

## **A review of private rental support programs**

authored by

**Keith Jacobs, Kristen Natalier and Reannan  
Rottier**

**Australian Housing  
and Urban Research Institute**

Southern Research Centre

June 2004

AHURI Positioning Paper No. 77

ISSN: 1834-9250

ISBN: 1 920941 35 5

## **ACKNOWLEDGEMENTS**

This material was produced with funding from the Australian Government and the Australian States and Territories. AHURI Ltd gratefully acknowledges the financial and other support it has received from the Australian, State and Territory governments, without which this work would not have been possible.

## **DISCLAIMER**

AHURI Ltd is an independent, non-political body which has supported this project as part of its programme of research into housing and urban development, which it hopes will be of value to policy-makers, researchers, industry and communities. The opinions in this publication reflect the views of the authors and do not necessarily reflect those of AHURI Ltd, its Board or its funding organisations. No responsibility is accepted by AHURI Ltd or its Board or its funders for the accuracy or omission of any statement, opinion, advice or information in this publication.

## **AHURI POSITIONING PAPER SERIES**

AHURI Positioning Papers is a refereed series presenting the preliminary findings of original research to a diverse readership of policy makers, researchers and practitioners.

# CONTENTS

EXECUTIVE SUMMARY .....	I
1. INTRODUCTION.....	1
1.1. Context .....	1
1.2. Rationale .....	4
2. LITERATURE REVIEW.....	5
2.1. International Practices .....	5
2.2. Australian Practices.....	7
2.3 State and Territory Summaries.....	9
2.4 Conclusion.....	14
3. NEXT STEPS.....	17
3.1. Gaps in knowledge .....	17
3.2. Methodology .....	17
4. TASMANIAN PILOT STUDY.....	19
4.1. Data Collection Methods .....	19
4.2. Structure and Operation of PRSP in Tasmania.....	19
4.3. Interim Findings .....	22
4.4. Pilot Study Provisional Conclusions .....	29
5. CONCLUSION .....	31
6 REFERENCES .....	32

## LIST OF FIGURES

Figure 1: Low-Income Households in Housing Stress- by Household Type 1998-1999.	2
Figure 2: Estimated Poverty Rates for Individuals in 2000 by Housing Tenure Before and After Housing .....	3

## LIST OF TABLES

Table 1: Housing Tenure mid-1990s, Selected Countries .....	5
Table 2: Private Renters (Income Support Recipients by State/Territory - 1999).....	7
Table 3: Summary of Private Rental Assistance By State and Territory.....	8
Table 4: Number of Households Assisted by Type of Assistance .....	9
Table 5: New Households in Receipt of PRSP and Value of Assistance (2001-2).....	9
Table 6: Bond Loan Repayment Procedures.....	15
Table 7: Income Assessment Thresholds for PRSP in Tasmania .....	20
Table 8: Successful Tenancies.....	23
Table 9: Data Collection Techniques and Issues Arising.....	28

## **ABBREVIATIONS**

AIHW	Australian Institute of Health and Welfare
CA\$H	Colony Assistance Service for Housing
CRA	Commonwealth Rent Assistance
FaCS	Family and Community Services, Commonwealth Department of
HEF	Housing Establishment Fund
NACAB	National Association of Citizens Advice Bureaux
ODPM	Office of the Deputy Prime Minister
PRSP	Private Rental Support Programs
RTA	Residential Tenancies Authority
SAAP	Supported Accommodation Assistance Program
SHAs	State Housing Authorities

## EXECUTIVE SUMMARY

This Positioning Paper introduces a project undertaken by a team of AHURI based researchers to review Private Rental Support Programs (PRSP) in each Australian State and Territory and judge their effectiveness in assisting tenants on low-incomes. The research is premised on the assumption that the expenses associated with home ownership and the limited availability of public housing has made the private rental market the most feasible option for many low-income households. However, the start-up costs incurred when moving home can result in financial stress, making it more difficult for a household to manage their new tenancy successfully.

Private Rental Support Programs is the generic term used to describe the range of services resourced by State Housing Authorities (SHAs) to assist low-income households seeking private rental accommodation. The programs are intended to be 'one off' forms of support and are additional to, but separate from, Commonwealth Rental Assistance (CRA). The type of support provided varies from State to State but can entail bond loans, rental grants, reimbursement of relocation expenses and other 'one off' grants.

The literature review undertaken for this Positioning Paper shows that:

- There is a dearth of literature generally both nationally and internationally about the operation and efficacy of PRSP. What evidence there is suggests that Australia has one of the most comprehensive PRSP aimed at facilitating the access of low-income renters to private rental accommodation and promoting the sustainability of those tenancies
- All jurisdictions in Australia provide support to low-income renters to access the private rental market. However the extent and operation of schemes varies between jurisdictions. New South Wales, Victoria, Tasmania and Queensland provide the most extensive range of assistance options. The differences between jurisdictions make comparison, in terms of effectiveness, difficult
- Programs that are in place both nationally and internationally are viewed positively by tenants and welfare agencies, though there is evidence that some landlords are reluctant to participate in these arrangements
- It is evident that the effectiveness of PRSP in promoting sustainable tenancies is often hindered by tight market conditions; for it is in these circumstances that tenants experience the most difficulty in accessing affordable properties.

Given the complexity of schemes and the variation between jurisdictions it was deemed appropriate to conduct a Pilot Study in Tasmania prior to embarking on a review of schemes across Australia. The Pilot was seen as consolidating appropriate aims and objectives for the review framework and as a mechanism for refining research questions and data collection instruments. The principal methods of research for the Pilot Study included interviews with key actors, focus group discussions and capturing useful statistical data on PRSP operational practices. The provisional findings show that:

- There is considerable support for the PRSP from landlords, tenants and peak body organisations, primarily because it provides a means to facilitate access to private rental accommodation and embellish landlord and tenant obligations to each other
- Tenants who choose not to take up assistance reported that their decision was based on the complex procedures and recognition that some landlords continue to discriminate against recipients of PRSP
- The agencies which administer PRSP strongly endorsed its utility but they suggested it could be even more effective if its scope was extended to assist clients over a longer time period

- It is difficult to assess how far PRSP is successful in the longer term in promoting sustainable tenancies and there are challenges involved in developing useful performance indicators to measure outcomes on an on-going basis. Although there was general agreement that quantitative measures provide some indication of effectiveness, it was often difficult to judge whether successful outcomes were a direct result of PRSP or a consequence of the changing dynamics of the housing market. It was argued that qualitative performance indicators (e.g. the reporting of client feedback and landlord perceptions) would provide a useful supplementary mode of measurement
- There are also methodological challenges, particularly with data collection and the interpretation of statistics that will need to be addressed in reviewing PRSP in other jurisdictions. The pilot study in Tasmania has indicated options for overcoming these barriers.

The next stage of the project will entail the team undertaking reviews in the remaining States and Territories drawing upon the methods developed in the Pilot Study but with appropriate modifications. The Final Report will pull together the evidence base to provide a wide-ranging discussion on the efficacy of PRSP and make recommendations on establishing performance indicators to monitor activity and effectiveness.

# 1. INTRODUCTION

This Positioning Paper reports on a research project being conducted by a team of academics affiliated to the Australian Housing and Urban Research Institute (AHURI) on State and Territory Private Rental Support Programs (PRSP) and their effectiveness in assisting low-income households at the start of their tenancy. The Positioning Paper constitutes the first output for this project and will be followed by a Work in Progress Report and a Final Report.

The Paper is structured as follows: Section 1 begins by describing what PRSP entail as well as setting out the rationale for State and Territory intervention in the private rental market. Section 2 reports on the international literature on intervention in other countries with a similar private rental market to Australia as well as summarising current practices deployed in each Australian State and Territory. Section 3 outlines the research methodology to be employed and the rationale for conducting a Pilot Study in Tasmania prior to investigating each of the other State and Territory practices. Section 4 reports on the findings of the Tasmanian Pilot Study and provides details of the remaining gaps in knowledge alongside a summary of the key methodological issues that will need to be addressed in the next stage of the project. Finally, Section 5 concludes the Paper by providing a brief summary of the evidence collected and the outstanding research tasks required.

## 1.1. Context

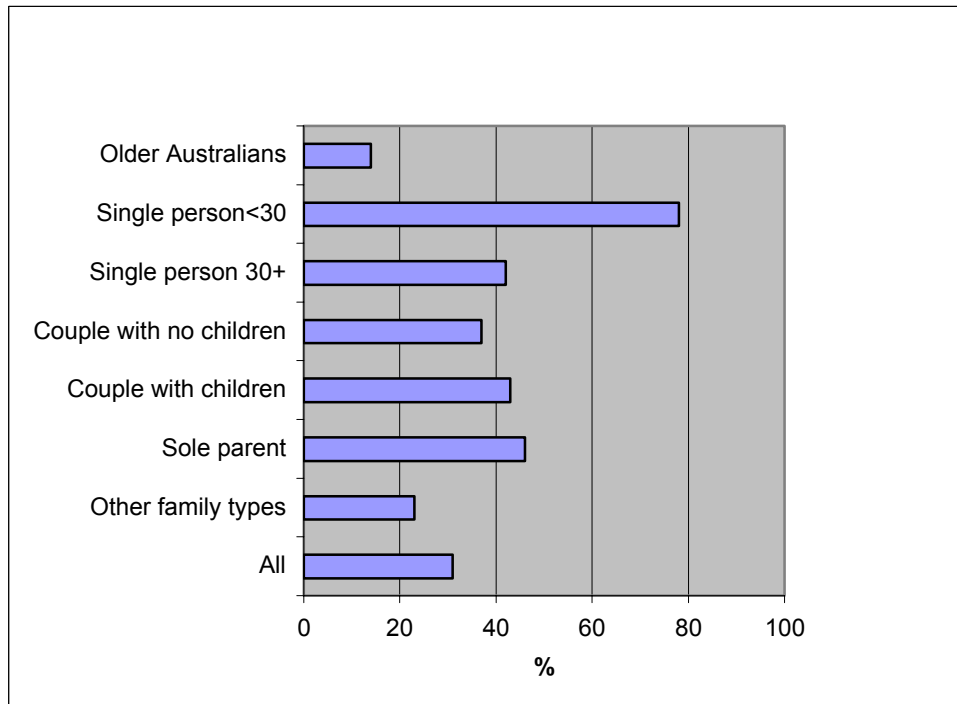
While the majority of Australian households are owner-occupiers or in the process of buying their home, significant numbers are tenants of either social housing or private landlords. Recent data from the Australian Bureau of Statistics (ABS 2003a) reports there are 1,633,568 households renting in the private market (25.2% of the total number of households). The private rental market in Australia was, until recently, generally considered to be the most appropriate tenure for households who required accommodation for a short duration i.e. prior to purchasing a property, moving into public housing or, in the case of the student market, finishing an educational course. However, of late, the private rental market has been affected by not only an increase in house prices but also a reduction of funds for public housing. In turn, this has led to both a decline in the number of suitable public housing dwellings available for letting and more stringent allocation criteria for determining waiting list priorities. (Badcock and Beer 2000; Productivity Commission 2004). As a consequence, there has been significant additional demand for private rental properties as more low-income households are unable to access either public housing or purchase their own home (Yates and Wulff 2000; Hulse 2002; Slatter and Crearie 2003). The problems experienced at the lower end of the private rental market are accentuated because while there has been a 34% increase between 1986-1996 in total private rental stock across Australia, the number of rental properties at the lower end has fallen over the same period by 28% (AIHW 2003a). The high demand for private rental property is likely to intensify as the number of households seeking accommodation increases significantly. The Australian Bureau of Statistics (ABS 2003b) estimates that by 2021, the number of households will be between 9.4 and 10 million (a growth of between 38% and 46% from the 6.9 million households recorded in 1996).

The most tangible example of acute housing stress is of course homelessness. Recent research drawing upon the 2001 census (Chamberlain and MacKenzie 2003) reported that across Australia as many as 99,900 individuals were deemed homeless (i.e. living rough, in hostels, temporarily with friends or relatives etc). Aside from homelessness further evidence of the housing stress experienced by private renters is contained within the 1999 Australian Housing Survey (ABS 2000) and a report published by The Smith Family (Harding, Lloyd and Greenwell 2001). The Australian Housing Survey highlighted that as many as 35% of private renters were spending over 30% of their



income on housing related costs and that over 50% of private renters were in the bottom two-income quintiles (i.e. the lowest 40% of income distribution). The Smith Family publication used data from the 1998-1999 Housing Expenditure Survey to estimate the percentage of low-income households in housing stress by household type. Figure 1 refers to all households in the lowest quartile of equivalent disposable income.

**Figure 1: Low-Income Households in Housing Stress- by Household Type 1998-1999**



It is recognised that many of the low-income tenants who rent in the private market experience housing stress particularly at the start of their tenancy when money is required by the landlord for a rental deposit and when other costs associated with moving (transporting furniture, utility connection charges etc) also have to be met. It is in recognition of these costs that private rental support programs have been established (FaCS 2003) specifically to assist households at the start of their new tenancy and reduce the risks of late rental payments and other household debt. Recent figures from the Australian Institute of Health and Welfare (AIHW) estimate that across Australia over 95,183 (11.2% of all private renters) are in receipt of financial assistance from PRSP (AIHW 2004). The support programs are intended to be a 'one-off' form of support. The types of assistance available vary from State to State, but broadly speaking, PRSP provide low-income households with assistance at the commencement of their rental tenancy in the form of:

- Bond loans, grants and guarantees
- Assistance with rent payments, advances and arrears
- Other assistance including relocation expenses, utilities (electricity, telephone and so forth) connection, advice and information (FaCS 2003).

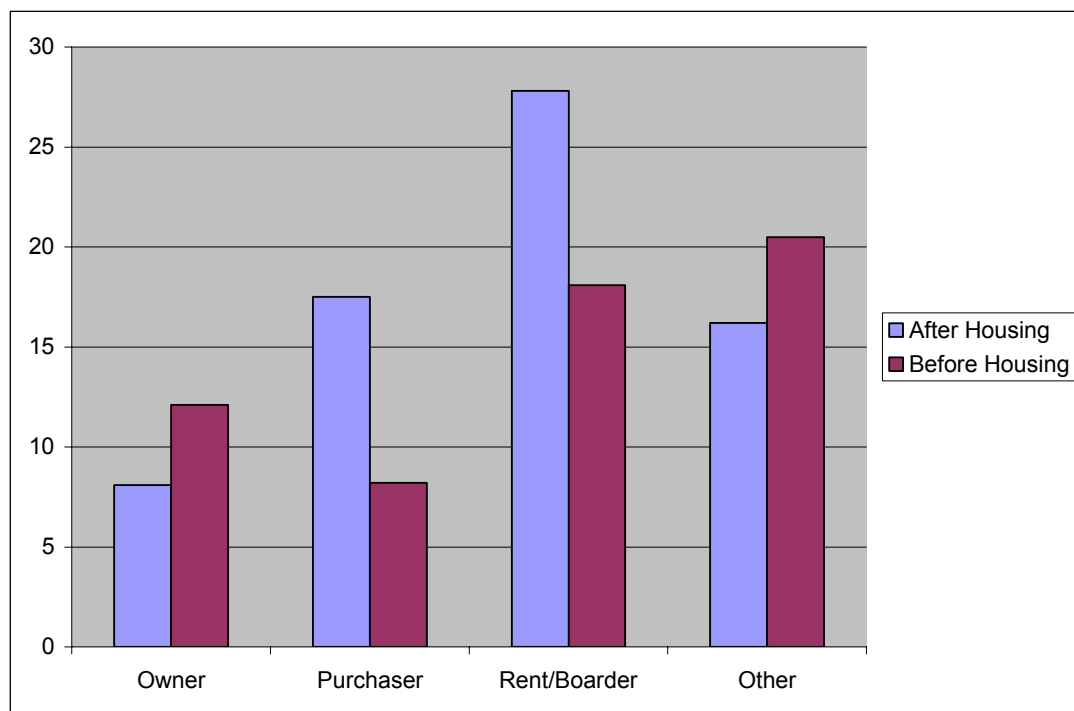
Importantly, PRSP are an additional and separate supplement to Commonwealth Rent Assistance (CRA)<sup>1</sup>. While each State and Territory operates its own specific variation the objectives of the schemes are essentially the same: to enable low-income households to access secure and long-term successful tenancies.

Significant Commonwealth resources are expended on private rental support programs each year. The most recent figures available show that in 2000/01 the Commonwealth Government provided funding of \$75.5 million to the States and Territories for private rental assistance.<sup>2</sup> This figure can be broken down as follows:

- \$27.3 million was provided in rent in advance and arrears assistance to support 59,645 households
- \$46.6 million was spent on bond loans or grants for 106,171 households
- \$1.6 million was spent on one-off payments such as help with removal expenses for 4721 households (FaCS 2003).

It is widely recognised that substantial numbers of low-income households will remain dependent on the private rental market for accommodation and will experience difficulties in accessing suitable accommodation primarily because they are competing for properties with households with greater disposable income (Harding et al 2001; Wulff and Yates 2001). Figure 2 (below) provides an estimate<sup>3</sup> of poverty rates before and after the costs of housing. It shows that many of the low-income households who rent or board have to meet proportionately higher housing costs than other tenures.

**Figure 2: Estimated Poverty Rates for Individuals in 2000 by Housing Tenure Before and After Housing**



<sup>1</sup> CRA is a non-taxable income supplement payable to recipients of some government benefits who pay rents above specified threshold levels in the private rental market (AIHW 2003).

<sup>2</sup> This figure was up from \$66 million for PRSP in the previous year (FaCS 2002). FaCS has not recorded the 2002/3 totals as the necessary data was not available from all jurisdictions.

<sup>3</sup> This figure devised by Harding et al (2001) deploys the calculation of poverty known as the Henderson equivalence scale. The Henderson equivalence scale was devised in the mid 1970s to determine a way of measuring poverty. It viewed those households as having less than 50% of average income, adjusted for family size and composition as being in poverty.

In addition to a public housing shortage, a number of specific factors have recently come to the fore in many areas that have served to extenuate the problems for low-income households in the private rental sector. These factors include increased demand from middle-income households for rented accommodation (for further discussion, see Yates and Wulff 2000) and the increase in demand within the owner-occupied housing market spurred on by the introduction of the first homeowners grant scheme. The buoyant housing market is likely to have encouraged many landlords to capitalise their asset thereby reducing further the supply of stock available for letting (ABS 2003b). Importantly, access to the private rental market for low-income households varies greatly both within and between States and Territories. An insight into the differences within cities and regions is provided by recent research by National Shelter and the Australian Council of Social Services (2003). Their study reported how housing affordability has declined in all Australian capital cities between 1986-1996 with the largest rent increases taking place in inner city Sydney and Melbourne. Further evidence is provided by the Productivity Commission (2004) who reported that in June 2003 vacancy rates in the private rental market varied from 6.5% in Darwin to 2.4% in Hobart. Median rents for two bedroom flats or units ranged from \$270 per week in Sydney to \$140 per week in Hobart. The highest median rents for three bedroom houses were in Canberra (\$280 per week) and the lowest in Perth (\$177 per week).

## **1.2. Rationale**

It is helpful to set out the rationale for PRSP. It can be discerned from the data that the public-sector housing stock is insufficient to meet current demand. Second, the scope for low-income households to purchase a property remains limited in the current market. Third, inadequate supply accentuates the difficulties of accessing low-cost rental properties in areas of high demand (e.g. State and Territory capital cities) and many households are living in unsuitable accommodation because of this. For individual households, PRSP is seen as an effective financial subsidy that can help offset both intermittent and periodic instances of housing stress (including homelessness). The support for removal costs and bond payments when tenants move into new accommodation is seen as a practical way of assisting low-income households to find suitable properties commensurate with their needs. The programs can also provide a way of supporting people to acquire skills for independent living and managing their income. Lastly, through the bond guarantee schemes, PRSP provide a means by which accommodation standards (i.e. physical condition of a property and state of repair) in the private rental sector can be monitored and landlords made aware of their legal responsibilities.

PRSP, while being of benefit to low-income tenants, also has value for landlords. Landlords, who rent to tenants in receipt of PRSP, are more likely to be able collect outstanding rent arrears and claim back uninsured damage, loss and theft (usually up to four weeks of rental income). They also benefit directly from the support provided to clients, by the boosting of demand and the minimising of vacancy rates and damage to the property.

It is the combination of these benefits that have ensured that State and Territories continue to fund and support PRSP. However, as the summary of Australian practices shows, there is a considerable diversity in the programs offered. It is evident that the type of PRSP offered in each State and Territory is contingent on policy makers' perception of housing markets and the budgetary priorities of housing authorities. There is also a commitment to efficient and cost effective management procedures (CHSA 2003). In the context of PRSP provision this entails adopting measures to ensure that the services provided are well managed, meet the needs of the target groups and stay within budget guidelines.

### 1.3. Literature Review

This section of the Positioning Paper provides a brief summary of the literature available about support for low-income renters in other countries with similar private rental markets to Australia. This is followed by a description of PRSP in each Australian State and Territory. The data collection methods for this section include: searching the world-wide web; telephone and email contact with individual SHA officers responsible for PRSP; and a review of the published literature that is available.

### 1.4. International Practices

There is a dearth of published literature on PRSP in other countries and little evidence to suggest that housing authorities elsewhere operate PRSP on a scale similar to that in Australia. Table 1 below provides a breakdown of housing tenures in countries with broadly comparable landlord/tenant regulations to those in Australia.

**Table 1: Housing Tenure mid-1990s, Selected Countries**

Country	Private Rental (%)	Social/Public Rental (%)	Owner-Occupation (%)
Australia	24	6	70
United Kingdom	11	21	68
Canada	30	7	63
New Zealand	19	11	67

Source: adapted from Badcock and Beer (2000).

#### 1.4.1. *The United Kingdom*

There has been limited research in the UK on mechanisms available to support low-income private renters secure accommodation – perhaps as a direct result of private renters comprising such a small proportion of the housing market. However, a study conducted by Rugg (1996) demonstrates that PRSP in the UK has developed in an ad hoc manner and there are over 200 schemes in operation commonly operated by voluntary organizations although increasingly being coordinated by local councils and funded from a diverse range of sources. They target particular groups determined by local conditions (for example the under 25s) and typically provide bond guarantees, grants and loans together with a range of other support – furnishings, removals, advice and dispute mediation.

What evaluative work has been done indicates that help with rental deposits was the most valued. Landlords favoured the idea of guarantees although those landlords at the bottom end of the market thought guarantee schemes were too bureaucratic and cumbersome. Housing workers stressed that flexible schemes tailored to individual need were more effective than rigid bureaucratic procedures. Research has concluded that PRSP is not a solution to homelessness but a preventive measure that can help households manage housing insecurity. Later research by Rugg (2003) evaluated the operation of some of these schemes for the Scottish Executive. She reported that they constitute an effective preventive measure to offset potential sources of conflict between landlord and tenants thereby providing valuable support for households with insufficient resources. However, an assessment of the cost effectiveness of each of the schemes was not possible because of the variations in types of management structure and the difficulties of counting client caseloads accurately.

There has also been considerable concern that tenants on low-incomes who rent in the private sector are at risk from being short-changed by landlords. In the late 1990s the National Association of Citizens Advice Bureaux (NACAB 1998) reported that a large proportion (50%) of their clients forfeited their deposits at the end of a tenancy.

Perceptions of widespread mismanagement of rent deposits led to pressure to adopt the Australian custodial bond scheme model and a pilot Tenancy Deposit Scheme was set up in 2000 by the Government. The scheme was piloted in five areas to explore two different options to safeguard tenant deposits. A custodial option is where the deposit is held within a separate account administered by a building society and in the event of a dispute between landlord and tenant an independent housing ombudsman undertakes tenant arbitration. The second option entails the landlord retaining the deposit but taking insurance to cover the deposit in the event of a dispute with the tenant. A major evaluation of the pilot (Rugg and Bevan 2002) found that the scheme could help ensure that low-income tenants are protected from landlords who refuse to return deposits. It also found that definitional clarity is essential in any agreement to ensure that both tenants and landlords are aware of their rights and responsibilities in areas such as cleaning the property at the end of a tenancy.

#### *1.4.2. Canada*

Canada has an extensive private rental market with as many as 30% of households renting their home. However there is no published literature on PRSP run by housing authorities although there may be ad hoc schemes run in different provinces as in the UK. The large numbers of private renters is the main reason why Provincial Governments have developed legislation to protect tenants' rights. In each Canadian Province tenants' rental deposits are paid into a central bond bank that is resourced by interest accrued from investing the deposits. Landlords are either required to pay interest to the tenant for keeping the deposit or required to transfer deposits into a separate account. There are residential tenancy tribunals or small claim courts, which will arbitrate disputes between landlord and tenant and the only instance where the landlord can keep a deposit is if tenants have damaged the property. The New Brunswick government for example has pooled tenant deposits since 1983. In the mid 1990s there were 26,000 deposits at a value of \$CA 7.6 million. The Rentalsman's Office employs 20 Staff and proceeds fund the office. Security deposit interest income and a surcharge on the property tax bills (residential tenancy fee) are used to support the Rentalsman's Office. Though all Rentalsman services are free (including hearings), tenants do not receive interest on their deposits. Tenants unable to raise a deposit do not receive cash but the New Brunswick Provincial Government does guarantee landlords' claims up to the maximum-security amount (Tenants Rights Action Coalition 2003).

#### *1.4.3. New Zealand*

Again the literature review did not identified any PRSP run by housing authorities but, like Canada, New Zealand does operate a custodial tenancy deposit scheme in which landlords must lodge any deposit with the board. The deposit is returned to the tenant at the end of the tenancy unless there is a dispute. The collection of rent deposits enables the New Zealand scheme to be self-supporting and any returns on investment are used to supplement research and welfare provision; for example, for tenants who cannot raise enough money for a deposit. These returns also cover 30 per cent of the costs of dispute resolution. The New Zealand Government has estimated that approximately 10 per cent of landlords ignore the legal protocols that are in place to protect tenants (ODPM 2002).

#### *1.4.4. Summary*

The extent of PRSP varies widely between and within countries. As this brief international review demonstrates, although there is no one approach Canada, New Zealand and the UK recognise that legislative and financial support at the start of a tenancy can be an effective way to provide assistance.

It is worthwhile speculating about the reasons why there are so few programs internationally similar to those operated in Australia. The most likely reason is that government support for low-income households in the private market is primarily

undertaken through ongoing rental assistance once a tenancy has been established. Second, additional private rental support programs at the start of a tenancy are complex to administer and success is difficult to evaluate. Third, there is also a presumption that the private rental market is generally self-regulating with both landlords and tenants being able to exercise choice so that intervention by government agencies is thought by most parties to be best kept to a minimum. Finally, it is possible that support for additional private rental support programs such as those in Australia is in recognition that public housing options are increasingly difficult to access and the costs of homeownership out of reach for many low-income households.

## 1.5. Australian Practices

### 1.5.1. Overview and data

As already shown in Table 1, Australia has a high level of home ownership (70%) and a considerably smaller public housing sector (6%) than similar countries. It is the paucity of public housing and the difficulties experienced by many low-income households in the private market that has been the main impetus for PRSP. The numbers of low-income households renting in the private rental market within each State and Territory can be gauged by data provided by Purdon (2000). Their report showed that in 1999 there were 949,881 renters who were in receipt of rental assistance (see Table 2).

**Table 2: Private Renters (Income Support Recipients by State/Territory - 1999)**

State/Territory	Nos in receipt of Rental Assistance	Percentage	Total Numbers Renting in the private Rental Sector.
NSW	325,043	77%	422,006
Victoria	211,932	75%	284,304
Queensland	231,423	78%	295,033
Western Australia	80,591	73%	111,034
South Australia	62,136	70%	88,168
Tasmania	23,756	72%	33,099
Northern Territory	5,981	56%	10,613
ACT	9,019	72%	12,605
<b>Australia</b>	<b>949,881</b>	<b>76%</b>	<b>1,256,862</b>

Source Purdon (2000)

Each State and Territory operates its own unique form of PRSP. Tasmania, Victoria and New South Wales provide the most extensive schemes whilst the ACT, Northern Territory and Western Australia limit their support to bond assistance only. Queensland and South Australia supplement bond assistance with assistance with rent. These variations in practice may have acted as an obstacle for service providers to share concerns or exchange best practice ideas.

State and Territory Governments must provide statistics on the PRSP to the Commonwealth Government as part of the reporting requirements of the Commonwealth-State Housing Agreement (AIHW 2003b and 2004). Annual data required includes: total number of new households assisted; total value of assistance provided; number of households with outstanding repayable monies; and outstanding number of instances where money was written off. The national data provides information on PRPS activity but it has proved difficult to make meaningful comparison between different States and Territories because of variations in PRSP and different

reporting mechanisms in place. The latest published reports (AIHW 2003b and 2004) have disaggregated the different types of bond assistance (i.e. one-off repayable; one-off non repayable and on-going repayable). While this data is invaluable for understanding the national context, additional background information was requested from each SHA so that up to date descriptions of the extent and operation of PRSP could be provided. Table 3 below summarises the provision within Australia.

**Table 3: Summary of Private Rental Assistance By State and Territory**

<b>State/ Territory</b>	<b>Bond Assistance</b>	<b>Advance Rent</b>	<b>Rent Arrears</b>	<b>Removal</b>	<b>Utilities</b>	<b>Temp. Accom.</b>	<b>Bond Board</b>
<i>NSW</i>	Bond Grant Scheme RentStart Standard – 75% Bond. RentStart Plus up to 100% of bond	RentStart Standard – 2 weeks. RentStart Plus 3 weeks	Up to 4 weeks in 12 months or 2 weeks if within 2 yrs	Up to \$500 with discretion to increase		4 weeks in 12 months. 2 more weeks in extreme circs.	Yes
<i>VIC</i>	Bond Loans and bond grants outsourced to HEF	2 weeks as crisis response – outsourced	4 weeks as crisis response – outsourced	In crisis – outsourced	Some capacity in crisis – outsourced	HEF if in crisis	Yes
<i>QLD</i>	Bond Loans	One-off rental grant for 2 weeks					Yes
<i>WA</i>	Bond Loans						Yes
<i>SA</i>	Bond Guarantees	Up to 4 weeks in 2 year period – Grants and Loans	With eviction notice		Occ. transport costs	Short term if domestic violence	Yes
<i>TAS</i>	Bond guarantees/grants – outsourced to community orgs	1-2 weeks for new tenancy	2 weeks max & once in 12 months	Average of \$200			No
<i>ACT</i>	New Pilot Bond Loan Scheme operating from July 2003						Yes
<i>NT</i>	Bond loan (partial grant if escaping domestic violence)						No

(Adapted from Hinton 2003a)

The Australian Institute of Health and Welfare provides comparative data on the numbers of households in each State and Territory in receipt of assistance<sup>4</sup>.

**Table 4: Number of Households Assisted by Type of Assistance**

State/ Territory	Bonds	Rent in Advance/Arrears	Relocation Expenses	One-off Grants <sup>5</sup>
NSW	16756	8587	73	4660
VIC	13938	26934	2,104	1028
QLD	17397	671	-	-
WA	15359	-	-	-
SA	13650	11600	-	-
TAS	3882	750	148	4849
ACT <sup>6</sup>	-	-	-	-
NT	655	-	-	-
Indigenous Households	2521	880	8	145
Australia	81637	48542	2325	10537

Source: (AIHW 2004)

With the exception of Northern Territory and the ACT, large numbers of households are in receipt of assistance. However, it is not possible from these figures to disaggregate whether or not households are in receipt of more than one PRSP component. Table 4 also provides AIHW data on Indigenous households. The figures do not represent a national total because data was not available from all jurisdictions. Also specific Indigenous community organizations across Australia who may provide support (for example help for removal expenses) do not supply data to the AIHW.

## 2.3 State and Territory Summaries

This section details each SHA scheme. The information set out below was collected from SHA websites, documents and by email communication with policy officers working with each of the SHAs. Table 5 provides a snapshot of PRSP activity in each state and territory by showing the number of new households in receipt of PRSP and the combined total amount of assistance provided to households for the financial year 2001-2.

**Table 5: New Households in Receipt of PRSP and Value of Assistance (2001-2)**

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	AUST.
<b>Total New Households</b>	33,460	42,290	18,743	15,254	26,152	9,107	0	695	146,331
<b>Total Value of Assistance (\$'000s)</b>	\$35,115	\$13,187.5	\$11,317	\$5,340	\$13,270	\$1,146.1	\$0	\$420.8	\$79,796.4

Source FACS 2003b

<sup>4</sup> It is likely that some households receive more than one form of assistance.

<sup>5</sup> One-off grants include services such as housing assistance advice and information.

<sup>6</sup> Data for the ACT was not available in the most recent AIHW 2004 report.



### *2.3.1. Victoria*

In Victoria, bond assistance is provided to private rental tenants through the State Housing Office in the form of bond loans. An applicant's income and personal assets determine eligibility and income limits are based on Health Care Card income limits. On approval for assistance, tenants sign a legally binding agreement to repay the loan to the housing department if, at the end of the tenancy, the landlord makes a claim on the bond (for rent in arrears and/or damage to property). Victoria also provides rental grants for rent in advance or in arrears.

Victoria, like QLD, NSW, ACT and NT, makes private rental support available to tenants moving from the public rental sector to the private rental sector, providing they do not have rent arrears or property damage issues. It is also provided in crisis situations (for example, domestic violence, neighbourhood disputes or life threatening circumstances). This is seen as a way of freeing up public housing.

Most PRSP do not deliver additional financial assistance beyond bond and rent in advance or in arrears. Victoria, however, is one of the more generous States and works alongside the Housing Establishment Fund (HEF), an initiative that provides financial assistance to those experiencing homelessness or a housing crisis within the private sector. The HEF can access emergency accommodation and private rental assistance grants for homeless people, new migrants, individuals or households who have debts with the Office of Housing and others that are excluded from public housing. The grants can be used for:

- Bonds
- Rent in advance
- Storage costs
- Removal expenses
- Rental arrears (not Office of Housing arrears)
- Overnight emergency accommodation (where no alternative is available)
- Essential furniture.

Most assistance through the HEF is in the form of rent in advance or in arrears and all payments are grants so there is no expectation of repayment. Only ten per cent of grant payments are for rental bonds. The grants are not issued for material relief, household expenses or Office of Housing rental arrears – other emergency relief funds operate to cover these costs including the Commonwealth Emergency Relief Fund.

#### *Development Priorities*

A review of private rental support provided through the HEF is currently being undertaken and there are some plans for the extension of Office of Housing rules which govern the provision of assistance to the HEF scheme so that the State is not running two parallel systems. Such extension would enable new migrants and households with Office of Housing debts to access private rental support through the Office of Housing.

### *2.3.2 Queensland*

In Queensland, private rental support is operated by the Department of Housing and limited to bond loans and rental grants only. Once a loan is approved, tenants are issued with a repayment card and are required to make monthly repayments of around \$20 to the Department of Housing. The Residential Tenancies Authority (RTA) holds rental bonds and also provides advice and conciliation services to low-income households trying to access the private rental market.

Queensland also provides assistance to low-income households moving from public to private housing as well as those on public housing waiting lists who have not been

allocated a property. Eligibility is based on the criteria used to allocate public housing. There is also assistance given to the operators of budget private rental accommodation (for example, boarding houses, supported accommodation and aged rental accommodation) to upgrade their premises in order to comply with new standards.

#### *Development Priorities*

Along with most other States and Territories, Queensland is currently reviewing ways of reducing their relatively high administration costs. According to Hinton (2003b) up to 90% of bond loans were in arrears until the establishment of the Housing Loans Arrears Section set up specifically to deal with the high incidence of rental arrears. Fifty-three percent of bond loans are now behind with payment. Concerns have also been expressed about the pressure that the loan burden places on low-income tenants who may be spending in excess of 40 per cent of their income on rent.

#### **2.3.3 New South Wales**

Here bond assistance is provided to low-income private sector tenants through the Rent Start Scheme operated by the Department of Housing. This provides financial assistance to low-income households at three levels:

*Rent Start Standard.* This provides seventy-five per cent of the bond and can also be extended to assist low-income tenants in other forms of accommodation (for example, hostels, caravan parks and boarding houses) with security and key deposits, so long as the accommodation is likely to be sustainable for a period of twelve months.

*Rent Start-Plus.* In addition to providing the standard level of assistance this provides two weeks rent in advance. In special circumstances, this extends to include one hundred per cent of the bond.

*Rent Start-Tenancy Assistance.* This provides four weeks rental arrears in order to maintain a tenancy. It cannot be provided more than once in a twelve-month period and only two weeks rental arrears can be provided where a client has received four weeks rental arrears in the previous two-year period.

To be eligible for private rental support in NSW, renters must meet all the public housing eligibility criteria. In addition to these criteria, applicants must not have more than \$1000 in savings, be able to prove that they can afford the rental, not be a current property owner, and intend to remain in the property for up to twelve months.

To be eligible for Rent Start-Plus, applicants must be able to demonstrate that they are experiencing difficulties in their current housing arrangements. Difficulties that would render an applicant eligible for the higher level of assistance include: homelessness or threat of homelessness; domestic violence; harassment or abuse; aged under 18 years and at risk; residing in a refuge; living with HIV/AIDS; living with a disability; having just been released from jail; being a refugee or asylum seeker.

Prior to August 2002 the Department provided indemnities for security deposits, gas and electrical connection fees and assistance with removals. However a review of the Rent Start Program, conducted in 2001 (Housing Department of NSW 2001) highlighted the low take-up rate of assistance with utilities and the duplication of this service by other agencies. This assistance has now been removed.

#### *Development Priorities*

A tenancy guarantee program is currently being piloted. Guarantees will provide landlords with up to \$1000 to cover any damage (or, if the damage is severe, the excess on the insurance policy) that may occur during the tenancy. This is seen as a way of assisting people into tenancies who would otherwise have trouble accessing the private rental market. It also gives landlords assurances about renting to tenants that are identified as being high risk. NSW is also exploring ways that Rent Start can be

delivered by selected Supported Accommodation Assistance Program (SAAP) providers as a part of a package of housing and support. It is anticipated that this will work to improve the accessibility of PRSP by encouraging delivery through community agencies (Hinton 2003b 16).

#### *2.3.4 Tasmania*

In Tasmania PRSP is administered through two church based welfare agencies Colony 47's CA\$H (Colony Assistance Service for Housing) Program in the South of the State and Anglicare's Private Rental Assistance Scheme in the North of the State. Both the CA\$H and Anglicare services are funded by the State Government's Department of Health and Human Services. Private rental support is provided through bond and rental grants and guarantees. There is no obligation on the part of the tenant to repay the monies received for rental bond, rent in advance and arrears, and removal costs. At the end of a tenancy landlords are requested to repay the bond to the organisation that provided the funding. Private rental support has generally been unavailable to public housing tenants except on a discretionary basis.

#### *Development Priorities*

The Tasmanian Government, under the auspices of its Affordable Housing Strategy, has put in place a set of initiatives for low-income tenants reliant on the private rental market. These initiatives include partnerships to expand the supply of affordable private rental housing and procedures to increase the level of security and appropriate return of tenants' money held by landlords. The strategy also includes resources to assist an additional 1,200 households by developing an intensive 'tenancy assistance package' that will enable recipients with specific difficulties (for example an inability to manage debts or maintain successful tenancies) to access financial support and counselling. The Pilot Study in Section 4 of this Positioning Paper provides additional details on the operation of the program in Tasmania.

#### *2.3.5 Western Australia*

The provision of private rental support in Western Australia is a component of the HomesWest Program that has operated out of the Department of Housing and Works since 1985. Low-income private sector renters are able to access bond loans in the form of an interest free loan to be paid-off in regular instalments (average \$15 per fortnight) over a two-year period. Approval for additional ingoing fees may be granted on a discretionary basis to those at risk of homelessness. In 2003, the Department for Community Development funded two major initiatives with the objective of assisting low-income tenants to obtain and maintain private rental properties. The first initiative is the Accommodation Assistance Program and is managed by the Wesley Mission under the name 'Homelink'. However, 'Homelink', is not designed to assist tenants who will require ongoing, longer-term support. In addition to 'Homelink', the Department for Community Development fund a number of regional and metropolitan agencies to provide advocacy and longer term support.

Eligibility for PRSP in Western Australia is determined by the same criteria used to determine public housing eligibility. Bonds are not available for rooming houses, boarding houses, or shared accommodation and public housing tenants cannot access a loan for three months after vacating housing department property. However, discretionary powers are often used. This is particularly the case with homeless people, who may have certain procedures waived to facilitate access to the private rental market. The Homelessness Strategies Branch in the Department of Housing and Works has recently called tenders for a Homeless Helpline Supported Housing Assistance Program that will assist homeless people in accessing the private rental market. Such a program will enable homeless people to establish a rental history and obtain the necessary references and records.

### *Development Priorities*

At present 24% of bond loan accounts are in arrears. The Department of Housing and Works operates a Bond Recovery Section, but most costs are recouped when tenants return for further assistance. HomesWest is currently undertaking a review of their debt recovery procedures in addition to working on a more streamlined approach to bond loan management.

#### *2.3.6 South Australia*

The PRSP in South Australia is provided by the South Australian Housing Trust (Department of Human Services) and has undergone some major changes in recent years. Private rental support is provided in the form of bond guarantees, rent in advance and arrears, information, referrals, advocacy and counselling. Up until 1995, removal and furniture cost were also included in the assistance.

Eligibility for support differs little from the other States and Territories. Applicants must have been resident in Australia for three months and have no outstanding debt with the Housing Trust. This latter requirement can be waived if the tenant requires priority assistance. Priority eligibility is subject to approval by a housing officer and is granted to applicants when:

- Alternative housing arrangements need to be made as a result of domestic violence
- There is an absence of suitable accommodation available
- A tenant is in a crisis situation, or facing homelessness.

Furthermore, there are discretionary provisions (subject to approval by an impartial agency) for most circumstances. For example, when an applicant

- Has not been a South Australian resident for the prescribed time
- Needs to be reunited with their family in times of stress
- Is an overseas student subsidised by AusAid
- Is a refugee or permanent migrant or
- Has been evicted from public housing, is a victim of domestic violence, and does not have access to safe accommodation.

Bond guarantees become repayable as a debt when claimed in full or in part at the end of the tenancy. Any bond claimed at the end of the tenancy will be raised as a debt against the tenant and must be paid in full prior to applying for further financial assistance (unless tenants fall under the priority criteria). Financial assistance for hotel/motel accommodation can be provided for up to six nights for victims of domestic violence and for homeless customers unable to access any other form of housing. In exceptional circumstances, this period may be extended. Tenants exiting public housing can access private rental assistance unless they have been evicted, in which case they are excluded from the program for six months.

### *Development Priorities*

South Australia is currently undertaking a review in order to redefine how private rental assistance is delivered in the State and ensure it is meeting its main objectives of reducing homelessness and transience. This review is exploring the administrative process with particular emphasis on the assessment interview, emergency assistance, private rental education and long-term trends about the demand for PRSP.

#### *2.3.7 Australian Capital Territory*

Private rental support in the ACT is operated by Housing ACT and offers rental bond loans. Eligible applicants are granted up to 80% of the bond required to rent privately.

This loan must be paid off over twenty months (via direct debit). To qualify for a bond loan applicants must:

- Meet an income test related to household size
- Not have cash or convertible assets over \$7500 (excluding ordinary household and personal effects, and a car)
- Meet the remaining criteria for eligibility for public housing in the ACT, and not have any available means of providing the bond
- Not have any outstanding debts (such as rental/maintenance debts or previous bond loans) with Housing ACT
- Be assessed to ensure that they are able to satisfactorily meet the obligations and payments required in sustaining a tenancy in a private rental property.

Special conditions apply for group/shared housing with each individual member of that household assessed individually according to the criterion outlined above.

#### *Development Priorities*

The bond loan scheme was introduced in July 2003 as a pilot, after its cessation in 2001 because of escalating costs and a low take-up rate for the service. The administrative costs associated with debt recovery were substantial and the scheme was criticised by the Auditor General. The bond loan scheme in its current form aims to keep administrative costs at a minimum and the repayment scheme as simple as possible (hence direct debit being the only option for repayment). The merits and effectiveness of the new scheme are not yet known.

#### *2.3.8 Northern Territory*

The Northern Territory operates a bond loan assistance scheme through its housing authority 'Territory Housing'. The purpose of the scheme is to help low-income households access the private market while they wait for public housing, or as an alternative to public housing. Just like procedures in the ACT, bond loans are paid as an interest free loan. Recipients are required to pay back the loan at a minimum of \$10 per week which is deducted from Centrelink benefits or pay. Eligibility for assistance is based on meeting the eligibility criterion for public housing. In addition, applicants must have resided in the Territory for the previous three months and not have assets over \$5000 (although some exemptions may be made in cases of domestic and family violence, and sponsored refugees). The types of assets included when assessing eligibility are the same as outlined in public housing eligibility.

There are two levels of assistance. The first provides four weeks rent as bond. The second is restricted to those experiencing extreme hardship (for example, homelessness or risk of homelessness) and provides four weeks rent as bond in addition to two weeks rent in advance.

#### *Development Priorities*

Territory Housing currently has not identified any specific 'future directions' with regard to private rental support.

## **2.4 Conclusion**

Each State or Territory operates its own bespoke assistance package and the level of support varies considerably. Five out of the eight SHAs (Northern Territory, South Australia, Queensland, Victoria, and Western Australia) operate bond loan and repayment schemes. In Northern Territory, Queensland and Western Australia a repayment scheme is established once a loan is approved to enable the client to repay in instalments. In South Australia and Victoria a repayment scheme only commences if the landlord makes a claim on the bond at the termination of the tenancy. In Tasmania and New South Wales clients receive a bond grant which they are not required to

repay. Table 6 summarises the different repayment models that each State and Territory Housing Authority has established.

**Table 6: Bond Loan Repayment Procedures**

<b>State /Territory</b>	<b>Bond Assistance</b>	<b>Repayment Scheme</b>
NSW	Bond Grants	Bond is repayable to the housing authority at the end of the tenancy, less any portion payable to the landlord
VIC	Bond Loans and Grants	Repayment is made in full or part from Residential Tenancies Bond Authority to housing. The client must repay to housing any portion of the bond loan paid to the landlord as compensation for rental arrears or damage to the property
QLD	Bond Loans	Repayments of \$10-15 per fortnight are calculated according to weekly income and rent paid.
WA	Bond Loan	Bonds are repaid at a flat rate of \$10-15 per fortnight
SA	Bond Guarantees	Repaid in full, or in part, to housing by the property owner/agent at the conclusion of the tenancy. Any claim raises a debt that the tenant then must repay to the Housing Trust
TAS	Bond Guarantees	Repaid in full, or in part, by the property owner/agent, to Colony 47/ Anglicare at the cessation of the tenancy
ACT	Bond Loans	Under the previous scheme loans were repaid to housing in 12 equal instalments, commencing 12 months after the loan was issued. The Rental Bond Board repays the loan out of the net bond remaining after the termination of the tenancy and repayment to the landlord of any valid expenses. Repayment of any balance remaining is the responsibility of the loan recipient
NT	Bond Loans	The applicant pays a minimum of \$10 per fortnight off the bond loan by direct deduction from benefits or pay

(Source Hinton 2003a)

In general, the development priorities of each SHA are to target their provision more effectively and reduce costs. The key challenges that the SHAs face include: minimising administrative costs; reducing the number of bond loan accounts that fall into arrears; and encouraging landlords to participate in the PRSP. The evidence collected by Hinton (2003) suggests that repayment schemes can be expensive to administer and difficult to manage (between a quarter and a half of all loans fall into arrears). In addition, research commissioned in New South Wales reported that as many as 16% of clients who received support had sought additional assistance within 12 months while as many as 40% had returned for assistance within two years (Housing NSW: 2001). More details on the priorities and practices of each State and Territory Housing Authority PRSP will be set out in the Final Report.

It is interesting to speculate why PRSP is so extensive in a small State like Tasmania. The scope of the Victoria and NSW schemes could be attributed to market factors in metropolitan localities such as Sydney and Melbourne. This does not however explain the nature of the Tasmanian scheme. The contraction of public housing has pushed increasing numbers of low-income and vulnerable households with support needs into the private rented sector. The lack of security and high mobility in this sector can make delivering appropriate support to this population problematic. Unlike public housing there are no designated housing workers to identify problems and intervene and this is not a role for landlords who indeed may refuse to house those tenants requiring support. This means that there are difficult questions to answer about the best way to provide private tenants with the support that they need. One explanation for variations in the scope of PRSP in different jurisdictions is the extent to which they have adopted a role in delivering broader social policy objectives as a core part of their business. Certainly PRSP schemes in Tasmania and some other state and territories have

identified early intervention and the prevention of financial and housing difficulties as an explicit part of their remit and devoted resources accordingly.

## **2. NEXT STEPS**

### **2.1. Gaps in knowledge**

Sections 1 and 2 of the Positioning Paper have provided a picture of private rental support programs across Australia. However, the complexity of each State and Territories' PRSP, as well as different geographic and housing market conditions affecting renters and service providers mean that significant gaps in knowledge remain. These are:

- The benefits of the schemes for clients and the problems that might arise in relation to access and retention of accommodation
- The type of models that can be deployed for effective monitoring of PRSP activity and the problems associated with interpreting data
- Gaps in service provision and/or duplication; for example other services that overlap with one or more component of PRSP
- The effectiveness of support schemes for the level of investment. In particular, data is required on the costs associated with PRSP and the utility of procedures to reduce non-payment of bond loans.

### **2.2. Methodology**

The next stage of the project will build upon the review of literature and summary of current practices in each State and Territory by addressing four specific questions. These are:

- How effective are PRSP in enabling low-income households to access and retain their accommodation?
- What other options are available for low-income households to enhance their capacity to afford private rented accommodation?
- What are the gaps in service provision and where does duplication exist?
- How is success currently measured? What are the most appropriate performance indicators to judge the success of Private Rental Support Programs?

Given the complexity of the subject matter it was decided that a Pilot Study would be an appropriate way to test the efficacy of data collection methods; the adequacy of research questions and; the recruitment of tenant participants in the research. Tasmania was chosen as the Pilot Study area because its PRSP incorporates the full range of assistance (i.e. bond and rent assistance, advocacy and relocation expenses<sup>7</sup>) and because the workings of the PRSP are well known to the project director making it a more cost effective task. The provisional findings of the Pilot Study and a discussion of the data collection techniques are reported in Section 4 of this Positioning Paper.

It is anticipated that during the review in each jurisdiction researchers will deploy the following data techniques. These may be amended prior to the next stage of the research<sup>8</sup>.

---

7 Unlike some other States and Territories Tasmania does not operate a bond repayment scheme or have an office of rental bonds. This means that in the remaining reviews of PRSP, the research team may need to modify their questions to make sure that bond loan schemes and bond board issues are addressed (see section 4.3.5).

8 The team of AHURI affiliated researchers located in each State and Territory and conducting the remaining reviews will be meeting in Melbourne to discuss how best to proceed.



Three focus group interviews - to capture the broad spectrum of perceptions about private rental support programs with:

- Private sector tenants in receipt of private rental support
- Tenants in the private sector who are eligible for the assistance, but who have chosen not to access it
- Practitioners responsible for administering the scheme.

The views of private sector tenants (both those who receive assistance and those who do not) can provide a rich source of data, particularly in relation to whether the services meet the needs of the target groups. We are particularly keen to explore reasons why eligible private sector tenants do not use the assistance. Consultation with the State and Territory Housing Authorities and other peak bodies will take place to ensure that the recruitment of private sector tenants for the tenant focus groups are broadly representative of the low-income target groups that experience housing stress at the start of their tenancy (i.e. single people under 30 years of age, sole parents, couples with children etc.). Finally, discussions involving practitioners responsible for administering the schemes will be arranged to cover access and retention issues in addition to the effectiveness of PRSP.

Two meetings with senior policy makers - to gauge their views about appropriate evaluation methods, address data collection issues and confirm overall policy objectives. These meetings are deemed essential for the task of collating detailed knowledge of the services from the providers' perspective

Four meetings with peak bodies representing tenants and landlords - to assist in gathering an overview of the services provided, and the views of landlords about the utility of the private rental support programs. Additional interviews with landlords or their agents to ascertain their views will also be sought if the evidence from Real Estate representatives is deemed insufficient to answer the research questions.

The validity of the data collection techniques outlined above will be enhanced through:

- Ensuring that the focus groups are broadly representative of low-income private sector renters (i.e. includes young people under 30 who are unemployed and/or periodically out of work, sole parents etc.)
- Accurate capture of data through tape-recording and transcription
- Grounding the interview and focus group questions through the literature review and review of current practice
- Conducting studies in all States and Territories to broaden the scope of the research and enable a comparative analysis
- Triangulation of research through the adoption of different methods of data collection. This will assist in gauging the consistency of findings generated by different data sources.

### **State and Territory Housing Authority Officers' Workshop**

Finally, following the completion of the fieldwork, a one-day workshop will be convened in Melbourne in which all participating State and Territory representatives will have the opportunity to discuss the preliminary findings with the research team and input any additional perspectives. The workshop will, in practice, provide a forum to revisit the research questions and assess data collected. The outcomes from the workshop will be presented in the Final Report.

### **3. TASMANIAN PILOT STUDY**

The aim of the Pilot Study was to report back initial findings and to provide guidance to the research team undertaking the other State and Territory case studies. This section is divided into four parts: 4.1 details the data collection methods; 4.2 provides background data on Tasmania's rental market and the structure and operation of PRSP; 4.3 reports on the findings; finally 4.4 discusses the relevance of the Tasmanian Pilot Study for the forthcoming PRSP reviews in other States and Territories. A more detailed review of the Tasmanian Pilot Study findings will be included in the Final Report.

#### **3.1. Data Collection Methods**

The data collection methods entailed:

- An analysis of existing data sources, previous consultancy reports and documents provided by the SHA and the two PRSP providers (Anglicare and Colony 47)
- Five focus group discussions (private sector tenants in receipt of private rental support; tenants in the private sector who choose not to access PRSP; practitioners employed by Anglicare and Colony 47; senior policy makers working for Housing Tasmania and peak body agencies (Shelter and The Tenants' Union)
- Three face-to-face interviews with the Director of the Real Estate Institute of Tasmania, a Senior Policy Analyst with Housing Tasmania and policy officers from Anglicare and Colony 47 who administer the PRSP.

The questions asked of interviewees and focus group discussants included the following:

- How is success currently measured? What are the appropriate performance indicators to judge PRSP?
- What are the gaps in service provision?
- Is there duplication and what other forms of assistance are available?
- How effective is PRSP in assisting households to access and retain their accommodation?

Data collection took place between December 2003 and March 2004 and aimed to capture up-to-date perceptions of both clients and professionals with an involvement in PRSP. Each interview and focus group discussion was recorded and transcribed; and though the number of individuals who participated was small, their knowledge base and expertise provided a rich source of information. The transcripts from the interviews and focus groups were categorised around the broad group of questions set out above.

#### **3.2. Structure and Operation of PRSP in Tasmania**

Recent data collected by the State Government (Housing Tasmania 2003) and other sources shows that:

- As many as 17% of Tasmania households are renting their homes in the private rental sector (Housing Tasmania 2003)
- 46% of private renters in Tasmania are under 30 years old (Purdon 2000)
- Approximately 10% of those who access PRSP are couples, 90% of clients are either lone parents or single people (Colony 47 2000)
- There are over 31,000 dwellings that are let to tenants in the private rented sector (Housing Tasmania 2003)

- It is estimated that over 20,000 households are in housing stress (i.e. paying more than 30% of their income on rent, the number of households in housing stress is projected to increase to 24,000 by the year 2020 (Housing Tasmania 2003))
- The average rent for a furnished three bedroom property has increased from \$248 in June 2002 to \$311 in June 2003 - a 25% increase (Housing Tasmania 2003)
- The Real Estate Institute of Tasmania reports that the vacancy rate across Tasmania in January 2004 was just 2.1% and most properties are let as soon as they are advertised (REIT 2004)
- For the financial year 2003/4 the Tasmanian government has provided \$2,330,000 for PRSP (Housing Tasmania 2003)
- For the year ending 30th June 2003, 4780 units (a total of \$1,337,000) of financial assistance were provided to 4314 new households (Housing Tasmania 2003)
- For the year ending 30th June 2003 4814 households still had outstanding repayable monies for assistance provided in a previous financial year - a total of \$1,045,000 (Housing Tasmania 2003)
- The total number of instances where bonds were written off for the year ending June 30th 2003 was 955 -a total of \$231,000 (Housing Tasmania 2003).

### 3.2.1. *Paying for PRSP in Tasmania*

Private rental support is delivered on behalf of the SHA by two community organizations: Anglicare for renters residing in the North and North West provide three service outlets where clients can access support (Devonport, Burnie and Launceston); Colony 47 provide support for renters in the South and operate from Hobart under the name of 'CASH'.

The demand for funds has meant that both Colony 47 and Anglicare have set limits on the amount of money that can be provided to any recipient. The eligibility criteria used to assess applications for assistance are listed in Table 7.

**Table 7: Income Assessment Thresholds for PRSP in Tasmania**

Threshold <sup>9</sup> .	Single	Couple	+1 Child	+2 Children	+3 Children <sup>10</sup>
<b>Per week</b>	\$336.00	\$559.00	\$593.00	\$627.00	\$661.00
<b>Per fortnight</b>	\$672.00	\$1118.00	\$1186.00	\$1220.00	\$1254.00

### 4.2.2 *Support provided*<sup>11</sup>

The scope of the assistance currently available is:

- A 75% bond payment. This can be offered retrospectively if necessary
- Discretionary funds for paying rent arrears and emergency bills

<sup>9</sup> These levels are correct as of February 2004 and are subject to change quarterly in line with Centrelink Health Care Card Limits.

<sup>10</sup> For each additional child add \$34.00 per week.

<sup>11</sup> Data for this section has been collected from Anglicare and Colony 47 policy officers responsible for PRSP.

- Help with removal expenses
- Advice

Usually, support is 'one-off' at the point when an applicant's eligibility is assessed. Those applicants who are eligible are usually provided either with a bond payment or a guarantee.

#### *Bond payments*

For those clients who qualify, PRSP will pay 75% of the bond with the expectation that clients pay 25%. However both agencies are able to offer additional support on a discretionary basis. The target groups for additional support include victims of domestic violence, households with large hydro debts and recently released prisoners awaiting Centrelink payments. At the end of the tenancy landlords are requested to return the bond or make a claim for retention. Both agencies regularly review all tenancies where PRSP has been provided to ascertain whether the tenants are still in residence. If the tenant has left the property and the bond has not been returned then steps are taken to recoup the bond. Currently the percentage of the bond returned (either in part or in full) to Anglicare and Colony 47 is around 85%.

#### *Bond guarantees*

Bond guarantees were introduced in 1999 as an alternative to bond cheques and now account for around 40% of all bond assistance. Although there is evidence that many of the smaller landlords do not accept bond guarantees (Hinton 2003), Colony 47 and Anglicare report that they are accepted by most of the large landlords and real estate agencies. When landlords or real estate agencies agree to accept a bond guarantee as an alternative to cash, the expectation is that, at the end of the tenancy, landlords inform the bond guarantee provider whether or not a claim will be made for cash reimbursement.

### *3.2.2. Reporting mechanisms*

There are two reporting tiers: agency procedures; and SHA reporting procedures. Each is described in turn:

#### *Agency*

Colony 47 and Anglicare have developed their own internal reporting mechanisms – for example; clients are asked to complete questionnaires to obtain feedback, profile users of the service and record the rents that landlords charge. In addition, staff meet regularly to discuss problems that arise and when necessary seek to follow up clients who have lost their bond. The information collected forms the basis for operational developments when necessary.

#### *State Housing Authority*

Both Anglicare and Colony 47 are required to send monthly and quarterly statistical reports to Housing Tasmania detailing a set of specific outputs. These include; 'number of applications' (male, female, children); 'expenditure' (rent guarantee, bond, rent in advance, rent in arrears and removals); 'returns' (guarantee, bond, rent in advance, rent in arrears); and 'other assistance' (advocacy, referrals, case management and information). The reports provide Housing Tasmania with a snapshot of PRSP activity. The data from the reports are collated into annual returns that are sent to the Australian Institute of Health and Welfare.

### *4.2.3 Recent Tasmanian Consultancy Reports*

In the last two years, there have been three reports that have examined the private rental market in Tasmania (Jacobs 2002, Cameron 2002 and Hinton 2003a&b). Cameron's report focussed on the experiences of tenants in the private sector. It highlighted evidence of poor maintenance and repair standards, a reluctance of some

landlords to let to tenants on low-incomes and noted that many low-income households have no alternative but to seek housing in areas some distance from amenities and without good transport links. The reports by Jacobs and Hinton concentrated on the workings of the PRSP in Tasmania. Jacobs' report looked at the performance and reporting methods of the two agencies responsible for delivering PRSP. It discussed how reporting mechanisms within the service agreement made it difficult to identify cost effectiveness and that advertising of PRSP in Tasmania was not undertaken systematically but on an ad hoc basis. Its recommendations included the need to provide data on the number of households who seek to access PRSP on a regular basis in order to identify clients who require longer term support as well as monitoring the reasons for non-return of bonds. The scoping report conducted by Hinton (2003a&b) discussed options for extending PRSP in Tasmania should additional monies from the State Government be forthcoming. It explored different repayment schemes, duplication issues, the effects of extending PRSP to groups not currently eligible for assistance and a review of procedures for addressing the non-return of rental bonds by landlords.

### **3.3. Interim Findings**

Data from the State Government, Anglicare and Colony 47, alongside the published consultancy reports provided useful information on the operation of the PRSP in Tasmania. However, it was necessary to investigate further to elicit more qualitative information on services in order to address the four key research issues. Data from interviews and focus groups is reported under the research questions: measuring success and devising performance indicators; gaps in service provision; duplication and other forms of financial assistance; and PRSP effectiveness in enabling low-income households to access and retain accommodation.

#### **3.3.1. *Measuring success and devising appropriate performance indicators***

Not surprisingly, how best to measure success generated considerable discussion in the three focus groups with practitioners, policy makers and representatives from Shelter and the Tenants' Union and there was a general consensus that measuring quantifiably the beneficial impacts of PRSP was challenging. There was a view amongst senior policy staff in Housing Tasmania that data collected should measure outcomes rather than simply measuring activity. It was recognised that collecting raw data that is consistent, unambiguous and quantifiable had proved problematic. The development of performance indicators was therefore seen as a considerable challenge, especially when seeking to separate out the impact of PRSP intervention from those effects that would have taken place simply as a consequence of changes in the housing market. It was suggested that in any evaluation of the PRSP it was necessary to separate different components of the program. The components identified were access issues, duration of the tenancy, bond recovery, and affordability.

#### ***Access issues***

ABS census data shows that there were 31,428 households renting in the private rental sector. Of these 22,457 were renting directly from private landlords and 10,382 through real estate agencies (ABS 2003b). Recent data supplied by Housing Tasmania shows that the number of new households receiving financial assistance via PRSP has declined from 2105 for the year ending 31<sup>st</sup> December 2002 to 1916 for the year ending 2003. This small decline is likely to be a consequence of the low vacancy rate across Tasmania (only 2.1% in January 2004 - REIT 2004) making it more difficult for tenants to move home. It was suggested that data is required to ascertain where those

(14,818)<sup>12</sup> potentially eligible for taking up PRSP reside. Interviewees argued that this data was necessary to judge whether PRSP advertising had reached its target.

#### *Duration of the tenancy*

Interviewees working for Housing Tasmania identified the length of time tenants stayed in their property (retention rates/length of lease) as another measure of success. It was felt that this measure might provide some insight into how effective programs are in helping people to stay put although it would require further investigation to find out from individual households whether PRSP had been effective. It was suggested that data that identified the numbers of people seeking to secure PRSP bond payments or bond guarantees on a regular basis would be a useful first step in establishing the reasons why landlords retain bond payments. However, it was acknowledged that many of the factors that influence client's choices to relinquish their tenancy are outside the scope of the aims of the PRSP (e.g. landlords' selling their property, tenants moving elsewhere to take up employment opportunities, relationship breakdown).

#### *Total amount of bond recovered - percentage and numbers of bonds returned by landlord*

Since one objective of PRSP is to ensure that tenants who rent properties are able to recoup their bond monies at the end of the tenancy this was accepted by all respondents as an obvious measurement of success and cost effectiveness. Currently, data is collected on the average bond lost for each month as a proportion of the average assistance paid out per household. The greater proportion of the bonds lost, the fewer successful tenancies there are. In recent years, Anglicare and Colony 47 have averaged a return bond rate of around 85% each financial year. It was argued by agency staff that a more useful measure would be to highlight the total number of bonds lost in proportion to the numbers of bonds fully or partly returned and record the dollar value of the total number of bonds written off in each particular year. Table 8 below provides current data from the two agencies showing the number of bonds returned by landlords for each of the last four years. The 'bonds lost' column can be viewed as a signifier of unsuccessful tenancies as the landlord has accessed either the bond loan or guarantee at the end of the tenancy.

**Table 8: Successful Tenancies<sup>13</sup>**

January –December 2000					Jan-December 2001			
	Lost	Return	SIR	Total	Lost	Return	SIR	Total
Anglicare	688	853	569	2110	321	403	1282	2006
Colony 47	641	677	581	1899	220	329	1290	1839

January –December 2002					Jan-December 2003			
	Lost	Return	SIR	Total	Lost	Return	SIR	Total
Anglicare	216	303	1516	2035	152	259	1582	1993
Colony 47	156	193	1392	1741	137	167	1401	1705

<sup>12</sup> The estimate of households potentially eligible for PRSP is based upon research by Cameron (2002) who used data from a survey (Department of Health and Human Services 1999). The survey reported that of all Tasmanian households renting in the private sector approximately 14,818 are in the lowest income quartile.

<sup>13</sup> **SIR** Still In Residence (or at least not closed off, i.e. may have left but owner/agent yet to inform). **Lost** where grant was used to cover expenses. **Returns** where grant was returned in full or part.

Practitioners felt that this measure, whilst providing some indication of the effectiveness of the scheme and the cost of bond assistance, could be misleading. First, aggregate expenditure on bonds and the bond payments recovered do not match up as there is often a considerable time delay before bond payments are returned by landlords. Other factors that undermine the accuracy of aggregating totals are: landlords are not required to return bonds when tenants remain in their property; some landlords fail to inform the PRSP agencies that their client has left the property; and some landlords mistakenly return the bond to the client instead of handing it back to agency.

#### *Proportion of tenant's income paid as rent*

Practitioners suggested that if tenants were paying below an affordability benchmark (i.e. client's rent was under 30% of their total income) then this could be read as a measure of successful action by PRSP workers in ensuring that the rental property was affordable to the client. However, it was pointed out that housing affordability is largely determined by supply and demand factors so PRSP staff advice to clients not to reside in high rent properties could at best only be marginal in its effects.

Overall it was recommended by senior policy staff working for Housing Tasmania that performance indicators should be kept as simple as possible and no more than 4 or 5 were necessary (a mixture of quantitative data measures or throughputs and qualitative outcome measurements). Agency staff felt it would be helpful to re-contact clients who had used the service to elicit their views on the PRSP and identify the total numbers of bonds lost (where a grant was used to cover landlord expenses i.e. damage to the property or rent arrears) and returned (where the bond grant was returned fully or in part). The challenges of devising effective measures of success are further discussed in Section 4.3.5.

#### *3.3.2. Gaps in service provision*

The interviews and focus group discussions enabled the research team to explore issues relating to gaps in provision. They were identified as insufficient scope for effective case management, eligibility criteria, and property inspection.

First, it was argued by staff that ongoing contact with clients (incorporating a case management approach) could be very productive (for instance helping clients to mediate with landlords to address concerns about late rental payments). Currently agency staff allocate about 15 minutes with each client when they seek support and this was viewed as an insufficient amount of time to provide useful advice. As one agency worker attending a focus group explained:

*Currently the program as it exists at the moment, doesn't actually allow any casework follow up. We have to wait for people to come to us with their problems rather than us being able to go to them, more like in a casework engagement... and I think that we would want to maintain more tenancies in that way.*

Longer consultations that allowed more scope to discuss budgeting problems were seen as especially helpful. As another agency staff member said:

*Many issues might not come up until you've had a little more contact with clients. I mean they are not really going to tell us straightaway that they have a gambling problem or some other big problem.*

These comments highlight the willingness of agency staff to adopt a more extensive casework approach in their interactions with clients. It can be discerned from their comments that PRSP intervention should be proactive in working more closely with clients who have poor rent payment histories.

Secondly there are limitations placed on eligibility. For example it was suggested that many individuals in need were not eligible for assistance, including the working poor and public sector tenants who were seeking private rental accommodation. Peak body

representatives felt that the eligibility threshold should be raised, as some households in need were unable to claim assistance.

Finally, it was suggested by some agency staff that resources should be set aside to inspect clients' properties and to report back on sub-standard accommodation in the private rental market and establish contact with landlords to remedy defects<sup>14</sup>.

Although these three gaps were identified it was recognised that extending PRSP to include case management and property inspections would change its scope from being a 'one-off' form of assistance. Extending eligibility thresholds would also mean more households receiving assistance and generate considerable additional expenditure for the SHA.

### 3.3.3. *Duplication and other forms of financial assistance*

Interviewees identified four other services and funding programs that are available for housing related expenses for clients utilising PRSP. First, the 'Supported Accommodation Assistance Program' (SAAP) is provided for those who are homeless or deemed to be at risk of becoming homeless. A recently introduced SAAP brokerage program offers money to clients to purchase goods or services such as emergency accommodation assistance, furniture items, and removal costs. It can also top up bond grants accessed through the PRSP to 100% of the bond. Research by Hinton (2003) reported that a significant number of clients who have accessed PRSP in a 12-month period might also be using brokerage money to top up the bond and access accommodation.

Secondly, the 'Emergency Relief Program' funded by the Commonwealth offers a safety net to those deemed to be in financial crisis. The distribution of emergency relief in Tasmania is provided by three church based agencies: Salvation Army, St Vincent De Paul and the City Mission. Food vouchers provide the main form of assistance but other provisions include help with clothing and household white goods. Budget counselling is provided to help clients renegotiate debts and access other welfare provision. Thirdly some clients are able to secure an advance \$500 payment from Centrelink; this advance has to be repaid at a minimum of \$10 per fortnight from the client's Centrelink payments. Finally, utility companies such as Aurora and Telstra offer to reschedule outstanding debts on the condition that clients provide regular payments.

All of the forms of assistance available to low-income households were viewed as helpful and, in general terms, duplication was not seen as a major concern. Caseworkers working for both agencies have considerable expertise in knowing what forms of support are available and how they can be accessed. However it was acknowledged that there are instances when individuals (clients and landlords) engage in fraudulent activity to access extra resources, though this was viewed as rare as the following quotation makes clear:

*Some people do take advantage, so I think there are occasions when we get scammed both by landlords and clients but fortunately these would be a small minority.*

There were concerns expressed about the overlap between SAAP and PRSP provision; notably that some clients were able to access SAAP funds to meet the costs of a bond after being rejected by PRSP.

---

14 One staff member took a contrary view and felt that property inspections would be inappropriate and actually undermine tenants' responsibility for themselves and their living arrangements.



### 3.3.4. Effectiveness in enabling low-income households to access and retain their accommodation

Asking interviewees and focus group discussants to offer their views on PRSP effectiveness provided important insights. Although some respondents might have different understandings on what precisely is meant by an effective outcome, it was generally understood as shorthand for the extent to which PRSP secured its objectives of facilitating access to private rented accommodation.

Peak-body representatives were generally favourable. A representative of the Real Estate Institute of Tasmania (REIT) felt that the scheme was of considerable benefit to landlords as it provided a mechanism for resolving disputes and guarantees the reimbursement of rent arrears and uninsured damage, loss and theft (up to four weeks of rental income). The landlord also benefits from the support provided to clients, helping reduce vacancy rates and damage to the property. Landlords are always seeking to minimise areas of conflict with tenants and the PRSP provides a mechanism to resolve disputes and insure against risk. On the other hand, the tight rental market makes it possible for landlords to exercise more choice when selecting tenants and low-income householders will always be perceived as a higher risk than better off tenants.

Spokespersons for Shelter and the Tenants Union suggested that PRSP provides a valuable safety net for low-income households and helps ease the strains associated with moving, though it was an insufficient instrument to address the consequences of an under supply of affordable housing. In this respect PRSP was viewed as 'a band-aid strategy'. Both Shelter and the Tenants Union put forward arguments in support of bond boards (which are in place in all the other States and Territories except for the Northern Territory). It was suggested that a bond board would provide a repository for all rental deposits, provide a standard framework for resolving disputes and generate additional funds from the interest made on depositing bond monies.

There was general support from tenants about the effectiveness of PRSP and it was seen as a helpful means to reduce the financial stress associated with moving; though there were concerns about the length of time taken to process applications from one interviewee. The main frustration felt by all tenants participating in the research was the difficulty of finding a suitable property, negotiating with landlords to get repairs carried out and ensuring the bond was returned at the end of the tenancy. The views of clients are broadly similar to those reported by Jacobs (2002) and Hinton (2003) in their research. In the quotation below, one tenant suggested that her difficulties in accessing accommodation were, in part, attributable to a perception that young people are unreliable tenants.

*I don't think renting anywhere is really easy. It's because I'm a young person they sort of think 'oh yeah she's young, she wants to party, she's going to ruin the house'. So yeah, especially if you don't have a lot of references the first time moving out<sup>15</sup>.*

Clients using the service appreciated the financial support made available by PRSP. A client reported how the 75% bond payment had assisted her establish a new tenancy.

*'You only have to pay 25% which really helped me out because it meant I only had to come up with sixty-five bucks. So, they get the money back in the end so it's not like they're losing out unless you stuff up, unless you don't get your bond back.*

---

15 The impact of discrimination and what policies might be effective in counteracting discrimination will be addressed in the Final Report.

The views of low-income renters who had decided not to seek PRSP assistance were elicited to explore some of their reasons for their decision. The discussants provided valuable data about landlord discrimination against low-income households, their frustrations in accessing financial assistance and the difficulties of balancing a budget and keeping out of debt. Though they were eligible for PRSP they chose for practical reasons not to seek bond assistance:

*Landlords won't even look at you if you take Anglicare [bond]. There's a stigma out there.*

*If you need some sort of support service you're not the kind of person we want in our house.*

Another explanation for not accessing funds was the bureaucratic procedures involved. The forms that needed to be completed and the certification of evidence for PRSP assistance was seen as a disincentive and interviewees complained that it was a difficult and convoluted process.

*You've got to get photocopies of the lease and the landlord to sign it and oh so many questions. They want to know who it's for, everything ..... so that's a bit of a pain in the backside.*

One client had received a 75% bond deposit from Anglicare but declined to seek another deposit when she moved because:

*I didn't want to do that again because I just felt that it was such a nuisance doing that the first time.*

Finally, agency workers made a strong case for PRSP. The high demand for rental properties in Tasmania has made it easier for unscrupulous landlords and loan sharks to exploit vulnerable tenants. In their view PRSP provided a mechanism offering valuable assistance and enhanced the scope to promote both tenants' and landlords' mutual obligations. It was pointed out by agency workers that the effectiveness of the PRSP was evident from data showing that the costs of administering the programs averaged less than 40%<sup>16</sup> of the total PRSP funds provided by Housing Tasmania. Furthermore many of the clients they worked with had multiple needs and though limited, PRSP provided an opportunity to discuss these concerns and seek solutions.

### 3.3.5. Methodological Issues

As well as providing initial findings, the aim of the Pilot Study was to offer guidance on the methods of research so that techniques can be refined for the next stage of the review. The issues that require attention are:

- The challenges involved in comparing data from different jurisdictions because of the variations in service delivery. Terminology can be confusing; for example the terms 'grant' and 'loan' can have different meanings and the existence of bond boards in some States and Territories further complicates data analysis. In short, there is a very different operating environment in each State in terms of the structure of PRSP, the housing market and the data available. For all of these reasons, it will be necessary to provide a commentary addressing these challenges in the Final Report
- In Tasmania it was a relatively straightforward task to make contact with professionals because of the small number of staff working in the SHA and the two community agencies responsible for delivering PRSP. Elsewhere, SHAs are much larger bureaucracies with complex organisational structures, bond boards and

---

<sup>16</sup> Housing Tasmania's service level contracts for Anglicare and Colony specify that the proportion of money that should be spent on administration as a percentage of total grant funds plus bond returns.

repayment schemes<sup>17</sup>. In all probability, this will mean more time is required to finalise interviews with staff and set up focus groups

- Attracting discussants for tenant focus groups in Tasmania (clients of PRSP and those who choose not use the PRSP) proved to be difficult and required considerable work on behalf of the research team and agency staff. Making sure that the focus groups are well attended will require detailed planning, close liaison with professional staff and carefully targeted advertising
- There is a difficulty in interpreting raw data collected by the State Housing Authorities. There was a general consensus that differentiating the impact of market factors from the effects of service provision intervention would be useful. Advice will be required (both at the researchers' workshop and from in-house PRSP staff) to further refine the set of questions put to interviewees, particularly in relation to financial data
- Though Tasmania provides the full range of PRSP it differs from some of the other States and Territories in two respects. First, it does not require clients to repay loans. Second, alongside Northern Territory, Tasmania does not have an office of rental bonds to regulate the deposit and return of private rental bonds. In practice this will mean that where there are bond boards and/or repayment schemes researchers will need to familiarise themselves with the set of issues that ensue from these arrangements and develop an additional set of relevant questions.

Table 9 below summarises the main data collection issues that will require attention prior to the second stage of the research.

**Table 9: Data Collection Techniques and Issues Arising**

<b>Data Collection Techniques</b>	<b>Objectives</b>	<b>Issues arising/future action for remaining State studies</b>
Focus group meeting with renters who do not receive assistance	To explore reasons why tenants choose not to use the service	Difficult to recruit subjects. Advertising to attract candidates will be required to ensure high attendance
Focus group with private sector tenants in receipt of PRSP	To collect views on the PRSP and its effectiveness	Difficult to recruit subjects. Requires collaboration with service providers to invite a sample of clients. Best undertaken at point of service delivery
Interviews and focus groups with two sets of practitioners responsible for administering the PRSP, AIHW statistics,	To discuss access, retention & effectiveness of the PRSP	How best to interpret national data on PRSP will need to be addressed prior to the commencement of state/territory reviews. States and Territories that operate bond repayment schemes and/or bond boards will necessitate an additional set of questions for researchers
Four Interviews with Senior Policy makers, AIHW statistics	To discuss evaluation methods	Best done at the end to check data sources etc.
Four Interviews with Peak bodies	To gain an overview of the PRSP	Only likely to provide general information, therefore can be undertaken as a focus group

The barriers outlined in the above table will be discussed when the research team meet to fine-tune and strengthen the methods of data collection and ensure that appropriate

<sup>17</sup> The Final Report will include a section on repayments schemes and clients who default on loans (not applicable in Tasmania as clients receive bond payments or guarantees but not loans).

data collection strategies are in place before the next stage of the research commences.

### **3.4. Pilot Study Provisional Conclusions**

Although a more comprehensive summary of the findings of the Tasmanian review will be included in the Final Report, a number of provisional conclusions can be drawn at this juncture.

#### ***4.4.1 General observations***

It can be discerned that there is strong support for PRSP from the housing sector, private landlord representatives and from clients in receipt of financial assistance. PRSP is viewed as being an effective means to enhance landlord and tenant mutual responsibilities and to meet a need that would otherwise not be addressed (namely the high costs associated with moving). On the other hand, there are gaps in service provision, notably the scope available to provide more extensive advice when clients seek assistance. It is also the case that because bond loan/guarantee schemes are not accepted by many smaller landlords and one or two real estate agencies, some eligible households choose not to seek bond assistance for fear of discrimination.

#### ***4.2.2 Evaluative issues***

It is recognised that market forces have the biggest impact on clients' efforts to find and manage their new tenancy. For this reason quantitative evaluation methods have proved difficult to devise and there is a general perception amongst stakeholders that qualitative data is required to gauge the efficacy of the PRSP. There was a concern from interviewees that the current reporting mechanisms tend to concentrate on throughput activity rather than outcomes and that the advertising of PRSP is rather sporadic and not systematically assessed. Amongst the suggestions put forward was that reporting on the numbers of clients who use PRSP on a recurring basis would be useful but caution is required when using this indicator as it can reflect market factors as well as PRSP success. It was also suggested that to judge PRSP effectiveness properly would entail a longitudinal evaluation in which a sample of individual clients were recontacted beyond a 12 month period.

#### ***4.4.3 Administration issues***

Interviewees working within the two agencies highlighted that considerable time was taken in administering bond payments schemes and that it generated a large volume of correspondence, particularly when clients fail to complete a condition report or notify agencies when they leave a property. Another problem identified was that some landlords pay the bond to the tenant rather than returning it to the agency. There was also some evidence of minimal duplication with other services, namely SAAP and emergency relief provided through Church based agencies. It was also suggested that because there is no bond board in Tasmania some landlords remain unaware of their responsibilities.

#### ***4 4.4 Development priorities***

The major concern of agency workers was to put in place resources to concentrate on clients' long-term concerns. It was suggested that PRSP should be extended to enable agency staff to provide intensive case management support. The provision of ongoing support was seen as an effective mechanism to enhance security of tenure. In addition, peak bodies representing tenants were strongly supportive of establishing a bond board in Tasmania. It was acknowledged that the development priorities require additional resources and change the scope of the PRSP from being a 'one-off' form of provision to one that entails more intensive intervention with clients accessing the service.

Monies have recently been made available to address some of these concerns through the State Government's Affordable Housing Strategy. This means that from May 2004:

- An expanded eligibility to PRSP through increasing the income thresholds with the aim of offering support to the 'working poor'. At least 600 new households are expected to benefit
- Intensive tenancy assistance packages for 680 households providing additional financial and non-financial support to those with short term financial difficulties.

#### *4.4.5 Implications for the next stage of the project*

The lessons from the Pilot Study have been set out in some detail in Section 4.3.5. However, it is worth restating that before commencing the next stage of empirical research, it will be necessary for the research team to refine the data techniques so that the findings from each State and Territory Review can be collated successfully into the Final Report. In addition, the research team will need to elaborate on how effectiveness can best be measured and to agree a protocol for how national data collected by the Australian Institute of Health and Welfare can be interpreted.

## 4. CONCLUSION

This Positioning Paper has provided background information and research guidelines for the review of PRSP in each Australian State and Territory. Specifically, it has:

- Documented recent research that has sought to estimate the housing stress experienced by low-income households in the private rental market across Australia and the mechanisms in place to provide additional support to alleviate hardship
- Highlighted issues in countries with a similar private rental market to Australia's; namely Canada, the United Kingdom and New Zealand, to identify practices and innovation. The summary illustrated the challenges in establishing effective policies to enhance the mutual obligations of tenants and landlords
- Summarised the range of PRSP services in each Australian State and Territory and outlined future development priorities in relation to PRSP
- Identified the gaps in knowledge that require further investigation and analysis. These gaps include: examining the utility of developing performance indicators to measure the effectiveness of PRSP; noting the range of support options available for low-income households to maintain stable tenancies in the private rental market; identifying the limitations of current PRSP provision; and highlighting areas of duplication in services available to support low-income private sector renters
- Reported on a Pilot Study of the PRSP operating within Tasmania in order to highlight the key issues for the next stage of data collection and set out the challenges that need to be addressed in the remaining State and Territory wide reviews. One of the most important findings from the Pilot Study is the broad consensus amongst policy makers and practitioners that more sensitised qualitative measures are required to assess PRSP effectiveness in providing assistance to low-income households.

## 6 REFERENCES

- ABS (2000) *1999 Australian Housing Survey*, Canberra: ABS
- ABS (2003a) *Year Book Australia Population, Households and Families*, Canberra: ABS <http://www.abs.gov.au/Ausstats/abs>
- ABS (2003b) *Australian Social Trends: Housing - Housing and lifestyle: First home buyers*, Canberra: ABS  
<http://www.abs.gov.au/Ausstats/abs@.nsf/0/61f59a6f377386bcca256d39001bc361?OpenDocument>
- ABS (2003c) *Australian Social Trends 2003* Cat No 41020.0 Canberra: ABS
- ABS (2003d) *2001 Census of Population and Housing Selected Social and Housing Characteristics for Statistical Local Areas, Tasmania*, Canberra: ABS
- AIHW (2003a) *Australia's Welfare 2003*, Canberra:  
<http://www.aihw.gov.au/publications/index.cfm> (11th January 2004)
- AIHW (2003b) *Private Rent Assistance Data Collection 2001-2*  
[http://www.aihw.gov.au/housing/assistance/data\\_collections/index.html](http://www.aihw.gov.au/housing/assistance/data_collections/index.html) (11th January 2004).
- AIHW (2004) *Private Rent Assistance Data Collection 2002-3*  
<http://www.aihw.gov.au/publications/index.cfm?type=detail&id=9975> (18th March 2004).
- Badcock, B. and Beer, A. (2000) *Home truths: property ownership and housing wealth in Australia*, Melbourne: Melbourne University Press
- Cameron, P. (2002) *Condition Report: Low Income Earners in the Tasmanian Private Rental Market*, Hobart: Anglicare Tasmania Social Action and Research Centre
- Chamberlain, C. and MacKenzie, D. (2003) *Australian Census Analytic Program Counting the Homeless 2001*, Canberra: ABS
- Colony 47 (2000) *CA\$H Housing Papers: Part 1: Housing Outcomes of CA\$H clients receiving multiple financial assistance into private rental*, Hobart: Colony 47
- Commonwealth Department of Family and Community Services (2002) *The Housing Assistance Act 1996 Annual Report 1998/1999* Canberra: Commonwealth Department of Family and Community Services
- Commonwealth, Department of Family and Community Services (2003a) *Commonwealth - State Housing Agreement 2003-2008*, Canberra: Commonwealth Department of Family and Community Services  
<http://www.facs.gov.au/internet/facsinternet.nsf/aboutfacs/programs/house-csha.htm>
- Commonwealth Department of Family and Community Services (2003b) *The Housing Assistance Act 1996 Annual Report 1999/2000* Canberra: Commonwealth Department of Family and Community Services
- Department of Health and Human Services (1999) *First Results of the Healthy Communities Survey 1998-9*, Hobart: Tasmanian Health and Human Services
- Harding, A., Lloyd, R. and Greenwell, H. (2001) *Financial Disadvantage in Australia 1990-2000: The Persistence of Poverty in a Decade of Growth* Sydney: Smith Family
- Hinton, T. (2003a) *Reviewing Key Issues from Private Rental Assistance Schemes* Report Prepared for Anglicare and Colony 47, Hobart
- Hinton, T. (2003b) *Private Rental Assistance Scoping Project* Report Prepared for Anglicare and Colony 47, Hobart
- Housing Department of New South Wales (2001) *Review of RentStart*, Sydney: Department of Housing

- Housing Tasmania (2003) *Towards An Affordable Housing Strategy: Background Paper 2 Private Rental Housing*, Hobart: Housing Tasmania
- Hulse, K. (2002) *Demand Subsidies for Private Renters*, Melbourne: AHURI
- Jacobs, K. (2002) *Review of Tasmania's Private Rent Support Scheme*, Hobart: Housing Tasmania
- National Association of Citizens Advice Bureaux (1998) *Unsafe Deposits*, London: National Association of Citizens Advice Bureaux
- National Shelter and Australian Council of Social Services (2003) *Rent Assistance: Does it Deliver Affordability?* Strawberry Hills: New South Wales
- Office of the Deputy Prime Minister (2002) *Tenancy Money: Probity and Protection: A Consultation Paper* London: Office of the Deputy Prime Minister
- Productivity Commission (2004) *Report on Government Services*, Melbourne: Productivity Commission
- Purdon Associates Pty Ltd (2000) *Review of Additional Needs for Low Income Renters*, ACT: Purdon Associates
- Real Estate Institute of Tasmania (2004) *The Tasmanian Property Market*, Hobart: REIT
- Rugg, J. and Bevan, M. (2002) *An Evaluation of the Pilot Tenancy Deposit Scheme*, London: Office of the Deputy Prime Minister
- Rugg, J. (1996) *Opening Doors: Helping People on Low Income Secure Private Rented Accommodation*, York: Joseph Rowntree Foundation.
- Rugg, J. (2003) *Deposit Guarantee Schemes in Scotland*, Edinburgh: Scottish Executive. <https://www.scotland.gov.uk/library5/housing/rdgs-00.asp>
- Slatter, M. and Crearie, M. (2003) *'Setting Them Up to Fail?' Initial Findings from a Study of the South Australian Private Rental Assistance Program*, Unpublished Mimeo, School of Law Flinders University / South Australia Housing Trust
- Tenants Rights Action Coalition (2003) *Security Deposit Trust Funds in Other Jurisdictions* <http://www.tenants.bc.ca/othpubs/deposit/other.html> (2 December 2003)
- Wulff, M and Yates, J. with Burke, T. (2001), *Low Rent Housing in Australia 1986-1996*, Canberra: Department of Family and Commonwealth Services
- Yates, J and Wulff, M. (2000) *'Whither low cost private rental housing'* Urban Policy and Research Vol.18 No 1 pp 45-64



### **AHURI Research Centres**

Sydney Research Centre  
UNSW-UWS Research Centre  
RMIT-NATSEM Research Centre  
Swinburne-Monash Research Centre  
Queensland Research Centre  
Western Australia Research Centre  
Southern Research Centre

### **Affiliates**

Northern Territory University  
National Community Housing Forum



Australian Housing  
and Urban Research Institute

Australian Housing and Urban Research Institute  
Level 1, 114 Flinders Street, Melbourne Victoria 3000  
Phone +61 3 9660 2300 Fax +61 3 9663 5488  
Email [information@ahuri.edu.au](mailto:information@ahuri.edu.au) Web [www.ahuri.edu.au](http://www.ahuri.edu.au)