

Private rental can only be a stop-gap for social housing waiting lists

Based on AHURI Final Report No.422: Getting off the waiting list? Managing housing assistance provision in an era of intensifying social housing shortage



What this research is about

This research investigates how housing policy makers, housing assistance providers and other stakeholder agencies are managing the diversification from social housing to a wider range of forms of housing assistance. It also presents perspectives on alternative forms of housing assistance and their effectiveness.

The context of this research

Since 1991, the number of Australian households receiving social housing assistance has fallen by 44 per cent in absolute terms and by 61 per cent when adjusted for population. As a result, only households with complex or acute needs are allocated social housing. However, the scarcity of new social housing lettings means even priority applicants have no guarantee of when they will be housed.

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Assisted access to private rental tenancies has become increasingly central to housing assistance programs. The aim is to support lower-income households to sustain private rental tenancies through early intervention. There is a question whether these forms of assistance are effective in sustaining market rental tenancy. It is estimated that only around 11 per cent of private tenants have a lease of two years or longer, and that 31 per cent of recent moves among this cohort are involuntary.

The key findings

Current forms of private rental assistance in Australia

Commonwealth Rent Assistance is the main form of private rental assistance, both in terms of dollars expended (\$4.5 billion annually) and number of recipients. State and territory governments, whose main form of housing assistance has been social housing, also operate private rental assistance programs that include financial supports such as bond loans, rental grants, relocation expenses and (time limited) subsidies. In addition, there are private rental brokerage programs that are designed to assist clients by providing advice, information, introductions and timely support. Their objective is to enable clients to compete successfully for rental properties in a competitive market and maintain their tenancies over the long term.

Private rental assistance and social housing are targeted at different cohorts

Private rental assistance is typically targeted at applicants whose needs are less acute. Eligibility criteria for private rental assistance schemes commonly include an ability to ‘sustain private rental housing’ or ‘live independently’. This may mean a current capacity to sustain a private rental or the potential to gain such a capacity after a period of support.

There is also an emphasis placed on an applicant's capacity to afford a private rental property, either currently (in the case of bond loans or advanced rent) or in the future (in the case of rental subsidies). Most private rental assistance products have affordability cut-offs such that applicants can only receive support if the rent for the property they are applying for is less than 50–55 per cent of their income. This works to prevent applicants from taking on unaffordable tenancies.

Households allocated private rental assistance are not guaranteed that they will be able to access a suitable private rental property. Research participants noted that private rental assistance recipients find it increasingly difficult to secure private rental properties that conform to the affordability cut-offs included in the eligibility criteria, and that sometimes assistance products aren't being taken up, not because they're not needed but because of rents being too high for the eligibility requirements.

Private rental assistance can reduce social housing wait lists

Private rental assistance programs are informed by a dual rationale of (1) relieving pressure on waiting lists by diverting lower-need/priority applicants to the private rental sector, and (2) providing 'stopgap' housing to people while they wait for social housing as a means of addressing people's immediate shelter needs.

Acceptance of other forms of private rental assistance can trigger removal from the social housing waiting list or result in applicants being accorded lower priority status. The extent to which people seeking social housing are counselled to accept other forms of housing assistance instead of pursuing waiting list enrolment is an important 'rights-based' question.

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Despite its obligations under international law, Australia has done little legislatively or through strategic policy frameworks to guarantee adequate housing to its citizens. Here, rights-based considerations are limited to processual matters (fair and consistent assessment of applications), given that social housing scarcity and worsening private rental affordability mean that sustainable housing outcomes cannot be guaranteed to housing assistance applicants.

States see private rental assistance as a means of diverting clients from social housing

NSW had the most explicit commitment to 'diverting' people from social housing. The NSW Government explicitly refers to its private rental assistance offerings as 'diversionary products'. Participants noted that diversion is both about reducing pressure on the social housing waiting list and helping people achieve greater 'independence' in the private rental sector.

The Tasmanian Government cites 'tak[ing] some of the pressure off crisis and social housing' as a rationale for its private rental assistance schemes. People who accept support through the Private Rental Incentives (Tas) scheme have their 'Social Housing Application cancelled' because they are considered to 'have secured housing'. This is despite the program only offering support for two years, unlike a social housing tenancy, which is open-ended (albeit periodically reviewed). In Victoria and the ACT, private rental assistance recipients can remain on the social housing waiting list, provided that their other circumstances do not change.

Even in contexts where acceptance of private rental assistance does not trigger removal from the social housing waiting list, it will likely result in applicants being accorded lower priority status. If applicants still need social housing (e.g. because they have ongoing health or disability-accessibility needs, or because they are paying unaffordable rent at their private rental assistance-enabled property), the urgency of their need will have been reduced in comparison to other applicants by virtue of accessing shelter in the private rental sector.

Effectiveness of private rental assistance schemes is highly dependent on market conditions

The effectiveness of private rental assistance schemes is highly dependent on market conditions. This raises serious questions as to the viability of private rental assistance as an alternative to social housing in jurisdictions like Australia, where the private rental sector is relatively under-regulated and volatile. Concerningly, assistance providers have little accountability for the longer-term outcomes achieved by those who do access private rentals with the support of private rental assistance. Most jurisdictions do not actively monitor or assess the effectiveness of their private rental assistance programs. Rather, they adopt a 'no news is good news' approach, where it is assumed that, as long as the household does not return seeking further assistance (whether social housing or private rental assistance), then private rental assistance has been 'successful'.

Housing assistance application process seen as complex and opaque

Only 25 per cent of social housing applicants who had recently joined the waitlist were satisfied with the process, while 60 per cent of recently housed tenants were satisfied.

The research revealed several major and common challenges associated with the application process across the case study jurisdictions, namely, that it was complex and opaque. Many perceived that the limited availability of advice and guidance (e.g. from staff members and webpages) made the process ‘too complicated’ and ‘extremely lengthy’. Applicants were often expected to submit supporting documents from their bank, their general practitioner and other medical specialists, which many struggled to obtain.

The ‘complexity’ of the process is problematic, especially given the widespread perception among participants that success in achieving the desired outcome was dependent on ‘understanding’ the system. Beyond this, applicants commonly complained of application administration, poor communication and a lack of empathy on the part of staff members.

Some participants had had their application rejected or been removed from the waiting list because they did not respond to text messages from the department quickly enough or because their applications were missing some required documents. They had then made multiple unsuccessful attempts to reach out to the department to confirm their interest in the waitlist or get updates on their application.

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Many recent social housing tenants believed that, due to the complex system, they would not have been successful in securing a tenancy without assistance from external advocacy groups and politicians.

Bond loans were the most common form of private rental assistance

Bond loans were the form of private rental assistance most commonly offered, as reported by 32 per cent of all respondents; however, only 20 per cent accepted this offer, while 10 per cent accepted an ongoing (private) rental subsidy. Some participants said they would be unable to repay the bond loan or that the bond’s eligibility set too low a threshold for the maximum rent. Another issue was that receiving a bond loan could stigmatise participants’ reputation among real estate agents.

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Among those survey respondents who received a bond loan or ongoing (private) rental subsidy, more than 50 per cent reported that they had not been able to sustain their rental tenancy. This finding indicates that being assisted to gain access to housing—the prime aim of these types of interventions—did not necessarily overcome the problem of sustaining the private rental tenancy.

Effectiveness of social housing assistance

Two-thirds of participants who had been allocated social housing recently were satisfied (very/somewhat) with the outcome of their application. More than 90 per cent agreed with the proposition that getting a social housing tenancy provided relief from anxiety around their housing situation.

Indeed, having stable housing provided a secure situation from which tenants could get on with their lives and plan for their future. This is consistent with the survey finding that over half of ‘new tenant’ respondents viewed their tenancy as a stepping-stone to a better situation.

What this research means for policy makers

Application process and assessment

So that applicants have the necessary information and advice during the application process, housing providers need to make the application process (and the system) clear and accessible. Personalised advice should be readily available for everyone to make sure that every client is given an equal chance to succeed in completing the application process and achieving a desired outcome.

Such programs will benefit clients on the waitlist who are social housing eligible but do not qualify for priority status. Creating individual plans will help staff better understand their clients' needs and aspirations, enabling them to offer services that are readily available (such as private rental assistance schemes). It will be necessary to allocate sufficient trained staff to create the opportunity for personalised advice.

Housing providers could do more to remain in touch with applicants regarding their application process.

Entitlements and accountability

Housing assistance providers could make greater efforts to ensure decisions are open to scrutiny. Governments could provide a regulation or statutory instrument that sets out the forms of private rental assistance available and ways for applicants to seek review of decisions about their entitlements. Community housing organisations and other housing assistance providers should be subject to the same standards of scrutiny and processes for review.

Monitoring private rental assistance efficacy

States and territories need to make greater effort in monitoring the outcomes of private rental assistance schemes. In addition, AIHW should review the *Housing assistance in Australia* classification of 'forms of housing assistance' with a view to reflect current practice.

Partnership with private housing providers

There is scope for state/territory governments to establish partnerships with private landlords to secure rental tenancies for low-income families who receive private rental assistance products. Governments could offer guarantees against any rental losses occurring in tenancies of homes covered by such an agreement.

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Methodology

This research conducted online surveys and interviews with social housing tenants and applicants, as well as interviews with representatives from housing provider agencies in New South Wales, Victoria, Tasmania, and the Australian Capital Territory. It was supplemented by a review of statistics on social housing allocations and other forms of housing-related government support.

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