What the latest evidence tells us
Sustaining private tenancies: experiences & opportunities

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Overview

Drawn from new AHURI research: sustaining private tenancies

- Part 1: The private rental sector (PRS) context
- Part 2: A framework to consider tenant support
- Part 3: An opportunity for policy and practice innovation
Part 1
The private rental sector context
### National Private Rental Sector (PRS) growth

<table>
<thead>
<tr>
<th></th>
<th>1981</th>
<th>2011</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Households</td>
<td>Per cent</td>
</tr>
<tr>
<td>New South Wales</td>
<td>339,061</td>
<td>21.1%</td>
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<tr>
<td>Victoria</td>
<td>228,706</td>
<td>19.0%</td>
</tr>
<tr>
<td>Queensland</td>
<td>151,523</td>
<td>22.4%</td>
</tr>
<tr>
<td>South Australia</td>
<td>67,603</td>
<td>15.9%</td>
</tr>
<tr>
<td>Western Australia</td>
<td>87,318</td>
<td>22.1%</td>
</tr>
<tr>
<td>Tasmania</td>
<td>23,900</td>
<td>18.1%</td>
</tr>
<tr>
<td>Northern Territory</td>
<td>8,854</td>
<td>33.9%</td>
</tr>
<tr>
<td>Australian Capital Territory</td>
<td>11,28</td>
<td>16.7%</td>
</tr>
<tr>
<td>Australia</td>
<td>918,250</td>
<td>20.3%</td>
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</table>
Housing-related disadvantage in the private rental sector

- Decline in overall private rental affordability; median rent to median income ratio changed from 19.0% in 1981 to 26.9% in 2011

- Heightened rates of residential mobility among private rental tenants relative to all tenures. 39.5% private tenants moved 3 or more times in previous five years compared with 7.8% among other tenures

- ‘Forced housing moves’ including evictions and affordability accounted for 22.6% of these PRS moves
New norms emerging: long-term private renters

- 33% of all long-term private renters are single person households; 30% of long-term renter households include dependent children (20% couple, 10% sole parent)
- Close to half of all long-term renters are aged 30–44, with 30% aged 45–64 years
- Households with main source of income pension or benefit are over-represented among long-term renters
- Income quintiles two and three over-represented among long-term private renters, including low-income waged
- Long-term tenancies relatively under-regulated
The research project

Aims
- To complement current knowledge of ‘failed’ tenancies
- To contribute a tenant perspective on assistance needs

Approach and methods
- A holistic framework enabling ‘upstream’ intervention
- Interviews with 76 low to moderate income tenants
- Melbourne, Sydney and Perth sub-market analysis
- Interviews with 16 agencies about tenant supports
- Identification of vulnerabilities, risks and opportunities
Part 2
A framework to consider tenant support
A conceptual framework

Critical Life Events
- Economic
- Health/disability
- Family formation
  - Threats to income and household capabilities

Housing ‘shocks’
- Access
- Affordability
- Security
- Quality
- Safety
  - Housing-related problems in the private rental sector

Context: Daily hassles associated with low to moderate income

Household access to resources: ‘insurances’

Context: Private rental sector (PRS)

Household capacity to sustain tenancies

Commonwealth Rent Assistance

Housing and/or crisis assistance
Findings: tenant ‘types’

Few critical life events

- New migrants
- Working tenants
- Experiencing hardship
- ‘Managing’ independently

Accumulated and crippling life events

- Family disruption, health challenges, carer/caring, trauma, work difficulties
- Disrupted work histories
- High assistance needs
A migrant tenant—few life events

- ‘In the beginning when we were still in South Africa I kept checking the Australian rental market so then I saw houses like between $250-$320 a week. When we got here all those houses had gone ... so when we got here we saw that we weren’t going to find anything in that range, in the $280 to $320 so we re-budgeted and thought we’re going to look at $350 to $400 but $400 was the max we could push to.’ (WA, couple with children)
A Service Provider—accumulated life events

‘Most of our clients fall behind in rent because of a relationship breakdown or unemployment or mental health issues ... Because ... an exorbitant rental increase ... When things aren't going well. A relationship might breakdown and they kind of lose it and they might turn to drugs, they might, you know, they’re off work and it all goes out of control ... staying in somebody else’s house ... When they don’t have any of those ... that’s when they’ve got more energy to come and speak ... they’re in the right headspace.’ (Legal service, Melbourne)
Housing ‘shocks’ = risk points

Access
- Discrimination
- Limited PRS knowledge
- Lack of references
- Inability to view properties
- Insufficient bond funds
- CRA/real estate agent timelines

Maintenance
- Rental affordability
- Running costs of poor condition dwellings
- Privacy and safety
- Insecurity and forced/unwanted mobility

Exit/ transitions
- Management of property/lease
- Rent arrears/ blacklisting
- Bond release
- Ongoing debt management
- Mobility expenses
A tenant—access to tenancies

‘All connections! Because, you know, like the Bangladeshi’s are very well connected, extremely well connected.’ (NSW, single)

- A strategy of supported arrival as a pathway into more formal segments of the rental market where and when possible.
‘Yeah sometimes I am behind yeah. Yeah electricity is killing now. Really hard, yeah, really hard. $650. That’s crazy.’ (NSW, couple)

‘The taps in the shower were dripping for so long, my son fixed them, then it happened again and I told the real estate after an inspection and they did nothing … then also the toilet kept running … the water bill was just so ridiculously high.’ (Vic, couple with children)
A Service Provider—exit points/lease transitions

‘This is where issues of tenants’ rights become problematic, is a lot of property managers will guilt tenants into signing over their bond because of damage or because of rental arrears, therefore meaning that the landlord can access the entire bond without having to go to VCAT [court].’ (Agency, Melbourne)

‘[The bond loan] was there as a fail safe before … now it’s become a target for [landlords] to actually try and raise their rents to the 55 per cent criteria.’ (Agency, Melbourne)
### Insurances

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<tr>
<th>Insurance type</th>
<th>Example indicators</th>
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<tr>
<td>Personal attributes</td>
<td>Resilience and temperament</td>
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<tr>
<td></td>
<td>Education</td>
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<tr>
<td>Labour market attachment</td>
<td>Paid work</td>
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<tr>
<td>(independent income generation)</td>
<td>Cash flow; work security and regularity</td>
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<tr>
<td>Social capital/support</td>
<td>Assistance from informal networks (family and friends)</td>
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<td></td>
<td>Community relationships</td>
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<tr>
<td>Financial borrowing capacity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Informal informal borrowing (family)</td>
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<td></td>
<td>Formal regular banking sector</td>
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<td></td>
<td>‘Pay day loans’</td>
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<tr>
<td>Market based insurance</td>
<td>Unemployment insurance</td>
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<td></td>
<td>Health insurance</td>
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<td></td>
<td>Home/Car insurance</td>
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<tr>
<td>Government and related support</td>
<td>Income support</td>
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<td></td>
<td>Commonwealth Rent Assistance</td>
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<td>Private Rental Assistance</td>
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A tenant—paid work as an ‘insurance’

‘We’re weighing up do we actually sell everything we have here and move to Melbourne and live with mum … but then that would be offset because I know it to be true in Victoria they’re going through a lot of hardship just as New South Wales and South Australia, just announced last week through the closures of factories and Ford and closing down … the prospects of being able to obtain work with a decent wage it would be offset … So the rent goes down but our rent savings is enormous but then our wages go down so how have we benefit, and it’s cost us a lot of money to sell all our possessions and move over there to Melbourne.’ (WA, couple with children)
A tenant—work disincentives in the PRS

‘I was getting a single parents benefit ... So if I earned more money I’d get less benefit, so pretty much I couldn’t improve my income unless I could get a fulltime job that would pay me more than $600 a week and there’s no job… that’s not going to exacerbate the [medical] condition.’ (Vic single mother)
Sub-markets and market segments

- ‘Housing shocks’ are most pronounced in tight housing markets: Perth, followed by major Sydney, major Melbourne, with ‘relief’ in outer Melbourne

- Formal real estate managed rental is difficult for households without experience & ‘know-how’ to manage, and for those with ‘histories’

- Privately managed and informal rental can provide access to housing (e.g., via Gumtree, social networks); but can introduce/exacerbate risk
Practitioner perspectives

- New’ types of tenants in need
- Highly mobile tenants requiring assistance
- Lack of knowledge and education among some tenants: need for tenant education/literacy
- Financial risk points: bonds, rent payments, debt
- Exit risks: exit before end of lease—‘fear moving’
- Problems driven by problems of rental affordability
- Enabling unscrupulous landlord practices: ‘predatory landlords’ (including overseas investors)
Questions to consider

- Private rental as a public housing exit tenure?
- Private rental as a place in which low to moderate income households can, on average, ‘get ahead’?
- Private rental as enabling of migrant settlement?

Private rental sector as presenting opportunities for:
  → Innovation in responses to households in need?
  → Institutional innovation and development?
Part 3
An opportunity for policy and practice innovation
Rental assistance innovation 1

- Funded, formalised and promoted integration of *housing assistance* into sites of ‘critical life event’ and ‘housing shock’ service contact points:
  - Medical centres
  - Financial services including debt counselling
  - Legal services including family law courts and mediation
  - Migration information and settlement advice
  - Student housing services
Rental assistance innovation 3

WELCOME TO HOMEGROUND REAL ESTATE

HomeGround is a not-for-profit real estate agency in early 2014. With over 15 years experience managing in excess of 300 tenancies throughout Melbourne. HomeGround is in a unique position to provide high-quality property management while increasing the supply of affordable housing.

Essentially landlords can have HomeGround Real Estate manage their property at full market rent, at a reduced market rent, or on a philanthropic basis. We work around each landlord’s individual situation.

HomeGround Real Estate can deliver market return on investments just as any other residential property management service. This branch of the agency is an industry standard service that provides professional property and tenancy management like any other agency. The defining feature is that the management fees will be re-directed back into the Affordable Housing initiative arm of the enterprise. We are committed to getting such a financial and social return on investments.

VISIT THE

HomeGround Real Estate WEBSITE
A tenure of wear & tear

Social housing: maintenance

Private rental: wear & tear

Home ownership: strengthening