informal-evictions-measuring-housing-displacement-outside-the-courtroom/](https://newamerica.org/future-land-housing/reports/informal-evictions-measuring-housing-displacement-outside-the-courtroom/), accessed 25 January 2022

<sup>5</sup> Ibid.

<sup>6</sup> Phillip Garboden, Eva Rosen (2019) "Serial Filing: How Landlords Use the Threat of Eviction", *City & Community*, 18:2, June 2019.

are paid in full and immediately. Public and community housing providers, who have a significantly higher rate of application to Tribunal for eviction than their counterparts in the private rental sector will sometimes explain this on the basis they are not necessarily seeking to evict a renter in arrears but rather to engage the renter in negotiation towards a repayment plan and formalise those negotiations (we discuss this in further detail in section 3.5 *Who pays the cost?*). The ‘formalising’ of negotiation by initiating eviction proceedings, while from the perspective of the landlord or managing agent is viewed as simply ‘rubber stamping’ an agreement and finalising a tenancy management matter, more often than not, is experienced by the renter as a genuine threat to their housing, causing significant anxiety and reinforcing their unequal relationship.

Eviction acts in many ways as a ‘trump card’ for the landlord, especially when landlords can evict for no reason (‘no grounds’ evictions) as they can in NSW. Whether a termination notice is ever served, renters are always aware of its possibility and so the insecure or contingent nature of their housing. A significant number of renters who receive a ‘no grounds’ eviction notice are evicted in retaliation (for asserting a right) or because of discrimination. Where a renter has previously experienced eviction, they are much less likely to assert their rights or challenge the behaviour of their landlord.<sup>7</sup>

While acknowledging the wider process of eviction, for the purposes of this report we primarily focus on evictions involving a notice of termination, from the point at which a termination notice has been given. We question the use of eviction as the main, and sometimes the only, behaviour and risk management tool used by landlords and agents, and explore alternative tools that could replace eviction in a number of circumstances, and lead to better outcomes for landlords, agents, renters and governments.

## 2.2 Evictions in NSW

Renters move more frequently than others. ABS Mobility and Conditions survey data shows over a third of all renters have been in their current housing for less than a year, over 80% for less than five years.<sup>8</sup> Available data on the reasons renters’ in NSW move indicates somewhere between 20% -30% of renters move due to an eviction, that is – their landlord terminates the agreement.<sup>9</sup> Eviction can occur for a number of reasons.

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<sup>7</sup> Tenants’ Union of NSW, Marrickville Legal Centre (2019), pp.14-15

<sup>8</sup> Australian Bureau of Statistics (2015), *Housing Mobility and Conditions*, 2013-14, cat no 41300D0004, accessed 25 January 2022.

<sup>9</sup> Available data includes Fair Trading (2020) *Pilot Bond Exit Survey – Collected data*, [fairtrading.nsw.gov.au/housing-and-property/pilot-bond-exit-survey](https://fairtrading.nsw.gov.au/housing-and-property/pilot-bond-exit-survey), accessed 9 November 2021; Choice, National Shelter, National Association of Tenants’ Organisations (2016) *Unsettled survey data*; Australian Bureau of Statistics (2015).. Data from the Unsettled survey indicates around 24% of renter’s

Under current NSW tenancy law this includes 'no fault' termination for 'no grounds' (sections 84 and 85 of the *Residential Tenancies Act 2010*), for sale of premises, for landlord hardship, or for if the premises become unliveable. Renters can also be evicted as a result of a breach of the agreement. The 'no grounds' provisions of the *Residential Tenancies Act 2010* also include eviction where there is conflict but no breach of contract, including retaliation for an assertion of contract rights or a reluctance by the landlord to uphold contract terms. Current protections against retaliation do not invalidate retaliatory notices, but merely provide the Tribunal discretion to decline to terminate. This discretion is rarely exercised even where retaliation is proven.<sup>10</sup>

**'No grounds' eviction:** The *Residential Tenancies Act 2010* includes 'no grounds' eviction provisions allowing a landlord to evict a renter with 30 days' notice at the end of a fixed term (section 84), or 90 days' notice during a periodic tenancy (section 85) to vacate the property. The landlord is not obliged to give a reason for the eviction. These are also referred to as 'no reason' or 'no cause' in other jurisdictions.

**'No fault' eviction:** A 'no fault' eviction refers to an eviction where a renter is being evicted for a reason other than breach (a failure to comply with the agreement). These are also sometimes referred to as 'no cause' evictions, where the cause refers to a renter's actions.

**'Just cause' eviction:** A 'just cause' model for eviction does not allow landlords to evict a renter for no reason. Eviction can only occur for specified reasons laid out in the model, such as breach of the agreement (failure to pay rent, illegal activity, damage) or because the landlord or their family wishes to move into the property or carry out significant renovations. Under a 'just cause' model where eviction occurs for a reason other than breach, relocation assistance (financial compensation) is often payable by the landlord.

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last move was initiated by the landlord; ABS data from 2013 – 2014 suggests around 15% (consistent with earlier 2007 – 2008 mobility data), though when this data is filtered for private renters who had been private renters before their most recent move, i.e. renters who had not switched between tenures - this increased to around 19% of moves having been initiated by the landlord. Recent data from the NSW pilot bond exit survey suggests somewhere between 17 -20% tenancies were ended by the landlord initiating termination during the period of the pilot. Based on their survey of 3182 private renters across Australia, Rowley and James found 31% of renters' most recent moves were involuntary, see Rowley, S. and James, A. 2018, *The Private Rental Sector in Australia: Public Perceptions of Quality and Affordability*, Bankwest Curtin Economics Centre.

<sup>10</sup> Although case law on the point in the Tribunal is limited, it and standard Tribunal practice makes clear that as a discretionary power, even in situations where the Tribunal is persuaded the eviction is retaliatory, the discretion does not have to be exercised. Further, that simply waiting a matter of weeks is sufficient to remove the required causal link between a tenants' assertion of rights and the allegedly retaliatory notice.<sup>15</sup>

NSW Fair Trading's 2019 pilot End of Tenancy survey is the most recent and comprehensive source of information currently available about the end of residential tenancies.<sup>11</sup> The survey indicates around 17% of tenancies ended during this period due to landlords giving notice - or evicting - renters. Around 12% of these evictions were due to breach, with most - 8.4% - relating to the non-payment of rent (rent arrears). The survey suggests another 5% of tenancies ended because the landlord and renter simply agreed to end the tenancy and no notice was served. At least some of these tenancies likely ended informally in the context of or as a result of a dispute or breach. Only a very small number of evictions - less than 1% - required the landlord to take formal action and get orders through the NSW Civil and Administrative Tribunal. The survey began running again in August 2021 and we understand data will be released shortly.

The most recent available data from NCAT indicates over half (58%) of all applications to the Tribunal's Residential Tenancies and Social Housing lists were for eviction matters in the first half of 2021.<sup>12</sup> In relation to evictions, the majority of eviction matters heard are for breach. Around 80% of all eviction matters heard by the Tribunal are for non-payment of rent (breach for rent arrears).<sup>13</sup> While Covid-19 eviction restrictions were in place there was a small decrease in the number of breach eviction matters heard, but in the first half of 2021 with transitional protections in place, evictions for arrears still made up just over three quarters of all landlord-initiated termination applications.<sup>14</sup>

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<sup>11</sup> Fair Trading ran the pilot survey between 2 December 2019 - 30 March 2020, and 27 April 2020 - 11 May 2020. Fair Trading notes the survey's representativeness may be limited due to the sample being self-selected and drawn from the pool of respondents who use Rental Bonds Online to both lodge and claim rental bond. Tenants made up 57% of the respondents which suggests a low rate of response from real estate agents and landlords, likely to lead to a lower rate of landlord-initiated tenancies ending. Nonetheless the 17,582 responses to the survey, account for around 14% of all tenancies that ended during this period. It provides us with the most comprehensive information into how and why tenancies end in NSW. See Fair Trading (2020) *Results of pilot survey - why tenancies ended*, published on website at [fairtrading.nsw.gov.au/housing-and-property/pilot-bond-exit-survey](https://fairtrading.nsw.gov.au/housing-and-property/pilot-bond-exit-survey), accessed 25 January 2022

<sup>12</sup> NSW Civil and Administrative Tribunal (2021), *Quarterly Management Report, Consumer and Commercial Division*, prepared by Principal Registry, Jan - March 2021; & April - June 2021

<sup>13</sup> Ibid. Based on numbers of matters related to termination for non payment of rent at Tribunal in the Jan - March 2020 period as reported in the 2021 Quarterly Management Reports.

<sup>14</sup> Ibid.

## CIRCUMSTANCES OF TERMINATION

- **By notice and vacant possession**  
*A residential tenancy agreement terminates if a landlord or tenant gives a termination notice in accordance with the Residential Tenancies Act 2010 and the tenant gives vacant possession of the residential premises.*
- **By order of Tribunal**  
*A residential tenancy agreement terminates if the NSW Civil and Administrative Tribunal makes an order terminating the agreement under the Residential Tenancies Act 2010.*
- **Other legal reasons for termination**  
*This includes mortgage repossession orders, mutual agreement to end tenancy (no notice served), and see below.*

## LEGAL REASONS FOR TERMINATION

### TENANT INITIATED MOVE

- 'No grounds' termination at end of fixed term or during a periodic agreement
- Breach of agreement
- Failure to disclose
- Hardship to tenant
- Termination due to circumstances of domestic violence
- Rent increases during long term fixed term leases
- Early termination without compensation to landlord (where tenant offered social housing, accepted a place in aged care, failure to disclose)
- Termination by co-tenant of own tenancy, termination of agreement or co-tenancies
- Termination by Tribunal on landlord's application after notice given by tenant

### LANDLORD INITIATED MOVE

- 'No grounds' termination at end of fixed term or during a periodic agreement
- Sale of premises
- Breach (general)
- Breach for non-payment of rent or other charges (arrears)
- Serious damage; illegal use of premises; threat, abuse intimidation or harassment
- Failure to comply with tenant rectification order
- Hardship to landlord
- Termination of long-term tenancies
- Occupants remaining in residential premises

### OTHER LEGAL REASONS FOR TERMINATION

- Abandonment
- Death of a tenant
- Uninhabitable premises (agreement frustrated)

## 2.3 Who is most vulnerable to eviction?

Analysis by the Productivity Commission of renters' mobility indicates some groups of renters are more likely to face an eviction than others, for example single parent households, households on income supports, households with a disability or health condition, and older households (households where at least one resident is 65 or older).<sup>15</sup> Low-income renters are not necessarily evicted more often than other renters, but they are at a higher risk if they experience an unforeseen event or setback because of their relative financial vulnerability, and the amount they are paying each week towards housing costs.<sup>16</sup>

Over the last 20 years the number of people on low or very low incomes who are required to find their housing in the private rental market has increased significantly, relative to social housing. Just over a million low income households rent in the private rental sector.<sup>17</sup> Two-thirds (66%) of these households are paying more than they can afford, with more than 30 percent of their weekly income being spent on rent. Almost a quarter spend more than half of their income on rent.<sup>18</sup> This leaves many households in a very precarious position, with little money left each week for other necessary household items and people report going without basic essentials such as food and medication to pay their rent. Almost a third of all low-income private renters do not have \$500 in savings for use in an emergency, and around 40 per cent of low-income households said they would be unable to raise \$2000 in a week for something important.<sup>19</sup>

Analysis by the Productivity Commission shows that among low-income private renters, older persons, people with a disability, people with low educational attainment, and Aboriginal or Torres Strait Islander people are much more likely to be in rental stress - that is, paying over 30% of their income towards rent.<sup>20</sup> Households with Aboriginal or Torres Strait Islander people are both more likely to be renting and face a range of health

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<sup>15</sup> Productivity Commission (2019), *Vulnerable Private Renters: Evidence and Options*, Commission Research Paper, Canberra; Australian Productivity Commission, *Vulnerable Private Renters: Evidence and Options*, September 2019, p. 81, <https://www.pc.gov.au/research/completed/renters/private-renters.pdf>, accessed 25 January 2022.

<sup>16</sup> Australian Bureau of Statistics (2019) *Housing Occupancy and Costs*, 2017-18 – cat no 4130.0; Productivity Commission (2019) *Vulnerable Private Renters: Evidence and Options*, Commission Research Paper, Canberra; Australian Productivity Commission, *Vulnerable Private Renters: Evidence and Options*, September 2019, <https://www.pc.gov.au/research/completed/renters/private-renters.pdf>, accessed 28 January 2021.

<sup>17</sup> Ibid.

<sup>18</sup> Productivity Commission (2019), p.53

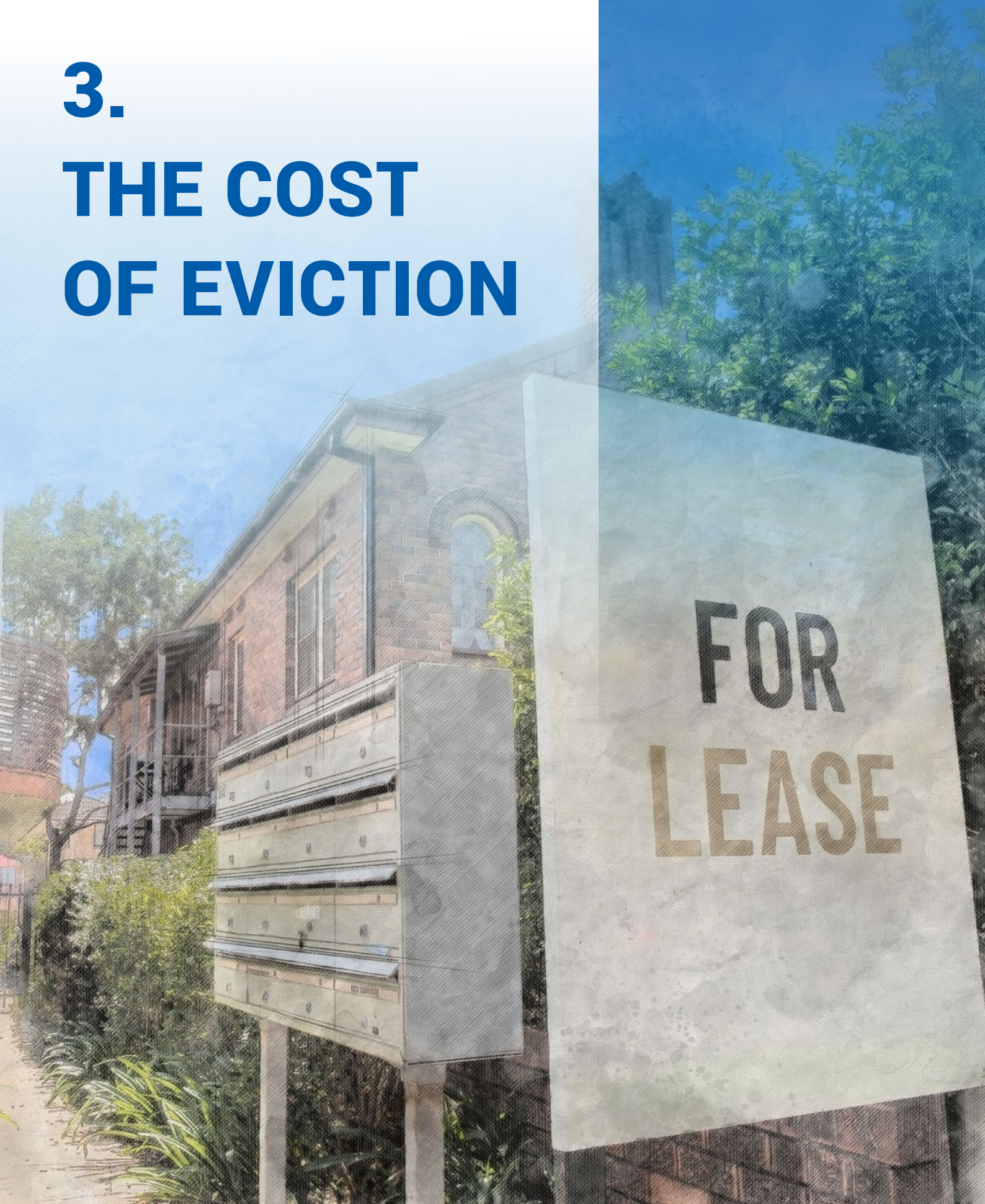
<sup>19</sup> NSW Council of Social Services (2020) *Cost of Living in NSW: Austerity hits home*, <https://www.ncoss.org.au/wp-content/uploads/2020/04/Cost-of-Living-final.pdf>, accessed 25 January 2022; Productivity Commission (2019), p54.

<sup>20</sup> Productivity Commission (2019).

vulnerabilities as a community. Aboriginal and Torres Strait Islander people are three times more likely to be living in overcrowded homes. Each of these factors compounds the vulnerability to eviction, and the risk posed to a household by eviction.

A crisis or unexpected life event, such as serious illness or injury, death of a spouse, loss of employment, or family separation for a potentially already indebted renting household can quickly result in significant financial hardship. When low income households face an unforeseen setback or cost, they have a smaller financial buffer and they can swiftly find themselves struggling to afford rent. In such circumstances, the protections available to these households are extremely limited, and the most common response is simply the threat of – or carrying out of – eviction. Mounting debt and the costs related to eviction for these renters increase the risk of homelessness and long-term poverty.

# 3. THE COST OF EVICTION



**Eviction, hardship, and the housing crisis**

Building a crisis-resilient renting system



**TENANTS'  
UNION**  
OF NEW SOUTH WALES

### 3. The cost of eviction

Being forced to move is very expensive. Financial costs involved with eviction can include things like hiring removalists or a moving van, taking time off work, travelling to property inspections, replacing furniture or appliances, and more. The emotional and social costs of eviction can include stress and anxiety surrounding trying to find a new home, potentially moving away from support systems, and feelings of guilt or shame.

In the best-case scenario the renting household is able to find and secure a new appropriate property prior to the date on which they have to vacate their home. Even in this best-case scenario, the household incurs substantial moving costs. Households likely to incur the greatest financial, social and emotional costs from eviction tend to be those already experiencing marginalisation or hardship. A low-income renter who loses their job and is then given a 14-day termination notice for rent arrears will likely incur far greater costs than a financially stable household that is issued a 90-day no grounds termination notice. Neither scenario is pleasant, but a variety of factors can significantly limit or exacerbate the costs of an eviction.

This chapter sets out the range of immediate and direct costs associated with moving and provides an estimate of core and average costs, as well as the longer-term costs. It considers the impact on the individual household, as well as the landlord and real estate, government and the broader community. Costs will vary for renting households depending on their circumstances. In particular, the costs associated with a forced move are significantly higher where a household is forced into homelessness. We also draw on available research to provide an estimate of costs associated where a household is evicted into homelessness.

While throughout this report we place a monetary value on costs where possible, we recognise the impact of evictions cannot be reduced simply to a dollar value. We have identified our current overreliance on eviction as a significant problem, and attempt to provide evidence around the financial cost of the problem. We do this in order to demonstrate interventions to reduce eviction, while requiring some initial resourcing, will deliver not only better equity, health and social outcomes, but also reduced overall government spend.

#### 3.1 The immediate, direct costs of eviction

Eviction creates a range of immediate and direct costs. Direct costs are incurred not just by the renting household, but also by the landlord, the real estate agent, governments and employers.

Limited attempts have been made to estimate the general cost of moving for the renter. The two recent estimates often relied on were both undertaken by financial service providers - ING and Fair Go Finance - who provide personal loans, including home loans and bond loans. The figures they come up with vary, starting from approximately \$1600 per move through to \$3,400 - the latter taking account of the upfront costs related to bond.<sup>21</sup>

The NSW Productivity Commission has estimated the total direct costs of evictions - terminations initiated by the landlord rather than tenant, at \$116 million per annum.<sup>22</sup> This relies on a costing of \$4,950 per move provided by NSW Treasury in which the direct cost of an eviction is broken down into two parts - direct relocations costs of \$3,300 for the renter, and a further \$1,650 for costs incurred by the landlord. Details regarding the breakdown of costs in the NSW Treasury estimate are provided at Table 2.

NSW TREASURY ESTIMATE: DIRECT COSTS OF EVICTION	
Direct costs of moving incurred by tenants, including: boxes; cleaning; removalists; food; misc.  Source: <a href="https://domain.com.au/news/the-hidden-costs-of-moving-house-20160115-glg376/">domain.com.au/news/the-hidden-costs-of-moving-house-20160115-glg376/</a> Similar to estimates in "Fair Go Finance: Making Moving Happen Survey"	\$3,300
Reletting fee	\$605
Advertising costs	\$387
Vacancy costs  Source: REIA Sydney vacancy rate 2.3% (March 2018). Therefore, costed at 2.3% of annual median Sydney rent.	\$658
<b>TOTAL</b>	<b>\$4,950</b>

Table 2: Information provided regarding NSW Treasury 2019 estimate of direct costs of eviction

<sup>21</sup> Galaxy Research on behalf of ING in 2017 found that the average cost of moving house was approximately \$1600, though it could vary with 44% of moves costing an average of \$2000, and around 12% costing around \$3650. RateCity (2017) *Counting the true cost of moving house*. In 2015, Fair Go Finance found tenants could be paying up to \$3,402 to move homes. This included the cost of the bond payment. Fair Go Finance (2015), *Making Moves Happen*.

<sup>22</sup> NSW Productivity Commission (2019) *Kickstarting the Productivity Conversation*, p.121

### *Cost to the evicted renting household*

Estimates for the moving costs for renting households have generally included the cost of packaging, professional removalists, cleaning and reconnecting utilities, but have not necessarily captured the full range of costs associated with relocation. These less obvious or hidden costs include expenses or costs including:

- Hours spent finding and securing a new home, packing and moving,
- Additional childcare during a move (where household includes young children)
- Petrol costs associated with travel relating to securing new housing and moving
- Mail redirection
- Replacement of school uniform and books (where household includes children of school age who are required to change schools)
- Cancellation and/or other membership fees (e.g. for local gym membership or other local club membership, local parking permits)
- Other miscellaneous costs, such as replacement of furniture, takeaway food and a kitchen/pantry restock, etc.

To secure a new tenancy or facilitate a move a renting household may need to pay overlapping rent, that is, the renter is liable for rent on two properties where their new tenancy commences prior to an existing tenancy formally ending. Generally, the renting household will also be required to pay a bond for the new property they move to before their existing bond is refunded. For households without sufficient savings this may require them to take out a bond loan or other personal loan to finance the move, and interest from these is also an associated cost.

### **Methodological approach for estimating costs**

Our estimates of cost attempt to address the limitations in previous estimates. They consider a range of factors that can significantly affect or vary the cost of an eviction, such as household type and size, whether the household has children and how many, and where they are located (Greater Sydney vs regional NSW).

In calculating estimates, we set out a broad range of financial costs that can be incurred through the process of eviction and moving, considering the experience of the renting household from the point at which they receive the termination notice through until the unpacking of their belongings in their new home. For each relocation cost identified we gathered a range of quotes and from that set out a conservative estimate to apply a value for calculations.

For each household type we identify two key sets of 'core' and 'average' costs to apply for each household type, but also provide a number of case studies that allow us to examine how other factors can impact the cost of eviction for a household, factors such as location, relocation distance, disability, pet-ownership, and the local market conditions.

## *Household type*

Specific estimates of cost are provided for the following household types: Single Person; Couple without children; Couple with children; Single Parent; and Share house. These households account for around 95% of all NSW renting households (see Table 3).

For each household type we identified from the 2016 ABS Census data the most likely number of bedrooms in each house, most likely number of children in the household, and total number of residents (see Table 3 and for data relied on to determine expected number of bedrooms, children and residents see Appendix 1). For our estimates of core and average costs for each household type we assume these characteristics when applying costs.

HOUSEHOLD TYPE	% Renting households (Greater Sydney)	% Renting households (Regional NSW)	Expected # Bedrooms	Expected # Children	Expected # Residents
Couple w/o kids	21.06%	15.84%	2	0	2
Sharehouse	9.84%	6.71%	2	0	2
Single Person	24.24%	31.95%	2	0	1
Single Parent	13.79%	20.55%	3	1	2
Couple w/ Kids	26.03%	20.55%	3	2	4
<b>TOTAL</b>	94.96%	95.60%			

Table 3: Expected number bedrooms, children, & residents for key household types in Greater Sydney and Regional NSW, Data Source: Census of Population and Housing, 2016, TableBuilder

## *'Core costs' and 'average costs'*

For each household type we provide an estimate of core and average costs.

**Core costs:** Core costs include a range of basic costs that generally cannot be avoided when a renting household relocates. Core costs include removalist hire, packing materials, professional cleaning costs, hours spent searching for and securing alternative housing, hours spent packing and moving during relocation, childcare costs for households with children and a flat miscellaneous cost of \$100 to account for the range of other miscellaneous costs that could apply.

**Average costs:** Average costs include all core costs, plus a number of additional costs we anticipate on average most households would face. We also allow for additional hours spent searching and securing housing, and packing and moving. Average costs include: removalist hire, packing materials, professional cleaning costs, additional hours spent

searching for and securing alternative housing, additional hours spent packing and moving during relocation, additional hours of childcare costs and school relocation costs for households with children; 1 week overlapping rent; 1 week additional food costs to account for take-away or convenience foods; utility disconnection and reconnection fees; and a flat miscellaneous cost of \$200 to account for the range of other miscellaneous costs that could apply.

<b>COST</b>	<b>CORE</b>	<b>AVERAGE</b>
Removalist hire <sup>23</sup>	✓	✓
Packing materials	✓	✓
Professional cleaning costs	✓	✓
Hours spent securing new rental housing	✓ 28 hours	✓ 42 hours
Hours spent packing and moving	✓	✓
Childcare	✓ 7 hours for households with 1 child 10.5 for households with more than 1 child	✓ Core hours plus additional day of childcare (vs babysitting)
School relocation costs	✗	✓
Overlapping rent	✗	✓ 1 week
Additional food costs <i>Take away &amp; convenience foods</i>	✗	✓
Utility disconnection and reconnection fees	✗	✓
Other miscellaneous costs <i>Includes: mail redirection fee; interest fees on loans; storage costs; furniture replacement costs; local sport or community group membership; new parking permit/car space.</i>	✓ \$100	✓ \$200
Regional tariff	✓ \$100	✓ \$200

Table 4: Costs applied for core and average estimates

<sup>23</sup> We apply removalist costs for both core and average costs, having determined that the costs involved in moving yourself are very similar when the additional hours spent packing and moving are factored in. Therefore, professional removalist hire costs are used as a proxy for this expense.

### *Costing time spent on the move*

It is generally accepted that time lost in unproductive activity is a cost in terms of the hours that would otherwise be available for 'work effort'. Hours recouped by avoiding unproductive activity increases the 'work effort available' and can have additional productivity flow on effects for the broader economy.<sup>24</sup> When accounting for the time spent on moving-related activities, we value each hour at the minimum wage of \$20.33 per hour for every hour spent on the move by a household member (adult, not children).<sup>25</sup> This puts a basic, conservative financial value for each hour lost, accounting for time that otherwise would have been put towards paid work, unpaid work (including housework, carer responsibilities, life administration) or leisure.<sup>26</sup>

To estimate the amount of time required for searching for a new home, we consider the 30-day notice period required for evictions for 'sale of home' and 'end of fixed term (no grounds)' terminations as indicative of the amount of time generally considered as required for finding alternative housing. On this basis, the estimates for core costs assume one person will spend one day each week (7 hours) within a 30-day period (4 days spent looking, total of 28 hours per move) on activities to secure new rental housing, including searching real estate listings, corresponding with agents, travelling to and carrying out property inspections, gathering paperwork, and submitting applications. For estimates of average cost, this increases to six days across the month. This could be six days of one person's time, or a couple spending three days together, or any other breakdown of hours between people.

Calculations for time spent packing are primarily based on the size of the dwelling. A one-bedroom dwelling is assumed to take one full day of one adult's work, or seven hours. For a two-bedroom dwelling, packing time is estimated at 14 hours, and for a three-bedroom,

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<sup>24</sup> Duncan MacLennan, Laura Crommelin (2018) *Making Better Economic Cases for Housing Policies*, [cityfutures.adelaide.unsw.edu.au/research/projects/strengthening-economic-cases-housing-productivity-gains-better-housing-outcomes/](http://cityfutures.adelaide.unsw.edu.au/research/projects/strengthening-economic-cases-housing-productivity-gains-better-housing-outcomes/), accessed 25 January 2022

<sup>25</sup> Fair Work Ombudsman (2021), *Minimum wages*, [fairwork.gov.au/pay-and-wages/minimum-wages](http://fairwork.gov.au/pay-and-wages/minimum-wages), accessed 25 January 2022

<sup>26</sup> In relation to housing, economists have previously discussed for example the commute times for households resulting from a lack of affordable housing as a cost both in terms of lost hours available for 'work effort' or available labour time, as well as the efficiency and productivity costs related to constrained employment choice for workers. However unpaid work and leisure time has generally been undervalued or ignored in economic evaluations. MacLennan, Crommelin (2018), for example, when assessing the time savings made by reducing commute times explicitly considers only those hours saved that were then used for work, rather than leisure. The undervaluing and exclusion of unpaid work and leisure is, however, increasingly recognised with a growing body of research looking at how to appropriately value these to allow their inclusion in cost benefit analysis and economic evaluation for better decision making. See Kaya Verbooy et al (2018), "Time is money: investigating the value of leisure time and unpaid work", *Value in Health*, 21, pp. 1428-1436

21 hours. Time taken to move - that is, on the actual day of relocation - is calculated in relation to the number of adults in the household, and estimated as 7 hours for 1 adult, and 10.5 hours for 2 adults.

### *Location*

The location of the renting household is considered by applying a regional 'tariff' for households who are located within regional NSW. The tariff is applied to recognise the various additional costs that may apply for renting households in regional NSW (that is, outside of Greater Sydney) either due to higher charges or fees for services required, for the additional hours associated with the move, and to recognise the current very low vacancy rates in NSW regional markets.

While distance of relocation, that is - how far the household is required to move if evicted, will also have an impact on the costs this has not been factored into core and average costs, though a number of case studies provide an indication of how relocation distance can impact on costs.

### *Other key assumptions, rules, and values applied*

Other key assumptions made when calculating estimates of costs and applied in particular when estimating costs for the case studies provided, include:

- Overlapping rent is applied as a cost where the vacancy rate is low. Where the vacancy rate is less than 2% a value equivalent to one week's rent has been applied. Where the vacancy rate is under 1% or the household is otherwise likely to face challenges in securing alternative housing due to discrimination or accessibility or other factors a value equivalent to two week's rent applies. The median rent for Regional NSW or Greater Metropolitan Region (depending on location) is used for calculating overlapping rent where this expense applies. Overlapping rent has not been applied to core costs. For average costs 1 week of overlapping rent has been applied.
- The amount of time required to find new housing depends on the supply of appropriate housing in the area. It is assumed for example where the vacancy rate is low, where the household has specific accessibility requirements (due to a disability) or where the household includes pets a higher number of hours will be required to secure alternative housing.
- Where relocation is outside of the current Local Government Area (LGA) a broader range of costs may apply, for example a household with children is more likely to face school relocation costs, household members are more likely to need to cancel local club memberships and join new clubs in the new LGA.

- The estimates we provide do not include the rental bond generally required to secure a new rental property. Considering median rents for Greater Sydney (\$500) and regional NSW (\$420), including rental bonds would mean additional upfront costs of \$2000 (Greater Sydney) or \$1680 (Regional NSW) for a four-week rental bond, for households required to provide bond prior to the return of their previous bond.

A detailed overview of all assumptions, rules and values applied for relocation cost is provided at Appendix 2 - 4.

### *Estimates of core and average costs of moving faced by renting households*

**Renting households in NSW face basic costs of \$2,520 when they move, and generally are more likely to face costs of around \$4,045 to move.**

We estimate that in NSW each move by a renting household involves immediate and unavoidable minimum costs of approximately \$2,520 (core cost). Taking account of the broader range of costs that would generally apply when a household relocates, we estimate NSW renting households are likely to face costs of around \$4,075 (average cost). These estimates of core and average costs are weighted for renting household type, and for location (Greater Sydney vs Regional NSW).

**The 'core cost' of a move for renting households in NSW ranges from \$2,015 for a single person household in Greater Sydney through to \$3,245 for a family household in Regional NSW**

Our estimates for core costs in Greater Sydney range from \$2,015 for a single person household to \$3,145 for a family household of 2 adults, 2 children. Core costs in Regional NSW range from \$2,115 for a single person household to \$3,245 for a family household of 2 adults, 2 children.

**The 'average cost' of a move for renting households in NSW ranges from \$3,215 for a single person household in Greater Sydney through to \$5,400 for a family household in Regional NSW**

Our estimates for average costs in Greater Sydney range from \$3,215 for a single person household to \$5,200 for a family household of 2 adults, 2 children. Average costs in Regional NSW range from \$3,415 for a single person household to \$5,400 for a family household of 2 adults, 2 children.

	Core Costs	Average Costs	Percentage
<b>Greater Sydney</b>	\$2,491.22	\$4,022.10	67.21%
<b>Regional NSW</b>	\$2,586.85	\$4,186.92	32.79%
			100.00%
<b>Weighted Costs</b>	\$2,522.58	\$4,076.14	

Table 5: Weighted estimates for core and average costs of moves in NSW

<b>Greater Sydney</b>	Core Costs	Average Costs	Percentage
Couple w/o kids	\$2,087.33	\$3,391.95	21.06%
Sharehouse	\$2,087.33	\$3,391.95	9.84%
Single Person	\$2,016.17	\$3,215.79	24.24%
Single Parent	\$3,000.79	\$4,622.91	13.79%
Couple w/ Kids	\$3,143.10	\$5,202.72	26.03%
			94.96%
<b>Greater Sydney</b>			
Weighted Costs	\$2,491.22	\$4,022.10	
<b>Regional NSW</b>	Core Costs	Average Costs	Percentage
Couple w/o kids	\$2,187.33	\$3,591.95	15.84%
Sharehouse	\$2,187.33	\$3,591.95	6.71%
Single Person	\$2,116.17	\$3,415.79	31.95%
Single Parent	\$3,100.79	\$4,822.91	20.55%
Couple w/ Kids	\$3,243.10	\$5,402.72	20.55%
			95.60%
<b>Regional NSW</b>			
Weighted Costs	\$2,586.85	\$4,186.92	

Table 6: Core & average costs of moves by household type for Greater Sydney & Regional NSW

Greater detail regarding the breakdown of the costs and values applied for core and average costs for each household type are provided at Appendix 5.

These estimates are based on households with the most likely number of residents and most likely number of bedrooms. Variation across households in terms of the number of people in the household, and the number of bedrooms or rooms in the home can substantially impact how much a move can cost. We consider these and a range of other factors in the case studies that follow, exploring how these can substantially vary the immediate costs associated with a move and in particular a forced move (i.e. eviction).

### *The immediate, direct costs of eviction: various scenarios*

The core and average eviction estimates we provide in this report for household types are a baseline estimate for the cost of eviction to some of the more common renting household compositions and circumstances. Based on a multitude of factors, different household types, particularly those who experience various forms of discrimination or exclusion from the rental market, can incur different costs associated with eviction.

We consider some of the complicating factors that can alter the cost of eviction for a renting household - both those circumstances that can make evictions costlier, and those that reduce costs. The eviction scenarios and costs below are not direct case studies but an amalgam of the stories shared with us regarding moves and eviction over the past year. We have written these stories and costings in order to reflect the experiences of renting households who may fit outside the 'norm', without breaching the privacy of any one renting household. They illustrate some of the ways in which existing privileges or disadvantage can significantly impact on the extent to which an eviction may harm the household. All the names used are pseudonyms.

## Scenario 1: Lawrence and Kim

### Aboriginal couple without children living in regional NSW

Lawrence and Kim are an Aboriginal couple who had been living in a South Coast rental property for two years when their home was damaged by flooding and they requested repairs be carried out. In response, the agent called Lawrence. He was aggravated and used racist insults while on the phone, and immediately after the call sent an email issuing a 90 day 'no grounds' termination notice. Lawrence and Kim began applying for new properties in the area, but were immediately rejected for every one. The couple felt racial discrimination and rumours spread by their former agent played a role - there are only a few real estate agents in the area.

Lawrence and Kim were reluctant to move out of the area: it was where Lawrence's job was located, and Kim did not want to move far away from her family. They considered moving in with one of Kim's relatives, but all had full houses. Ultimately, Lawrence and Kim felt they had no choice but to begin applying for properties further and further away.

The couple began putting in many applications without inspecting the properties first. They had a stable income and, with the exception of their current rental, a good rental history. On several occasions, the couple received a positive response to their application, travelled to see the property to potentially sign a lease, only for the agent to change their mind after meeting the couple face-to-face. The couple felt that racial discrimination was partially or wholly to blame. As they grew increasingly desperate, they began offering to pay up to \$100 over the asking rent on each property they applied for.

Lawrence and Kim eventually secured a new rental two hours away from their family and community, although they had to sign a lease with a move in date two weeks ahead of their date to vacate their current property. Both took a week off work to pack, move, and unpack, and hired a moving van for the day of the move, to transport the majority of their items. They then made several more trips back and forth in their car to move the remainder of their belongings. As their new home was smaller than their previous home, they had to purchase a replacement fridge and dining room table.

<b>COST</b>	<b>NOTES</b>	<b>TIME</b>	<b>\$</b>
<b>Van hire</b>	The average cost between three different van hire sites for the Moruya area, to hire a van for one day.		\$171
<b>Packing materials</b>			\$210
<b>Cleaning</b>			\$210
<b>Mail redirection</b>	Assuming a 6-month redirection for two people		\$102
<b>Changing utilities</b>			\$125
<b>Replacement fridge</b>	Based on searching for second-hand, new and factory seconds fridges within 50km of Moruya - a low-average price.		\$500
<b>Replacement dining room table</b>	Based on an average cost of second-hand dining room tables within 50km of Moruya.		\$150
<b>Petrol costs for inspections and moving</b>	Assuming that the couple drove an average of 200km per week for the two months of searching for a new home, and assuming that their new home is 120km away from their old home, and that they then drove back and forth between old and new homes once with the hired van and a further four times with their own car. See: <a href="https://www.calculator.net/fuel-cost-calculator.html">https://www.calculator.net/fuel-cost-calculator.html</a> Average fuel efficiency of a passenger car in Australia: 11.1L per 100km; average fuel efficiency of a light commercial vehicle in Australia: 12.5L per 100km; average petrol cost on the NSW South Coast: \$1.69		\$535
<b>Overlapping rent</b>	Median weekly rent on a two-bedroom dwelling in the Southern Highlands and Shoalhaven area for October-December 2021 is \$390		\$780
<b>Time taken to find a new rental</b>	Checking real estate sites, going to inspections, applying. Assuming the two of them spent a day (7 hours) per week devoted to finding a new home, throughout the first two of the three months of their 90-day notice period.	112	\$2277
<b>Time taken to pack</b>		14	\$285
<b>Time taken to move</b>	Assuming both members of the household spent the day of the move, as well as three additional days total, to make trips back and forth and to unpack, for four days total each.	56	\$1,138
		<b>Total</b>	<b>\$6,483</b>
<b>Note:</b> Lawrence & Kim also faced higher rent costs because they accepted a property \$100 more in rent than they had been paying, over the 6 month lease total additional rent of \$2,600			

## Scenario 2: Jamie, Alex, Sam, and Hayden

### Sharehouse with 4 renters in the Greater Sydney area

Jamie, Alex, Sam and Hayden are university students at the University of Sydney, living in an inner-west sharehouse. Two of the four had their employment impacted by the COVID-19 pandemic, but as the entire household income did not decrease by at least 25%, the household was not protected by any COVID-19 protections for renters. They fell quickly into arrears and their landlord issued them with a termination notice.

The housemates began looking for a new home, however the stressful situation and financial conflicts led to arguments. They sought conflict mediation at a community justice centre, and ultimately decided to split up and search for two different homes, one for Hayden and Sam, a couple, and one for Jamie and Alex.

Their home had been a sharehouse for over 14 years when they were evicted. Many items had accumulated that didn't belong to any current housemates, making the packing process extremely difficult and lengthy. After sorting all of the miscellaneous items, they returned some to rightful owners, donated some to charity shops, and organised a council pick-up for the remainder. None of the current tenants were listed on the lease, and bonds had been passed informally between tenants for over a decade. They struggled to contact the former tenants who had their names attached to the bond, but were unsuccessful and after several months finally accepted that they would be unable to have their bond returned.

Jamie and Alex were approved for a new home in the same suburb as their current home, with one week's overlap in rent. Jamie's mother took a week off work and drove her van from Dubbo to stay with them in Sydney to help with the move. Alex's partner also took one day off work to help with the move.

Sam and Hayden found it very difficult to find an affordable new home, but eventually signed a lease on a one-bedroom apartment that was \$50 above their budget. As most shared household appliances and furniture belonged to Jamie and Alex, they needed to buy a fridge, microwave and washing machine, as well as a couch and kitchenware. Neither had family or close friends nearby to help them move, and neither had a car or could drive, so they hired removalists. They were also both already in debt, with no money saved to put down on a new bond. Hayden decided he had no choice but to apply for a \$3,000 increase on his credit card limit to cover some of the costs associated with the move. He'd only managed to pay off \$100 each month towards the credit card debt he'd accumulated because of the move.

<b>COST</b>	<b>NOTES</b>	<b>TIME</b>	<b>\$</b>
<b><i>Costs between all four housemates</i></b>			
<b>Packing materials</b>	Assuming the materials required to pack items to be moved into a two-bedroom home and a one-bedroom home		\$330
<b>Cleaning</b>	Cost to hire a professional cleaner for a 3-bedroom house, with carpet cleaning		\$390
<b>Council pick-up</b>	Assuming a pick-up of four metres squared.		\$150
<b>Unreturned bond</b>	Assuming 4 weeks of median rent in Sydney's Inner West for a 4-bedroom home in 2008 (\$640)		\$2,560
<b>Time to pack and clear up</b>	Assuming far higher than average due to share-house accumulation: three full days of time for all four housemates.	84	\$1,708
<b>Time spent trying to find a new home, including conflict mediation</b>	Assuming two full days of each housemates' time were spent on searching for properties and on conflict mediation before the decision to split up the house (2 days x 7 hours x 4 housemates)	56	\$1,138
<b><i>Costs for Jamie and Alex's move</i></b>			
<b>Petrol</b>	Assuming the 390km drive from Dubbo to the Inner West and back, as well as driving several loads of items from the old dwelling to the new one. Average fuel costs in Dubbo: \$1.65/L Average fuel costs in Sydney: \$1.60/L		\$160
<b>Mail redirection</b>	Assuming a 3-month redirection for two people on concession rates		\$82
<b>Changing utilities</b>			\$125
<b>Overlapping rent</b>	Median rent in the Inner-West for a two-bedroom home		\$500
<b>Takeaway food while kitchen unavailable</b>	Assuming convenience food for a week, for Jamie, Alex, and Jamie's mum, while the kitchen and dining room are inaccessible due to packing and moving		\$315
<b>Time spent looking for a new home</b>	Assuming a further two days each of Alex and Jamie's time	28	\$569
<b>Moving time</b>	Assuming 2 days each of Alex and Jamie's time (28 hours), 5 days of Jamie's mother's time (35 hours), 1 day of Alex's partner's time (7 hours)	70	\$569

<i>Costs for Sam and Hayden's move</i>			
Removalist hire	\$125 per hour for two movers, for 5 hours		\$625
Fridge	A low-average estimate based on items available second hand and as factory seconds		\$250
Microwave			\$50
Washing machine			\$200
Kitchenware	A low-average estimate based on cheap department stores and things available second-hand		\$150
Couch			\$100
Changing utilities			\$125
Interest on credit debt associated with moving costs	\$3,000 balance owed on credit card. Annual interest rate of 17%. Assuming Hayden makes payments of \$100 per month it takes 3.3 years for him to pay off the debt. Total interest cost until payoff: \$934.03		\$141
Time spent looking for a new home	Assuming a further three full days of each Sam and Hayden's time	42	\$854
Time taken to move	Assuming a day and a half total due to removalists' assistance	10.5	\$213
		<b>Total</b>	<b>\$11,304</b>
<b>Note:</b> Sam and Hayden over the medium term also faced higher rent costs, because they had felt forced to apply and accept a property \$50 over budget. Assuming if they had had longer to find a property, they would not have had to sign a lease on an unaffordable home; This would have meant a \$1,300 saving in rent costs over a 6-month lease period.			

## Scenario 3: Clara

### Single person household in regional NSW

Clara was living alone in her rental apartment in Bourke, North-Western NSW, when her landlord issued her a termination notice. Clara is a power-wheelchair user, and immediately became concerned about how she would find a new home to suit her needs, particularly with extremely low vacancy rates in the region. She immediately contacted every real estate agent in Bourke and nearby towns, and started scouring real estate listings online.

Clara became frustrated as many agents were reluctant or unable to adequately answer her accessibility questions. As Clara was unable to drive herself, she had to rely on a friend who had a car that could accommodate Clara's chair, to drive her to inspections, including some in neighbouring towns hours away. She found many of the properties she inspected were not accessible for her. The few properties she saw that met her needs were inundated with applications, and Clara regularly heard other people applying for properties and offering up to \$100 extra rent per week in order to secure the property.

Clara's date to vacate her home came and passed, and her landlord took her to the Tribunal. Due to Clara's circumstances, the Tribunal ordered that she be given an extension of a further month to secure a new home. With the final date to vacate approaching, Clara decided to move in temporarily with her brother and his family in Byron while she continued to apply for properties in Bourke. Clara requested permission to work remotely, and Clara's employer told her she could work remotely from Byron for up to two months, after which she would have to return to Bourke or give up her job.

Clara hired some storage space in Bourke, and hired removalists to move the majority of her belongings to storage. A friend with an accessible car offered to drive her with the remainder of her belongings to Byron - a drive that took two days each way and required a motel stop in Moree overnight. Clara covered the costs of petrol and the motel stay for the trip. She also shouted her friend to dinner during the trip to say thanks.

Clara is continuing to apply for properties in Bourke and surrounds, from Byron, relying on friends to inspect properties for her where possible. She intends to move back to Bourke as soon as she secures an appropriate new home, at which time she will need to again hire removalists to move her belongings from storage into her home, and again pay her friend to drive her back to Bourke. If Clara does not manage to secure a new home within two months and loses her job as a result, she is unsure whether she will continue applying for both homes and jobs in Bourke, where all of her closest friends and support system live, or if she will have to move permanently to Byron or elsewhere.

<b>COST</b>	<b>NOTES</b>	<b>TIME</b>	<b>\$</b>
<b>Removalist hire</b>	\$125 per hour for two movers, for 5 hours		\$625
<b>Packing materials</b>			\$110
<b>Cleaning</b>			\$150
<b>Takeaway food</b>	2 x meals (dinner) plus a drink		\$50
<b>Petrol</b>	Assuming a varied number of kms driven per weekend over the 4-month period, averaging 50km per weekend. Also assuming two return drives between Bourke and Byron. Assuming a larger, wheelchair accessible vehicle. Fuel price in Bourke NSW is \$1.62/L Total driving distance of 5360km		\$1,140
<b>Storage space hire</b>	There are no available formal storage options in Bourke, instead assuming hiring a friend or acquaintance's garage at a cost of \$50 per week over the 3 months, plus a week either side for moving time.		\$700
<b>Motel in Moree</b>	Assuming four nights total, at a cost on the cheaper end of available motels in Moree.		\$280
<b>Time taken to find a new rental</b>	Checking real estate sites, going to inspections, applying, etc. Assuming one day per week (7 hours) of Clara's time over the 90-day notice period (total: 84 hours), and two full days per week (14 hours) of Clara's time during the final month's extension (total: 56 hours). Assuming also an average of half a day per week of a friend's time over the four months (3.5 hours each week total; total: 56 hours) drive Clara to view properties.	196	\$3,985
<b>Time taken to pack</b>	Assuming Clara's physical disability adds time to her packing time	14	\$285
<b>Time taken to move to Byron</b>	Assuming two days of driving (14 hours) from Bourke to Byron. Assume one way for Clara, assume return trip for her friend	42	\$854
		<b>Total</b>	<b>\$8,179</b>

## Scenario 4: Dan

### Single parent with one child living in Greater Sydney area

Dan is a single father of a six-year-old, who was living in a two-bedroom apartment in South-West Sydney when he became unexpectedly injured and had to reduce his hours at work. He fell into rent arrears and was eventually issued a termination notice. He was unable to find another property in his area that he could afford, and began applying for properties further from his local community. He managed to secure a one-bedroom property in a different local government area, about 45 minutes away from his current home, which he had not had the opportunity to inspect.

Due to his injury, Dan found many packing activities extremely difficult and was unable to drive. He felt he had no choice but to hire removalists for all packing and unpacking in addition to moving. He also felt it would not be safe for his child to be home during the packing and move so put her in childcare for three days. Dan took out a \$3,000 payday loan to cover the removalist and childcare costs.

On move-in day, Dan found that the property was in a state of disrepair and uncleanliness, and would not be safe for himself and his young child to live in. The agent was unresponsive to his requests for repairs and cleaning, so Dan hired a handyman and cleaner himself. In order to afford this, he visited a second payday lender and took out a further \$1,000 loan. After several weeks' correspondence, Dan was able to receive a reimbursement for the money he had spent on the urgent repairs and deep clean of the property, however he had already incurred \$240 worth of interest on the second payday loan.

It took Dan three months to secure a new job, and a further six months after getting his job to pay off the initial \$3,000 payday loan and additional \$960 in interest and fees. While making rent and meeting his loan repayments was a struggle, Dan never missed a payment. He worried constantly about facing an eviction again and whether he'd be able to actually secure a new property, anxious about the possible loss of custody of his daughter if this happened.

<b>COST</b>	<b>NOTES</b>	<b>TIME</b>	<b>\$</b>
<b>Childcare</b>	\$22.85 for 21 hours		\$480
<b>Removalist hire</b>	\$125 per hour for two movers, for 21 hours to include all packing and unpacking time as well as moving.		\$2,625
<b>Packing materials</b>			\$210
<b>Cleaning</b>	Cost of professional cleaning for a two-bedroom apartment, without carpet cleaning		\$210
<b>Transport costs to view properties</b>	Assuming Dan used the maximum of \$25 per week on a concession opal card, for the two weeks of apartment-hunting, and for several properties not in easy walking distance from a train or bus station, catching a taxi or uber.		\$80
<b>Interest on the payday loans</b>	Baseline fees and interest rates for payday loans range from 24% to 28%. Assuming Dan secured both loans at 24%, and paid off both without missing any payments, he would have lost \$720 on the \$3000 loan and \$240 on the \$1000 loan.		\$960
<b>Replacement school uniform</b>			\$180
<b>Time taken to find a new rental</b>	Checking real estate sites, going to inspections, applying, etc. Assuming that as Dan is between jobs and has very little time to secure a new property, he is spending most of all of his days during the two weeks' notice period trying to secure a home.	35	\$712
<b>Time taken to pack</b>	Assuming some incidental packing and unpacking was managed outside of the removalists' time, as well as assistance and supervision of the removalists.	17.5	\$356
<b>Time taken to move</b>		7	\$142
		<b>Total</b>	<b>\$5,954</b>

## Scenario 5: Sarah and Michelle

### Couple with two children in Greater Sydney area

Sarah and Michelle with their two teenage sons were issued an end of fixed-term no grounds termination notice for their three-bedroom house in Sydney's Eastern Suburbs. Sarah and Michelle spent one Saturday inspecting properties, and Sarah spent a few hours in the following days applying. Fortunately, as a financially stable household, and with relatively high vacancy rates in their area, they were able to quite easily secure a new property close by, with a move-in date just one week before the end of their previous lease.

The teenage sons spent a few of their weekends surrounding the move helping with packing, moving and unpacking, which meant Sarah and Michelle did not need to take any time off work, and made the process run very smoothly. Sarah owns a large car, and the older of the teenagers is also able to drive, so rather than hiring removalists, they decided to hire a van for Sarah to drive, while the older teenager would drive Sarah's car.

As the family were able to secure a local home, all four were able to stay in the same jobs, and the teenagers did not have to change schools. As Michelle could not drive, she chose to change her gym membership to one closer to their new home. The younger teenager is an avid swimmer. Since the family's new home was no longer within walking distance of the beach, he purchased a bike to travel to the beach.

<b>COST</b>	<b>NOTES</b>	<b>TIME</b>	<b>\$</b>
<b>Overlapping rent</b>	One week's median rent for a 3-bedroom house in the Eastern Suburbs (north)		\$1,250
<b>Packing materials</b>			\$310
<b>Van hire</b>			\$213
<b>Cleaning</b>	Using cleaning assumptions		\$260
<b>Mail redirection</b>	6 months' redirection for two adults		\$102
<b>Change of gym membership</b>			\$95
<b>Bike</b>			\$250
<b>Petrol</b>	Assuming a total 30km driven, between all inspections and several trips back and forth between the old and new homes		\$5
<b>Time taken to find a new rental</b>	Checking real estate sites, going to inspections, applying, etc.	17.5	\$356
<b>Time taken to pack</b>		21	\$427
<b>Time taken to move</b>		10.5	\$213
		<b>Total</b>	<b>\$3,481</b>

### Cost to the landlord and real estate agent

NSW Treasury identified a number of key costs a landlord faces when evicting a renter: a reletting fee, advertising costs and possible vacancy costs if the property sits vacant between renters. We provide a similar estimate below - though estimating vacancy costs in the current market at a more conservative loss of only one week's rent to account for time a landlord may take to undertake any required repairs and maintenance prior to a new renter moving in and any gap a new renter negotiates when for example, an existing renter will generally opt to move out on a weekend, and the new renter requests to commence their new agreement at the end of the week to allow them to similarly undertake most of their move on a weekend. We also provide an estimate of the additional costs associated with an eviction where orders from the Tribunal are required.

We estimate the total cost of an eviction for the landlord in NSW to be \$1145 for an eviction by notice, and \$1388 for an eviction requiring NCAT orders.

COSTS	Eviction by notice only		Eviction requiring NCAT application and/or orders	
	Greater Sydney	Regional NSW	Greater Sydney	Regional NSW
<b>Reletting fee</b>	\$550 (median rent + GST)	\$462 (median rent + GST)	\$550 (median rent + GST)	\$462 (median rent + GST)
<b>Vacancy costs</b>	\$500 1 week rent	\$420 1 week rent	\$500 1 week rent	\$420 1 week rent
<b>Advertising costs</b>	Starting from \$150* *Based on advertising packages available for Domain, Realestate.com, but prices can vary depending on value of home and duration of listing			
<b>Tribunal application fee</b>	n/a		\$52 Standard fee	
<b>Property Manager Tribunal attendance fee</b>	n/a		\$240 4 hours at \$60 p/hour	
<i>Total</i>	\$1200	\$1032	\$1492	\$1174
<i>Weighted average for NSW</i>	<b>\$1145</b>		<b>\$1388</b>	

Table 7: Costs of eviction for landlords and agents

While real estate agents are paid for their services in managing a tenancy for the landlord, the work of evicting a tenant is much more resource intensive. However, the tenancy management fee is generally calculated (e.g. as a percentage of annual rental income for the property, or a flat fee structure) most fee structures build into this the general tasks required for evicting a renter - so a landlord will not generally be required to pay additional fees for this, but the agent will need to spend many additional hours on management of the tenancy. Macarthur Real Estate Engagement Project, working with a range of industry consultants, estimated the additional hours - i.e. work that otherwise would not have been required to be undertaken as part of tenancy management - spent on eviction related tasks at around 7 additional hours for the managing agent.<sup>27</sup> This takes into account a range of specific eviction related management tasks such as communication and documentation of eviction, dealing with an angry landlord and/or renter, investigating an abandoned property, chasing payments, final inspections and report and arranging for repairs and maintenance prior to reletting.

Hours spent on eviction where an application to NCAT is required are higher still, with Tribunal work adding 20 hours in eviction related tasks to their workload. However, most agencies are able to apply a fee structure which allows them to recoup this loss by charging additional fees to landlords for the hours required for preparation and attendance at Tribunal (and this is reflected in the estimate we provide above for costs to the landlord where a Tribunal application is required for eviction).

### *Cost to government*

There are basic costs relating to the resourcing of the NSW Civil and Administrative Tribunal, as well potentially sheriff costs, associated with evictions requiring orders to be made at the Tribunal. The Tribunal receives funding from the NSW Rental Bond Board and Property Statutory Interest Account for the costs of the residential tenancy lists (covering private rental and social housing). In 2020-2021 the residential tenancy lists received \$22million in funding from these sources and received 42,563 applications<sup>28</sup> equating to a subsidy of approximately \$519 per application. Over half (55%) of applications to residential lists were for eviction.<sup>29</sup> While the funding of the Tribunal is essential, a reduction in the number of unnecessary eviction matters required to be heard

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<sup>27</sup> Western Sydney Community Forum (2014) *Lessons Learnt from Macarthur Real Estate Engagement Project*, [wscf.org.au/portfolio-items/lessons-learnt-from-the-macarthur-real-estate-engagement-project](http://wscf.org.au/portfolio-items/lessons-learnt-from-the-macarthur-real-estate-engagement-project), accessed 25 January 2021

<sup>28</sup> Section 186 of the *Residential Tenancies Act 2010* requires that the Rental Bond Board fund half the cost of these lists. The Rental Bond Board Annual Report for 2020-2021 declares a contribution of \$11,057,167. Rental Bond Board (2021) *Annual Report*, [parliament.nsw.gov.au/la/papers/Pages/tabled-paper-details.aspx?pk=80811&houseCode=la](http://parliament.nsw.gov.au/la/papers/Pages/tabled-paper-details.aspx?pk=80811&houseCode=la); NSW Civil and Administrative Tribunal (2021) *Annual Report*, [ncat.nsw.gov.au/content/dam/dcj/ctsd/ncat/documents/reports/ncat-annual-report-2020-2021.pdf](http://ncat.nsw.gov.au/content/dam/dcj/ctsd/ncat/documents/reports/ncat-annual-report-2020-2021.pdf), both accessed 2nd February 2022

<sup>29</sup> *ibid*

would allow the Tribunal to better allocate their current resourcing to resolution of other tenancy matters and disputes.

Local governments can face increased demand and costs for household bulky waste collection services for a booked in council clean-up and/or illegal dumping when the household moves. Illegal dumping of household goods is much more likely for a renting household when they are evicted, particularly where the notice period is short such as in a breach eviction (14 days). Waste disposal, in particular illegal dumping of waste, costs local governments a significant amount in clean-up costs. A 2016 survey of NSW local councils, public and private land managers and community groups found that more than \$180 million is spent each year on managing litter.<sup>30</sup>

### 3.2 The medium- and longer-term costs of eviction

Eviction drives adverse financial and other outcomes for households. For renting households eviction can lead to significant financial disadvantage, poverty, negative health impacts, and negative impacts on employment. These impacts, especially over time, are carried not just by the household but have a significant impact on the economy, government spending, and the general wellbeing and health of the broader community. It is not always possible to quantify the impacts of eviction or homelessness in terms of monetary costs, and to the extent that we do reference a financial cost we also recognise there are limitations on the reliability of the values assigned, though we would suggest these limitations generally lead to an underestimate of the overall impact (both in terms of monetary costs, and costs more broadly) and the harm that results.

#### *Compounding financial disadvantage: eviction as a driver of poverty*

Over 80% of renting households in the private rental market will move at least once every five years. A third of private renters will move between 2 - 3 times, and 10% will move 5 times or more in that period.<sup>31</sup> For over half of renting households this means the direct costs of moving - on average \$3,500 for each move - over a 5-year period are considerable and can place low-income renting households at significant financial disadvantage.

Many low-income renting households are not able to raise the relatively large sum of money required to secure alternative housing and move at short notice. For these households, the risk of homelessness increases. Particularly where a household has been

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<sup>30</sup> NSW Environment Protection Agency (2021), *NSW Litter Report 2016 - 2020*, p.4, [epa.nsw.gov.au/your-environment/litter-and-illegal-dumping/about-littering/litter-research](https://epa.nsw.gov.au/your-environment/litter-and-illegal-dumping/about-littering/litter-research), accessed 25 January 2022

<sup>31</sup> Australian Bureau of Statistics (2015) *Housing Mobility and Conditions 2013 - 2014*, [abs.gov.au/statistics/people/housing/housing-occupancy-and-costs](https://abs.gov.au/statistics/people/housing/housing-occupancy-and-costs), accessed 25 January 2022

evicted for rent arrears, the household can find themselves trapped in a repeated cycle of securing housing, seeing debts continue to accumulate, and again being evicted - each time finding it harder to secure a new home.

A growing body of research is showing us that while poverty is a driver of eviction, the reverse is also true: eviction is a driver of poverty. Research in the United States examining the health and economic outcomes of low-income urban mothers who had experienced eviction in the past year, found these households experienced more material hardship, were more likely to suffer from depression, reported worse health for themselves and their children, and reported more parenting stress, than those of otherwise similar backgrounds who had not experienced eviction in the past year.<sup>32</sup> Australian research on eviction also identifies the impact of eviction and resulting poverty on families. Where appropriate alternative housing can't be secured, this research identified knock-on impacts for families, for example the household being forced to split up and children sent to live with relatives or in some cases being placed in care due to unstable accommodation circumstances.<sup>33</sup>

### *Loss of future earnings for agent*

Real estate agents can lose business as a result of the eviction of a tenant, when a landlord decides to find an alternative agency to manage the property. The Macarthur Real Estate Engagement Project calculated lost future revenue for the managing agent as a result of the eviction at \$19,370.<sup>34</sup> This estimate was based on a number of key assumptions:

- that the average lease period for a landlord is 5 years before they sell the property,
- when selling the owner is likely to use the same real estate agency who managed the tenancy,
- most owners will look for a new real estate agent if a renter is evicted; and
- a property value of \$350,000 - this was the median value of homes in the Macarthur area at the time (2013), median value of homes is now much higher
- a weekly rent of \$350 per week – this was the median rent in the Macarthur area at the time (2013), median rent is now \$450.

The total included lost revenue in terms of removing the property as a result of the

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<sup>32</sup> Desmond, M. & Kimbro, R. T. (2015) "Eviction's Fallout: Housing, Hardship, and Health", *Social Forces*, 1-30, February 2015

<sup>33</sup> Beer, A., Slatter, M., Baulderstone, J., & Habibis, D., (2006) "Evictions and housing management", AHURI Final Report No. 94., June 2006, p. 54, <https://www.ahuri.edu.au/research/final-reports/94>, accessed 25 January 2022

<sup>34</sup> Western Sydney Community Forum (2014) *Lessons Learnt from Macarthur Real Estate Engagement Project*, [wscf.org.au/portfolio-items/lessons-learnt-from-the-macarthur-real-estate-engagement-project](http://wscf.org.au/portfolio-items/lessons-learnt-from-the-macarthur-real-estate-engagement-project), accessed 25 January 2022

eviction, a loss of property management income over 5 years, and lost commission at the point of sale of the landlord's investment property.<sup>35</sup>

### *Long term impacts on employment*

The insecurity caused by an eviction, and resulting instability in housing can make it difficult to retain steady employment. The same US research study mentioned above, found the likelihood of a person losing their job to be between 11 and 15 percent higher for workers who have experienced an eviction compared to matched workers who have not.<sup>36</sup> The loss of a job then in turn makes it much more difficult to secure a new rental property. The renter's long-term job prospects may be threatened by both the stigma of having been fired, and by the likely knock to self-esteem and confidence as a result. The renter has to bear the cost of seeking a new job, and potentially retraining. When evictions destabilise renters who then go on to lose their jobs as a result, there are costs to the former employer who has to hire and retrain new staff, and costs to the government in greater demand on income support.

### *Impacts on health and demand for health services*

Australian research undertaken with people who had experienced eviction found participants described emotional impacts including feelings of failure, hopelessness, embarrassment, and severe anxiety, as well as potential loss or destruction of personal belongings with emotional value.<sup>37</sup> When evictions are driving poorer mental and physical health outcomes, there is a greater demand for medical care with knock-on effects to health budgets. Poorer mental and physical health outcomes as a result of eviction may be long-term for the renter, leading to a sustained increase in demand for health services.

### *Loss of social networks and community*

A national survey of Australian renters in 2018 found a majority (53%) reported they had to connect to new local services when they moved to a new rental property. This included having to find a new family doctor, a new place of worship, and new community groups.<sup>38</sup> A similar number worried about the 'distance from family, friends, support network' and expressed concern about moving away from existing social and community groups, and the isolation that might result.<sup>39</sup>

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<sup>35</sup> Ibid., p.29

<sup>36</sup> Desmond, M. & Kimbro, R. T. (2015) "Eviction's Fallout: Housing, Hardship, and Health", *Social Forces*, 1-30, February 2015, p. 5.

<sup>37</sup> Morris, A. (2017) Long-term private renters: Perceptions of security and insecurity. *Journal of Sociology*, 53 (3), pp.653-669.

<sup>38</sup> Choice, National Shelter, National Association of Tenants Organisations (2018) *Disrupted: The Consumer Experience of Renting in Australia*, [shelter.org.au/disrupted-2018-report-by-choice-national-shelter-and-nato/](https://shelter.org.au/disrupted-2018-report-by-choice-national-shelter-and-nato/), accessed 25 January 2022

<sup>39</sup> Ibid.

Evicted renters who are forced to relocate away from their community and support systems can face a wide variety of costs as a result: having to pay for professional childcare rather than being able to rely on a trusted friend or neighbour; having to purchase more items because the person cannot borrow things from their friend around the corner; having to hire professionals for assistance with simple tasks that they may previously have been able to ask a neighbour to do as a favour; addressing behavioural issues with children who have been moved far away from their friends, to a new school where they know nobody and have to start over. It takes most people some time to forge strong community bonds and build a reliable support network.

While evictions negatively impact the financial and health of the individual household, the eviction of one person or family can harm entire communities.<sup>40</sup> While the evicted renter may lose their social network and supports, the community from which the renting household has been forced to move, has lost the benefits that household may have brought to that community: perhaps one member used to coach a children's sport team, another was a member of a book club, and another used to babysit the neighbour's children. When a renting household is forced to move away from their community and support system, not just the evicted household experiences harm, but so do those in their community and support system who are losing a valuable member or members of their community.

### *Additional pressure on the social housing system*

The eviction of low-income households in particular places additional, increasing pressure on the NSW social housing system. For many on low incomes, the private rental market is no longer a viable option - they can't afford it and often find they have trouble securing housing due to their low-income. However, the NSW social housing system is already facing a significant shortfall in terms of having available homes for those in housing need. While the number of people renting their homes has significantly increased over the last 20 years, the percentage of households renting their homes from a state or territory housing authority dropped from 6% to 3%.<sup>41</sup> In NSW wait times for public housing range from between 2 -10+ years across the state. In the Greater Sydney area wait times are consistently 5 years or longer, and in the inner west and Eastern suburbs 10+ years.<sup>42</sup>

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<sup>40</sup> Babajide, R., Blum, E., Maniates, H. & Scher, M. (2016) *Effects of Eviction on Individuals and Communities in Middlesex County*, The Middlesex County Coalition on Housing and Homelessness, May 2016, p. 1.

<sup>41</sup> Australian Bureau Statistics (2019) *Housing Occupancy and Costs 2017 - 2018*, [abs.gov.au/statistics/people/housing/housing-occupancy-and-costs/latest-release](https://abs.gov.au/statistics/people/housing/housing-occupancy-and-costs/latest-release), accessed 25 January 2022

<sup>42</sup> Department of Communities and Justice NSW, *Expected Wait Times*, [facs.nsw.gov.au/housing/help/applying-assistance/expected-waiting-times](https://facs.nsw.gov.au/housing/help/applying-assistance/expected-waiting-times), accessed 25 January 2022

The number of people on the waitlist (44,127 on the general list, 5,801 on the priority list) and current expected waiting times are not necessarily indicative of the current need for social housing. Not all

### 3.3 Who is at highest risk of eviction into homelessness?

There is great diversity among people experiencing homelessness in NSW. According to the 2016 census, 37,715 people in NSW were homeless, an increase of 37% from 27,479 in 2011. Of this group, 35% were aged under 25 years, 17% over 55 years; and 6% identified as Aboriginal and Torres Strait Islander.<sup>43</sup> The number of older people, particularly women seeking support from homelessness services has been increasing. Between 2013/14 and 2016/17, NSW saw an 88% growth in the number of women aged of 55 and over, accessing homelessness services.<sup>44</sup> Recent AHURI research led by Deborah Batterham looking into the populations most at risk of homelessness identified the risk factors for being made homeless as firstly residing in rental housing; and secondly experiencing at least two of the following:

- low income;
- vulnerability to discrimination;
- low social resources and supports;
- needing support to access or maintain a living situation;
- and/or a tight housing market context.<sup>45</sup>

Batterham et al go on to identify those at-risk as renters, and more likely to be female, Indigenous and living in a lone person or lone parent household. People who identify as lesbian, gay or bisexual, and report fair or poor health are also at more likely to be at risk. Households who have a low-income, are unemployed or outside the labour force, and in receipt of income support payments and people with lower levels of educational attainment are at risk. All of these factors indicate someone is more likely “to report difficulty paying bills and rent on time and are more likely to experience a range of indicators of material deprivation such as skipping meals and being unable to heat their home.”<sup>46</sup> If evicted, they are at a higher risk of being forced out into homelessness.

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people who are currently in housing stress have applied for social housing, or are necessarily eligible. An estimate of real housing need, that is – the current shortfall in provision of genuinely affordable dwellings for people in receipt of the lowest 40% of incomes in NSW was calculated by Troy et al (2019) to be 216,500 in 2016 and is projected to rise to 316,700 by 2036 See Troy, L., van den Nouwelant, R., Randolph, B., (2019) *Estimating need and costs of social and affordable housing delivery*, City Futures Research Centre, March 2019, pp.2-3

<sup>43</sup> Homelessness NSW, *Homelessness in New South Wales*, homelessnessnsw.org.au/wp-content/uploads/2021/03/Homelessness-in-New-South-Wales-.pdf, accessed 25 January 2022.

<sup>44</sup> NSW Ageing on the Edge (2021), *Home at Last: Solutions to End Homelessness of Older People in NSW*, oldertenants.org.au/national-action/ageing-the-edge-nsw-forum, accessed 25 January 2022

<sup>45</sup> Batterham, D., Nygaard, C. A., Reynolds, M., & de Vries, J., (2021) *Estimating the population at-risk of homelessness in small areas*, AHURI, November 2021, p.1, ahuri.edu.au/sites/default/files/documents/2021-11/AHURI-Final-Report-370-Estimating-the-population-at-risk-of-homelessness-in-small-areas.pdf, accessed 25 January 2022

<sup>46</sup> AHURI Policy Evidence Summary (2021): A nationwide analysis of the risk of homelessness in

An eviction for breach, and especially for rent arrears, increases the likelihood of eviction into homelessness.<sup>47</sup> The evicted renter is likely to experience difficulty securing a new tenancy because the renter is more likely to be in financial hardship, and so will be considered a higher risk to potential landlords. They may also now have a bad rental record, and the options available within their price range are likely more limited. Breach evictions carry shorter notice periods than other forms of eviction, so the time available to secure a new tenancy is more limited. If the breach eviction is as a result of a personal crisis for one or more members of the household, that crisis may compound the difficulties associated with securing a new tenancy.

Where a renting household is evicted into homelessness, the costs involved increase substantially.

### 3.4 The costs of eviction into homelessness

#### *Immediate costs of eviction into homelessness*

Renters evicted into homelessness are likely to incur many of the same immediate costs as renters who are able to secure alternative housing, but also incur a range of additional costs. Costs such as packing and cleaning are still incurred, as are costs associated with trying to secure alternative accommodation. Many renters who are made homeless by an eviction spend many hours, days, or weeks looking for properties, attending inspections and submitting applications, but are unsuccessful. People in this situation may still pay for movers, but find themselves forced to move their belongings into storage or to friends' or relatives' homes. Later on, if they secure a new rental, they may need to hire removalists or a moving van all over again. Some may be forced to give up or throw away items that they do not have the ability to keep while homeless.

Many will rely on family and friends for somewhere to stay short term. Where no alternative appropriate short-term accommodation is available people evicted into homelessness may need to rely on motels or Airbnbs for a period of time in order to keep a roof over their head. These alternatives tend to be far costlier than renting. Others are forced to resort to sleeping in a vehicle (a form of primary homelessness), leading to increased vehicle-related costs. Depending on the circumstances, people evicted into homelessness are likely to be at higher risk of having items stolen or needing to take extra precautions to protect their personal safety.

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Australia, Based on AHURI Final Report No. 370: *Estimating the population at-risk of homelessness in small areas*, [ahuri.edu.au/sites/default/files/documents/2021-11/PES-370-A-nationwide-analysis-of-the-risk-of-homelessness-in-Australia.pdf](https://ahuri.edu.au/sites/default/files/documents/2021-11/PES-370-A-nationwide-analysis-of-the-risk-of-homelessness-in-Australia.pdf), accessed 25 January 2022

<sup>47</sup> An eviction for breach occurs where a renter has failed to meet their obligations under the agreement, for example not paying rent. A renter can be given a 14 day termination notice.

Eligible households evicted and unable to find alternative accommodation, especially those with children, may be forced to move into emergency or crisis accommodation provided by the NSW government as a stop gap. While better than the alternative, emergency and crisis accommodation can be unsafe, unstable and the overall experience traumatic for those forced to rely on it. The costs of providing temporary accommodation in low cost motels, caravan parks or similar and emergency or crisis accommodation are significant - though certainly cost effective where the provision of temporary accommodation is able to support households avoid longer term homelessness.

### *Medium to longer term costs of eviction into homelessness*

Research on the institutional costs of homelessness has found the cost to the government of people cycling in and out of homelessness is substantial, with increased demand and resourcing required across housing, health, community services and criminal justice agencies. There are various approaches to sustaining and providing housing to people who are otherwise at risk of homelessness. Research into these approaches provides a wealth of evidence of the positive knock-on effects in a variety of areas, of ensuring a person has stable, secure housing. For instance, 'Housing First' models focus on the rapid provision of housing to people experiencing homelessness, as opposed to other, conditional, models of housing.<sup>48</sup> The broad range of benefits that result from Housing First models shows us how far-reaching the impact a stable home can have.

### *Government expenditure \$29,450 higher for people experiencing homelessness*

An Australian study examining potential offsets of addressing homelessness, estimates the annual cost to the government of an individual experiencing homelessness is \$29,450 higher than for the rest of the Australian population. The dollar value applied includes the higher costs in terms of increased demand on health and justice services, welfare and taxation forgone, and eviction rates from public tenancies.<sup>49</sup> This research calculated costs of on average around \$700,000 over an individual's lifetime, but other studies have found lifetime costs can be as high as \$5.5 million.<sup>50</sup> An individual's lack of access to

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<sup>48</sup> Flatau, Lester, et al (2022), *Ending Homelessness in Australia*, November 2021, [aaeh.org.au/assets/docs/ending\\_homelessness\\_in\\_australia-bulletin\\_no\\_1\\_understanding\\_homelessness-taking\\_action.pdf](https://aaeh.org.au/assets/docs/ending_homelessness_in_australia-bulletin_no_1_understanding_homelessness-taking_action.pdf); AHURI (2018), *What is the Housing First model and how does it help those experiencing homelessness?*, [ahuri.edu.au/research/brief/what-housing-first-model-and-how-does-it-help-those-experiencing-homelessness](https://ahuri.edu.au/research/brief/what-housing-first-model-and-how-does-it-help-those-experiencing-homelessness), both accessed 25 January 2022

<sup>49</sup> Kaylene Zaretsky et al (2013) *The cost of homelessness and the net benefit of homelessness programs: a national study - Findings from the Baseline Client Survey*, p.4, [researchdirect.westernsydney.edu.au/islandora/object/uws:22672/datastream/PDF/download/citation.pdf](https://researchdirect.westernsydney.edu.au/islandora/object/uws:22672/datastream/PDF/download/citation.pdf), accessed 25 January 2022

<sup>50</sup> Ibid. For the costings relating to \$5.5 million estimate see Baldry, E, Dowse, L, McCausland, R and Clarence, M (2012) *Lifecourse institutional costs of homelessness for vulnerable groups*, National Homelessness Research Agenda 2009-2013, School of Social Sciences, University of New South

secure housing and support to maintain a tenancy is a key factor in these higher criminal justice and emergency services costs.<sup>51</sup>

In contrast, a growing body of research indicates that providing housing to those experiencing, or at risk of, homelessness, results not only in improved outcomes to the individual, but also far lower costs to the community and governments.<sup>52</sup> The adoption of a 'Housing First' model has widely been shown to improve health outcomes for people experiencing homelessness, in many cases even when controlled for factors such as mental illness, domestic and family violence, substance abuse, and more.<sup>53</sup> A longitudinal study of adults with serious mental illness who had experienced chronic homelessness, as they transitioned into housing, found a range of benefits to individual and community alike, including reduced symptom severity, improved quality of life, and increased community participation.<sup>54</sup> Housing First interventions among homeless adults with mental illness have been found to deliver positive health and justice outcomes following the provision of stable housing.<sup>55</sup> Further, access to stable housing through a Housing First program is associated with reduced arrests and jail time.<sup>56</sup> The evidence makes

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Wales. pp. 5- 6

<sup>51</sup> Ibid. See also Kaylene Zaretzky, Paul Flatau (2013) *The cost of homelessness and the net benefit of homelessness programs: a national study*, AHURI Final Report No. 218, Australian Housing and Urban Research Institute Limited, Melbourne, [www.ahuri.edu.au/research/final-reports/218](http://www.ahuri.edu.au/research/final-reports/218).

<sup>52</sup> See Aubrey et al, (2015), 'One-Year Outcomes of a Randomized Controlled Trial of Housing First with ACT in Five Canadian Cities', *Psychiatric Services*, vol. 66, no. 5, May 2015; Aubrey et al., (2015), 'A Multiple-City RCT of Housing First With Assertive Community Treatment for Homeless Canadians With Serious Mental Illness', *Psychiatric Services*; Basu et al (2012), 'Comparative Cost Analysis of Housing and Case Management Program for Chronically Ill Homeless Adults Compared to Usual Care', *Health Services Research*, vol. 47, no. 1, part II, February 2012.

<sup>53</sup> See Baxter et al (2019), 'Effects of Housing First approaches on health and well-being of adults who are homeless or at risk of homelessness: systematic review and meta-analysis of randomised controlled trials', *Epidemiol Community Health*; Bean et al (2013), 'The Impact of Housing First and peer Support on People Who Are Medically Vulnerable and Homeless', *Psychiatric Rehabilitation Journal*, vol. 36, no. 1.; Henwood et al, (2019), 'Longitudinal effects of permanent supportive housing on insomnia for homeless adults', *Sleep Health*, vol. 5, pp. 236-240.; Liu, et al (2014), 'Relationships Between Housing and Food Insecurity, Frequent Mental Distress, and Insufficient Sleep Amongst Adults in 12 US States, 2009', *Public Health Research, Practice, and Policy*, vol. 11, March 2014.

<sup>54</sup> Henwood, B., Matejkowski, J., Stefancic, A., & Lukens, J., (2014), 'Quality of life after housing first for adults with serious mental illness who have experienced chronic homelessness', *Psychiatry Research*, vol. 220, pp. 549-555.

<sup>55</sup> Muir K; Fisher KR; Dadich A; Abello D, 2008, 'Challenging the exclusion of people with mental illness: the Mental Health Housing and Accommodation Support Initiative (HASI)', *Australian Journal of Social Issues*, vol. 43, pp. 271 - 290, <http://dx.doi.org/10.1002/j.1839-4655.2008.tb00102.x>; O'Campo, P., Stergiopoulis, V., Nir, P., Levy, M., Misir, V., Chum, A., Arbach, B., Nisenbaum, R., To, M., & Hwang, S., (2016), 'How did a Housing First intervention improve health and social outcomes among homeless adults with mental illness in Toronto? Two-year outcomes from a randomised trial', *BMJ Open*.

<sup>56</sup> Clifasefi, S., Malone, D., Collins, S., (2012), 'Exposure to project-based Housing First is associated with reduced jail time and bookings', *International Journal of Drug Policy*, vol. 24, pp. 291-296.; Somers et

clear that supporting people to access and sustain stable, secure housing drastically decreases the need for government expenditure in a wide variety of areas.

### *Negative impacts on physical and mental health*

People experiencing or at-risk of homelessness have been shown to have higher use of health services.<sup>57</sup> Living in extremely overcrowded housing, couch surfing, moving between motels, or sleeping in shelters can all drive poorer health outcomes. People sleeping rough make up around 7 % of those experiencing homelessness and are a relatively small, but highly visible, proportion of people experiencing homelessness.<sup>58</sup> The health impacts for this group are particularly acute. They face extreme difficulty accessing basic physical needs like water, food, and a safe place to sleep. The longer-term health impacts of homelessness can be more profound, due to factors such as sleeping in harsh environments, high injury rates, and long-term poor nutrition.<sup>59</sup>

The impact of stable housing on positive health outcomes has been long observed by health practitioners. Queensland-based research published in 2015 examined the role of secure housing in psychological well-being of individuals following a period of homelessness, and found that remaining homeless predicted significantly poorer personal well-being, life satisfaction and mood as compared to securing housing.<sup>60</sup> Health professionals are increasingly advocating for the incorporation of 'upstream strategies', most notably, stable housing, to support people's health and wellbeing, identifying access to housing as a key social determinant of health.<sup>61</sup>

### *Increased experience of violence and discrimination*

While it has been well-established that domestic and family violence is a very significant driver of homelessness - particularly for women - homelessness in turn increases a person's risk of experiencing further violence, for a variety of reasons. People with very

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al., (2013), 'Housing First Reduces Re-Offending among Formerly Homeless Adults with Mental Disorders: Results of a Randomized Controlled Trial', *PLOS One*, vol. 8, no. 9.

<sup>57</sup>Zaretsky, Flatau, (2013).

<sup>58</sup> Homelessness NSW, *Homelessness in New South Wales*, <https://homelessnessnsw.org.au/wp-content/uploads/2021/03/Homelessness-in-New-South-Wales-.pdf>, accessed 25 January 2022.

<sup>59</sup> Fazel S, Geddes J & Kushel M (2014), *The health of homeless people in high-income countries: descriptive epidemiology, health consequences, and clinical and policy recommendations*, *The Lancet* 25; 384, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4520328/>, accessed 25 January 2022.

<sup>60</sup> Johnstone, M., Parsell, C., Jetten, J., Dingle, G., & Walter, Z., (2015), 'Breaking the cycle of homelessness: Housing stability and social support as predictors of long-term well-being', *Housing Studies*.

<sup>61</sup> Koeman, J. & Mehdipanah, R., (2020), 'Prescribing Housing: A Scoping Review of Health System Efforts to Address Housing as a Social Determinant of Health', *Population Health Management*; Ortiz, S. & Johannes, B. (2018), 'Building the case for housing policy: Understanding public beliefs about housing affordability as a key social determinant of health', *Population Health*, vol. 6, pp. 63-71.

few options for places to sleep may return to an abusive relationship out of necessity. People sleeping rough or otherwise in unstable accommodation are at greater risk of violent crime, including sexual crimes.<sup>62</sup> In contrast, the ability to access affordable, stable and safe housing for victim-survivors of violence is strongly associated with a reduction in future violence and an increase in future safety.<sup>63</sup>

A longitudinal study of a cohort of 278 intimate partner violence survivors found that the greater the number of housing instability risk factors, including repeated evictions, issues with landlords, difficulty moving, and more, the greater the risk of post-traumatic stress disorder for the survivor of violence. Findings also found that these housing instability risk factors reduced survivors' overall quality of life, increased their absences from work or school, and increased hospital and emergency department use.<sup>64</sup>

There is a strong link between housing instability and contact with child protective services, and 2016 research from the United States assesses the explanations for this link, with results indicating that housing insecurity is a significant driving factor for maternal stress, which in turn can increase risk factors for neglect and abuse. Results suggest that investment into supporting housing stability for lower-income families can reduce child maltreatment and child removal.<sup>65</sup>

Members of the LGBTQIA+ community are at greater risk of homelessness than the general population, and at greater risk of experiencing violence and discrimination while homeless, both from the broader public, and from service providers. Transgender people in particular face significant discrimination when attempting to access emergency accommodation. For instance, trans women are regularly refused access to women-only accommodation, but may experience significant physical and sexual violence if accessing accommodation where men are present. Trans men are at significant risk of violent assault when seeking male-only boarding house accommodation. A large number of trans people experiencing homelessness report being refused accommodation outright.<sup>66</sup>

Estimates on the annual cost to state and federal governments in Australia from family

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<sup>62</sup> Australian Human Rights Commission (2021), *Violence, Harassment and Bullying and Homelessness*, [humanrights.gov.au/our-work/commission-general/violence-harassment-and-bullying-and-homelessness](https://humanrights.gov.au/our-work/commission-general/violence-harassment-and-bullying-and-homelessness), accessed 25 January 2022.

<sup>63</sup> Clough, A., Draughon, J., Njie-Carr, V., Rollins, C., & Glass, N., (2014) "'Having housing made everything else possible': Affordable, safe and stable housing for women survivors of violence", *Qualitative Social Work*, vol. 13, no. 5, pp. 671-688.

<sup>64</sup> Rollins, C., Glass, N., Perrin, N., Billhardt, K., Clough, A., Barnes, J., Hanson, G., & Bloom, T., (2012), 'Housing Instability Is a Strong Predictor of Poor Health Outcomes as Level of Danger in an Abusive Relationship: Findings from the SHARE Study', *Journal of Interpersonal Violence*, vol. 27, no. 4, pp. 623-643.

<sup>65</sup> Warren, E., & Font, S (2015), 'Housing Insecurity, Maternal Stress, and Child Maltreatment: An Application of the Family Stress Model', *Social Service Review*, March 2015.

<sup>66</sup> Ibid.

violence range from \$1.3 billion to \$2.9 billion, while estimates on the cost to society – including costs to businesses, individuals and families – range from \$8.1 billion to \$26 billion.<sup>67</sup> A 2016 KPMG report estimates that violence against women and their children creates costs for the Commonwealth and state and territory governments through demand on the health, justice and human services of around \$4.1 billion annually. The report estimates the cost to the justice system alone in 2016 at \$1.1 billion.<sup>68</sup> Production-related costs – predominantly borne by victims and survivors, their workplaces and the Australian economy – of violence against women and their children were estimated at \$1.9 billion in 2016.<sup>69</sup> KPMG estimated the total cost of violence against women and their children in 2016 at \$22 billion, also noting that taking into account underrepresented, disadvantaged groups may add \$4 billion to this figure.<sup>70</sup> While not all domestic and family violence is attributable to homelessness, increased homelessness drives higher rates of this violence, and by extension increased costs to governments.

### *Under- and unemployment*

People experiencing homelessness face additional barriers to remaining sufficiently employed, as compared to people who are not homeless. Data from Journeys Home, a large-scale national survey of disadvantaged Australians from 2011 to 2014 found that only 19 per cent of those surveyed who were homeless, were employed.<sup>71</sup> The survey also found that people experiencing homelessness were significantly more likely to leave their job as compared to the rest of the respondents. Similar research from the United States found that among low-income renters, the likelihood of being laid off from work is between 11 and 22 per cent higher for workers who experienced a preceding forced move, compared to observationally identical workers who did not.<sup>72</sup>

People experiencing homelessness are not less motivated to work than those not experiencing homelessness. The reasons for lower rates of employment among people experiencing homelessness are numerous and complex, and include health issues,

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<sup>67</sup> See Productivity Commission (2014), pp. 1057-1058; KPMG (2009), *The cost of Violence against Women and their Children*, The National Council to Reduce Violence against Women and their Children; KPMG (2016), *The cost of violence against women and their children in Australia, Final Detailed Report* prepared for the Department of Social Services, Canberra; Access Economics (2004), *The Cost of Domestic Violence to the Australian Economy*, prepared for the Australian Government's Office of the Status of Women, funded by Partnerships Against Domestic Violence.

<sup>68</sup> KPMG (2016), p. 36, 48.

<sup>69</sup> Ibid. p. 43.

<sup>70</sup> Ibid. p. 4.

<sup>71</sup> Neha Swami (2018), *The Effect of Homelessness on Employment Entry and Exits: Evidence from the Journeys Home Survey*, Melbourne Institute: Applied Economic & Social Research, Working Paper No. 1/18, [melbourneinstitute.unimelb.edu.au/\\_\\_data/assets/pdf\\_file/0003/2690823/wp2018n01.pdf](http://melbourneinstitute.unimelb.edu.au/__data/assets/pdf_file/0003/2690823/wp2018n01.pdf), accessed 25 January 2022.

<sup>72</sup> Matthew Desmond, & Gershenson, C., (2016), 'Housing and Employment Insecurity among the Working Poor', *Social Problems*, vol. 63, pp. 46-67.

disability, mental health and substance abuse problems, less access to education and training, lack of social support and integration, a lack of affordable childcare, and more.<sup>73</sup> These factors push individuals experiencing homelessness into a 'homelessness trap'. A person's inability to attain employment as a result of their homelessness, then in turn leads to increased difficulty securing a permanent place to live because of their lack of stable income.<sup>74</sup>

### *Increased risk of contact with the criminal justice system*

People experiencing homelessness are subjected to increased contact with the criminal justice system, as compared to people who are not experiencing homelessness. Police over-police people experiencing homelessness, particularly visible homelessness. People experiencing homelessness find it more difficult to access legal supports when required to face criminal courts. The justice system punishes people experiencing homelessness far more harshly than those not experiencing homelessness, for instance through denying bail, imposing financial penalties that compound poverty, and sentencing people to prison terms that cause or entrench homelessness.<sup>75</sup>

The NSW Government itself acknowledges that homelessness can be both a cause and consequence of involvement with the criminal justice system. This is to the detriment of both the person experiencing homelessness, and the broader community and government.<sup>76</sup>

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<sup>73</sup> Neha Swami (2018).

<sup>74</sup> Ibid.

<sup>75</sup> McNamara, L., Quilter, J., Walsh, T., Anthony, T., (2021), 'Homelessness and Contact with the Criminal Justice System: Insights from Specialist Lawyers and Allied Professionals in Australia', *International Journal for Crime, Justice and Social Democracy* 10(1): 111-129, doi.org/10.5204/ijcjsd.1742, accessed 25 January 2022.

<sup>76</sup> Public Defenders Chambers, (2020), *Homelessness*, last updated November 2020, publicdefenders.nsw.gov.au/Pages/public\_defenders\_research/bar-book/homelessness.aspx, accessed 25 January 2022.

### 3.4 Who pays the cost?

The renting household primarily carries the costs of an eviction. They pay the larger share of the immediate expenses involved when a tenancy ends. In the longer term, they are more likely to experience longer term financial disadvantage and suffer negative impacts on their health, and employment and educational opportunities.

In the longer term significant additional costs are imposed on governments with increased demand and expenditure on a range of government services as a result of eviction, and this is especially the case where eviction leads to homelessness.

For landlords, while there are costs associated with eviction a landlord nonetheless chooses to evict in the circumstances, and has assessed the relative benefit of doing so. They have more time to anticipate and prepare for any costs associated with evicting a renter. Landlords are generally making a financial decision, and likely to still return a profit overall. The costs for the landlord are purely financial, with no impact on their long-term health and wellbeing.

IMMEDIATE DIRECT COSTS	
<b>Renting household</b>	Core costs: \$2,520 Average cost: \$4,075
<b>Landlord</b>	Eviction by notice: \$1,145 Eviction requiring Tribunal application: \$1,388
<b>Agent</b>	Approx. additional 7 hours (by notice) - 20 hours (Tribunal application and attendance required) spent on eviction related tenancy management tasks
<b>Government</b>	<ul style="list-style-type: none"><li>• Inefficient allocation of resourcing for Tribunal, with high numbers of avoidable Tribunal proceedings relating to eviction (specifically eviction for arrears)</li><li>• Emergency and crisis accommodation for those at risk of homelessness as a result of eviction</li><li>• Increased bulk waste disposal costs (local government)</li></ul>
<b>NSW economy</b>	<ul style="list-style-type: none"><li>• NSW Treasury estimate: \$115 million pa</li><li>• TUNSW estimate using same method of calculation (total number moves per year (23,391) x moving costs (average \$4075 for renter + \$1145 for landlord) = \$122 million pa</li></ul>

MEDIUM TO LONGER TERM COSTS	
<b>Renting household</b>	<ul style="list-style-type: none"> <li>• Compounding financial disadvantage</li> <li>• Impact on employment, longer commute, constrained employment choice, under and unemployment</li> <li>• Negative impact on physical and mental health</li> <li>• Loss of social networks and community</li> <li>• Impact on education and social wellbeing, in particular for children who face high rates of mobility (due to forced moves)</li> <li>• Increased experience of violence and discrimination</li> <li>• Increased risk of contact with the criminal justice system</li> </ul> <p>Renting households at risk of or experiencing homelessness as a result of eviction likely to face significantly higher costs on all these aspects, as well as additional specific impacts</p>
<b>Real estate agent</b>	<p>Potential loss of future earnings, estimated at \$19,370</p>
<b>Increased government expenditure</b>	<p><b>Eviction (general):</b></p> <ul style="list-style-type: none"> <li>• Additional pressure on the social housing system</li> <li>• Increased demand for health and other community support services</li> </ul> <p><b>Eviction into homelessness:</b></p> <ul style="list-style-type: none"> <li>• Previously estimated government spend of additional \$29,450 per person (above that spent on general population) for government funded services those experiencing homelessness</li> <li>• Increased demand for income support</li> </ul>
<b>Broader community</b>	<ul style="list-style-type: none"> <li>• Costs to employers to hire and retrain new staff where relocation leads to the loss of evicted worker</li> <li>• Declining social capital through the impact of forced mobility on social and support networks</li> <li>• Impact on unpaid and volunteer work</li> </ul>

Table 8: Summary of the costs of eviction identified and distribution of cost burden

Given the high costs associated with eviction overall, how can we better discourage their use except where it is necessary? And where eviction is felt to be necessary how can we better minimise or mitigate impacts and more equitably distribute the associated costs?

### *Replace 'no grounds' eviction provisions with reasonable grounds*

NSW tenancy law currently allows landlords to evict a renter without providing a reason. A "no grounds" termination notice issued by a landlord under the *Residential Tenancies Act 2010* gives a tenant 30 days at the end of a fixed term, or 90 days during a periodic tenancy, to vacate the property. Landlords issue 'no grounds' evictions for a range of reasons, including for example when they require the home for their own use, or where substantial renovation or redevelopment is planned. However, as we discuss in Section 2.2 of this report, some landlords can make use of 'no grounds' provisions to evict a renter in retaliation for asserting a right, for example requesting repairs, challenging a rent increase, or complaining about a landlord's frequent visits to their home without notice.

If the Act was amended to provide an expanded list of 'reasonable grounds' for ending a tenancy this would allow landlords to be more transparent about their reasons. Where a dispute arose about the eviction, for example where a renter held concerns the eviction was retaliatory or otherwise unjustified, the landlord would be required to provide evidence to the Tribunal to demonstrate the reason provided for eviction was genuine before the Tribunal made an order.

This has been a longstanding recommendation of housing policy experts, because of the way 'no grounds' evictions compromise the integrity of otherwise well-designed legislation. The recommendation was included in the seminal report to the Inquiry into Poverty by Professor Sackville, 'Law and Poverty in Australia'.<sup>77</sup>

The report, published 46 years ago, laid the framework of the modern era and still current Residential Tenancies Acts introduced in all states and territories over the 1980s and 1990s. It recommended the creation of Rental Bond Boards and tenancy tribunals, minimum property standards, and recourse to tribunals, amongst many other features now taken for granted. Though elements of the Sackville report have been replaced with 21<sup>st</sup> century approaches, the fundamental issue it presents in regards to creating balanced tenancy law is still of great value.

The report made the point that implementing the recommendations would simply have no effect if the ability to end the tenancy without grounds were to continue in either periodic or at the end of fixed term agreements, because, particularly in relation to retaliatory notices they say "any other view would render worthless many of the substantive reforms we have suggested, since a tenant is hardly likely to insist on the full measure of his legal entitlement if the price of his actions is eviction from the premises."<sup>78</sup> 'No grounds' evictions, and retaliatory evictions, are both still permitted

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<sup>77</sup> Commission of Inquiry into Poverty, (1975) *Law and Poverty in Australia* (Parliamentary Paper no. 294, October 1975) Commonwealth of Australia, 80-81.

<sup>78</sup> Commission of Inquiry into Poverty, (1975).

features of NSW law.

Sackville recommended landlord's notices be restricted to only these grounds:

- rent arrears, other breaches or illegal conduct;
- the tenant serving their own notice but then not moving;
- the landlord or their immediate family moving in, or demolishing and reconstruction;
- the landlord having sold the premises to another owner occupier who requires possession.

As 'no grounds' evictions have continued, many of the subsequent improvements to the law have not made the substantive difference that their respective governments hoped.

### ***Recommendation 1***

**Replace 'no grounds' eviction provisions in current NSW tenancy law with a range of specified reasonable grounds for ending a tenancy.**

#### *Landlords to pay compensation for moving costs to renters for eviction*

A number of other international jurisdictions have addressed the inequitable distribution and impact of evictions, and in particular of 'no fault' evictions by requiring compensation for moving costs or a waiver of rent be provided to renters who receive a 'no fault' eviction.<sup>79</sup> One example of this is in San Francisco, where landlords are required to pay the relocation expenses of renters who are being evicted for owner or relative move-in, or where the property is to be renovated or demolished. Under the provisions, each authorised occupant in the renting household, regardless of age, who has resided in the property for at least one year, is entitled to a relocation payment of USD \$4,500, up to a maximum of USD \$13,500 for the tenancy.<sup>80</sup>

Relocation costs for evictions of this type are already available for a limited number of renters in NSW. In public housing in NSW, landlords already generally offer relocation expenses where a renter is forced to move and leave a property to relocate for portfolio management purposes.<sup>81</sup> This includes assistance with moving expenses, utility reconnection fees, or establishment expenses in the new property, as well as where

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<sup>79</sup> 'No fault' evictions refer to evictions that are not for reasons related to 'breach'.

<sup>80</sup> City and County of San Francisco's Schedule of Tenant Relocation Payments 2019 - 2021, [sfrb.org/sites/default/files/Document/Form/579%20Multilingual%20Relocation%20Payments%2037.9C%2021-22.pdf](https://sfrb.org/sites/default/files/Document/Form/579%20Multilingual%20Relocation%20Payments%2037.9C%2021-22.pdf), accessed 25 January 2022

<sup>81</sup> DCJ Housing (2022) *Tenancy Management Policy Supplement*, updated 19 January 2022, [facs.nsw.gov.au/housing/policies/tenancy-policy-supplement#relocation1](https://facs.nsw.gov.au/housing/policies/tenancy-policy-supplement#relocation1), accessed 25 January 2022

relevant reimbursement for approved alterations made to the renter's current property. In some cases, moving expenses are also covered where a relocation is for tenancy management purposes - so, potentially related to a breach - where the assistance will help them establish and maintain a successful tenancy in the new property. Many community housing providers have adopted a similar approach in their relocation policies and also cover relocation expenses in these circumstances.

Renter advocacy organisation, *Better Renting*, recently advocated for similar provisions to be introduced, putting forward the idea of a rent waiver of 4 weeks where an eviction is served for reasons other than breach. They argue the main benefit of such a reform would not be reduced costs for the renter, but that such a change would lead to reduced forced moves. The introduction of a rent waiver, they argue, would act as a clear disincentive to the landlord to evict for unnecessary - frivolous or potentially retaliatory or discriminatory - reasons.<sup>82</sup>

Two different approaches for determining appropriate compensation are set out in the San Francisco and Better Renting examples:

1. **Relocation payment** A relocation payment model determines a set payment for compensation based on the direct expenses related to moving that a renter can anticipate. Our estimate for the average cost of a move for a renting household in NSW of \$3970 could be referenced as an appropriate minimum for a relocation payment.
2. **Rent waiver** The rent waiver model suggested by Better Renting proposes a 4 week rent waiver. Considering median rents for Greater Sydney (\$500) and regional NSW (\$420) a 4-week rent waiver would on average provide relief of \$1680 in regional NSW and \$2,000 in Greater Sydney.,

In NSW if provisions for compensation for moving costs for 'no fault' evictions were introduced, this would apply to a range of eviction types including:

- 'no grounds' evictions, including termination at the end of a fixed term contract
- eviction for sale of home
- termination where the property has become unusable, or
- termination on the basis of landlord hardship.

There are a range of circumstances in which a landlord might make use of 'no fault' eviction. This can include where the landlord needs possession of a rental property again because they or family members want to move back in. They may want to undertake significant repairs or renovations. They may be seeking to get vacant possession of the property in anticipation of listing it for sale. In these circumstances the landlord has assessed the risks and possible costs involved and it is likely that the relatively modest

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<sup>82</sup> Better Renting (2021) *Who should pay for a forced move?*,

[betterrenting.org.au/who\\_should\\_pay\\_for\\_a\\_forced\\_move](https://betterrenting.org.au/who_should_pay_for_a_forced_move), accessed 25 January 2022

compensation that would apply if provisions were introduced would not, at least not significantly, financially impact the landlord or alter their decision.

Landlords who use 'no grounds' provisions unnecessarily, potentially for retaliatory or discriminatory reasons, on the other hand, may find that the obligation to pay compensation for moving costs is sufficient disincentive to dissuade landlords from issuing an eviction notice.

In some instances where a landlord initiates an eviction it may be that they are doing so because of financial hardship. A change in financial circumstances may require a landlord to sell their property, or to move their family into their investment property. Where a property has become uninhabitable, a landlord may not have capacity to cover the cost of repairs required to bring it up to habitable standards requiring them to issue a termination, and possibly causing financial hardship for the landlord. In these circumstances a hardship fund, or other mitigation strategy, may be required to address or minimise any significant hardship or disadvantage. For further discussion of mitigation strategies, including an alternative proposal for a mandatory landlord insurance scheme to ensure a landlord's capacity to meet legal obligations see section 6.3 *Addressing the challenges in implementing hardship reforms*).

### **Recommendation 2**

**Where a renting household is evicted for reasons other than breach (for all 'no fault' evictions) compensation for moving costs be payable by the landlord.**

### *Applying higher fees for eviction proceedings at the NSW Civil and Administrative Tribunal*

Tenancy applications at the NSW Civil and Administrative Tribunal are heavily subsidised, to ensure the Tribunal remains an accessible, low-cost jurisdiction for parties to resolve disputes. However, a significant proportion of all tenancy related matters heard at Tribunal are landlord-initiated evictions. Many of these applications for tenancy related matters are a result of the landlord's (or their agent's) failure to take adequate steps to resolve the dispute before making a formal application for a hearing. All evictions can be seen as a failure to resolve a dispute.

Increasing the fees charged specifically for applications for eviction matters would put a clearer disincentive on the unnecessary applications for eviction, and prioritise dispute resolution which holds the continuation of the home and the relationship as the preferred outcome. Public and community housing providers and private market landlords often express to tenant advocates that eviction is not the desired outcome of proceedings. They are simply seeking to enter into a payment plan. However, once a person is applying to the Tribunal, there is an incentive to put as many orders as possible on the one form because it attracts only one application fee.

In part, this high rate of applications for evictions appears to be a result of the cheap application rate. The ACT Civil and Administrative Tribunal charges a higher fee for eviction applications and has a significantly lower rate of applications for eviction than the NSW Tribunal. There is no evidence that renters in NSW default on their rent at a higher rate than renters in the ACT.

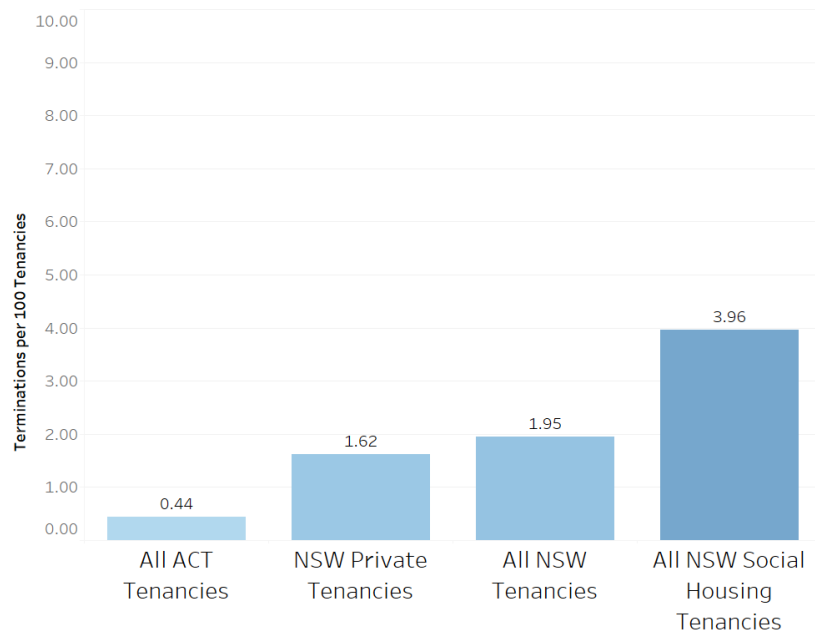


Table 9: Rate of application for eviction at Tribunal – all tenancies



Table 10: Rate of application for eviction at Tribunal – social housing tenancies (breakdown)

Increasing the application fee specifically for rent arrears eviction matters would encourage a landlord or their agent to enter into a repayment plan before making an application to the Tribunal for eviction. Any increase to fees would be unlikely to inhibit a landlord's ability to enforce their contractual right where they deemed it appropriate and necessary, and the fee would remain an income tax deduction for landlords. The overall material benefit of continuing a tenancy that can be saved is significant for all parties, including landlords and agents. There is also the very significant social benefit of avoiding the trauma of eviction proceedings experienced by the renter. Or alternatively, a potential exit into homelessness in circumstances where, despite the landlords' intentions, a renter leaves or abandons their tenancy on receiving an eviction notice or fails to attend Tribunal, perhaps because of a lack of knowledge about their legal rights, and anxiety about attending and engaging with the Tribunal.<sup>83</sup>

To encourage dispute resolution and the continuation of viable tenancies, the Tribunal could consider lodging repayment plans from parties where eviction is not being actively sought. This should be seen as analogous to conversion of consent orders, but without the cost of putting on and attending hearings, or the anxiety and stress of receiving a termination or hearing notice for eviction.

### ***Recommendation 3***

**Review the current fee structure for applications to the NSW Civil and Administrative Tribunal (NCAT) to apply a higher fee for applications for eviction at NCAT that better reflects the seriousness of and costs involved in eviction proceedings, and discourages unnecessary eviction proceedings.**

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<sup>83</sup> Sabiha Zainulbhai, Nora Daly (2022).

# 4. HOUSING AS AN ESSENTIAL SERVICE



**Eviction, hardship, and the housing crisis**

Building a crisis-resilient renting system



**TENANTS'  
UNION**  
OF NEW SOUTH WALES

## 4. Housing as an essential service

### 4.1 NSW housing system and crises

We often talk about our housing system as in crisis. There is general agreement that in Australia, and in NSW specifically, we are experiencing a 'housing crisis' in relation to affordability. More recently Chris Martin, rental housing researcher, has made the case that Australia, prior to Covid-19, was already experiencing an incipient 'eviction crisis'.<sup>84</sup> There is limited quantitative data available on evictions in Australia, and limitations on the data available that in many ways underplays the frequency of eviction. Nevertheless, Martin identifies that eviction applications are occurring in both NSW and Victorian Tribunals at a rate just over half that reported for the United States, where the existence of a state of crisis in relation to eviction is generally accepted.

While the Australian public conversation about housing often considers and debates solutions for the affordability crisis in housing, not as much attention is paid to the possibility of an emerging eviction crisis. What can be done to address this? How can renting households facing a personal life crisis be better supported to sustain their tenancies and avoid eviction?

A wealth of research indicates that unexpected negative life events - unforeseen events or personal crises - are a significant driver of homelessness in Australia.<sup>85</sup> Events such as sudden job loss, domestic violence, illness, and deaths in the family heighten a person's or household's risk of becoming homeless, and can be key triggers for that person or household becoming homeless. According to the Australian Bureau of Statistics' General Social Survey from 2020, around 60% of adults in NSW have experienced at least one personal stressor in the previous year, and some will have experienced more than one.<sup>86</sup> The ABS define personal stressors as 'events or conditions that occur in a person's life that may adversely impact on the individual's or their family's health or wellbeing.' Renting households are generally on lower incomes than home owning households, and are more

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<sup>84</sup> Chris Martin (2021) 'Australia's incipient eviction crisis: No going back', *Alternative Law Journal*, Volume 46; Issue 2.

<sup>85</sup> See, for some examples Rota-Bartelink, A. & Lipmann, B. (2007), 'Causes of homelessness among older people in Melbourne, Australia', *Australia and New Zealand Journal of Public Health*, 31:3, pp. 252-258; Mission Australia, *Three leading causes of homelessness in Australia*, [missionaustralia.com.au/news-blog/news-media/three-leading-causes-of-homelessness-in-australia](https://missionaustralia.com.au/news-blog/news-media/three-leading-causes-of-homelessness-in-australia); Homelessness Australia, (2014) *Homelessness in Australia*, [homelessnessaustralia.org.au/sites/homelessnessaus/files/2017-07/Homelessness\\_in\\_Australia\\_-\\_updated\\_Jan\\_2014.pdf](https://homelessnessaustralia.org.au/sites/homelessnessaus/files/2017-07/Homelessness_in_Australia_-_updated_Jan_2014.pdf); Australian Human Rights Commission, *Homelessness*, [humanrights.gov.au/our-work/education/homelessness#](https://humanrights.gov.au/our-work/education/homelessness#), all accessed 25 January 2022

<sup>86</sup> Australian Bureau of Statistics (2020) *General Social Survey and the Covid-19 pandemic*, [abs.gov.au/statistics/people/people-and-communities/general-social-survey-summary-results-australia/latest-release#general-social-survey-and-the-covid-19-pandemic](https://abs.gov.au/statistics/people/people-and-communities/general-social-survey-summary-results-australia/latest-release#general-social-survey-and-the-covid-19-pandemic), accessed 25 January 2022

likely to have precarious casual or shorter fixed term employment. They are at particular risk of not being able to continue paying rent, and possibly losing their housing, when crises of this nature occur.

There are currently only limited provisions within tenancy law to provide protection in these circumstances. Instead, the failure to comply with the renting contract when falling into arrears can very quickly lead to an end to the contract via eviction.

## 4.2 Housing as an essential service

The treatment of rental contracts as comparable to ‘any other’ consumer contract for money paid in exchange for a good or service ignores the fundamental importance of home. Adequate housing provides shelter and safety, and access to basic services and utilities, such as sanitation facilities, electricity and clean water. Stable, secure housing enables stronger social connections and a sense of belonging, stable employment, and better education outcomes for households. For most people, a home is absolutely necessary to living a fulfilled, safe, happy life. It is not a luxury, it is essential.

While what is considered an essential service may vary in different places or jurisdictions, an essential service is generally one that is considered essential for ensuring the safety, health or welfare of a community. Where access to an essential service is restricted or cannot be guaranteed, it affects not just the individual customer but the wider community. In practice the recognition of a service as an ‘essential service’ by governments generally entails either some level of public provision of the service, or regulation of the service in recognition that if the market is left completely unregulated adequate and equitable access and delivery of the service is not guaranteed.<sup>87</sup> Examples of services that are often considered essential in this way include electricity, water, public transport and mail.

In NSW the *Essential Services Act 1988* provides some indication of currently recognised ‘essential services’. The Act allows the NSW government to manage disruption of the provision of essential services including: the supply of energy, public transport and the transport of goods, water, fire-fighting services, public health, ambulance and

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<sup>87</sup> Steven Van De Walle, S. (2009). *When is a service an essential service?* Annals of Public and Cooperative Economics, 80(4), pp.521–545, [researchgate.net/publication/46541822\\_When\\_is\\_a\\_Service\\_an\\_Essential\\_Public\\_Service](https://www.researchgate.net/publication/46541822_When_is_a_Service_an_Essential_Public_Service), accessed 25 January 2022 Article 36 of the European Union’s Charter of fundamental rights, sets out essential services as ‘services of general interest’ or ‘services of general economic interest’, access to which promotes ‘the social and territorial cohesion of the Union.’

pharmaceutical services, and garbage and sewerage services.<sup>88</sup>

The Independent Pricing and Regulatory Tribunal (IPART) in NSW also regulates essential services, considering the pricing and the provision of services in industries such as energy and water, transport and Local Government.<sup>89</sup> None of the legislation referring to essential services, or the pricing regulators are empowered to cover or regulate housing, though many of the services deemed essential by them (for example energy and water) can only be reliably provided where an individual's access to housing is also reasonably secure.

There are other examples of services we would consider 'essential', but that are not necessarily formally recognised as such. In practice these are often delivered - at least in part - as a public service to ensure equity and continuity of access to the 'service'. Education and health are good examples of this, where 'universal access' to basic services is sought and delivered through a mixed public service/private provider policy environment and at least a basic level of provision is accessible 'free of charge'.

Access to adequate housing is considered by Australian governments - state and commonwealth - as important enough to be guaranteed by the state where the market is failing to deliver reasonable access, through their delivery of social housing (public and community housing). Federal and state governments have in the past and continue to fund and resource public and community housing for individuals and households to ensure a basic level of access to decent, affordable housing where the housing market, and specifically the private rental market, is failing to provide this. Historically public housing has played a significant role in providing adequate housing for working households. Underinvestment in public and community housing over the last 20 - 30 years however has meant access has become more restricted and eligibility 'means

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<sup>88</sup> Where the provision of an essential service is disrupted to the extent it may not meet 'the reasonable requirements of the community' the Act allows an emergency situation to be declared, and the responsible Minister provided with regulation making powers to ensure or facilitate the proper provision of the essential service. Other jurisdictions across Australia have similar legislation. In South Australia the *Essential Services Act 1981* similarly protects the community from disruption to essential services. The Northern Territory's *Essential Goods and Services Act 1981* regulates the provision of goods and services where there are shortages. In Queensland the *State Transport Act 1938* and *Disaster Management Act 2003* provide various powers for regulating the supply and distribution of 'essentials'. In Victoria the *Essential Services Commission Act 2001* has a slightly more broad remit, considering essential services in terms of the long-term interests of Victorians.

<sup>89</sup> As a regulator IPART seeks to ensure affordable, reliable access to these services they are tasked to consider what a fair price should be, how the efficiency and quality of service being delivered is maintained, alongside ensuring 'competition' and the financial viability of an industry. This is a similar role to that played by the Victorian Essential Services Commission, though the Victorian Commission's responsibilities to regulate are more formally set out in the *Essential Services Commission Act 2001* (Victoria). Both IPART and the Essential Services Commission can review and regulate other industries as requested by government.

tested'.<sup>90</sup> Generally public and community housing now only houses those on the lowest incomes, primarily households relying on government income support. But even with a tightening of eligibility, chronic underinvestment means the public and community housing currently available is still unable to meet demand. Other supports for renters in the private market, such as Commonwealth Rent Assistance, are also not adequately addressing the problems individuals and households face securing housing.

We talk more about both of these interventions later in the report, but their demonstrated inadequacy alongside market failure to deliver adequate housing has led researchers, advocates and most recently a NSW government appointed Regional Housing Taskforce to encourage governments to again consider social housing as 'critical infrastructure'.<sup>91</sup> They recommend prioritising and significantly increasing current levels of investment in the social housing system. They note this would require a commitment to a significantly higher level of investment over the longer term, and adequate consideration of the spatial distribution of housing need over time - as is done when planning and resourcing health and education service provision.<sup>92</sup>

Housing - whether social housing, or housing supply in the market - is not simply physical infrastructure, that is the property or asset that provides shelter. It is also about ensuring access to appropriate shelter as a site to make a home, and the provision of this service requires a regulatory framework which ensures provision of that access to people who are experiencing a range of complex challenges or barriers to their home-making.

### 4.3 Hardship principles for essential services

A number of other essential services sectors acknowledge the circumstances of people being willing but unable to meet their contractual obligations, where the consequences of non-payment would otherwise mean the cutting off of an essential service. For example, a number of credit providers – including those who provide home loans – define financial hardship as circumstances where a person remains willing, but has become unable, to meet their regular payments.<sup>93</sup> Hardship principles generally recognise the following

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<sup>90</sup> AHURI (2019) *Briefing: Understanding the Residualisation of Social Housing*, AHURI Brief, [ahuri.edu.au/research/brief/understanding-residualisation-social-housing](http://ahuri.edu.au/research/brief/understanding-residualisation-social-housing), accessed 25 January 2022

<sup>91</sup> Lawson et al (2019) *Social housing as infrastructure: rationale, prioritisation and investment pathway*, AHURI Final Report No. 315, Australian Housing and Urban Research Institute, [ahuri.edu.au/research/final-reports/315](http://ahuri.edu.au/research/final-reports/315), accessed 25 January 2022; NSW Dept of Planning, Industry and Environment (2021) *Regional Housing Taskforce Findings Report*, <https://bit.ly/3pAawzE>, accessed 7 December 2021

<sup>92</sup> Lawson et al,(2019), p.18

<sup>93</sup> See for example: BankWest, *Financial Hardship*, [bankwest.com.au/personal/guides/financial-hardship-assistance](http://bankwest.com.au/personal/guides/financial-hardship-assistance), RaboBank, *Financial Hardship or Difficulty*, [rabobank.com.au/banking/financial-hardship/](http://rabobank.com.au/banking/financial-hardship/), both accessed 25 January 2022

circumstances as indicating hardship support or relief could be appropriate:

- Unexpected changes in income and/or expenditure.
- Changes in employment status (such as losing a job or a reduction in income).
- Significant life events (such as a relationship breakdown or a death in the family).
- Circumstances of financial abuse where the financial liability arose from a situation of family and domestic violence or financial difficulty being experienced by a person leaving a violent relationship.
- Injury or illness.

In such circumstances, these institutions have financial hardship policies that provide flexibility and support to prevent people from losing access to the service as a result of their inability to pay.

Many financial institutions such as credit providers, telecommunications companies and energy companies, are governed by Codes of Practice setting out the obligations and frameworks for providers for 'hardship variations' for consumers able to demonstrate financial hardship. These arrangements can include periods of reduced payments, deferrals of payments, and protection from enforcement proceedings over a period of debt repayment. For example, telecommunications companies are obliged to comply with the *Telecommunications Consumer Protections Code* (TPC Code).<sup>94</sup> Under the TPC Code, all telecommunications companies must have a financial hardship policy that is easily accessible by consumers, and must meet certain minimum standards. Some of these include that the supplier:

- must inform the Customer, or former Customer, of their rights and obligations under the Financial Hardship Arrangement,
- must, where possible, provide flexible repayment options to meet the Customer's individual circumstances,
- must review the arrangements if the Customer notifies that the Customer's or former Customer's circumstances have changed, and
- must not sell the debt while an arrangement under a Financial Hardship policy is in place.<sup>95</sup>

Credit Providers are obliged to comply with the *National Credit Code* (NCC).<sup>96</sup> The NCC has provisions for changes to a contract on the grounds of hardship. Where a debtor

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<sup>94</sup> Australian Communications and Media Authority, (2019), *Telecommunications Consumer Protections Code*, [commsalliance.com.au/\\_data/assets/pdf\\_file/0011/64784/TCP-C628\\_2019.pdf](https://commsalliance.com.au/_data/assets/pdf_file/0011/64784/TCP-C628_2019.pdf), accessed 25 January 2022

<sup>95</sup> Ibid. sections 7.5.2; 7.6.1; 7.6.4; 7.7.3, pp.58-59.

<sup>96</sup> Australian Securities and Investment Commission, (2009), *National Credit Code*, [austlii.edu.au/cgi-bin/viewdoc/au/legis/cth/consolLact/nccpa2009377/sch1.html](https://austlii.edu.au/cgi-bin/viewdoc/au/legis/cth/consolLact/nccpa2009377/sch1.html), accessed 25 January 2022

considers that they will be unable to meet their obligations under a credit contract, they can give the credit provider a hardship notice, orally or in writing, and the credit provider is obliged to respond within 21 days requesting necessary information, if they are seeking further information. This information must be strictly relevant to deciding whether the debtor will be able or unable to meet their obligations under the contract, and how to change the contract if the debtor is unable to meet their obligations. The NCC then sets out time periods within which a credit provider must give notice of their decision as to whether or not to vary the contract, and in which ways, based on whether further information has been sought from the debtor and whether or not the debtor provided this information. While the NCC does not oblige credit providers in all circumstances to vary a contract in response to a hardship notice, if a debtor believes that a refusal to vary the contract as a result of a hardship notice was unjust, they can apply to the court to change the terms of their credit contract.

The Banking Code sets out steps that banks must take where a customer is experiencing financial difficulty, defining 'financial difficulty' as when a customer is unable to repay what they owe and are experiencing difficulty meeting repayment obligations, which could be as a result of an unexpected event or unforeseen changes outside the customer's control. In such circumstances, the Banking Code encourages customers to contact their bank as soon as possible so that customer and bank can discuss the options available. The Code also commits banks to 'employ a range of practices that can identify common indicators of financial difficulty' and where a bank identifies that a customer may be experiencing difficulty making payments, the bank may proactively contact the customer to discuss options to help the customer. The Code sets out a range of ways in which banks may support customers through periods of financial difficulty, distinguishing between circumstances where restoring the customer's financial position is possible with appropriate support, and where restoring the customer's financial position is unlikely. In circumstances where a customer requires support to restore their financial position, options include, but are not limited to, agreeing to interest-only payments for a period of time, extending the term of a loan to reduce repayments, or temporarily postponing or deferring payments. In circumstances where a customer's financial situation is considered to have been permanently changed, options include agreeing to an alternative payment plan or contract, giving the customer time to sell property, changing loan terms, or giving information about bankruptcy or insolvency arrangements. The Banking Code also sets out that in 'exceptional circumstances' such as where a customer is experiencing long-term hardship as a result of a material change in circumstances, they may reduce or waive debt on compassionate grounds.

See Appendix 6: Comparison of hardship frameworks available across various sectors for further information.

## SELIN'S STORY (2021)

Selin has been in financial hardship for a number of years. Her source of income is Disability Support Pension and she lives with her ex-husband, who also receives Centrelink income support. They both share a mortgage, but unfortunately, he stopped paying his share of the repayments. They fell into arrears, and went into some on/off repayment arrangements with their Lender, all of which failed.

Selin was referred to Financial Rights by her lender who were threatening to send a Default Notice (the first steps before eviction). The arrears were around \$2000.

Financial Rights worked with Selin to create a Statement of Financial Position, which showed that she could maintain fortnightly repayments of \$600, which would cover the regular payments and decrease the arrears over time.

The lender wanted her to commit to paying \$800 per fortnight which was unrealistic given her only source of income is Centrelink. An agreement was reached of \$630 which would clear the arrears in about six months.

**\* Case study provided by Financial Rights Legal Centre NSW.**

These hardship frameworks are intended to provide relief for the benefit of the consumer in hardship, but also support the continued relationship between the financial institution and the consumer. If a consumer experiences a financial setback, falls behind on their payments, and is provided with no support and instead punitive measures, they may often experience a 'snowball effect', pushing them into severe financial stress. For instance, the consumer may take out unaffordable and unsustainable alternative lines of credit, pick up unsustainable amounts of extra work, become mentally or physically ill from the stress, and find themselves unable to pay back their debt. In this scenario, both the consumer and the financial institution suffer. If a consumer is given appropriate leeway and support to get back on their feet following a setback or crisis, they will likely remain a customer of that financial institution, to the long-term mutual benefit of customer and institution.

There are a range of ways in which the hardship frameworks set out in the industry Codes could be strengthened and improved - particularly for those Codes that are not accompanied by co-regulation and are therefore not legally binding. For instance, while energy retailers are required to have a hardship framework and consider hardship requests from consumers - an improvement on the limited hardship protections surrounding rental housing - energy providers are able to cut off access to the essential service they provide, unilaterally. While the Banking Code is a strong document in terms of the protections and supports it sets out for customers, compliance is difficult to

enforce, through contract law. While banks do comply with the protections and supports for customers the Code sets out, banks may violate the Code. When this occurs, it can take significant effort to seek justice through Internal Dispute Resolution and External Dispute Resolution processes. On the occasions when banks are penalised for violations, sanctions tend to be mild. Despite the various shortfalls of the hardship frameworks set out in the industry Codes, their availability, and the obligations they set out provide benefits to consumers and financial institutions alike.

# 5. HOUSING AND HARDSHIP



**Eviction, hardship, and the housing crisis**

Building a crisis-resilient renting system



**TENANTS'  
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## 5. Housing and hardship

### 5.1 Existing hardship protections in NSW tenancy law

There are limited existing provisions explicitly addressing hardship in the *Residential Tenancies Act 2010*. These relate to termination, allowing either landlord or tenant to end a fixed term agreement early if the Tribunal is satisfied the landlord or tenant would 'in the special circumstances of the case, suffer undue hardship' if the tenancy continues. In relation to a tenant facing hardship, Section 104 (*Hardship to tenant – fixed term agreements*) provides the following,

- (1) The Tribunal may, on application by a tenant, make a termination order for a fixed term agreement if it is satisfied that the tenant would, in the special circumstances of the case, suffer undue hardship if the residential tenancy agreement were not terminated.*
- (2) The Tribunal may, if it thinks fit, also order the tenant to pay compensation to the landlord for the landlord's loss of the tenancy. The amount of compensation must not exceed the amount specified as the applicable break fee for the tenancy under section 107.*
- (3) The landlord must take all reasonable steps to mitigate the loss and is not entitled to compensation for any loss that could have been reasonably avoided by the landlord.*
- (4) A tenant may make an application under this section without giving the landlord a termination notice.*
- (5) The Tribunal may make a termination order under this section that takes effect before the end of the fixed term if the residential tenancy agreement is a fixed term agreement.*

In practice, this allows renting households who face financial hardship during their fixed term to end their tenancy early, without facing what can often be a significant break fee. However, the bar is set high in terms of being able to access this provision. The renter must be able to demonstrate 'special circumstances', generally determined by the Tribunal as being a set of circumstances that are 'out of the ordinary'. They then must demonstrate that in these circumstances they will face 'undue hardship', that is – severe suffering or privation, that is excessive or disproportionate in the circumstances. The Tribunal, if satisfied on both these fronts, still has discretion about whether to end the tenancy, and whether to order compensation. For this reason, this provision is rarely used. Instead those renters forced to leave due to unexpected financial hardship, will often choose to 'abandon' the tenancy before they build up significant arrears. After leaving the property they are no longer able to access this provision. The limit on

compensation that applies at 'abandonment' are the break fee limits as set out in section 107(4) (*Landlords' remedies on abandonment*).<sup>97</sup>

Other limited protections in the Residential Tenancies Act for those in financial hardship are set out in sections 88 and 89, relating to termination for non-payment of rent.<sup>98</sup> These provide that if a tenant is able to repay the rent arrears and/or any other unpaid charges or enters into and fully complies with a repayment plan agreed to by the landlord for these arrears then no termination order can be made for non-payment – unless the renter has been found to have frequently failed to pay on time.

This can give a tenant who is facing only temporary financial hardship a reprieve, but is less useful to those who require more than a few weeks to recover. It also does not allow for any variation of rent, or necessarily ensure the renter is able to secure financial relief to assist them sustain their tenancy. The full financial pressure of the rent debt remains for the household. The household may have been able to repay the arrears in full immediately, or over a period under an agreed plan to save their tenancy, but this may come at the cost of other bills or payments, or basic household needs. Paying off the arrears to save the tenancy and hold off an eviction may have been facilitated by a personal loan or line of credit, further compounding the financial hardship experienced.

Where a tenancy is terminated by the landlord for all grounds apart from 'no grounds' terminations (sections 84 and 85) the Tribunal may use their discretion to consider the circumstances of the termination. This discretion is available, but in practice very rarely applied by Members as they have generally set the bar very high when determining whether circumstances justify not ending the tenancy. Circumstances of hardship or even possible exit into homelessness have not generally in practice been found by Members to justify the use of the available discretion not to terminate.

The termination provisions for non-payment of rent themselves provide a protection of sorts for renters who find themselves no longer able to meet their financial commitment. A landlord can – and likely will – move to end a tenancy once arrears of at least 14 days have built up. If a landlord seeks to terminate an agreement quickly once arrears start to accumulate, this places a certain limit on the arrears. Of course, while a renter may not build up as much arrears in that particular tenancy, they will instead need to cover the immediate costs of eviction, and the costs for alternative accommodation – which are not guaranteed to be lower, and could potentially be significantly higher. They may also have no alternative accommodation to move to and find themselves evicted into

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<sup>97</sup> Note: Fixed term agreements entered into prior to March 2020 will have different break fees apply, or may have no break fee and instead allow the landlord to claim compensation for the reletting fee, advertising costs, and lost rent while the property remains vacant.

<sup>98</sup> See for example, section 88 (3) that requires a landlord in their termination notice to "inform the tenant that the tenant is not required to vacate the residential premises if the tenant pays all the rent, water usage charges or utility charges owing or enters into, and fully complies with, a repayment plan agreed with the landlord." *Residential Tenancies Act 2010*

homelessness.

There are a number of additional hardship supports or targeted relief renters may have access to outside of tenancy law aimed at sustaining housing. We provide an overview of some of these below.

## 5.2 Social housing and 'sustaining tenancies' in NSW

Public and community housing landlords have adopted additional strategies to sustain the tenancies of renters struggling with arrears, demonstrating a willingness to provide additional support for people struggling to pay rent. Renters evicted from social housing are at significantly higher risk of experiencing homelessness. It is worth noting that eligibility for social housing has become so restricted, that renters in social housing are very likely to be facing a range of complex challenges and even while housed and receiving subsidised rent can remain 'at risk' of homelessness. While not considered in housing stress according to the often referenced 30/40 housing stress rule, more than two thirds are unable to meet basic living standards and are living in poverty.<sup>99</sup> Falling into arrears for many social housing renters is not a question of 'can pay, won't pay' or 'bad choices'. Unforeseen life events, unexpected and significant costs or just the slow accumulation of debt can quite easily - and quite quickly - lead to a build-up of rent arrears.

### *DCJ Housing Sustaining tenancies programs*

Public and community housing landlords generally already make efforts outside of their obligations under the Residential Tenancies Act to support tenants who are at risk of eviction. One example of this is the Sustaining Tenancies in Social Housing (STSH) program, an initiative under the NSW Homelessness Strategy 2018 - 2023. The program is designed to support social housing tenants to sustain tenancies where there is an identified significant risk of failure. DCJ Housing provides funding to a range of specialist homelessness services and other case management providers to provide targeted case management for tenants who might be referred as 'at risk of homelessness'. Identified reasons for referral are generally based on an identified breach of the tenancy agreement, including breach of arrears.<sup>100</sup>

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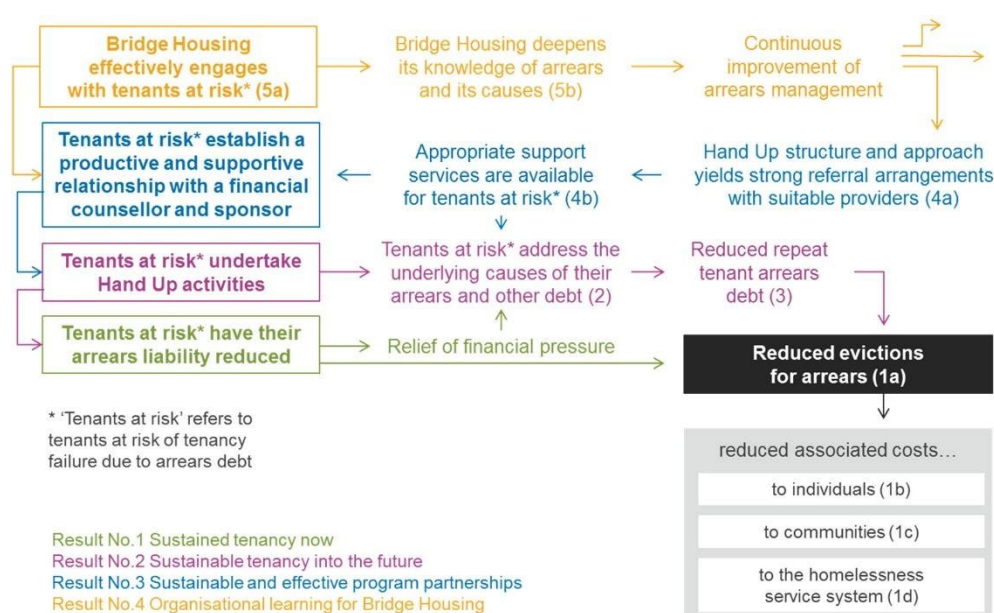
<sup>99</sup> The 30/40 rule sets out that a household is in housing stress when it is in the bottom 40% of Australia's income distribution and is paying more than 30% of its income on housing costs. The estimation of 2/3 of social housing renters not being able to afford basic necessities is based on an assessment of housing affordability using the residual income. See Burke, T., Stone, M. and Ralston, L. (2011) *The residual income method: a new lens on housing affordability and market behaviour*, AHURI Final Report No. 176, [ahuri.edu.au/research/final-reports/176](http://ahuri.edu.au/research/final-reports/176), accessed 22 January 2022

<sup>100</sup> Other reasons for referral to the STSH program can include: property care concerns, hoarding

Once a tenant is assigned a caseworker they are able to assist in a broad range of ways, including with brokerage for arrears, financial counselling, support to access NDIS, facilitating support services including cleaning, food, psychosocial support or other medical services. The program considers it a success if a client can be supported to sustain their existing social housing tenancy for at least 12 months from the initial referral with no further breaches of their tenancy agreement.

### *Bridge Housing: Hand Up Arrears Management*

In 2016 Bridge Housing introduced their Hand Up program, initially as a pilot, and then as an ongoing available support from 2018. Like many Community Housing Providers, Bridge Housing has a policy of intervening early to support tenants who fall into arrears. Nonetheless they were still finding that some tenants were still either falling into arrears repeatedly, or building up significant arrears. These tenants, at risk of eviction, were at a high risk of eviction *into homelessness* if they were to lose their housing because of arrears. For tenants at risk, the Hand Up program is voluntary and offers additional support in two key ways. It allows eligible tenants to undertake a range of activities, including financial counselling and the development of a Personal Money Plan and health treatment or life skill/mentoring activities in lieu of monetary repayment of their arrears debt. The program aims to augment Bridge's general approach, by providing a non-monetary mechanism for repaying the arrears debt to immediately relieve the financial pressure the tenant is under. It also aims at improving their general life circumstances and skill base for a better chance of maintaining their tenancy over the long term.



**Table 11: Bridge Housing Hand Up Arrears Management program**

behaviours and people living in squalor environments, anti-social behaviour warnings, property damage, unmet psychosocial needs, assistance with transfers, subsidies, or other housing processes.

## 5.3 Income supports and private rental subsidies

### *Commonwealth Income Supports, including Commonwealth Rent Assistance*

A number of the Commonwealth income support payments are available to support people facing temporary difficulties, for example due to unemployment or a change in their financial circumstances due to parenting or other caring responsibilities. For renters receiving income support in the private rental sector the additional supplement of Commonwealth Rent Assistance (CRA) is also available. The amount of CRA is calculated as 75 cents for every dollar of rent payable above the rent threshold until the maximum payment is reached - the threshold and maximum rates vary based on the household's situation.

While access to an income support payment and Commonwealth Rent Assistance is a crucial support it is inadequate as a hardship intervention for those facing eviction in a number of ways. Renters at risk of eviction for arrears need money immediately, either to prevent the eviction from being carried out, or to assist in the costs associated with securing a new rental home and moving house. The timeframes involved in application, approval and access to income support and CRA is too long, and doesn't meet renters' immediate need for relief. It also cannot function as a hardship intervention for those either already in receipt of income support and CRA, or whose circumstances - while leading to hardship - do not make them eligible to receive income support, for example where a person may be experiencing a period of illness, or a relationship breakdown.

### *NSW Government private rental subsidies, including Rent Choice products*

The NSW Government also provides various private rental subsidies (PRSs), generally provided through the Rent Choice program or its more targeted variations. These include [Rent Choice Start Safely](#), Rent Choice Youth, Rent Choice Veterans, Deeper Subsidy and the Moderate Income private rental subsidy. In 2020, a targeted version of Rent Choice Assist was also made available to households impacted by Covid-19 (Rent Choice Assist COVID-19).<sup>101</sup>

The Rent Choice private rental subsidies are a targeted support for low income households who are experiencing temporary hardship due to a major financial setback, but who otherwise are considered able to sustain a tenancy in the private rental sector. They provide a time limited intervention to sustain housing, with support generally available for up to 3 years. The subsidy available is initially calculated as the difference between a reasonable market rent and 25% of the client's current gross assessable household income (including 100% of their Commonwealth Rent Assistance entitlement,

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<sup>101</sup> NSW Government (2020) *Rent Choice Assist – COVID-19 For help renting in the private market*, [web.squiz.cloud/\\_\\_data/assets/file/0008/784043/Rent-Choice-Assist-COVID-19-Client-FAQs.pdf](https://web.squiz.cloud/__data/assets/file/0008/784043/Rent-Choice-Assist-COVID-19-Client-FAQs.pdf), accessed 25 January 2022

if applicable). This tapers off slowly over time.

While the targeted payment is generous in terms of the subsidy provided and the duration of support, there are some significant limitations. The eligibility for Rent Choice PRS is restrictive. Though the income limit is higher, otherwise the same exclusions generally apply as those for social housing eligibility, including for those who do not hold Australian citizenship. Even those who meet the eligibility criteria will not necessarily be approved for the subsidy due to the limited resourcing of the program. In 2020 around 7,600 households were provided private rental assistance.<sup>102</sup> Though the broader Rent Choice subsidy available - Rent Choice Assist, through their pilot aimed to assist only a much smaller number of 'up to 200 households'.<sup>103</sup>

In the experience of Tenant Advocates at Tenants' Advice and Advocacy Services, it can be very difficult for a client to be approved for many of the various rent subsidy products offered by the NSW Government. Often a renter is rejected for a subsidy as the private rental they are looking to move into is deemed above the client's affordability, making the rental 'unsustainable' in the long term. However, at the moment across much of NSW there are no rental properties available on the market that would fall within what the program's benchmark guidelines deem affordable for many low-income renters. This means that many of the people in most need of financial assistance to pay their rent are unable to access the rent subsidy products offered by the NSW Government.<sup>104</sup>

Many households are unaware of the availability of the broader range of private rental subsidies and assistance offered by the state government. A significant finding of a 2014 report by the Australian Communications Consumer Action Network (ACCAN) and Financial Counselling Australia (FCA) comparing hardship practices in the banking, energy, water and telecommunications (telco) sectors was that many people are missing out on various government concessions and grants that could assist them as the concessions framework is 'ad hoc, inconsistent, complex, confusing and, in many cases, inadequate'.<sup>105</sup> The report suggests that a national framework with consistent eligibility, appropriate funding and online accessibility is necessary. There is significant evidence that the same is true for subsidies and concessions in relation to rent and other housing costs.

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<sup>102</sup> AIHW (2021) *Housing Assistance in Australia*, [aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia/contents/financial-assistance](https://aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia/contents/financial-assistance), accessed 25 January 2022

<sup>103</sup> Department of Communities and Justice, *Rent Choice Assist*, NSW Government, [facs.nsw.gov.au/housing/factsheets/rent-choice-assist](https://facs.nsw.gov.au/housing/factsheets/rent-choice-assist), accessed 25 January 2022.

<sup>104</sup> Anglicare (2021) *Rental Affordability Snapshot*, [www.anglicare.asn.au/publications/rental-affordability-snapshot-2021/](https://www.anglicare.asn.au/publications/rental-affordability-snapshot-2021/), accessed 25 January 2022

<sup>105</sup> Levin, L. & Guthrie, F. (2014), *Hardship Policies in Practice: A comparative study*, Australian Communications Consumer Action Network (ACCAN) & Financial Counselling Australia (FCA), [accan.org.au/files/Reports/Comparative%20Hardship\\_Final.pdf](https://accan.org.au/files/Reports/Comparative%20Hardship_Final.pdf) accessed 25 January 2022.

## 5.4 International examples: eviction relief

### *France's 'winter truce' and similar temporary bans on evictions*

In France the 'winter truce' or *trêve hivernale* prohibits evictions for a five-month period, starting 1 November through until 31 March.<sup>106</sup> The winter eviction ban aims to limit the significant immediate health risks of homelessness during the coldest period of the year. A similar protection is in place for utilities, including electricity, gas and water. France's winter truce, in place since 1954, has been, by some observers, linked to their formal commitment to a 'right to adequate housing'.<sup>107</sup> A number of other European countries who have formally committed to housing as an embedded 'right', including Portugal, Spain, and Germany, have similar rules against winter evictions. The United States also has a patchwork of cold weather renter protections in place at the municipal and state level to prevent evictions during colder months.<sup>108</sup> During Covid-19 in many of these jurisdictions the winter ban was extended.<sup>109</sup>

While the 'winter truce' or ban on evictions during winter recognises the significant health risk of homelessness during the coldest months it does not alleviate the general risks or costs associated with an eviction into homelessness. Under France's winter truce and in other similar bans rent is still payable, and arrears accrue through the period in which the ban is in place. Pausing an eviction during winter does not necessarily save the tenancy. Indeed, while the winter truce (*trêve hivernale*) has been in place since the 1950s, eviction rates in France have increased, and continue to rise.<sup>110</sup> The ban ameliorates the health

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<sup>106</sup> There are exceptions to the prohibition for unsafe or criminal behaviour, and a landlord can begin eviction proceedings, for example where a tenant has failed to pay rent. However, an eviction order from the court is required, and the tenant is given at least two months' notice before vacant possession can be required.

<sup>107</sup> In relation to 'the right to adequate housing', the United Nations' *Basic Principles and Guidelines on Evictions and Displacement*, provides guidance that "evictions must not take place in inclement weather, at night, during festivals or religious holidays, prior to elections, or during or just prior to school examinations. United Nations (2018) *Basic Principles and Guidelines on Development Based Evictions and Displacement*, Section 49 [ohchr.org/Documents/Issues/Housing/Guidelines\\_en.pdf](https://www.ohchr.org/Documents/Issues/Housing/Guidelines_en.pdf), accessed 25 January 2022

<sup>108</sup> For example, Washington DC, Chicago ban evictions when conditions are particularly bad, e.g. low temperature threshold. Seattle bans evictions for a season (like in France, but only for 3 months).

<sup>109</sup> For example, in France the winter ban usually runs from 1 November until 31 March. In 2020 this was extended through until 10 July; in 2021 it was extended until 31 May. In England and Scotland, the 'winter eviction ban' was introduced specifically as a temporary response to the 'unique' housing situation created by the pandemic.

<sup>110</sup> Sarah Holder, *Should US Cities Ban Winter Evictions*, [bloomberg.com/news/articles/2017-11-02/the-case-for-banning-winter-evictions](https://www.bloomberg.com/news/articles/2017-11-02/the-case-for-banning-winter-evictions), accessed 25 January 2022 In Paris, the number of evictions has doubled in the past two decades: In 1995, 627 people were evicted in a year; by 2016, 1218 were. In the whole country last year, 15,222 families were evicted from their homes. (Bloomberg). The 2021 Abbe Pierre Foundation reported around 30,000 eviction cases for debt and rent arrears were pending,

risks of eviction into homelessness during the bitter cold, but does not address the problem of eviction over the longer term.

## 5.5 Summary: Inadequate hardship protections for NSW renters

The current regulatory arrangements within our renting system, including the various policies and programs aimed at sustaining tenancies, and the subsidies, income support and relief available are unfortunately not enough. They do not provide adequate financial support, or are under-resourced and so unavailable for the vast majority of renters who are experiencing hardship. While they remain appropriate, they are not sufficient. In the next chapter we look at what interventions are required to introduce a more effective hardship protection framework.

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waiting to be heard once the truce period was finished. Abbe Pierre Foundation (2021) *Report on substandard housing in France*, 26th edition, [fondation-abbe-pierre.fr/actualites/26e-rapport-sur-letat-du-mal-logement-en-france-2021](https://fondation-abbe-pierre.fr/actualites/26e-rapport-sur-letat-du-mal-logement-en-france-2021), accessed 25 January 2022

# 6. SOLUTIONS: A RESILIENT HOUSING SYSTEM ANTICIPATES CRISIS



**Eviction, hardship, and the housing crisis**

Building a crisis-resilient renting system



**TENANTS'  
UNION**  
OF NEW SOUTH WALES

## 6. Solutions: A resilient housing system anticipates crisis

### 6.1 Short term measures: hardship protections during Covid-19

When the Covid-19 health crisis began, very quickly a significant number of renting households lost income as a result of job loss or reduced hours. With little financial reserves to draw on, many quickly found themselves in a situation where they might not 'make rent'. Faced with the potential for quite rapid and widespread eviction the National Cabinet announced an Eviction Moratorium. This was a commitment to ensure 'emergency measures' were implemented by state and territory governments to restrict evictions, and encourage rent variations for those experiencing hardship as a result of the crisis. The moratorium protections were intended to sit alongside the specific targeted Covid-19 income support/provided by the Federal Government.<sup>111</sup>

Framed as 'emergency' and temporary measures, the eviction moratoriums sought in the immediate term to minimise the need for movement and allow impacted households to 'stay safe at home'. The measures were also aimed at minimising the direct financial impact on households and landlords, and ensuring a faster recovery.

#### *Evaluation of the NSW Eviction Moratoriums - 2020 & 2021*

##### *2020 NSW Moratorium protections*

The NSW Eviction Moratorium implemented in early 2020 put an initial stop on evictions (a 60-day stop), followed by eviction restrictions for renting households who were able to demonstrate they were 'Covid-19 impacted'. Impacted tenants - those who had seen a reduction to their income of at least 25% due to the pandemic - were also encouraged to negotiate with their landlord for a temporary rent reduction. After the initial 60 day stop, restrictions were placed on evictions for rent arrears. Landlords were required to have attempted 'good faith' negotiations, including conciliated negotiations where informal negotiations were unsuccessful, before they could seek orders for termination on the basis of rent arrears. Neither Fair Trading (as the formal conciliator) or the Tribunal were given the power to determine or apply a rent variation where formal conciliation was unsuccessful. Instead to encourage landlords to reduce rents by waiver, the NSW government provided limited rent relief via a land tax rebate for landlords where this was

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<sup>111</sup> Initially these included the JobKeeper payment, and the Coronavirus Supplement, a top up payment for income support payments including JobSeeker, JobSeeker Payment, Sickness Allowance, Youth Allowance for jobseekers, Parenting Payment Partnered, Parenting Payment Single, Partner Allowance, Sickness Allowance, and Farm Household Allowance. During 2021 targeted support was delivered to impacted households via a Covid-19 Disaster Payments, in NSW delivered via Services NSW. See Michael Klapdor, Anthony Lotric (2022), *Australian Government COVID-19 disaster payments: a quick guide*, [aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/rp/rp2122/Quick\\_Guides/COVID-19DisasterPayments](https://aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp2122/Quick_Guides/COVID-19DisasterPayments), accessed 25 January 2022

passed through as a rent waiver to an impacted tenant.

In NSW – and indeed across all Australian jurisdictions - the emergency measures introduced for the moratorium were relatively modest and generally insufficient. Even with the NSW moratorium protections in place, a significant number of tenancies ended during the ‘stay at home’ period. In the Greater Sydney area, for example, the number of tenancies ending through the second quarter of 2020 increased by 17% on pre Covid-19 levels (year on year comparison).<sup>112</sup>

There were a range of ways in which the measures were inadequate. Gaps in protection meant many low income or otherwise vulnerable renting households were not covered by the measures. Forced to respond quickly, the complexity of introducing new provisions and sharing information about these led to delays in their introduction and implementation. For some renters they came too late.

Even for those who were able to make use of the provisions, the lack of clarity about agreed rent reductions - partly because of a lack of guidance and failure to seek external arbitration on a reduction during negotiation - led to disputes down the track. Many impacted renters secured only a small reduction, or in some cases didn’t apply because they feared retribution or had little confidence in the process. According to a City Futures report released in February 2021, at least a quarter of all private renters lost income during the pandemic, but only between 8% and 16% of renters were able to secure a rent variation from their landlord.<sup>113</sup> Some faced eviction when they requested a reduction - the failure to provide strong enough restrictions on evictions, leaving landlords a ‘loophole’ to evict for other grounds (e.g. ‘no grounds’) and circumvent the moratorium protections.

### *2021 NSW Moratorium Protections*

The second significant Covid-19 lockdown in NSW between July and November of 2021 saw similar moratorium protections introduced again. Many of the same limitations or problems were present in the 2021 Moratorium, though a number of changes were made to address certain limitations identified during the 2020 Moratorium and initial phase of transitional protections.

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<sup>112</sup> Martin, Sisson & Thompson (2021) Reluctant regulators? Rent Regulation in Australia during the Covid-19 pandemic, *International Journal of Housing Policy*, 10.1080/19491247.2021.1983246

<sup>113</sup> A similar proportion of renters were refused a variation, more were discouraged from even asking, and more simply left their tenancy as they could not afford the rent. Within the relatively small proportion of renting households that were able to secure a rent variation, at least 30% only received a deferral rather than a reduction, meaning that these households were or still are left with rent debt. See Martin, Sisson & Thompson (2021) Reluctant regulators? Rent Regulation in Australia during the Covid-19 pandemic, *International Journal of Housing Policy*.

One of the more significant changes was the introduction of a rent relief payment. Initially announced as a payment of up to \$1,500 this increased to \$4500 as the 2021 lockdown was extended. The payment was made initially available only to landlords to pass on as a rent reduction to impacted tenants. But again, as had been the case with the land tax relief made available to landlords during the 2020 moratorium period, there was significant under subscription of the relief payment package by landlords. This was despite attempts to make the payment much easier and more broadly available to landlords than the land tax relief also provided.<sup>114</sup> The under subscription of the relief package eventually led the NSW government to open applications for the support payments directly to renters from 11 November, the point at which the 2021 moratorium period ended.

## 6.2 Long term change: A stronger hardship framework

The need for the rapid introduction of hardship protections and support for renters when the pandemic began, demonstrated the weakness and very limited nature of existing hardship protections. They could not be relied on to protect against the 'wave of evictions' widely anticipated once the pandemic's economic impact began to be felt.

While the pandemic created something of a unique circumstance in placing so many households into hardship simultaneously, the circumstance of financial hardship these households faced was itself not particularly unique. In the context of the current climate crisis, extreme weather events will become more severe, and occur more often.<sup>115</sup> Much as the COVID-19 pandemic has put significant and unforeseen strain on our housing system, unpredictable events such as bushfires, floods and storms will cause similar strain in future. Moreover, a renter, outside of a pandemic, is likely to face some form of unforeseen circumstance or 'life crisis' at some time in their life. The experience of the pandemic made very clear the housing vulnerability these households face when more 'everyday' crises occur, and the speed and impact of the consequences of these.

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<sup>114</sup> While initially their reluctance may have been due to a lack of awareness, landlords' under subscription of the relief payment illustrates the problem of the "split incentive" in residential tenancies - that is, circumstances where landlords are reluctant to take on an initial cost or short term risk - even where some form of subsidy or support payment is provided to offset the cost or risk - because the benefit of this investment (of resources - be that time or money) goes largely to the renter rather than the landlord. In this case the landlord's decision not to take the time to fill out the required paperwork or not 'risk' administrative error or delay in receiving payment could have resulted in the ending of the tenancy with the renter and their household having to move out and find new housing, possibly carrying significant accumulated debt with them.

<sup>115</sup> Australian Academy of Science, *The science of climate change*, How are extreme events changing?, [science.org.au/learning/general-audience/science-climate-change/5-how-are-extreme-events-changing](https://science.org.au/learning/general-audience/science-climate-change/5-how-are-extreme-events-changing) accessed 25 January 2022

We often assume large scale crises will act as ‘a moment of transformation’, where the crisis at hand unsettles our inertia and provokes governments to address the policy settings and frameworks that failed when put to the test.<sup>116</sup> Unfortunately, the research on responses to crises suggests they do not often lead to longer-term structural change. More often than not, they are primarily aimed only at providing immediate, short term relief. This does not have to be the case. In the next section we draw on the lessons of the Covid-19 intervention to consider what an effective permanent hardship framework could look like. How can we more effectively support people in crisis to avoid eviction?

Chris Martin’s analysis of an eviction crisis emerging in Australia prior to Covid-19 suggested a range of possible interventions to address the high levels of eviction in Australia.<sup>117</sup> These include:

- permanently adopting some elements of the Covid-19 Eviction Moratoriums, including restrictions on eviction for those in hardship, rent variation, and rent relief
- removing ‘no grounds’ provisions in tenancy law across all Australian jurisdictions
- Applying the UN CESCR principle of eviction as a last result, empowering Tribunals to more effectively consider the risk of homelessness when determining termination and vacant possession orders
- playing a stronger regulatory role in relation to rent, with stronger regulation of rent increases to moderate rents (rather than necessarily determine them)
- providing data transparency regarding evictions, including Tribunal data in relation to applications for termination, termination orders made, and evictions; and the collection of data on evictions that occur prior to or outside of the Tribunal process
- the resourcing of adequate supports for tenants, and specifically consideration of introduction of ‘right to counsel’ programs offering representation to tenants facing termination proceedings.

We endorse the range of policy reforms Martin puts forward here, recognising the need for a longer-term strategy and action on a number of fronts. For the remainder of this report however, we focus our discussion on consideration of the elements of the NSW moratorium that could effectively be introduced as part of a permanent hardship framework to help households avoid eviction, or otherwise minimise the longer-term disadvantage this would otherwise cause.

It is useful before further discussion of implementation of a permanent hardship framework, to distinguish between supporting a renter through a difficult period so as to enable them to sustain their tenancy and ultimately return to paying rent as usual, and

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<sup>116</sup> Colin Hay (1999) “Crisis and the Structural Transformation of the State: Interrogating the Process of Change”, *The British Journal of Politics and International Relations*. 1999;1(3), p.317

<sup>117</sup> Martin (2021).

attempting to sustain an unsustainable tenancy. Where the circumstances leading to the rent arrears are a result of a crisis, providing appropriate support and relief while the renter recovers from the setback can significantly reduce the risk of that event leading to more permanent hardship (financial or otherwise). Weighed up against the possible long-term costs to government of eviction, providing temporary relief is a sound financial decision.

Where vulnerability or chronic hardship is evident, social housing – that is, long term provision of subsidised housing – is more appropriate. Some households, however, who find themselves in chronic financial hardship are in that situation as a result of a previous life crisis followed by inadequate support through the crisis, with their circumstances declining steadily as a result. Providing adequate support earlier when it is needed by building in stronger hardship relief measures would help to reduce the pressure on an already oversubscribed, under-resourced social housing system.

### *A more effective hardship framework within the Residential Tenancies Act 2010*

Too often eviction occurs where a person, having initially entered into their rental contract in good faith, finds they can't keep up with rent because of the financial difficulty they face because of a personal crisis. Current tenancy laws and hardship settings do not provide enough support to help them sustain their tenancy - their housing - as they try to find their way out of what might otherwise only be a temporary period of hardship. Eviction is a costly and inappropriate 'tool' for these situations. It unfairly punishes the renting household for circumstances often beyond their control. What would an alternative approach look like?

The NSW Covid-19 Eviction Moratoriums recognised the importance of avoiding eviction for households in crisis, and implemented an alternative approach. A key feature of the NSW Eviction Moratoriums was the requirement for the landlord to consider a temporary rent variation in the interests of maintaining the housing of the renter through a temporary crisis, and in the interests of the long-term stability and viability of the contract. To facilitate and encourage rent variation, a number of restrictions were placed on eviction for impacted renters, and some provision for rent relief was made to encourage rent variation, and mitigate against landlord hardship. The restrictions introduced through the moratorium were considered emergency measures, and at introduction built in their own end date. But as the health crisis continued, extensions of the various crisis measures - including reforms to ensure protections could be provided through tenancy law - have been required a number of times.

As we discussed in some detail earlier, the introduction of the moratoriums was rushed - out of necessity. The implementation of the measures relied on a number of sometimes awkward legal workarounds because existing tenancy laws do not otherwise

contemplate similar measures. Implementing a hardship protection framework that draws on the key elements of the moratoriums, but with a number of required amendments and additional provisions to make these more effective, as a permanent feature of our tenancy laws would provide a renting system more responsive to crisis.

## EFFECTIVE HARDSHIP POLICY AND PRACTICE

A number of factors should be considered when designing an effective permanent hardship framework. The Australian Communications Consumer Action Network (ACCAN) and Financial Counselling Australia (FCA) 2014 report *Hardship Policies in Practice*, identifies six key factors that determined the impact and effectiveness of hardship policy and practice<sup>118</sup>, including:

- **Access** - wide access and awareness of available hardship assistance,
- **Early identification** - early identification of when someone requires support or is experiencing hardship and facilitating access to hardship assistance
- **Sustaining good performance** - the need for an effective regulatory framework to ensure sustained engagement and good performance in implementing hardship function
- **Attitudes and culture** - training and strong policy guidance to foster an appropriate attitude and culture among workers implementing and administering a hardship function and any concession or grant frameworks
- **Business case** - the strength of the business case for a hardship function for the organisation and sector
- **Concession and grant frameworks** - consistent eligibility, and appropriate, understandable process for applying and receiving hardship concessions and/or grants.<sup>119</sup>

Below we set out the key elements required for a permanent hardship framework to be effective:

### *Provisions for temporary rent variation (rent reduction) in circumstances of hardship*

A rent variation (rent reduction) should be applied where the household can demonstrate an event has occurred that has impacted the renting household's financial circumstances, and subsequently the household is unable to pay the full amount of their

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<sup>118</sup> Levin, L., Guthrie, F., *Hardship Policies in Practice*, (2014), [accan.org.au/files/Reports/Comparative%20Hardship\\_Final.pdf](http://accan.org.au/files/Reports/Comparative%20Hardship_Final.pdf), accessed 25 January 2022.

<sup>119</sup> *Ibid.*, p.3

rental payments for a period of time. After this period the expectation would be the household resumes paying the previous rent.

While it is not intended that people experiencing financial hardship should stay in a contract that they cannot afford in the longer term, it is appropriate to provide a variation for a reasonable period to allow either recover sufficiently so that they are able to again meet and maintain their existing tenancy. Or where (financial) recovery is not possible or not achieved within the variation period, the relief provided supports the household to find appropriate, alternative housing.

#### *A mandated minimum rent variation*

There are a range of ways the framework could consider determining a hardship variation. Variations could be set with a prescribed minimum duration for the rent variation, with the amount of variation determined for example in line with a standard minimum percentage reduction, or a principle of proportionality, with rent reduced in line with the reduction in the renting household's income. Alternatively, a minimum quantum amount for a hardship rent reduction could be set. This could be a standard minimum amount (for example, up to \$4,500 per tenancy), or based on the rent set for the tenancy agreement (weekly rent x number weeks household facing hardship variation) with flexibility for the variation to be applied over a period as negotiated by the renter and landlord.

How much relief is provided via hardship variation in terms of the value of the variation and/or its duration should be based on consideration of the support required to allow a reasonable timeframe for:

- a) sufficient recovery of the household's financial circumstances so that they are able to again meet and maintain their existing tenancy; or
- b) where (financial) recovery is not possible or not achieved within a determined appropriate timeframe the household is supported to find alternative housing.

#### *A rent relief hardship fund to offset the costs of a mandated rent variation*

Consideration is required regarding how to offset or mitigate costs associated with a hardship rent variation, especially where a landlord may face significant hardship where a variation is applied. This could include the government offering a rent relief package similar to the NSW Covid-19 Residential Tenancy Support Package available during the 2021 Moratorium. Alternatively, landlords could be required to hold insurance, to ensure they are able to meet any legal obligations required by hardship provisions within tenancy law. We examine both options in further detail below.

### *Appropriate restrictions on eviction for renters experiencing hardship*

A matching restriction on eviction during the period in which the relevant hardship provisions apply. This includes appropriate restrictions on eviction for the non-payment of rent, as well as appropriate protections against a landlord terminating a tenancy for other grounds in response to a request for a hardship variation.

### *Eligibility criteria that recognises the range of circumstance in which hardship variation should appropriately be applied*

Eligibility for the restrictions on eviction during the Covid-19 moratoriums was defined as a renting household that had seen a reduction or loss of work and/or income leading to a total reduction of income of at least 25% because of the pandemic. The parameters of eligibility might adapt this, but also draw on the eligibility criteria of existing hardship policies found in other sectors' Codes of Practice that set out a prescribed list of events or circumstances that impact financial stability and confirm eligibility for a hardship variation. These include, for instance, illness or injury, loss of a job or reduction in work hours, a natural disaster, being a victim of a crime such as robbery or fraud, an epidemic or pandemic, gambling harm, death of an immediate family member, or financial abuse.

### *Easy access to hardship provisions, with prescribed timeframes for determining and applying a hardship rent variation*

Clear and easily accessible application process for hardship variation, including a standard hardship variation application form and guidelines stipulating the types of information and documentation renters will be required to provide to their landlord or agent, and where required to the Tribunal, when requesting that hardship provisions apply.

Clear timeframes within which a landlord or agent must respond to a request for a hardship variation. An independent third party - for example, the Tribunal - resourced to act as mediator, and where necessary, arbiter to determine and order the appropriate rent variation, as well as a reasonable repayment plan for any arrears already accrued where these timeframes are not met.

### *Access to advocacy and other supports*

Adequate resourced advocacy support for renters to ensure they receive independent advice about eligibility for provisions. This should include access to a financial counsellor as part of the hardship variation process.

#### *Recommendation 4*

Reform NSW tenancy law to introduce a stronger permanent hardship framework. An effective permanent hardship framework must include the following:

- provisions for a prescribed minimum rent variation (rent reduction) for households in financial hardship
- wide eligibility criteria that draws on hardship eligibility developed in other sector's hardship provisions within relevant Code of Conducts
- appropriate restrictions on eviction (including no grounds eviction) for those eligible for hardship protection.

#### *Recommendation 5*

Implement an appropriate mitigation strategy to ensure all landlords have the financial capacity to meet legal obligations proposed in this report.

This would include, for example, the obligation to:

- provide compensation for moving costs for an evicted renting household
- apply a rent variation (rent reduction) for a renting household in financial hardship.

### 6.3 Addressing the challenges in implementing hardship reforms

Proposals to strengthen protections for renters are often met with concern that landlords will leave the private rental market on the basis of reform. This was a common industry response when the recent broad raft of changes to Victorian tenancy law were still under consideration, and to proposed reforms to eviction provisions being considered during the statutory review of tenancy law in Queensland through 2021. While it is not yet possible to assess whether landlords in Victoria left the market in significant numbers after the introduction of reforms in March 2021, similar reforms in New Zealand have not had this effect. Comparative research on private rental markets overseas suggests that increased regulation does not adversely impact investment in the private rental sector.<sup>120</sup>

In the Australian context, research on the motivations of Australian investors in the private rental market suggests investors see their rental property as a stable, secure 'long term investment' and that capital gains is the most important reason for investment. Tenancy legislation does not affect overall investment, and investors did not discuss tenancy legislation or 'renters rights' as having a significant influence on their decision.<sup>121</sup>

Introducing greater stability into the renting sector also offers attractions to investors, many of whom during COVID-19 have experienced for the first time the potential downfalls of their investment strategy. High rates of leverage have paid off for some but for others, such as unit owners in central Sydney, the prospect of having a stable rent over time has become a more attractive proposition.

However, to ensure the feasibility of implementing a permanent hardship framework, mitigation measures against possible losses or associated risk for landlords and/or government may be required. Many landlords reported having been significantly financially impacted by the COVID-19 pandemic and associated economic crisis. Through Covid-19, it became apparent some landlords had invested in a property with the expectation of a relatively secure, low-risk income stream. When the pandemic arrived, they found themselves heavily indebted or financially vulnerable, and did not necessarily have the capacity to withstand the risks of the business model they had entered into. They found themselves in this position despite, or perhaps because of the large amounts of tax incentives and subsidies property investors in the private rental market receive to grow their wealth. This meant a significant number of impacted renters had a reduction refused on the basis it would impact the landlord's own financial stability. Two renters in

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<sup>120</sup> Martin, C., Hulse, K. et al. (2017) *The changing institutions of private rental housing: an international review*, AHURI Final Report No. 292, [ahuri.edu.au/research/final-reports/292](http://ahuri.edu.au/research/final-reports/292), accessed 25 January 2022

<sup>121</sup> Seelig, Thompson et al (2009) *Understanding what motivates households to become and remain investors in the private rental market*, [ahuri.edu.au/research/final-reports/130](http://ahuri.edu.au/research/final-reports/130), accessed 25 January 2022

otherwise identical circumstances could experience vastly different outcomes from a rent reduction request due to the differing financial circumstances of their landlords.

Banks, telecommunications companies and energy companies can quite comfortably weather losses if a consumer is in financial hardship and they provide a hardship variation, especially where this means an ongoing, financially beneficial relationship with that consumer. For example, a person who owns a house and is paying off a mortgage is able to access a financial hardship framework through their credit provider that generally ensures the owner retains some equity in their house. This means in a worst-case scenario where they are forced to sell, they are provided with a cushion to prevent or delay homelessness. People who rent their homes have no such cushion, and yet have no comparable access to a financial hardship framework.

We understand there are significant differences between large financial institutions and that many landlords, particularly those with just one or two investment properties are not in a similar position to providers in other sectors. We recognise the financial circumstances of landlords can change over time, which may affect their ability to weather the loss involved in provision of hardship variations to a renter. This should not stop a renter facing hardship from being provided with appropriate protections and support.

We put forward two possible models for mitigating the costs or loss that a landlord may face in circumstances where a hardship rent variation is applied. These are:

1. mandatory landlord insurance, and
2. the establishment of a hardship relief fund financed through the introduction of a residential landlord rental bond scheme.

We provide an overview of these two options below.

### *Mandatory landlord insurance*

In many other businesses and professions insurance is a requirement of operation. Insurance covers the business for a range of unforeseen circumstances, and ensures they can adequately meet their legal responsibilities - common examples are compulsory public liability insurance, workers compensation, and professional indemnity.

The introduction of a mandatory landlord insurance scheme would provide significant positive benefits. Landlord insurance is separate from building insurance. Building insurance may help cover costs to the building in case of a natural disaster such as fires, floods or storms. Landlord insurance minimises the financial risks associated with renting out a property such as damage to the property, or a loss of rental income resulting from things like rent defaults. Commonly insured events include loss of income where a renter is released from their tenancy agreement due to financial hardship.

Despite insurance premiums being generally considered tax deductible as an investment expense by the Australian Taxation Office (ATO), we understand from industry sources a majority of landlords in NSW (around 70%) do not have a 'landlord insurance' policy which provides coverage for lost rental income and other risks of the business. Property industry spokespeople point to the risk profile of the business as being a prime element of the need for eviction to be easy and readily available. In part this may be because such a large proportion of the sector does not carry an appropriate form of insurance for their enterprise.

A mandatory landlord insurance scheme would ensure that if hardship variation provisions were introduced, landlords would be able to meet their obligations in relation to these. Coverage against the loss of rental income due to a rent variation for financial hardship should be included as a standard insured event. More broadly, requiring landlords to have insurance would improve the financial capacity of landlords to meet basic legal responsibilities, and mitigate the risk attached to property investment.

Possible concerns that landlords may attempt to pass through any additional costs related to mandatory insurance requirements to renters through increases to rent ('cost shifting') could be addressed by close and proactive monitoring of the rental market, and a strengthening of provisions regarding rent increases within tenancy law.

### *Hardship relief funded through the introduction of a mandatory landlord bond scheme*

The residential tenancy support package available during the July-November 2021 Moratorium was implemented specifically to support landlords to meet their obligation to reduce rents for impacted households facing hardship. If permanent hardship provisions are introduced a similar hardship fund would likely be required. This could provide for a set amount of relief per tenancy for each instance of hardship as with the Covid relief package. Alternatively, eligibility could be tightened, targeting the package to landlords who demonstrate that providing a hardship variation to a tenant will place them in financial hardship.

The residential support package provided during the 2021 Moratorium provides some indication of potential need and subscription, though it is reasonable to assume these to be substantially higher during the pandemic than outside of a health crisis. Over a 4-month period - August through until the end of December 2021, over 20,000 applications were approved and over \$50 million dollars distributed to impacted tenants.<sup>122</sup>

In order to resource a hardship relief fund the government could consider introducing a landlord bond scheme. Such a scheme might look similar to the current residential rental

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<sup>122</sup> Fair Trading (2021), *Residential Tenancy Support Package*, [web.archive.org/web/20211222034442/https://www.fairtrading.nsw.gov.au/resource-library/publications/coronavirus-covid-19/property/moratorium](https://web.archive.org/web/20211222034442/https://www.fairtrading.nsw.gov.au/resource-library/publications/coronavirus-covid-19/property/moratorium), accessed 22 January 2022

bonds for renters, in which a landlord can require a rental bond be deposited at the commencement of a tenancy as a security against any damages or loss resulting from a breach by a renter. While it is not compulsory for a landlord to request a bond, it is general practice.

A landlord bond scheme would see landlords provide a similar security against their financial obligations that arise throughout the tenancy, for example costs related to their repairs and maintenance obligations.<sup>123</sup> However a landlord bond scheme would likely need to be compulsory, as an optional (voluntary) scheme would be unlikely to be taken up by landlords. The value of the bond could mirror that generally requested by landlords - that is, an amount equal to 4 weeks rent. Consideration could be given to whether there should be a minimum value set as a lower limit per tenancy regardless of rent. As with residential bonds for tenants, a landlord bond scheme would usefully require:

- a bond in the form of money be paid at commencement of a new tenancy agreement
- one bond per tenancy agreement
- the bond to be deposited (lodged) with the Rental Bond Board, NSW Fair Trading.

Unlike the bond paid by renters, a landlord bond could be drawn on during the tenancy to pay for the cost of any landlord obligations - on request by landlord, or alternatively by order of the Tribunal. The landlord could then be provided a reasonable timeframe or instalment plan to top up or replace any bond released for this purpose.

The NSW Rental Bond Board already acts as an independent and impartial custodian of rental bonds taken on private tenancies in NSW. It ensures an equitable and fair system of custody and resolves some of the difficulties experienced by renters in claiming the bond when bonds are held in trust by the landlord. An additional and secondary benefit is that the interest earned from investment of rental monies held by the Rental Bond Board funds a range of government tenancy and housing programs, as well as external grants and subsidies.

The interest earned off these investments is quite substantial. For the 2019/2020 financial year the Rental Bond Board's total revenue was just over \$54 million, with around \$52.5 million earned from investment revenue. Just over \$30 million was spent on operating expenses for the Board, with a further \$30 million available and spent on grants and subsidies in this period.

If a landlord bond scheme was introduced, with the value of the bond set at 4 weeks rent, investment revenue would increase to at least double the current revenue generated for the government. Anticipating economies of scale and the already existing infrastructure

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<sup>123</sup> The introduction of landlord bonds has previously been considered as one way to address the barriers that renters and real estate agents can face in getting their landlord to comply with obligations of the tenancy agreement, such as repairs and maintenance.

of the Rental Bond Board, it would be reasonable to assume operating expenses will increase but not in line with the increase to revenue, making available additional revenue of well over \$30 million for expenditure on grants and other subsidies.

### *Recommendation 6*

Resource an independent scoping project and development of a government business case assessing the benefits and feasibility of the implementation of the following:

- Mandatory landlord insurance scheme; and/or
- Landlord rental bond scheme

Publish and/or otherwise make publicly available the reports of the scoping project and the government business case evaluation undertaken.

# 7.

## CONCLUSION: WHERE NEXT?



**Eviction, hardship, and the housing crisis**

Building a crisis-resilient renting system



**TENANTS'  
UNION**  
OF NEW SOUTH WALES

## 7. Conclusion: Where next?

We have an opportunity to learn from our experience during Covid-19, and to implement changes to our current renting system to make it more 'crisis-resilient'. We need a renting system that is able to account for a broader range of crises, and to better support households avoid eviction and stay housed through a crisis.

Our current renting system relies too heavily on eviction, and we have become complacent about the costs associated with this - intervening after the fact, rather than looking to see what a better model or approach might look like. A crisis-resilient renting system that prioritises access to housing as essential, needs to better build in disincentives against the unnecessary and disproportionate use of eviction by landlords, and offer more protections and support for individual renting households to sustain their access to housing.

In this report we set out evidence on the very high costs related to eviction. We estimate renting households in NSW face basic costs of approximately \$2,520 when they move, and generally are more likely to face average costs of \$4,075 to move. These estimates include only the immediate and direct financial costs related to a move. For those households forced to move, often with little notice, the costs can be significantly higher – and not simply financial. Drawing together the research and data available about the costs of eviction, and eviction into homelessness we found there are significant costs associated with eviction, especially eviction into homelessness, in relation to equity, health and social outcomes.

We hope the report provides government and other decision makers with a better understanding of the real costs of eviction. The measures we recommend through the report are aimed at reducing, and better distributing the costs associated with eviction. Ensuring people are not forced to move from their home unnecessarily, and are supported in times of crisis to sustain their housing, would mean improved outcomes for renting households and the broader community, significant benefits for the NSW economy, and a significantly reduced overall government spend.

We hope this report provokes us to think more expansively and ask ourselves 'where to next?'. The ideas and interventions we outline are both feasible and provocative, and we hope will act as a catalyst for a new approach to hardship and crisis.

## Appendix 1: 2016 Census Data

### Renting households: Geographic split

Greater Sydney	Rest of NSW	Total
67.21%	32.79%	100.00%

Data Source: Census of Population and Housing, 2016, TableBuilder

### Renting households (composition) by location by household composition

HCFMD Family Household Composition (Dwelling)	Greater Sydney	Regional NSW	All NSW
One family household: Couple family with no children	21.06%	15.84%	19.35%
One family household: Couple family with children	26.03%	20.55%	24.23%
One family household: One parent family	13.79%	20.55%	16.01%
Lone person household	24.24%	31.95%	26.77%
Group household	9.84%	6.71%	8.81%
Total	94.97%	95.60%	95.18%

Data Source: Census of Population and Housing, 2016, TableBuilder

### Renting households: Number of people in household by household composition

HCFMD Family Household Composition (Dwelling)	One person	Two persons	Three persons	Four persons	Five persons
One family household: Couple family with no children	0.00%	87.77%	7.99%	3.04%	0.76%
One family household: Couple family with children	0.00%	0.00%	34.88%	37.80%	17.50%
One family household: One parent family	0.00%	41.14%	33.96%	15.84%	6.00%
Lone person household	100.00%	0.00%	0.00%	0.00%	0.00%
Group household	0.00%	62.32%	21.78%	9.81%	3.57%
Total	28.13%	30.54%	18.23%	13.81%	5.95%

Data Source: Census of Population and Housing, 2016, TableBuilder

### Renting household: Number of bedrooms by household composition

BEDRD Number of Bedrooms in Private Dwelling (ranges)	Five bedrooms	Four bedrooms	Three bedrooms	Two bedrooms	One bedroom
One family household: Couple family with no children	0.70%	6.75%	27.14%	46.08%	17.90%
One family household: Couple family with children	3.44%	22.13%	42.67%	28.69%	2.09%
One family household: One parent family	1.98%	16.52%	50.56%	27.82%	2.08%
Lone person household	0.32%	2.70%	17.85%	40.98%	32.76%
Group household	2.50%	9.75%	33.36%	46.67%	5.25%
Total	1.67%	11.45%	33.00%	37.20%	14.22%

Data Source: Census of Population and Housing, 2016, TableBuilder

## Appendix 2: Assumptions to value monetary costs associated with eviction

Cost title	Description	Value	Rule/s	Explanation/notes	Source(s)
<b>Babysitting</b>	Hiring a babysitter to care for the child(ren) on the day of the move, and an extra half-day in a household with more children.	\$20.33 per hour	7 hours of childcare for one child, 10.5 for two children	While many babysitting arrangements are informal, we have valued the babysitting cost at the national minimum wage of \$20.33 per hour.	<a href="#">Fair Work</a>
<b>Daycare</b>	Long daycare/family daycare, per day	\$50 per day	2-bed or smaller: 1 day of childcare; 3-bed or larger: 2 days of childcare	Based on average daily rate \$50 - \$55 after subsidy, note: Govt subsidy of around 50% for the remaining \$45 - 55. The average daily rate in Sydney is \$167 before subsidy, with an 85% subsidy where income is under \$67,000, gradually reducing to 50% for a household income of \$172,000. Overall, assume a 70% subsidy on average.	<a href="#">Vacancy Care</a>
<b>Removalist costs</b>	Removalist hire, just relocation, no packing or materials	\$125 per hour for 2 movers \$175 per hour for 3 movers \$245 per hour for 4 movers	2-bed core: 4h, 2 movers 2-bed average: 5h, 2 movers 3-bed core: 6h, 3 movers 3-bed average: 7h, 3 movers	Hipages provided a breakdown of the removalist costs based on size of the move when relocating in the same city: \$125/hr for a one-bedroom apartment, using two movers \$175/hr for a small three-bedroom apartment, using three movers \$245/hr for a large three-bedroom home, using four movers \$315/hr, for a large family home of four or more bedrooms, using five movers Note: These prices are for a Sydney-based removalist, who are fully insured and require a minimum hourly usage.  Suggested timeframes are 2-4 hours for a one-bedroom, 4-7 hours for a two-bedroom apartment, 6-9 hours for a three-bedroom, and 7-10 hours for a four-bedroom	<a href="#">Canstar</a>  <a href="#">Holloway Removals</a>  <a href="#">Hire a Mover</a>  <a href="#">Metro Movers</a>

Cost title	Description	Value	Rule/s	Explanation/notes	Source(s)
Packing materials	Boxes, tape, bubble wrap, packing paper, cling wrap, tape dispenser etc.	1-bed: \$110 2-bed: \$210 3-bed: \$310 4-bed: \$410		<p>According to the moving.com packing calculator, a 2-bedroom home will cost \$315, and a 4-bedroom home will cost \$630, for all required boxes, tape, bubble wrap, packing paper, cling wrap and tape dispenser (this seems like an extremely high estimate to me)</p> <p>Pindertower Movers suggests a 2-bedroom home will need 10 – 20 ea of small, medium and large boxes; 4-bedroom: 20-40 ea of s/m/l, as well as: A large roll of bubble wrap, sheets of packing paper (250 sheets for small move, 500 sheets for larger move), 4-8 rolls of packing tape, and a packing tape dispenser (recommended for larger moves). From Bunnings, using the lower end of each estimate and the cheapest items, that would come to \$212.95 for a 2-bed and \$427.40 for a 4-bed.</p> <p>Hireabox suggests that for all materials required for a 2-bedroom, to purchase, will cost \$273.45 (hire is still \$220.50), and for a 4-bed, purchase will cost \$407.50 for purchase or \$326.90 to hire.</p>	<a href="#">Moving.com</a>  <a href="#">Hire a Box</a>  <a href="#">Pindertower Movers</a>
Overlapping rent	Rent paid for old tenancy while new tenancy has already commenced, only including rent at old property as cost	2-bed: \$460 3-bed: \$500		Set as NSW median rent for each circumstance. 1 week where vacancy rate over 3%; 2 weeks where vulnerability modifier applies, or vacancy rate under 2%	<a href="#">Rent Tracker</a>
Cleaning	Professional cleaning costs	2-bed: \$210 3-bed: \$260		From blog: "You can expect to be charged anywhere from: \$150 for end of lease cleaning, this is for a small one bedroom apartment with no carpet cleaning included. This would be an additional \$40 - \$50. \$210 for move out cleaning or end of lease cleaning for a 2 bedroom apartment, or \$250 with carpet steam cleaning included. \$260 for a three bedroom family home, or \$290 with carpet cleaning included. \$340 for a 4 bedroom house, or \$390 with	<a href="#">Open Agent</a>

Cost title	Description	Value	Rule/s	Explanation/notes	Source(s)
				carpet cleaning."	
<b>Food &amp; other groceries</b>	Takeaway food for a week while kitchen facilities not available	\$105/ week per adult \$52.5/ week per child		Assuming only 1 meal per day is from takeaway because of the inconvenience of moving, this works out to be \$15 per person per day. Average cost of \$45/day for eating out, average weekly spend on food \$237, average people per household 2.6.	<a href="#">Budget Your Trip</a>  <a href="#">ABS</a>  <a href="#">AIFS</a>
<b>Utilities</b>	Changing utilities including reconnection fee, early disconnection fee	\$125		In NSW connection/reconnection fees vary between Electricity: \$20 - \$70 Gas: \$50 - \$100	<a href="#">Canstar</a>
<b>Changing a child's school</b>		\$180 per child		Depending on how far the move is, the child(ren) may need to change schools. This means new uniform, books, etc., estimated at least \$180 per child.	<a href="#">Big W</a> <a href="#">Canstar</a>
<b>Misc. additional costs total</b>	See Appendix 3 for examples of additional misc. costs	\$100 core \$200 average		This is to cover one or several of the potential additional costs listed below, in addition to the potential need to purchase new furniture or whitegoods.	
<b>Regional Tariff</b>		\$100 core \$200 average		This covers additional costs incurred when a move is regional, e.g. additional distance between potential new properties, less choice in vendors, etc.	

### Appendix 3: Examples of additional potential miscellaneous costs

Cost title	Description and explanation		Source(s)
Mail redirection	Mail redirection; For one month, \$34 standard per person, \$20.40 concession per person		<a href="#">Auspost</a>
Parking permit	New parking permit/car space	The standard (Inner West Council) is 1 free parking permit, additional: \$121.70	<a href="#">Inner West Council</a>
Sport/ community club membership	New gym or other local community club membership - generally applies when move is outside of LGA. The average of a range of gym and community club joining fees on Choice is \$95		<a href="#">Choice</a>
Storage Costs	Cost of storage space; Small storage unit would fit personal items from a 1-bedroom apartment. Medium would fit fully furnished 1- or 2-bedroom dwelling. Large would fit a items from a fully furnished 3- or 4-bedroom dwelling. Small (2m <sup>2</sup> ): \$100/month; Medium (5m <sup>2</sup> ): \$180/month; Large (13m <sup>2</sup> ): \$450/month		<a href="#">National Storage</a>
Costs associated with application process	Travel costs (inc petrol), admin costs (photocopying, scanning, etc) or other		
Food lost when move undertaken	Refrigerated groceries or pantry items that could not be taken to new location safely		
Van hire	If the entire move cannot be completed in one day by removalists, the household may hire a van for another day to finish the move. Van hire across a range of sites averages around \$100 per day		<a href="#">Carnextdoor</a> ; <a href="#">Europcar</a> ; <a href="#">Goget</a>
Overlapping bond	If a household has to pay the new bond before the old bond is returned, this can incur costs: either the loss of potential interest from a savings account, or fees and interest on a loan. Bond of 4 weeks' rent, with cost calculated as either the loss of interest income if we assume the bond came out of savings, or the loss of fees and interest if we assume the renter took out a loan. Where the household experiences vulnerability, we assume the loan. The average across 5 banks' savings account standard interest rates is 0.17%p.a., so monthly 0.014%. On a \$2000 bond, that is 28c interest – negligible. The median amount paid in interest for a payday loan over two weeks or otherwise the shortest option available, where the shortest is longer than two weeks. Cashngo: 28%; Cashstop: 24%; Vivapaydayloans: 32%; Nimble: 24% Moneysmart.gov.au also estimates 24%		<a href="#">Moneysmart</a> <a href="#">Nimble</a> <a href="#">Cashngo</a> <a href="#">Cashstop</a> <a href="#">Vivapaydayloans</a>

## Appendix 4: Assumptions to value costs incurred through lost time spent associated with eviction

Valued at the national minimum wage from July 2021 of \$20.33 per hour; with one day calculated at 7 hours' time lost. Source: [Fair Work](#)

Cost title	Description	Rule/s	Explanation/notes	Core	Average
Hours spent securing alternative housing	Time spent on real estate websites, attending inspections, gathering paperwork, submitting applications, lodging the bond, and reading and signing the tenancy agreement	Core: 28 hours Average: 42 hours	Core hours: 28 hours. As the Residential Tenancy Act requires 30 days' notice for an end of fixed term termination, there is the assumption that it will take 4 weeks to secure new housing. We assume one day per week allocated to securing housing. Average hours: 28 hours + 14 hours to account for more rigour, any complicating factors or difficulties that arise, having more specific housing requirements, etc.  Dependent on supply of appropriate housing: where vacancy rates are low there will be a higher number of hours required to secure housing. Where a renter has certain types of disabilities or experiences discrimination we assume it will take more time.	Y	Y
Hours spent packing	Leave taken from work, lost shifts and income for the packing time	1-bed: 7 hours 2-bed: 14 hours 3-bed: 21 hours		Y	Y
Hours spent moving	Leave taken from work, lost shifts and income for the moving time	7 hours for households with 1 adult 10.5 hours for households with 2 adults	Basing moving time on number of adults in the household, assuming one adult will spend the entire moving day on the move, and if there is a second, they will assist for half a day.	Y	Y

## Appendix 5: Core and average moving costs by household type

2 Parents (2 Children) in a three-bedroom home - core costs		
Cost/Time Lost Title	Time Lost (hours)	Dollar cost
Babysitting		\$213.47
Removalist hire		\$1,050.00
Packing materials		\$310.00
Cleaning		\$260.00
Miscellaneous costs		\$100.00
Time taken to find a new rental	28	\$569.24
Time taken to pack	21	\$426.93
Time taken to move	10.5	\$213.47
	<b>Total</b>	<b>\$3,143.10</b>
2 Parents (2 Children) in a three-bedroom home - Average costs		
Cost/Time Lost Title	Time Lost (hours)	Dollar cost
Babysitting		\$213.47
Daycare		\$200.00
School Uniform		\$360.00
Removalist hire		\$1,225.00
Packing materials		\$310.00
Cleaning		\$260.00
Miscellaneous costs		\$200.00
Overlapping rent		\$500.00
Takeaway food while kitchen unavailable		\$315.00
Changing utilities		\$125.00
Time taken to find a new rental	42	\$853.86
Time taken to pack	21	\$426.93
Time taken to move	10.5	\$213.47
	<b>Total</b>	<b>\$5,202.72</b>

Couple without children in a two-bedroom home - core costs		
Cost/Time Lost Title	Time Lost (hours)	Dollar cost
Removalist hire		\$500.00
Packing materials		\$210.00
Cleaning		\$210.00
Miscellaneous costs		\$100.00
Time taken to find a new rental	28	\$569.24
Time taken to pack	14	\$284.62
Time taken to move	10.5	\$213.47
	<b>Total</b>	<b>\$2,087.33</b>
Couple without children in a two-bedroom home - average costs		
Cost/Time Lost Title	Time Lost (hours)	Dollar cost
Removalist hire		\$625.00
Packing materials		\$210.00
Cleaning		\$210.00
Miscellaneous costs		\$200.00
Overlapping rent		\$460.00
Takeaway food while kitchen unavailable		\$210.00
Changing utilities		\$125.00
Time taken to find a new rental	42	\$853.86
Time taken to pack	14	\$284.62
Time taken to move	10.5	\$213.47
	<b>Total</b>	<b>\$3,391.95</b>

Single Parent (1 child) in a three-bedroom home - core costs		
Cost/Time Lost Title	Time Lost (hours)	Dollar cost
Babysitting		\$142.31
Removalist hire		\$1,050.00
Packing materials		\$310.00
Cleaning		\$260.00
Miscellaneous costs		\$100.00
Time taken to find a new rental	28	\$569.24
Time taken to pack	21	\$426.93
Time taken to move	7	\$142.31
	<b>Total</b>	<b>\$3,000.79</b>
Single Parent (1 child) in a three-bedroom home - average costs		
Cost/Time Lost Title	Time Lost (hours)	Dollar cost
Babysitting		\$142.31
Daycare		\$100.00
School Uniform		\$180.00
Removalist hire		\$1,050.00
Packing materials		\$310.00
Cleaning		\$260.00
Miscellaneous costs		\$200.00
Overlapping rent		\$500.00
Takeaway food while kitchen unavailable		\$157.50
Changing utilities		\$125.00
Time taken to find a new rental	42	\$853.86
Time taken to pack	21	\$426.93
Time taken to move	7	\$142.31
	<b>Total</b>	<b>\$4,447.91</b>

Two-person sharehouse in a two-bedroom home - core costs		
Cost/Time Lost Title	Time Lost (hours)	Dollar cost
Removalist hire		\$500.00
Packing materials		\$210.00
Cleaning		\$210.00
Miscellaneous costs		\$100.00
Time taken to find a new rental	28	\$569.24
Time taken to pack	14	\$284.62
Time taken to move	10.5	\$213.47
	<b>Total</b>	<b>\$2,087.33</b>
Two-person sharehouse in a two-bedroom home - average costs		
Cost/Time Lost Title	Time Lost (hours)	Dollar cost
Removalist hire		\$625.00
Packing materials		\$210.00
Cleaning		\$210.00
Miscellaneous costs		\$200.00
Overlapping rent		\$460.00
Takeaway food while kitchen unavailable		\$210.00
Changing utilities		\$125.00
Time taken to find a new rental	42	\$853.86
Time taken to pack	14	\$284.62
Time taken to move	10.5	\$213.47
	<b>Total</b>	<b>\$3,391.95</b>

Single person in a two-bedroom home - core costs		
Cost/Time Lost Title	Time Lost (hours)	Dollar cost
Removalist hire		\$500.00
Packing materials		\$210.00
Cleaning		\$210.00
Miscellaneous costs		\$100.00
Time taken to find a new rental	28	\$569.24
Time taken to pack	14	\$284.62
Time taken to move	7	\$142.31
	<b>Total</b>	<b>\$2,016.17</b>
Single person in a two-bedroom home - average costs		
Cost/Time Lost Title	Time Lost (hours)	Dollar cost
Removalist hire		\$625.00
Packing materials		\$210.00
Cleaning		\$210.00
Miscellaneous costs		\$200.00
Overlapping rent		\$460.00
Takeaway food while kitchen unavailable		\$105.00
Changing utilities		\$125.00
Time taken to find a new rental	42	\$853.86
Time taken to pack	14	\$284.62
Time taken to move	7	\$142.31
	<b>Total</b>	<b>\$3,215.79</b>

## Appendix 6: Comparison of hardship frameworks available across various sectors

Comparison of hardship frameworks available across various sectors	Telecommunications Consumer Protections Code	National Credit Code	Australian Energy Retailer Customer Hardship Policy Guideline	Banking Code of Practice	Protections available for renters in hardship under the <i>Residential Tenancies Act 2010</i>
Is the Code or guideline co-regulated and enforceable by law?	No	Yes - <i>National Consumer Credit Protection Act 2009</i>	Yes – <i>National Energy Retail Law (Retail Law)</i> stipulates that energy retailers must develop a hardship policy, which must comply with the AER Customer Hardship Policy Guideline	Technically enforceable by contract law.	N/A
Process for a person to request a hardship variation	Varies between companies.	The debtor contacts the Credit Provider, orally or in writing, to inform them that they will be unable to meet their obligations under their credit contract.	Energy retailer hardship policies must include commitments that if the customer notifies the retailer they are in hardship, or the retailer believes the customer may be in hardship due to unpaid bills, late payments, a referral by a financial counsellor or several other circumstances, then the retailer's hardship staff will discuss with the customer and assess whether or not the customer should join	Varies between banks, some have online forms, others invite customers experiencing hardship to contact them on the phone.	There is none. A renter experiencing financial hardship can ask their landlord for a temporary change to their rent, but there is no formalised process and the landlord can simply ignore the request or say no.

Comparison of hardship frameworks available across various sectors	Telecommunications Consumer Protections Code	National Credit Code	Australian Energy Retailer Customer Hardship Policy Guideline	Banking Code of Practice	Protections available for renters in hardship under the <i>Residential Tenancies Act 2010</i>
			the hardship program.		
Timeframes	<p>A Supplier must ensure that an assessment regarding eligibility for assistance under a Financial Hardship policy is made within 5 Working Days after receipt of the final information from the Customer or former Customer.</p> <p>For applications received within 5 months of Code commencement, a Supplier must ensure that an assessment is made within 7 Working Days after receipt of the final information.</p>	Credit Provider must respond to a hardship notice within 21 days, and then the debtor has 21 days to provide evidence	Retailers may set their own timeframes in their own hardship policies.	Banks commit to respond “promptly” and within timeframes set by the National Credit Code, if it applies. Customers are told to allow up to 21 days to hear a response.	N/A
Evidentiary requirements from the consumer/customer	A Supplier must inform the Customer or former Customer of the information which the Supplier requires to assess their eligibility for	The Credit Provider can request ‘specific information’ from the debtor, and this information must be ‘relevant to deciding	Retailers may set their own evidentiary requirements in their own hardship policies	All financial information.	N/A

Comparison of hardship frameworks available across various sectors	Telecommunications Consumer Protections Code	National Credit Code	Australian Energy Retailer Customer Hardship Policy Guideline	Banking Code of Practice	Protections available for renters in hardship under the <i>Residential Tenancies Act 2010</i>
	<p>assistance under the Financial Hardship policy.</p> <p>A Supplier must also inform the Customer, or former Customer, of the following:</p> <ul style="list-style-type: none"> <li>• that the assessment may be based on the information provided by them or other information available to the Supplier;</li> <li>• that, where the requested information is not provided, an assessment may not be made;</li> <li>• that the provision of false or incomplete information may result in the Supplier cancelling any hardship arrangements; and</li> <li>• if the information provided by the</li> </ul>	<p>whether the debtor is or will be unable to meet the debtor's obligations under the contract, or how to change the contract if the debtor is or will be unable to meet those obligations.'</p>			

Comparison of hardship frameworks available across various sectors	Telecommunications Consumer Protections Code	National Credit Code	Australian Energy Retailer Customer Hardship Policy Guideline	Banking Code of Practice	Protections available for renters in hardship under the <i>Residential Tenancies Act 2010</i>
	<p>Customer, or former Customer, is not sufficient to make an assessment of eligibility under the Financial Hardship</p> <ul style="list-style-type: none"> <li>policy, of what other information is needed to make such an assessment.</li> </ul>				
Obligation to provide a hardship variation?	The Code states: 'a Supplier must, where possible, provide flexible repayment options to meet the Customer's individual circumstances'	No, however if the debtor believes a decision to reject a hardship variation request is unjust, they are able to take the matter to court, and the court has the power to impose a hardship variation.	Energy retailers are obliged to 'offer a range of flexible payment options in accordance w/ an assessment of the Customer's capacity to pay', & to 'exempt Customers experiencing hardship from supply restriction, legal action, interest & additional debt recovery costs while payments are made to the Utility according to an agreed flexible payment plan or other payment schedule'	No, although they must provide a reason for their decision.	No

Comparison of hardship frameworks available across various sectors	Telecommunications Consumer Protections Code	National Credit Code	Australian Energy Retailer Customer Hardship Policy Guideline	Banking Code of Practice	Protections available for renters in hardship under the <i>Residential Tenancies Act 2010</i>
Obligation to provide customers with information about hardship arrangements?	Yes, as well as to former customers.	No	Yes, and to proactively initiate a conversation about potential hardship, if the retailer believes the customer may be in hardship.	They have an obligation to make information about financial difficulty public, and they also say they may contact someone they believe to be in financial difficulty, to provide information about financial difficulty and assistance options.	N/A
Obligation to review the arrangements if there is a change of the customer's circumstances?	Yes	No	No. Customers are obliged to notify the retailer if their circumstances change, and the retailer may vary the plan, or they may cancel it.	No, however banks regularly do.	N/A
Obligation to inform customer of complaints process	No	No	Yes	Yes	No