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Navigating a changing private rental sector: opportunities and challenges for low-income renters

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Related reports and documents

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Hanna Ebeling	Social Enterprise Finance Australia Ltd
Nick Foa	Department of Health and Human Services, Victorian Government
Louise Gilding	Community Services Directorate, ACT Government
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Journeys Home disclaimer

This report describes and presents data collected from the Journeys Home project, a longitudinal survey-based study managed by the Melbourne Institute on behalf of the DSS. The findings and views reported in this paper, however, are those of the authors and should not be attributed either to the DSS or the Melbourne Institute.

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Acronyms and abbreviations used in this report

AHURI	Australian Housing and Urban Research Institute Limited
ABS	Australian Bureau of Statistics
ACT	Australian Capital Territory
ACOSS	Australian Council of Social Service
AHURI	Australian Housing and Urban Research Institute
CRA	Commonwealth Rent Assistance
DHHS	Department of Health and Human Services
DSP	Disability Support Pension
HILDA	Household Income and Labour Dynamics in Australia
NGO	Non-government organisation
NRAS	National Rental Affordability Scheme
NSW	New South Wales
NT	Northern Territory
PRS	Private Rental Sector
REIV	Real Estate Institute of Victoria
REIWA	Real Estate Institute of Western Australia
REINSW	Real Estate Institute of New South Wales
SCRGSP	Steering Committee for the Review of Government Service Provision
WA	Western Australia

Glossary

Collaborative consumption	Also referred to as the 'sharing economy', this term captures the move towards the organising of online, often peer-to-peer, exchange and networks. It means to temporarily access and consume goods and services that are shared with others for a monetary payment, such as rent or other non-monetary exchangeable benefits. It is argued to alter or 'disrupt' former models of market exchange by removing third-party intermediaries (see, for example, Belk 2014).
Commonwealth Rent Assistance (CRA)	Payment made by the Australian Government to eligible income support and family tax benefit recipients who rent their accommodation (other than public housing).
Fragmentation	In markets, refers to a process whereby new segments emerge that cater for distinct subgroups or niches.
Intermediaries	In the PRS, intermediaries are the third party agents that bring together and mediate on behalf of landlords and tenants. This role has traditionally been played by real estate agents but increasingly other actors and online platforms are entering into the PRS to perform this function.
Q1 income earners	Individuals and households earning in the bottom (0–20 per cent) quintile of the before-tax income distribution.
Q2 income earners	Individuals and households earning in the second (21–40 per cent) quintile of the before-tax income distribution.
Social rental agencies	Not-for-profit private rental agencies that act as intermediaries between landlords and tenants of low-income and vulnerable households. In Belgium, they have been referred to as a 'housing led' approach that seeks to make the private rental market more accessible by subletting dwellings to tenants at affordable rates (see, for example, De Decker 2012).

A list of definitions for terms commonly used by AHURI is available on the AHURI website www.ahuri.edu.au/research/glossary.

Executive summary

- The rapid expansion and reach of online rental platforms, combined with growing diversity among renters and investors/landlords, is changing how low-income individuals and households gain entry into and experience tenancy management within the private rental sector (PRS).
- Low-income renters, particularly those in the lowest (Q1) income quintile, face increased barriers to navigating the formal pathways of the PRS via mainstream real estate agent intermediaries. This is leading to reliance on informal pathways, including the less secure room-rental sector, which is managed and regulated by individuals and families.
- Analysis of Journeys Home data reveals that the main type of living arrangement for those with Q1 individual (40%) and Q1 household (31%) incomes was renting informally from friends and family due to constraints accessing formal pathways into the PRS.
- Low-income individual renters live in both low-income and moderate-to-high income households and move frequently. Existing household measures of housing affordability stress conceal more widespread affordability problems of individual access to the PRS and the necessity of forming household groups to manage high rents.
- The need for direct and ongoing private rental support above that of Commonwealth Rent Assistance (CRA) will persist for a large proportion of private renters. Analysis of the Household Income and Labour Dynamics in Australia (HILDA) data reveals that more than half (55%) of *low-income individuals in a low-income household* who are renting privately remain in this household group over a five-year period.
- Informal pathways into the room-rental sector can provide timely access for low-income renters compared with renting out whole dwellings. Regulatory responses across the informal PRS must balance potential impacts on supply while also ensuring greater protection and recourse for those increasingly reliant on this pathway to access and live in private rental accommodation.
- The policy challenge ahead is to ensure that informal living arrangements are not long term, and that more sustained assistance to move into affordable, secure and adequate rental arrangements is available.
- There is growing opportunity to expand and institutionalise a supported pathway into the PRS via community agency intermediaries. A viable supported pathway into the PRS will require increased and sustained government investment in and regulation of the community sector. It also requires appropriate incentives for landlords to provide a mix of rental options and set their rents to be comparable with social housing rentals.

Research focus

The PRS has been expanding and transforming in a number of ways over the past decade as renters and investors/landlords adapt to rising house prices and rents, particularly in Sydney and Melbourne markets. At the low end of the sector, key developments have been the entry and expansion of the role of online platforms and community agency intermediaries in facilitating access to and tenancy management of private rental rooms and dwellings. The profile of renters is becoming more diverse as long-term renting continues to increase across all income groups, generating high competition for the limited dwellings that are affordable on a low income. The profile of investors/landlords and the lease lengths they choose to set for rooms and dwellings is also more varied.

This report integrates an institutional analysis[1] of formal and informal private rental markets and the role of intermediaries, using Clapham's (2005) 'housing pathways' approach, to better understand both the challenges and opportunities for low-income renters as they attempt to navigate a changing PRS. Within this framework, we examine three related intermediary pathways of tenancy access and management within the PRS for individuals and households with a low-income.

- *The formal pathway*, accessed and managed via traditional or mainstream real estate agent intermediaries.
- *The informal pathway*, which bypasses mainstream intermediaries via rooms and dwellings that are privately managed by landlords and sub-landlords.
- *The supported pathway*, facilitated by community agency intermediaries to assist low-income and vulnerable individuals and households to access and sustain private rental accommodation.

The core question for policy makers regarding the nature of changes taking place in the PRS and implications for how low-income tenants experience tenancy access and management is as follows.

- How do low-income tenants navigate the PRS in the context of the sector's changing intermediary practices and accommodation forms, and what opportunities and challenges exist for improving their future housing outcomes?

We seek to address this question via the following research questions.

1. What are the mobility patterns, housing outcomes and non-housing outcomes of low-income private renters?
2. What is the experience of low-income tenants in a changing institutional environment and what issues do they rank as priorities for intervention or reform?
3. How can innovation involving government, 'third-sector' or non-government organisations (NGOs), the private sector and tenants be encouraged in a way that enhances longer-term rental market sustainability and ensures better housing outcomes for low-income private renters?

In answering the above questions, this study combines a contextual background, analysis of HILDA and Journeys Home data with qualitative interviews of renters and intermediary agencies in the PRS. The study also draws on an online survey of property investors/landlords in order to

[1] 'Institutional practices' in this report refers to the embedded and emerging policies, regulations, norms and broader social practices that shape the financing, provision, access and management of the PRS (Hulse et al. 2016).

understand their changing motivations and responsiveness to policy interventions to deliver more accessible private rental.

Key findings

Stability and change in living conditions and incomes

The accessibility and affordability of dwellings at the low end of the PRS undoubtedly remains the central issue for vulnerable groups of renters. In seeking to understand how low-income renters navigate changing PRS institutions, we first examine their individual and household income profile, drawing on existing HILDA and Journeys Home data. This background analysis reveals the importance of understanding the connection between individual and household income for low-income renters, beyond existing measures of affordability stress at the household level, which can conceal the difficulties faced by individuals as they navigate access to the PRS. Factors to be considered include the interim solutions individuals may seek when locked out of formal rental pathways (such as more informal or supported pathways into the PRS), and the consequences of persistently low individual and household incomes over time.

Applying an individual–household income typology within the HILDA data we find that:

- more than half (55%) of low-income (Q1–Q2) individuals in a low-income (Q1–Q2) household who are renting privately remain in this household group over a five-year period
- this group of private renters is most likely to make a transition into social housing and is less likely to move, but when they do move it is typically ‘forced’ (i.e. their property is no longer available to rent)
- low-income renters are least able, in terms of personal savings, to afford the upfront and relocation costs of a move.

In examining formal, informal and supported rental arrangements of individuals who have experience of or are at risk of homelessness, drawing on the Journeys Home longitudinal survey, we find the following.

- Individuals and households in the lowest 20 per cent of the income distribution (Q1) are least likely to rent in the formal PRS, with over 70 per cent reporting a lack of affordable housing as an obstacle to finding more secure housing. The main type of living arrangements for those with Q1 individual (40%) and Q1 household (31%) incomes was renting from friends and family.
- Among Q1 individuals renting in the formal PRS, the main transition between consecutive waves of the HILDA data was to move into an informal arrangement where they rent privately from friends and family (24%).
- Transitions in individual income groups showed that 70 per cent of Q1 individuals and 74 per cent of Q2 individuals remained in the same income group over the data collection period (2011–14).

Experiences of tenancy access and management within formal, informal and supported pathways

Although the majority of renters engaging with the PRS follow a formal intermediary pathway, low-income renters rely on multiple entry points, including informal and supported pathways. From interviews and the survey of low-income renters, we find that navigating the PRS is becoming more fragmented across formal, informal and supported intermediary pathways. This fragmentation is shaped by the emergence of online platforms, including not-for-profit social media rental networks such as Facebook and an expanding room-rental sector, as well as the increasingly varied ways that landlords and sub-landlords are leasing dwellings in response to prohibitively high rental costs.

The formal pathway

- The formal pathway into the PRS was viewed by interviewees as increasingly competitive and more difficult to access for those on a low income, with stringent conditions attached to entry bound in notions of the 'ideal tenant'. Renters typically entered the formal PRS via online platforms such as realestate.com.au and Domain (domain.com.au), with their main concerns relating to the misrepresentation of dwellings. The move to 1form™ online applications raises new privacy concerns for low-income individuals navigating this pathway.
- The entry of more diverse investor groups into the PRS exacerbates the difficulties faced by low-income renters by creating new expectations for how dwellings are managed in the short through to long term. This has led to greater pressures for tenants to be responsive to the varying requests or preferences of landlords.
- An imbalance in property management practices in favour of landlords was found to be particularly disadvantageous for low-income renters. The main difficulties experienced by tenants related to the breakdown in the relationship with the property manager (over maintenance and repairs, poor-quality living environments, or judgemental and disrespectful treatment), and the lack of availability of desired term of lease (from short through to long term).

The informal pathway

- Interviewees found the informal pathway to be a direct and timely way to access rental accommodation. It is the pathway where changing practices are most notable, particularly within room rentals, including short- through to long-term stays and granny flat type accommodation. Tenants, particularly those with lowest (Q1) individual incomes, often found themselves confined within this pathway on a long-term basis.
- Not all informal renting was reported as being a 'marginal' experience and some tenants reported deliberatively seeking informal arrangements to bypass more formal rental intermediaries, with the informal option made increasingly accessible through online platforms.
- We identified four sub-pathways emerging and consolidating in the informal rental pathway, each associated with different rental experiences and security outcomes.
    - *The time-limited niche apartment pathway* is predominately accessed via purpose-built and privately managed accommodation that targets specific subgroups of 'niche' markets, such as domestic and international students, and which is managed independently outside the mainstream sector.
    - *The collaborative consumption pathway* builds upon ideals of the 'sharing economy', which attempts to disrupt or bypass real estate intermediaries in order to bring together like-minded groups (connected via online and social media channels and networks) in

'shared' living arrangements. Tenants enter via subletting arrangements, without access to a lease, on a short- through to long-term basis.

— *The self-managed dwelling pathway* accesses whole dwellings that are directly rented out and managed by a private landlord and not a real estate intermediary.

— *Rogue pathway of last resort*—often associated with unregistered boarding house living arrangements or room rentals, including overcrowding within small apartments. Tenancy arrangement are highly exploitative and typically violate tenants' rights, particularly safety. Landlords often convert living areas into sleeping space in order to increase rental returns.

The supported pathway

- The supported pathway facilitated by community agency intermediaries is an increasingly significant point of access to the PRS for those who would otherwise be eligible for social housing and support. Renters accessing this pathway highlighted the difficulty of moving seamlessly between properties and the lack of assistance available to do this unless they had lost their housing.
- Community agency intermediaries are continuing to innovate to overcome existing market failure within formal pathways via head-leasing models and other small scale and organisationally based programs. However, eligibility assessment for this pathway is selective and based on the capacity of an individual to afford market rents once the additional subsidy is withdrawn.
- As emphasis shifts towards the PRS as a source of supported housing for those on the lowest incomes, examining the interrelationships between low individual and household income and its persistence over time will be necessary for strengthening the supported intermediary pathway to ensure more sustainable rental outcomes overtime.

Policy development options

The institutions[2] within the PRS—including policies of rental income support, and regulation designed to overcome barriers to accessing and managing tenancies for low-income renters—have not kept up with the pace of change occurring in the PRS and the implications this has for the sector as a whole. Reform to existing PRS institutions for low-income renters must grapple with a more complex and fragmented PRS. There is a clear need for centralised reforms of assistance delivered via the statutory income system of support, but also a need for more devolved initiatives that can target informal and supported pathways with state and local government tenancy regulation and policy intervention.

The main areas for policy development are as follows.

- Centralised reforms of rental housing assistance and regulation must seek to redress the growing imbalance in horizontal equity (treating those with similar incomes and wealth the same) and vertical equity (reducing the divide between those at the top and bottom of the income and wealth distribution). This includes reviewing the adequacy of wages, statutory incomes and rental assistance in view of the rising costs of living.
- There is evidence that the informal pathway into the PRS will continue to expand through the reach of online platforms that exploit and disrupt formal paths to tenancy access and

[2] Institutions in this report refers to the policies, legislation, organisations, structures, social practices and norms that shape and govern the four core components of the PRS: financing, provision, access and management (Hulse et al. 2016).

management. The experience of tenancy management within the informal pathway is contingent upon the quality of the relationship between sub-landlords, landlords and tenants. Exploitative practices can be difficult to substantiate, with the tenant often being unaware of their rights. Online consumer information exchanges currently provide a forum to make tenants aware of the potential signs or signals of 'rogue traders'—further harnessing this capacity for self-regulation remains an important focus. Regulation of informal rental practices, particularly in the context of online intermediaries and the growth of room rentals, must ensure that supply and access to urgent housing is not impeded, whilst also ensuring that tenants have adequate recourse to live in safe and secure rental housing. Solving these challenges will involve more collaborative and nuanced approaches to regulation, monitoring and enforcing standards with key organisations and intermediaries across the sector.

- The capacity of low-income renters (particularly those with Q1 incomes) to transition between rental properties is an essential point of community sector and policy intervention. As the community sector expands its focus to the PRS, there is growing capacity to establish more formal and enduring institutions for a supported pathway at the low-income end of the sector, in a similar manner to the social rental agencies developed in Belgium (see, for example, Parkinson and Parsell 2018). However, existing policy assumptions surrounding time-limited supported housing in the PRS, including financial subsidies through head-leasing initiatives, are highly problematic for those whose individual and household incomes remain low over time. A viable supported pathway into the PRS will require appropriate incentives for landlords to supply and set their rents to be comparable with social housing rentals.
- The emergence of different types of landlords (offering properties and rooms on a short- through to long-term basis), combined with the expanded reach of online platforms, provides an opportunity for policy makers, via community agency intermediaries, to assume a more direct role in the matching of landlords with tenants. This includes targeting of landlord financial and taxation incentives to encourage supply of a mix of leasing options, dwelling types and locations at the low-income end of the sector.

The study

The research draws on a mixed methods approach that combines:

- qualitative interviews with low-income renters (N=71) and key agencies involved in advocacy, support and management of tenancies (N=41)
- an online survey of property investors/landlords (N=304)
- secondary analysis of data from the HILDA and Journeys Home surveys.

The qualitative and primary survey analysis seeks to uncover emergent practices among tenants, community providers and landlords which are not adequately captured in existing data. The secondary analysis is descriptive and provides contextual evidence of the current housing status and mobility patterns of different individual and household income groups. This approach provides a comprehensive yet original contribution in documenting and understanding how the PRS is transforming and the implications for shaping future institutions to ensure that low-income renters are able to access affordable, adequate and secure private rental.

In undertaking the secondary analysis, we derive income quintile measures for individual and household gross incomes to examine dynamics over time. The low-income thresholds are based on the first two income quintiles—at the 20 per cent (Q1) and 40 per cent (Q2) cut-offs of the total income distribution—derived from weighted HILDA data population estimates for both individual and household incomes. Extending this framework, we develop an income group typology to examine housing transitions and income among four individual and household types:

- low-income (Q1–Q2) individual in a low-income (Q1–Q2) household
- moderate-to-high income (Q3–Q4) individual in a low-income (Q1–Q2) household
- low-income (Q1–Q2) individual in a moderate-to-high income (Q3–Q5) household
- moderate-to-high income (Q3–Q5) individual in a moderate-to-high income (Q3–Q5) household.

The Journeys Home dataset provides a longitudinal sample of individuals who have experience of or are risk of homelessness. To derive comparable population income groups, we apply the HILDA income thresholds and assign respondents to individual and household income quintile groups (Q1–Q5) based on similar periods of data collection.

1 Introduction

This report presents findings on how low-income renters navigate three core intermediary pathways within the private rental sector (PRS): the formal, informal and supported pathways. It provides practitioners and policy makers with an evidence base on changing practices and ways forward in shaping equitable PRS institutions into the future.

- Over the past decade, the pathways to rental access and the ways tenancies are managed have become more fragmented, in line with changing investment practices, new forms of living arrangements facilitated by online platforms, and the growing diversity of groups that now rely on the PRS as short-stay accommodation through to long-term or permanent housing.
- Although we have a clearer understanding of the market changes that have been unfolding over time, there has been limited research investigating how low-income renters are able to navigate the changing PRS and its embedded and emerging institutions. The research aims to address this evidence and knowledge gap.
- The conceptual framework used to guide the research in this report integrates an institutional analysis and a housing pathways perspective to examine three related intermediary pathways. These include:

— ***The formal pathway***, accessed and managed via traditional or mainstream real estate agent intermediaries.

— ***The informal pathway***, which bypasses mainstream intermediaries via rooms and dwellings that are privately managed by landlords and sub-landlords.

— ***The supported pathway***, facilitated by community agency intermediaries to assist low-income and vulnerable individuals and households to access and sustain private rental accommodation.

1.1 Background

The PRS has come to play an increasingly central role in the Australian housing system over the last decade, particularly for low-income individuals and households. During this period, the sector has increased at twice the rate of household growth (Hulse et al. 2015: 41). The recent *Census of Population and Housing 2016* by the Australian Bureau of Statistics (ABS) reveals continued growth in the PRS since the 2011 Census (from 22.8% to 24.9%) relative to the decline in other tenures, including housing authority rental (from 4.7% to 4.2%) and home ownership (from 67% to 65.5%) (ABS 2017). Declining opportunities to access home ownership have generated increased competition for well-located affordable rental housing and the PRS is now an ongoing, if not permanent, housing option for many with low and/or precarious incomes (Campbell, Parkinson and Wood 2013; 2014; Burke, Stone and Ralston 2014; Stone et al. 2013).

Although we have a clear understanding of market trends which shape shortages in the supply of affordable private rental (Hulse et al. 2015), we know less about how changing institutional practices impact low-income renters. 'Institutional practices' in this report refer to the embedded and emerging policies, regulations, norms and broader social practices that shape the financing, provision, access and management of the PRS (Hulse et al. 2016).

Rents in the mainstream or formal rental pathway of the PRS are becoming increasingly out of reach for many low-income individuals and households. This has given rise to the current increase in and diversification of informal housing arrangements, and a need for additional support to enable low-income tenants to access and navigate the PRS. The pace of change and concurrent weakening of embedded or existing institutions has been rapid. The emergence of online intermediary platforms such as flatmates.com.au and Airbnb (airbnb.com.au) has altered the way individuals and households search for and access housing.

The management of tenancies at the low end of the rental sector is increasingly blurring the boundaries between social and private rental housing, through initiatives such as the National Rental Affordability Scheme (NRAS) and private rental support programs. The type and use of dwellings is also changing, particularly with respect to the growing demand for and provision of rentals by the room, short-term letting, new-generation boarding houses and micro-apartments. Corporate providers are entering into the PRS and catering for niche market segments such as international and domestic students.

Within the broader AHURI *Inquiry into the future of the private rental sector*, a primary aim of this current report is to gain further insight into how low-income individuals and households navigate existing and changing intermediaries whose role is to provide a point of access into and tenancy management of private rental rooms and dwellings. The core question guiding the focus of this research is as follows.

- How do low-income tenants navigate the PRS in the context of the sector's changing institutional intermediary practices and accommodation forms, and what opportunities and challenges exist for improving their future housing outcomes?

We pose three key research questions.

1. What are the mobility patterns, housing outcomes and non-housing outcomes of low-income private renters?
2. What is the experience of low-income tenants in a changing institutional environment and what issues do they rank as priorities for interventions or reform?
3. How can innovation involving government, 'third sector' or non-government organisations (NGOs), the private sector and tenants be encouraged in a way that enhances longer-term rental market sustainability and ensures better housing outcomes for low-income private renters?

In considering how low-income renters navigate intermediaries of the PRS, we integrate the AHURI Inquiry PRS institutional conceptual framework (Hulse et al. 2016) with Clapham's (2005) 'housing pathways' approach. Our framework is complementary to and expands on a housing pathways perspective, whereby individuals and households navigate moves in and out of the PRS within emerging and existing institutional constraints and opportunities that shape their housing choices.

Drawing on institutional theory of formal and informal markets (Williams, Horodnic and Windebank 2015), we extend existing housing pathways research (which focusses on individual transitions), with more in-depth analysis of how institutional elements associated with private rental intermediaries mediate the movement of tenants through the housing system. Intermediaries, otherwise referred to as 'third party middlemen' or 'gatekeepers', play a central role in market transactions such as search and matching between producers or suppliers and consumers (Bessy and Chauvin 2013). In the case of private rental, intermediaries include real estate agents, community agencies and, increasingly, online platforms that bring landlords and tenants together to mediate or facilitate rental access and tenancy management.

Intermediaries play an active role in shaping market innovation and so are an important area of study on institutional change (Bessy and Chauvin 2013). A key conceptual and empirical contribution of this current research is the specific focus on the institutional elements of PRS access and management across formal, informal and supported intermediaries within the one integrated analysis. Using this approach, we argue that the changing profile, expectations and choices of renters and housing providers is fragmenting how tenancies are accessed and managed, and that this is likely to continue to impact on how low-income renters are able to equitably navigate the PRS in the future. In this context, informal and supported intermediaries are assuming a more significant role in private rental access and tenancy management for low-income renters. The PRS intermediary pathways perspective outlined in section 1.2 below provides a lens for how we might view the emerging and embedded institutional practices that sit alongside one another and the implications this has for our understanding of and how to respond to future institutional change.

1.2 Conceptualising PRS intermediary pathways

The strength of the PRS as a source of housing that is equitable, efficient and effective for low-income individuals and households depends on the formal, informal and redistributive institutional structures in place. Comparative institutional differences, in terms of key measures of affordability, adequacy and security, critically influence transitions and pathways into and out of the PRS, as well as the supply of and incentives for affordable private rental (Coulter 2017; Lennartz, Arundel and Ronald 2015; Hulse, Milligan and Easthope 2011; Forrest and Hirayama 2009). The policies and programs intended to support low-income individuals and households to navigate the PRS, as articulated in the broader Inquiry framework on the future of the PRS, exist within embedded social, economic, legal and political institutions governing all housing market exchange (Hulse et al. 2016). As such, it is difficult to isolate the impact of one policy lever or set of practices over the other.

The framework for the broader AHURI Inquiry conceptualises that an institutional analysis extends market analysis by incorporating its focus on the policies, legislation, organisations, structures, social practices and norms that shape and govern the four core components of the PRS: financing, provision, access and management (Hulse et al. 2016). In particular, the framework asserts the embeddedness of the ‘social, political and legal structures’ that shape outcomes within the PRS (Hulse et al. 2016; Granovetter 1985; Kemeny 1995: 27). As socially embedded structures, market economies (and market institutions) are dynamic and changeable sites where innovation emerges as an adaptation to former practices which no longer meet current and future needs and objectives. In the case of the PRS, market institutions emerge, are sustained and then transformed to meet changing social needs and objectives for secure, affordable and adequate private rental housing (Parkinson and Parsell 2018).

‘Housing pathways’ (Clapham 2005) is an influential framework within housing studies which builds upon the concepts of housing careers, life course, dynamics of housing choices and subjectivities within the context of institutional constraints and opportunities. Housing pathways research often focusses on biographical tenure transitions or contextual and individual triggers of homelessness. For instance, Clapham et al. (2014), building on Clapham (2005), employ a mixed-method approach to identify key pathways adopted by young people in their moves and constraints towards independent housing.

While a housing pathways approach recognises the interaction of individuals and households within their institutional context, it does not extend far enough into the institutional elements and segmentation of market structures to explain both embedded and emerging practices within the PRS. Institutional theory recognises the coexistence of both formal and informal markets (Williams, Horodnic and Windebank 2015) and when applied to a changing PRS provides a useful framework for understanding how markets fragment to cater for and/or exploit different segments and needs. Institutional theory also posits that governments will act to minimise the adverse impact of markets through regulation, direct subsidises and programs which support people to participate in or access markets rather than fundamentally replacing them to meet welfare needs. In the PRS, demand-based subsidies and small-scale PRS programs largely perform this function.

Linking the broader *Future of the private rental sector* Inquiry conceptual institutional framework with a housing pathways approach assumes that individuals and households will interact dynamically with the PRS at different entry and exit points according to the resources and opportunities available to them. For many low-income households, entries into and exits from the PRS are 'blocked' or constrained and shape the way rental experiences and practices are negotiated and managed both by tenants and landlords, via institutional intermediaries or third-party 'gatekeepers' across time and locations. Based on the notion of moving through or 'navigating' the institutions of the PRS, we seek to examine the main intermediary practices shaping entries and exits, with a particular view to understanding change or innovations associated with online platforms and those community and niche providers targeting the low end of the sector.

Within this framing, three core PRS intermediary pathways for low-income renters—formal (mainstream), informal (niche), and supported pathways—are used to guide our analysis of a dynamic and adapting PRS (see Figure 1). The themes emerging from the qualitative interviews with tenants and intermediaries at the low end of the sector inductively verified the three core pathways, as well as sub-pathways, particularly those within the informal pathway.

Figure 1: Intermediary pathways for low-income renters

The **formal pathway** of the PRS centres on the private real estate agent as the intermediary for rental access and tenancy management, acting on behalf of single and multiple property landlords who provide rental dwellings typically financed and secured against household mortgages and equity. This 'traditional' or embedded pathway is governed by residential tenancy acts within each state and territory in Australia, as well as government policies which seek to incentivise investment while subsidising tenant access to enhance affordability.

Within this formal pathway, members of the household are typically listed on a legally binding lease agreement, including members of shared households. Tenants, in turn, build up a rental history that can be used to either block or support entry into the next formal rental property by affirming their desirability or otherwise as a tenant to prospective agents and landlords.

The central feature of the **informal pathway** is access to privately managed tenancies provided by landlords and sub-landlords where there is limited transparency and protection in the exchange of rents. It captures both the growing sector of rentals by the room and 'granny flat' accommodation equated with a sharing economy, as well as self-managed properties rented out as a whole dwelling. It includes some marginal forms of housing (Goodman et al. 2013) but also whole dwellings that may previously have been provided, accessed and managed within a formal pathway, as well as larger corporate or institutional accommodation such as student housing which sits outside residential tenancies legislation. Within this informal pathway we identify four sub-pathways.

- *The time-limited niche apartment pathway* is predominately accessed via purpose-built and privately managed accommodation that targets specific subgroups of 'niche' markets, such as domestic and international students, and which is managed independently outside the mainstream sector.
- *The collaborative consumption pathway* builds upon ideals of the 'sharing economy', which attempts to disrupt or bypass real estate intermediaries in order to bring together like-minded groups (connected via online and social media channels and networks) in 'shared' living arrangements. Tenants enter via subletting arrangements, without access to a lease, on a short- through to long-term basis.
- *The self-managed dwelling pathway* accesses whole dwellings that are directly rented out and managed by a private landlord and not a real estate intermediary.
- *Rogue pathway of last resort*—often associated with unregistered boarding house living arrangements or room rentals, including overcrowding within small apartments. Tenancy arrangement are highly exploitative and typically violate tenants' rights, particularly safety. Landlords often convert living areas into sleeping space in order to increase rental returns.

The **supported intermediary pathway** encompasses the mix of programs and initiatives which have emerged to facilitate access to the PRS and to minimise the adverse consequences of market mechanisms for vulnerable households and individuals, including those exiting homelessness, fleeing family violence or experiencing 'blocked exits and entries' out of and into the PRS. The growth of this pathway has occurred in the context of the move towards a choice-based regime of housing provision (Parkinson and Parsell 2018). Programs extend from brokerage and crisis funding through to head-leasing[3] arrangements which aim to facilitate access to and tenancy management of private rental stock. Private rental support is typically provided by third-sector organisations, generally NGOs, who seek to engage with both transitional and informal housing to gain access to short- and long-term accommodation. The supported pathway assists those on a low income to navigate both formal and informal market segments.

The emergence of the informal and supported intermediary pathways, including online and community providers, can be considered disruptive and transformative. These pathways are likely to expand in significance in response to the limitations of the formal pathway in adequately facilitating access to secure, affordable and adequate housing. The informal intermediary pathway reflects the changing social norms and practices relating to how rental properties are provided, accessed and managed. Informal economies emerge alongside formalised economies and expand when market and social contexts facilitate their growth (Chen 2012). Although an informal rental sector predates the 'formal' PRS as generally conceptualised, the

[3] A head lease is granted directly by the landlord, as distinct from a sublease

proliferation of online housing and accommodation platforms has provided a conduit for its potential expansion at an unprecedented pace. While there is sector innovation or emerging institutional changes within each of the three core pathways, not all innovations will meet social needs and objectives for secure, affordable and adequate housing in an equitable and sustained way.

1.3 Summary and structure for the remaining report

As the PRS evolves and adapts, it is important that we understand how low-income renters navigate a changing sector and the constraints and opportunities associated with formal, informal and supported intermediary pathways. This report seeks to contribute to the broader AHURI Inquiry on the future of the PRS and offer new directions for reform.

Following this introductory chapter, in Chapter 2 we outline emerging market and institutional changes that are likely to impact access and tenancy experiences for low-income renters, and offer some insights into current institutional settings and the changing rental landscape. Chapter 3 then provides a detailed outline of the mixed-methods approach applied in the empirical chapters of the report. Chapter 4 presents a descriptive cross-sectional and longitudinal analysis of HILDA and Journeys Home surveys. This secondary analysis examines mobility patterns and non-housing outcomes, including savings capacity, for low-income private renters and highlights the persistence of their low incomes over a five-year period.

Using Journeys Home data, we draw on our conceptual institutional framework to explore dynamics across formal, informal and supported pathways of the PRS, with a particular focus on private renters with individual and household incomes in the lowest 20 per cent (Q1) of the income distribution. Extending the institutional intermediary pathways framework, Chapter 5 presents themes on navigating access within formal, informal and supported pathways, while Chapter 6 focusses on negotiating tenancy management practices within these pathways, drawing on qualitative interviews with tenants and agencies and a structured survey of property investors/landlords. Finally, in Chapter 7 we provide a synthesis of our findings and outline the opportunities and challenges ahead for institutional reform in Australia's PRS that will be integrated into the policy direction proposed in the final Inquiry report into *The future of the private rental sector*.

2 Institutions of the private rental sector in context

The PRS is transforming, yet lacks the formal institutional structures to enable low-income renters to access and sustain secure, adequate and affordable private rental now and into the future.

- Deepening and systematic institutional fragmentation in the PRS is emerging as a consequence of:
  - the changing demographic profile, growing spatial inequality and displacement of low-income renters
  - increasing rates of housing-related stress driven by inadequate affordable rental supply
  - intergenerational shifts in renting and investing practices
  - expansion and reach of the room-rental market facilitated by online shared rental platforms.
- Existing institutional responses unequally favour demand-based rental subsidies. Between 2015 and 2016, some $4.4 billion was spent on Commonwealth Rent Assistance (CRA), further supplemented by small-scale private rental support programs.
- Current investor-based incentives, namely negative gearing, have not delivered long-term and sustainable rental stock at the low end of the market. Policy and market innovation, such as the NRAS, similarly has failed to deliver, with inconsistent policy support and purpose-built affordable private dwellings remaining small in scale.

2.1 Emerging markets and institutional change

The PRS historically has been and continues to be the dominant tenure in Australia for those unable to enter into home ownership or seeking the flexibility that renting is perceived to afford. However, despite its benefits, there is mounting academic, community sector, government inquiry-based evidence and media commentary on the pressures facing the PRS. Much has been documented on the social, economic and demographic changes that have been incrementally reshaping the spatial form of Australian cities and towns over the past three decades and the concurrent dismantling of the institutions which support those most vulnerable in our communities. Key among them has been the growing misalignment between rapidly inflating house prices, wealth and incomes, which acts to reduce the accessibility and sustainability of affordable rental housing in well-located areas (Yates 2012; Hulse, Reynolds and Yates 2014; Yates and Berry 2011).

In this chapter, we outline the main indicators of market and institutional change and consequences of the subsequent weakening of existing institutions for the provision of adequate, secure and affordable private rental accommodation for low-income individuals and households.

2.1.1 Growth in spatial inequality and displacement of renters

Researchers have consistently revealed that low-income renters in the PRS have diminishing options for accessing affordable private rental dwellings. This situation, although long running, has been most marked in the past decade. It is influenced not only by market rents in particular locations but by the total share of low-income households in those regions competing for low-rent properties (Wulff et al. 2011; Hulse et al. 2015). This means that some markets can exhibit higher area rates of affordability stress. This includes those in regional and rural areas, which at face value may have comparably affordable rents compared with those in metropolitan areas (Anglicare Australia 2017).

Uneven house price growth and rents fuelled by processes of gentrification and changing investment practices have intensified spatial inequalities across Australian cities and regional centres over several decades (Pawson, Hulse and Cheshire 2015; Yates 2012; Yates, Randolph and Holloway 2006). Although growing spatial inequality to varying degrees is evident within all cities, a core focus of this research is on the PRS in Sydney and Melbourne, where there has been unprecedented house price growth, as well as Perth, where house prices have been in decline more recently following the downturn of the mining resources boom.

Sydney

Sydney is considered to be one of the most unaffordable housing markets in Australia and globally. By June 2017 the median house price in Sydney had climbed to $1,194,247, representing growth of 14.2 per cent over the previous year (although with prices decreasing by 3.6 per cent in the more overheated inner market in preceding months) (REINSW 2017). Vacancy rates remain low, at 1.8 per cent in the June 2017 quarter. Across Sydney, rents have begun to decline after moderate increases over the two years to June 2017. In June 2017, the median rent for a three-bedroom house was $485 per week, declining from $520 in the 2016 December quarter (REINSW 2017).

Significant variation in median rent and growth rates across Sydney is evident. The inner ring suburbs, for example, had a median rent of $635 in the 2016 December quarter, up from $595 in the 2015 March quarter; median rent in the outer ring suburbs increased from $430 to $450 over the same period. The growth rate for inner ring suburbs in the quarter to December 2016 was 4.1 per cent, while there was no growth in median rent in the outer ring areas over the same period (Housing NSW 2017).

Melbourne

The Melbourne housing market, while historically more affordable than Sydney, had comparable growth in the year to June 2017, particularly for detached houses in the inner suburbs. Although the 'all of Melbourne' median in June 2017 was $822,000, the median for inner-area houses was $1,468,000 and for units $630,000 (REIV 2017). A significant part of this inner-urban growth was fuelled by the increasing number of single-dwelling blocks being bought and redeveloped for town houses, as well as increased demand for international student accommodation and related investment activity.

Median rents varied according to inner, middle, outer metropolitan and regional areas, although all experienced an increase in the year to June 2017. The Victorian Rental Report (DHHS 2017) indicates that the highest rents were across inner-Melbourne dwellings (median rent $470), and lowest rents in regional areas of Gippsland ($270). There was little variation in rents charged for one-bedroom ($350) through to four-bedroom houses ($430) in Greater Melbourne. This may be indicative of stock location, with more one-bedroom dwellings concentrated in the more expensive inner-Melbourne areas (DHHS 2017).

Perth

The Perth metropolitan housing landscape is dominated by separate dwellings, with a majority containing three or more bedrooms (WA Housing Authority 2016). The housing market in Western Australia (WA) has slowed considerably since early to mid 2015. Since that time population growth, one of the key drivers of dwelling demand, has fallen to only 1 per cent, which is very slow compared with previous years (Housing Industry Forecasting Group 2017). Changes to employment opportunities, low wage growth, underemployment and a lack of diversity within existing housing stock have also shaped housing demand.

Between the financial years 2015–16 and 2016–17 median house prices in Perth fell by 15 per cent (Housing Industry Forecasting Group 2016). The median house price dropped from $525,000 in December 2016 to $515,000 in March 2017 (REIWA 2017). Rents have also fallen, with the median weekly rent for a house decreasing by 10 per cent by March 2016 to $430 ($400 for a unit) (Housing Industry Forecasting Group 2017; REIWA 2017). By the end of 2016 and into early 2017, the median weekly rent for a house was around $380 and for a unit $340 (REIWA 2017). Vacancy rates in March 2017 were 6.5 per cent (REIWA 2017).

A decline in rents combined with higher vacancy rates in Perth potentially provides for increased accessibility for those on low incomes. However, it should be noted that the decline in median rents does not translate necessarily to an easing of affordability pressures at the low end of the market, where, for example, in 2015–16 only 3 per cent of rentals were affordable to those on very low incomes (i.e. less than 50% of the median income) (WA Housing Authority 2016). At the same time, the rapid decline in median rents and increase in vacancy rates highlight the significant risks for heavily indebted investors reliant on rents to service their mortgages, and the increased reliance on negative gearing to cover their losses.

Implications for housing mobility

Although private renters are more mobile than other tenure groups, their capacity to move freely across urban and regional areas is increasingly constrained by diminishing affordable dwellings close to major employment hubs, particularly in Sydney and Melbourne. Low-income individuals, including those who are unemployed or underemployed, are more likely to move as a result of financial stress than for work-related reasons (Whelan and Parkinson 2017). The key policy concern with uneven growth in prices and rents across cities, combined with growing mobility constraints, is the gradual formation of areas of concentrated disadvantage characterised by more limited opportunities for employment, social and service engagement, and links with public transport (Pawson, Hulse and Cheshire 2015; Parkinson et al. 2014).

When rents increase in certain areas ahead of incomes, low-income renters will be required to either adjust their search to more affordable outer or regional markets, or adjust the size of the dwelling they rent or the type of household in which they live—for some it may be a composite of all three. The counter trend to relocating further away from cities is the increased significance of shared or extended family living and informal housing arrangements. We explore these mobility themes and their implications for housing access further in the empirical chapters of this report.

2.2 Dynamics of low income, housing access and affordability

High rents are not just a concern for individuals in receipt of statutory incomes. High rents are also a concern for those in low-waged or insecure work who live in single or couple households with or without children and who in previous times may have been able to manage on a single living wage or income. Private renters in the lowest income groups are over-represented among those who are single, students, young couples and families. (Stone et al. 2015; Parkinson et al. 2014; Campbell, Parkinson and Wood 2014; Parkinson 2010; Yates, Randolph and Holloway

2006). There has also been a marked increase in the proportion of midlife and older renters, a trend likely to continue in line with falling rates of home ownership across early to midlife adult years (Sharam, Ralston and Parkinson 2016; Morris 2013; Hulse et al. 2012).

A critical policy issue for rental accessibility and affordability is the duration that individuals with a low income remain in a low-income household. This has important policy implications because for some, such as students, their low income may be transitory. For others, however, a low individual income due to disability, age, unemployment, underemployment and/or precarious employment, may endure for extended periods if not indefinitely (Campbell, Parkinson and Wood 2013; 2014; Stone et al. 2016). This is especially true for the growing proportion of single midlife and older renters who will experience increasing hardship in the rental market as they age due to insufficient stores of wealth (Sharam, Ralston and Parkinson 2016; Morris 2013). In these instances, household measures of affordability may be concealing issues of low and less secure individual earnings, which influence decisions to remain or return to the parental home or to occupy group, multiple-family, informal and overcrowded households.

Dynamic research drawing on longitudinal data such as the HILDA and Journeys Home surveys reveals those most at risk of remaining in unaffordable housing, as well as those most likely to exit and enter homelessness. Drawing on HILDA data, Wood, Ong and Cigdem (2014) found that moderate-to-low income private renting couples with children had a low probability of escaping affordability stress compared with other household groups. This may be due to the difficulties faced by families with children in relocating and adjusting their rental costs, or to their capacity to increase household income in the short to medium term when their children were young. However, further examination of the data shows that many private renters, particularly those without children, live in more fluid households and so household measures of affordability may not be adequately capturing the persistence of housing difficulties overtime.

As the number of renters grows, it is increasingly important to understand how low individual income might influence the type of households formed and how experiences of housing instability and homelessness for those navigating high rental costs might be resolved. For instance, Journeys Home data based predominately on single individuals reveal that differences in the amounts of statutory income types such as Newstart and the Disability Support Pension (DSP) and the capacity to increase earnings over time through higher educational status increases the likelihood of exiting an episode of homelessness (Cobb-Clark et al. 2016). This evidence adds weight to the importance of better understanding the roles of both individual and household incomes in being able to effectively navigate the PRS.

In view of these findings, it is critical to understand how individuals and households might be adjusting their housing choices within the formal, informal and supported intermediary pathways when faced with persistently low individual and/or household incomes. In particular, it is not clear how low-income singles are navigating the PRS and to what extent the households they join may conceal more enduring affordability and rental security problems. Moreover, composite measures of homelessness, particularly cultural definitions, can conceal underlying dynamics in living conditions from the perspective of movement within the formal, informal and supported pathways.

2.2.1 Generational shifts in long-term renting and investment

Nearly two decades ago Wulff and Maher (1998) distinguished between ‘returners’, leaving home ownership to return to renting, and ‘continuals’, who had always rented, arguing that there were distinct differences between these groups. More recent analysis suggest that while differences persist, more households continue to rent on a long-term basis across income and educational status groups (Stone et al. 2013). Although rising housing prices remain important in understanding long-term renting, it is also critical to examine the links between inadequate earnings, accessibility and affordability constraints.

In Australia, continued growth of part-time relative to full-time employment, whether from permanent, fixed-term or casual contracts, contributes to the persistence of ongoing long-term affordability problems and constrains opportunities to move out of the rental market over time (Campbell, Parkinson and Wood 2014; Parkinson 2010). These contemporary employment conditions in Australia stem from global processes of economic restructuring which have been culminating over the past three decades to widen wealth inequalities between older and younger generations and among young people with unequal access to family housing resources (McKee 2012; Coulter 2017; Druta and Ronald 2017; Barrett et al. 2015).

The global shifts taking place have given rise to two parallel forces: a 'generation rent' left behind or locked out from housing wealth opportunities (McKee et al. 2017); and 'generation investors' who have been able to capitalise on existing equity and asset-based welfare to accumulate greater wealth stores than the previous generation (Ronald and Kadi 2016). Increasing constraints in respect to accessing home ownership to live in (becoming an owner-occupier) has led to different investment practices, including 'rent and own' or 'rentvesting'. However, this still largely benefits middle to high income households, while those in the lowest income quintiles continue to rent and remain in more affordable areas (Hulse 2008; Hulse and Reynolds 2017).

Changing investment practices and wealth building strategies have led some housing scholars, such as Lennartz and Ronald (2016), to argue that affordability dynamics are unlikely to revert to some former stasis but rather reflect a more enduring systemic transformation in the equality of housing opportunities. Despite significant construction of more medium- and high-density housing within major cities, there has been limited control and targeted development of affordable dwellings, particularly for those in the lowest income groups. Difficulty in attracting institutional investors (Milligan et al. 2013) and the tendency for 'churning' of rental investments, with one in four investors exiting in the first year (Wood and Ong 2013), is likely to continue to impact the availability of rentals with long-term tenure.

2.2.2 New housing forms and the commodification of room rentals

In recent times, attention has turned to the consequences of an emerging boom in the short-term tourist room-rental market, accessed through websites such as Airbnb and Stayz. The letting of ordinary homes or rooms on an unprecedented scale disrupts the supply of affordable rentals, particularly in small-town tourist destinations where a limited supply of social and private rental housing options persists (Gurran and Phibbs 2017).

The growth of the international and domestic student market within major university cities and regional areas is creating additional supply pressures around highly sought-after inner-urban areas and contributing to changing practices, including the importance of room-based rentals as a source both of rental housing and self-provisioning income in the private market (Obeng-Odoom 2012; Hulse et al. 2012). Increased immigration, particularly by students, is likely to be placing increased demand on the rental sector as the main entry point into the Australian housing system, without commensurate new stock at the low end. At the same time, recent arrivals, as well as more established cultural groups, continue to experience significant housing discrimination (MacDonald et al. 2016), which is likely to direct individuals into the more precarious informal room-rental sector and homelessness.

There have also been market-led changes at the low end of the PRS, including commercial provision for shared accommodation, mini rooming houses in suburban houses and flats (Dalton, Pawson and Hulse 2015) and an increase in niche providers such as corporate student housing providers (Huston, Jadevicius and Minaei 2015). In some jurisdictions, governments have attempted to induce through planning reforms market development of new or unusual forms of rental housing, such as secondary dwellings ('granny flats'), 'new generation boarding houses' and 'tiny houses', supposedly targeted at low-income households. However, an ongoing concern is that such properties remain unaffordable for single-person households with the lowest incomes. Recent private developments marketed as 'build-to-rent' are typically targeted towards the high end of the rental market with the view of providing long-term rentals for a more affluent younger cohort locked out of home ownership. This trend is likely to continue into the future as new-build private dwellings, including studio apartments, remain above the affordability threshold of those in the bottom 20 per cent of the income distribution (Hulse et al. 2015).

2.3 Lagging institutional settings

The pace of technological, economic and social change in the PRS is rapid. Many of these changes are in response to new market opportunities and technologies which have growing implications for how housing is accessed and managed at the low end of the sector. In contrast, institutional regulatory and policy settings have changed very little and are lagging in their response to pressures in the sector. This has resulted in the emergence of more self-governing and ad hoc initiatives, and smaller programs, to fill the void (Parkinson and Parsell 2018; Hulse and Milligan 2014; Hulse et al. 2012). Past government-led inquiries into housing affordability, and recent reviews of the residential tenancy act in Victoria and other states, reaffirm the need for strengthening the institutions that support an increasingly complex and diverse PRS (Senate Economics References Committee 2015; Consumer Affairs Victoria 2016). Drawing on the broader AHURI Inquiry framework, this section outlines current or more embedded policy settings, focussing on the four components of PRS institutions for low-income housing assistance: financing, provision, access and management.

A buoyant and sustainable PRS is necessary for the efficient functioning of economies and adjustment in labour markets through provision of flexibility and choice of locations, albeit within the constraints of uneven affordability geographies (Whelan and Parkinson 2017). However, relative to other countries with a significant PRS, Australia lacks many of the 'institutional buffers' (Milligan et al. 2013; Yates and Berry 2011; Berry et al. 2004). These buffers include the widespread use of long-term leases or landlord incentives, and management strategies designed to facilitate more affordable rents and ensure the viability of the sector as a long-term housing option throughout the life course (Hulse, Milligan and Easthope 2011; Stone et al. 2015). If the PRS is to deliver better social outcomes into the future, than the underpinning institutions will need to ensure that core principles of equity and fairness are balanced with those of efficiency and effectiveness.

Policies aimed at supporting affordable housing have relied increasingly on stimulating the supply and demand of private rental dwellings over state-provided housing, with more recent moves to transfer existing stock and management of public housing to a growing community housing sector (Pawson et al. 2013). One of the recurring themes in policy discussion and debate has been the sizeable absence of institutional investors in the PRS and the predominance of policies such as negative gearing and capital gains tax exemptions, which continue to support or incentivise 'mum and dad' or small-scale investors into the sector. Low rental yields have influenced small-scale investors to seek returns from capital gains and provide a disincentive to larger institutional investors. However, a segment of investors seek to accumulate multiple dwellings through a portfolio supported by favourable lending practices, no-interest loans and tax incentives of negative gearing (Yates and Berry 2011).

2.3.1 Taxation incentives and investment

The introduction of and sustained commitment to negative gearing has been promoted and legitimised in policy discourse as a necessary vehicle for increasing rental supply, through encouraging continued house price growth and returns that incentivise rental investment. The opposing view is that negative gearing and continued tax exemptions favour well-off or higher-income households without adequately generating affordable rental properties at the low end of the market where supply is most needed (ACOSS 2015). It is likely that recent initiatives introduced by the Turnbull government, such as changes to capital gains taxation rules and vacant properties for foreign investors, will have some impact on increasing supply. However, the extent to which this will benefit those most vulnerable in the rental market is unclear (Commonwealth of Australia 2017). The institutional and property investment necessary for generating an adequate supply of affordable dwellings at the low end of the market has not been implemented at a scale likely to overcome shortages, despite claims of an oversupply in some segments of the apartment market. A shortfall in dwellings for those in the lowest income quintile has incrementally worsened over the past two decades (Hulse et al. 2015).

Key policy initiatives under the NRAS aimed at changing institutional settings and increasing the supply of private affordable rental have had mixed outcomes and inconsistent commitment across incumbent governments. The NRAS, introduced in 2008, was a cornerstone policy of the Rudd/Gillard Labor Government, aimed at stimulating an increased supply of affordable rentals across different locations in Australia. Changes to the *Income Tax Assessment Act 1997* and the *National Rental Affordability Scheme Act 2008* provided incentives to developers and investors to enter into public/private relationships, enabling rents to be set at more affordable rates. Despite difficulties in attracting large-scale investors and concerns that the income eligibility threshold created disincentives to rent for those with the lowest incomes, the scheme's discontinuation under the Abbott Coalition Government was considered premature and undermining of promising policy gains focussed on increasing supply-side initiatives (Rowley et al. 2016; Blessing and Gilmour 2011).

2.3.2 Access and rental subsidies

In the absence of long-term effective and efficient supply-side initiatives, demand-based subsidies, most notably CRA, remain the most far-reaching and enduring policy response to increase private rental accessibility and affordability for eligible low-income individuals and households. Since its inception, real expenditure on CRA has continued to grow significantly each year and by 2015–16 had reached $4.4 billion for an allocated 1,345,983 income units[4] (SCRGSP 2017: G.4). In line with declines in private rental affordability relative to incomes, more income units were eligible to receive the maximum rate of assistance—up from 75 per cent in June 2012 to 79.4 per cent in June 2016, with the median amount received being $130 per fortnight to assist with a median rent of $437 (SCRGSP 2017: G.4). While the expenditure amounts have increased, it must be noted that CRA is indexed to the Consumer Price Index rather than the rate of rental increase and thus any imputation that CRA funding has become more generous is unfounded.

While CRA does make an important difference in alleviating housing affordability stress for many renters, nevertheless 41.2 per cent of private renters in June 2016 were in housing they could not afford or paying more than 30 per cent of their total income on rent (SCRGSP 2017). Funding for public housing and subsequently dwelling numbers have been declining over time. While an increased number of dwellings has been made available through the community housing sector, the additional stock does not address current and projected population growth or demand (SCRGSP 2017). Rents for those in social housing provided via the community sector are set at an affordable threshold. This provides a significant benefit to these households relative to equivalent high-needs households in private rental and raises issues of equity and fairness in distributing differentiated subsidies on the basis of the housing tenure available.

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[4] One person or a group of related persons within a household, whose command over income is shared, or any person living in a non-private dwelling who is in receipt of personal income. [from AHURI glossary]

Further assistance for low-income renters by the states and territories via the *National Affordable Housing Agreement* (COAG 2008) and associated national partnership agreements directs funds to specialist homelessness services and other community providers, both to prevent the loss of private rental and to facilitate re-entry via private rental support programs (SCRGSP 2017). Subsequent policy initiatives have included private rental head-leasing models that subsidise the costs of private rents for limited periods, extended following the widespread translation of Housing First initiatives (Parkinson and Parsell 2018). Time-limited private rental head-leasing programs, for instance, have been widely implemented across jurisdictions targeting those needing to resettle after fleeing family violence as well as rough sleepers. Similarly, program decisions by various state housing jurisdictions have been implemented to assist public housing applicants to find and apply for appropriate private rental as an alternative to renting public housing. We examine these initiatives further in chapters 4 and 5.

2.4 Summary

In summary, the accessibility and affordability of dwellings at the low end of the PRS undoubtedly remain the central issues for vulnerable groups of renters, despite some easing of median rents in Sydney and Perth. Although measures of housing stress are vital in understanding affordability problems, they can conceal the difficulties that low-income individuals and households experience in their housing as they seek to navigate a changing PRS. These include the interim solutions they may seek when locked out of formal rental pathways, such as accessing more informal or supported pathways into the PRS. Increasingly, the capacity of low-income renters to adjust in the transition between rental properties is an essential point of policy intervention. As emphasis shifts towards the PRS as a source of supported housing for those on the lowest incomes, examining the interrelationship between low individual and household incomes and its persistence over time is necessary for strengthening a supported intermediary pathway.

Debate continues as to whether longer-term trends observed in the PRS reflect a temporary aberration of banked-up supply, or whether it is indicative of an underlying shift or disruption whereby rents will continue to rise relative to incomes and where property investment is increasingly viewed as a vehicle for wealth creation beyond the ownership of a single home. If the latter is the case, which is a key assumption of this research, there will be a need for new institutional structures that can better facilitate the effective, efficient and equitable allocation and management of rental properties across the income distribution. Moreover, there will need to be adequate institutional responses to any volatility or market correction in investment practices sustained by taxation incentives and excessive household debt.

3 Research methods

This research combines a mixed-method approach, drawing on:

- secondary data analysis from the HILDA and Journeys Home surveys
- semi-structured and in-depth interviews with renters (N=71) and community and private rental stakeholders (N=41)
- an online structured survey of property investors/landlords (N=304).

The analysis focusses on individual and household measures of low income, defined as incomes in the lowest 40 per cent of the income distribution (Q1–Q2).

Drawing on HILDA data, an income group typology is developed to examine transitions in housing and income status among four individual and household types:

- low-income (Q1–Q2) individual in a low-income (Q1–Q2) household
- moderate-to-high income (Q3–Q4) individual in a low-income (Q1–Q2) household
- low-income (Q1–Q2) individual in a moderate-to-high income (Q3–Q5) household
- moderate-to-high income (Q3–Q5) individual in a moderate-to-high income (Q3–Q5) household

This research draws on secondary data sources including the HILDA and Journeys Home surveys and primary data collected via semi-structured interviews with private renters and community and private rental intermediaries, as well as an online survey of property investors/landlords. A review of the grey and peer-reviewed literature in areas relevant to the core research themes was also undertaken and contributed to the development of the conceptual intermediary pathways framework.

In following a mixed-methods approach, qualitative and quantitative methods are considered to be complementary and together they have informed each sequential stage, assisting with refining the research design and interpretation of findings. The main data sources and sampling frames are summarised below.

3.1 Household, Income and Labour Dynamics in Australia (HILDA) survey

The analysis of the HILDA survey in this report is descriptive and aims to provide background on the income profile of renters and their mobility patterns. The HILDA survey is a longitudinal life-course survey of a representative sample of individuals aged 15 years and over in identified Australian households. The survey has been conducted annually since 2001, with an initial sample of 13,969 individuals representing 7,682 households. In 2011 an additional 2,153 households were added to the HILDA sample, with data collected for new participants in each subsequent year as per those in the original sample (see Summerfield et al. 2014 for more details on the survey).

Our analysis focusses on HILDA waves 14–15, corresponding with the years 2014 and 2015, to capture recent trends in private rental and mobility across individual and household income groups. We include some analysis of five-year transitions using data for 2010, which is indicated in relevant tables where used. We also draw on the wealth module in wave 14 to access savings data across tenure groups.

3.1.1 Individual and household income typology

Renters, as a group, are highly mobile compared with those living in other tenure types (see, for example, Whelan and Parkinson 2017). As household composition can change with each move, the critical unit of analysis in following these transitions will be the individual. However, analysis by individual income poses challenges for how we understand its impact on housing, which is typically analysed and measured at the unit of the household. To bridge both individual and household measures of income we therefore derive a typology which links the individual incomes of low through to high income individuals with the type of household income group they live in, as shown in Table 5. This typology allows for a more nuanced understanding of how individual earnings and incomes might be shaping the persistence of a low household income over time.

In constructing a measure of individual and household income, we commence by identifying household income quintile groups derived from gross household income thresholds, using household cross-sectional Australian population weighted data (Table 1). Households with negative or zero household income are excluded from the analysis. Household income thresholds are then used to assign responding individuals via their household ID into a household income quintile group, so that individuals living in the same household will have the same household income. The analysis then examines the position of renters in the lowest 20 per cent (Q1) and 40 per cent (Q2) of the income distribution. This approach builds directly on Parkinson et al. (2013; 2014) and Stone et al. (2015). The income thresholds for all households for 2015 are shown below in Table 1.

Table 1: Gross household income quintile thresholds, all households

HOUSEHOLD	Mean $	Median $	Std. deviation	N	Minimum $	Maximum $
Quintile 1 (Q1)	25,257	25,094	8,670	1,779,382	65	39,104
Quintile 2 (Q2)	53,609	53,130	8,842	1,779,464	39,110	69,312
Quintile 3 (Q3)	86,792	86,214	10,360	1,779,330	69,400	105,509
Quintile 4 (Q4)	130,035	128,490	15,152	1,781,199	105,548	159,870
Quintile 5 (Q5)	246,525	209,000	151,535	1,777,462	159,958	3,150,761

Source: HILDA survey, wave 15 (2015). Weighted households.

Selecting private renters from the total household income sample, as shown in Table 2, reveals that renter households are more likely to be concentrated in quintiles 1–3 compared with quintiles 4 and 5.

Table 2: Gross household income threshold for quintile groups, renter households

HOUSEHOLD	Mean $	Median $	Std. deviation	N	Minimum $	Maximum $
Quintile 1 (Q1)	24,659	24,960	8,709	484,931	200	39,000
Quintile 2 (Q2)	54,527	55,000	8,796	599,270	39,180	69,312
Quintile 3 (Q3)	85,660	85,000	10,370	616,627	69,400	105,500
Quintile 4 (Q4)	129,006	127,400	15,246	440,645	105,548	159,672
Quintile 5 (Q5)	214,056	191,133	67,576	275,469	160,020	761,913

Source: HILDA survey, wave 15 (2015). Weighted households.

The weighted income thresholds for all individuals are presented in Table 3 and for individuals who are private renters in Table 4. The highest number of individual renters are found in quintiles 2, 3 and 4.

Table 3: Gross individual income threshold for quintile groups, all individuals

INDIVIDUAL	Mean $	N	Std. deviation	Median $	Minimum $	Maximum $
Quintile 1 (Q1)	9,975	2,701,748	5,142	11,035	12.00	16,677
Quintile 2 (Q2)	22,381	3,427,993	3,420	22,244	16,680	29,130
Quintile 3 (Q3)	39,500	3,530,331	6,311	39,897	29,131	50,685
Quintile 4 (Q4)	64,456	3,588,786	8,747	63,654	50,700	80,400
Quintile 5 (Q5)	137,346	3,534,771	107,346	110,000	80,444	2,230,702

Source: HILDA survey, wave 15 (2015). Weighted individuals.

Table 4: Gross individual income threshold for quintile groups, renter individuals

INDIVIDUAL	Mean $	N	Std. deviation	Median $	Minimum $	Maximum $
Quintile 1 (Q1)	9,753	652,167	4,897	10,500	50	16,669
Quintile 2 (Q2)	22,904	778,674	3,419	23,000	16,700	29,114
Quintile 3 (Q3)	40,182	1,010,072	6,137	40,300	29,140	50,618
Quintile 4 (Q4)	63,662	1,063,083	8,562	62,218	50,742	80,400
Quintile 5 (Q5)	118,365	662,666	47,018	103,317	80,500	650,000

Source: HILDA survey, wave 15 (2015). Weighted individuals.

Combining individual and household measures of income groups, we construct a typology of individual and household income. This typology, as shown in Table 5, comprises two low-income household groups and two moderate-to-high income groups. All are distinguished by whether the individual living in these households earns a low or moderate-to-high individual income. No individuals in the highest individual income bracket (Q5) live in a low-income household. This is based on low-income household being defined as 40 per cent of the income distribution (Q1 and Q2) with the maximum cut-off being $69,312 and minimum individual income for Q5 being $80,444. However, low-income individuals are found in moderate-to-high income households due to income pooling.

Table 5: Individual and household income groups, weighted and unweighted sample numbers

		Sample numbers Unweighted		Sample numbers weighted	
Income group type	**Definition**	**Renters**	**All**	**Renters**	**All**
Low-income individuals in low-income households	Q1–Q2 gross individual income by Q1–Q2 household income	1,130	4,016	836,161	3,619,352
Moderate-to-high income individuals in low-income households	Q3–Q4 gross individual income by Q1–Q2 household income	816	2,077	666,152	1,794,929
Low-income individuals in moderate-to-high income households	Q1–Q2 gross individual income by Q3–Q5 household income	636	2,933	774,769	3,504,304
Moderate-to-high income individuals in moderate-to-high income households	Q3–Q5 gross individual income by Q3–Q5 household income	2,106	8,772	2,074,153	8,892,943
All		4,688	17,798	4,351,235	17,811,529

Source: HILDA survey, wave 15 (2015).

3.2 Journeys Home survey

A second national longitudinal dataset drawn on for the research is the Journeys Home survey, which derives its initial sample from a Centrelink administration dataset of individuals who have experience of or are vulnerable to experiencing homelessness and insecure housing. As the main source of income for respondents is from government benefits and pensions, it provides a rich sample over time of those in need of and utilising housing assistance, including private rental support programs. The Melbourne Institute of Applied Economic and Social Research developed the Journeys Home survey with funding provided by the Australian Government Department of Social Services (DSS). The survey commenced in 2011 and comprises six waves of data collected every six months until 2014 (see Bevitt et al. 2014 for the survey sampling strategy).

The majority of respondents in the Journeys Home survey are single and/or have relatively high mobility in comparison with general population estimates as shown in national data sources including HILDA. As such, identifying measures of household income is fraught. Moreover, as the sample is derived from a low-income cohort, classifying income into quintile groups would not align with population thresholds. To overcome this, we used the population-based income thresholds identified in HILDA to identify approximately comparable income groupings for the Journeys Home sample, drawing on income amounts covering the HILDA years of 2011 to 2014 to match as closely as possible the data collection periods of Journeys Home over six waves. The analysis differs from HILDA in that it is based primarily on individual income quintiles Q1 and Q2, which largely correspond to HILDA Q1 households. We apply the rescaled population weights to the data to correct for sampling bias.

Table 6 shows that Journeys Home respondents are highly concentrated in the lowest household income quintile (Q1) for all survey waves. Table 7 presents a cross-tabulation of individual income quintile by household income quintile for wave 1, revealing that 88 per cent of Q1 households have either Q1 or Q2 individual incomes.

Table 6: Gross household income by survey wave (1–6)

	WAVE (%)						
Household	**1**	**2**	**3**	**4**	**5**	**6**	**Total**
Quintile 1 (Q1)	81.64	79.84	74.66	72.22	71.21	70.69	75.30
Quintile 2 (Q2)	12.19	13.55	17.20	17.29	19.15	17.73	16.03
Quintiles 3–5 (Q3–5)	6.17	6.61	8.14	10.49	9.63	11.58	8.67
Total	100	100	100	100	100	100	100
Total (N)	1,598	1,344	1,325	1,365	1,299	1,279	8,210

Note: Q3 collapses higher income groups in Q4 and Q5 due to very small sample sizes.

Source: Journeys Home survey, waves 1–6 (2011–14). Rescaled weighted individuals.

Table 7: Gross individual income by household income quintile

	HOUSEHOLD (%)			
Individual	**Quintile 1 (Q1)**	**Quintile 2 (Q2)**	**Quintiles 3–5 (Q3–5)**	**Total**
Quintile 1 (Q1)	43.54	3.08	2.43	36.07
Quintile 2 (Q2)	44.49	4.00	2.33	36.96
Quintiles 3–5 (Q3–5)	11.97	92.92	95.24	26.97
Total	100	100	100	100
Total (N)	1,305	195	99	1,598

Source: Journeys Home survey, wave 1 (2011–14). Rescaled weighted individuals.

Nearly all individuals with Q1 and Q2 incomes were in receipt of Australian Government Centrelink income support payments or pensions across the pooled data period (Table 8). The main types of payments in wave 1 were Newstart (53%) and Youth Allowance (37.8%) for Q1 individuals, and Newstart (42%) and DSP (42%) for Q2 individuals.

Table 8: Receipt of Centrelink benefits

	Receipt of income support or pension		
Individual	**No (%)**	**Yes (%)**	**Total (%)**
Quintile 1 (Q1)	2.31	97.69	100
Quintile 2 (Q2)	5.79	94.21	100
Quintiles 3–5 (Q3–5)	45.09	54.91	100
Total (N)	1,640	7,307	8,947

Source: Journeys Home survey, waves 1–6 (2011–14). Rescaled weighted individuals.

3.3 Tenant interviews

A critical knowledge gap in the evolving PRS is how tenants navigate and experience the different subsectors as adaptations to declining affordability, particularly within the room-rental and niche market segments. This is important as it reveals where existing policies and regulations may be lagging behind changing market and social practices, and how better to respond to such changes in planning for the future PRS. To explore this issue further we conducted semi-structured qualitative interviews in Victoria, New South Wales (NSW) and WA with 71 low-income tenants (see Appendix 1 for the interview schedule and Appendix 2 for a summary of the sample profile). The sampling approach was purposive, targeting specific groups of renters engaging with a formal, informal and/or supported pathway. This included sampling renters who gained access to the PRS via real estate agencies and online housing platforms (including shared housing platforms); renters living in purpose-built studio apartments, bedsits, granny flats and unregulated boarding or rooming houses; renters living in NRAS properties; and individuals transitioning to and from the homelessness service system and PRS.

We used the HILDA secondary data analysis to identify an income cut-off threshold at the household level in recruiting eligible individuals and households. As we were interested in understanding the single and group rental market, recruitment was also based on low and/or volatile individual incomes. For group or shared households we applied an individual net income threshold of less than $700 per week, or if income had recently declined or was volatile due to casual earnings. The sampling frame ensured a mix of Q1 and Q2 individuals and households in metropolitan and regional areas, Indigenous Australians and people with experience of homelessness, household dissolution, moving out of home, transitioning to study and migrating to Australia.

More females agreed to participate in an interview than males, resulting in an over-representation of females in the sample. Moreover, as we interviewed only one member of the household, females living in couple households were most likely to speak on behalf of the rental experiences of themselves and their partner.

Interviews were conducted in person where preferred by respondents, or else by telephone, following ethics approval across three collaborating universities: Swinburne University (Victoria), Curtin University (WA) and UNSW (NSW). Only four respondents declined to give their consent for the interviews to be audio recorded. Extensive notes were taken for interviews which were not recorded or where the audio was difficult to interpret. The interviews were up to 1.5 hours in length but typically lasted 30–60 minutes and focussed on current and past rental experiences.

Participants were recruited through online advertisements on Gumtree (gumtree.com.au) and Facebook (facebook.com), flyers in community agency waiting areas and referral by community organisations. Flyers were posted around university campuses and nearby cafes to engage student renters. Participants received a $50 voucher in recognition of their time commitment.

All recorded interviews were fully transcribed and entered into NVivo qualitative software and coded into emerging themes that related to current housing circumstances, conditions of living arrangements, past experiences and mobility patterns, observations of changes in the PRS, accounts of personal plans and suggestions for improving the PRS in the future. Pseudonyms are used to ensure anonymity of participants.

3.4 Community agency interviews

The research gathered perspectives of 41 managers and staff in welfare and real estate agencies and other community organisations in Victoria, WA and NSW. This included 22 individual interviews and five joint or focus group interviews to tap into a collective knowledge base within different teams, geographical areas and agencies (see Appendix 3 for the interview schedule and Appendix 4 for agency types). We selected agencies known to have key roles in delivering private rental support programs and insight into emergent practices. These included representatives from community housing providers and peak organisations, specialist homelessness services, community legal and tenancy advocacy services, student housing providers, real estate agencies and multicultural services. Participants were spread across frontline through to senior managerial staff in order to capture diverse experiences and perspectives. Interviews were audio recorded and later transcribed. All interviews were conducted face-to-face and the majority were audio recorded where permission was granted to do so.

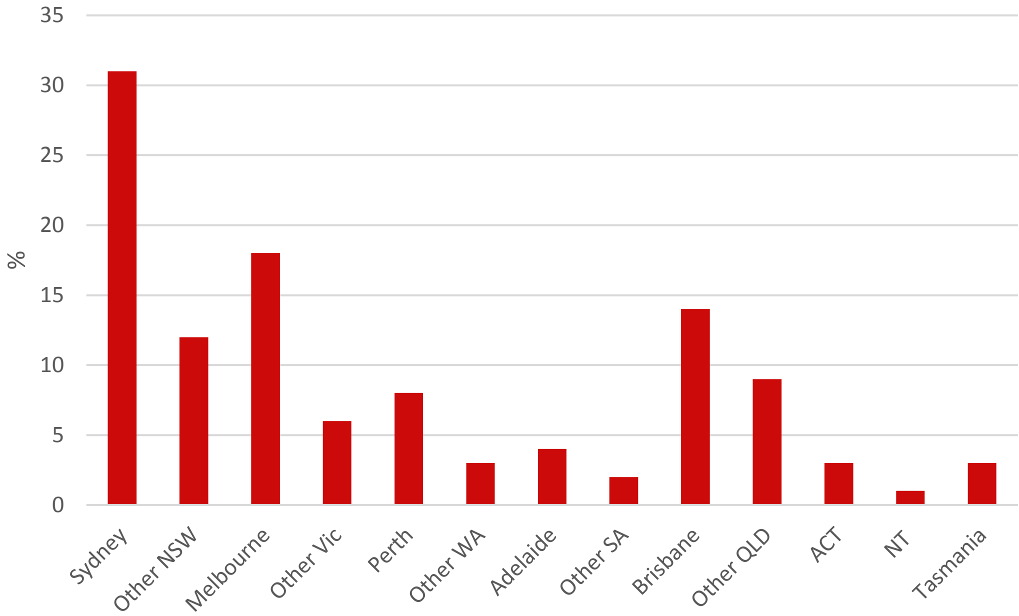
A core focus of the interviews was to elicit the experience of providers on the ground in facilitating tenancy access and management, particularly for clients with low individual and household incomes. The themes explored concerned: issues and recent changes for low-income renters accessing services; innovations and program initiatives emerging on the ground; and challenges and opportunities for improving outcomes for low-income renters into the future.

3.5 Property investor survey

The final component of the primary data collection was an online survey of property investors/landlords (included at Appendix 5). The survey was designed to explore investor perspectives on a series of policy scenarios and incentives, and to explore the respondents' motivations for investing and approach to property management. A professional team, Qualtrics, administered the online survey, drawing on a purchased nationally representative panel, and provided the research team with a de-identified dataset for analysis. The allocated funds in the budget determined the overall final sample size. The total sample of valid survey responses was 304.

Around half (51%) of the investors/landlords surveyed had been investing or renting out their property for less than four years, 21 per cent had been an investor for 4–9 years and 29 per cent had been an investor for 10 years or more. The majority were single property investors (62%) with properties located in Sydney (31%) (see Figure 2). The most commonly reported amount of rent charged for a dwelling was $300–499 (46% of respondents); rooms mostly ranged from $100–199 per week (32% of respondents) to $200–299 per week (31% of respondents).

Figure 2: Location of investment properties surveyed: capital cities and rest of state



Source: Property investor survey (2017).

3.6 Summary

The mixed-methods approach, utilising secondary and primary data sources, enables a more thorough population-based investigation of how low-income renters navigate the PRS. It also uncovers emergent dynamics and practices, which are not captured adequately in existing statistical datasets.

In the next chapter, we present our findings in response to the first research question on the housing and mobility patterns of low-income renters. We look also at non-housing outcomes, primarily income and savings. In subsequent chapters, we present findings from our interviews with tenants, agencies and the investor survey to provide additional evidence on the mobility patterns from a qualitative perspective, as well as addressing the remaining research questions on innovation and areas for strengthening the development of PRS institutions for the future.

4 Stability and change in living conditions and income

- Point-in-time HILDA data show that the PRS houses a relatively even mix of low, moderate and high income groups compared with social housing renters, outright owners and purchasers. As the profile of renters become more diverse it is likely that the PRS will continue to fragment to meet the competing needs of different renter groups.
- A majority (55%) of low-income individuals in a low-income household remained in this income group throughout the survey period (2010–15). Their need for housing assistance will persist for extended periods, particularly among midlife and older renters unable to increase their earned or household income.
- Low-income individuals in a low-income household are less likely to move, but when they do move it is most likely to be 'forced' (i.e. their property is no longer available to rent). They have limited savings to afford the upfront and relocation costs of moving to another private rental property.
- Individuals and households in the lowest income quintile (Q1) are least likely to rent in the formal sector, with over 70 per cent reporting a lack of affordable housing as an obstacle to finding more secure housing.
- Renting from friends and family is the main type of living arrangement for those with Q1 individual incomes (40%) and Q1 household incomes (31%). Similarly, the main transition for individuals in the formal PRS is to move in with friends and family (24%).
- Both Q1 and Q2 groups living in informal housing arrangements tend to remain in these for extended periods. Furthermore, 70 per cent of Q1 individuals and 74 per cent of Q2 individuals remained in a Q1 or Q2 income quintile over the collection period. The persistence of low incomes and high reliance on informal renting suggest a significant rental market failure.

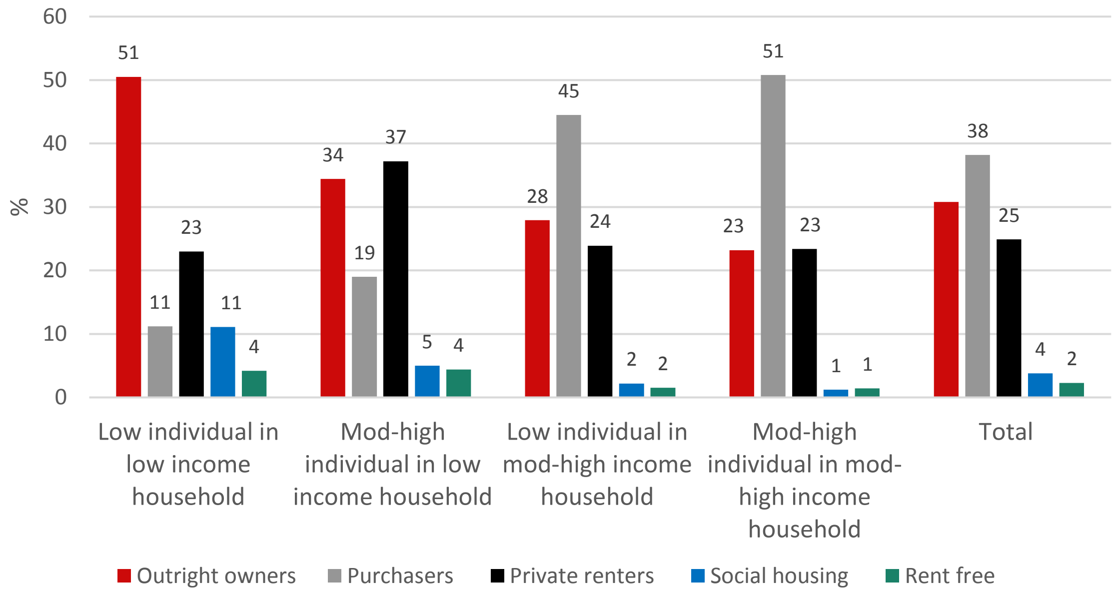
In Chapter 2, we established that many private renters remain in the PRS long term and are also highly mobile compared with owner-occupiers or social housing renters. In this chapter, we respond to the first research question, examining the mobility patterns, housing outcomes and non-housing outcomes of low-income private renters. Non-housing outcomes in a housing pathways typology refer to variables such as employment, education, health and income, which can act both as constraints and opportunities in navigating housing institutions (Clapham 2005; Phibbs and Young 2005). The following analysis first examines stability and change in tenure and living conditions for low-income individuals over time, and then examines non-housing outcomes, focussing on income mobility (measured by change or persistence in income quintile), personal (monetary) savings and propensity to change dwellings (forced or voluntary moves).

4.1 Tenure and demographic profile of income groups

The income and wealth profile of home owners and long-term renters has been polarising for some time. As housing costs (including services and utilities) become reliant on two or more incomes, household form also becomes a critical determinant in housing affordability and tenure, despite higher or lower individual incomes. Figure 3 presents a simple cross-tabulation between individual and household income groups and their tenure position at a point in time using wave 15 HILDA data. As the figure shows, being a moderate-to-high income individual in a moderate-to-high income household is associated with an increased likelihood of being a 'purchaser' (an owner-occupier with a mortgage) (51%). Low-income individuals experience higher rates of 'purchased' housing when living in moderate-to-high income households (45%) compared with low-income households (11.2%). This affirms the significance of additional household earnings to sustain the typically higher costs associated with attaining purchaser status. Interestingly, moderate-to-high income individuals in a low-income household (37%) are more likely to be concentrated in the PRS, which potentially reflects the over-representation of single persons in this income group.

Low-income individuals in low-income households are significantly more likely to be outright home owners (51%) than private renters (23%) and have likely benefited from previous earnings and cheaper housing in past decades and the financial buffer that home ownership provides. Low-income individuals in low-income households are slightly under-represented in private rental (23%), although variation in private renting across all income groups is less marked compared with other tenure types (suggesting that at a given point in time there is more income diversity among those residing in the PRS).

Figure 3: Tenure type by individual and household income groups



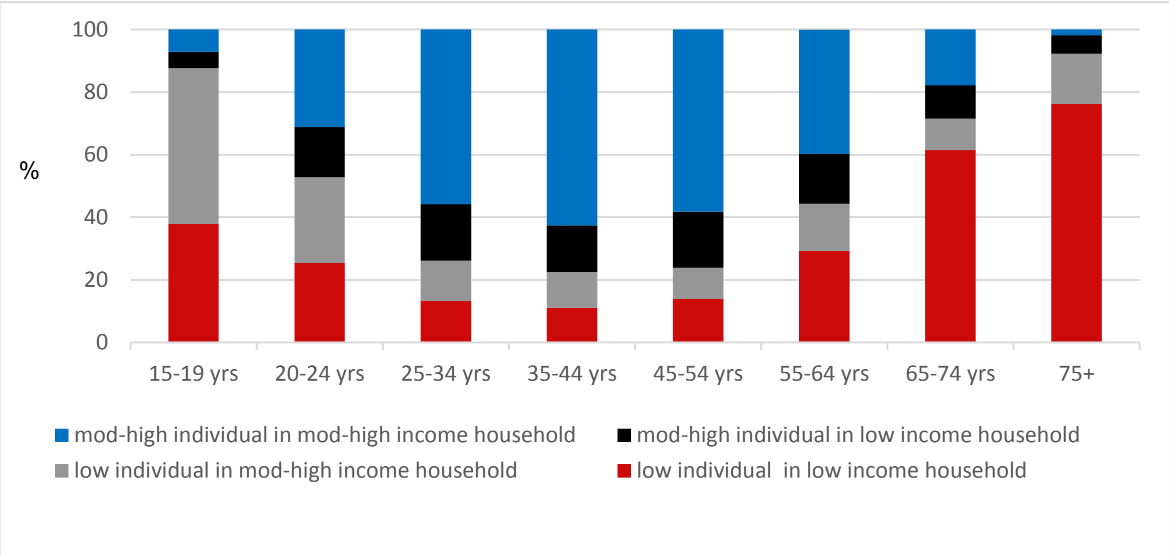
Source: HILDA survey, wave 15 (2015). Weighted individuals.

While this research is concerned primarily with low and moderate-to-high income individuals living in low-income households (columns 1 and 2 in Figure 3), it is interested also in their transitions within the PRS between household income groups. Selecting private renters only, Figure 4 illustrates the strong association between age, individual income and household income. Low-income individuals in low-income households are more likely to be observed at both extremes of the age continuum. Those in the youngest age cohorts are most likely to be low-income individuals in moderate-to-high income households, although more than a third of those aged 15–19 years, and a further quarter of those aged between 20–24 years, are low-income individuals in low-income households. The proportion of low-income individuals in low-income households stabilises during early adulthood to early midlife, where it again begins to rise significantly as individuals exit the workforce. The peak of low individual and household incomes in the 65–74 years and 75-plus age groups highlights the increasing housing risk for renters in their latter years and, particularly, women.

Further demographic analysis on individual and household income appears at Appendix 6. Briefly, students as renters are slightly over-represented among low-income individuals in low-income households (22%), but the majority reside with others either in group or family living arrangements, which lifts them out of low-income household status. Renters who identify as Indigenous (being of Aboriginal and/or Torres Strait Islander descent) have an above-average proportion of low-income individuals both in low-income households (29%) and in moderate-to-high income households (25%). This suggests that low individual income is somewhat lifted by the total household composition, rather than from individual earnings or income.

Couples (38%) and lone parents (32%) with independent children are disproportionately represented among low-income individuals in low-income households, as are lone persons (31%). This likely reflects the older age profile of these family type groups. Low-income individual renters living in multi-group families are most likely to be living in moderate-to-high income households (45%). Couples with no children (62%), individuals with a bachelor degree (64%), working full time (73%) and/or in permanent employment (72%) are typically moderate-to-high income individuals in moderate-to-high income households.

Figure 4: Individual and household income groups: private renters



Source: HILDA survey, wave 15 (2015). Weighted individuals.

4.1.1 Current living arrangements and experience of homelessness

As a household survey, HILDA does not adequately capture the living conditions of those who may have experience of homelessness or rooflessness, or are living in informal and temporary housing. To further understand transitions within a supported and informal pathway, we therefore turn to Journeys Home data, which provides detailed profiles of housing outcomes for individuals in receipt of income support(s) and with past experiences of homelessness or insecure housing.

Table 9 presents individual living arrangements among income groups (quintiles) according to a derived framework of those residing in the formal, informal and supported sectors, from data pooled over the collection period (2011–14). The pooled data counts observations of living arrangements rather than individual cases. For example, one individual responding in every wave of data collection will have six observations. This type of analysis helps to illuminate the significance of other types of living arrangements accessed outside formal private renting for low-income individuals and households.

The Journeys Home survey does not permit us to determine whether properties are self-managed or managed by a real estate agent, or the nature of lease agreements for those renting in the formal sector. Nonetheless, it is clear that few Q1 households (28%) or Q1 individuals (23%) are accessing the formal or mainstream rental sector, which points to significant entry barriers for this more vulnerable rental cohort. In contrast, approximately half of the Q2 (49%) and moderate-to-high (Q3–Q5) income households (50%) were renting a house or flat privately in the formal sector. Those in the lowest household income group (Q1) were over-represented among long-term social housing renters (18%), suggesting that past experiences of homelessness provide a more direct route into long-term social housing (above the population rate for comparable income groups, as shown in Figure 3).

Despite this, and given policies of priority access following homelessness, the proportion of individuals residing in long-term social housing remains low relative to need. The main type of living arrangements over the pooled period for those with Q1 individual (40%) and Q1 household (31%) incomes was renting from friends and relatives, revealing the significant reliance on informal housing networks and solutions, and the barriers faced in accessing more traditional pathways into housing.

Table 9: Living arrangement by household and individual income group

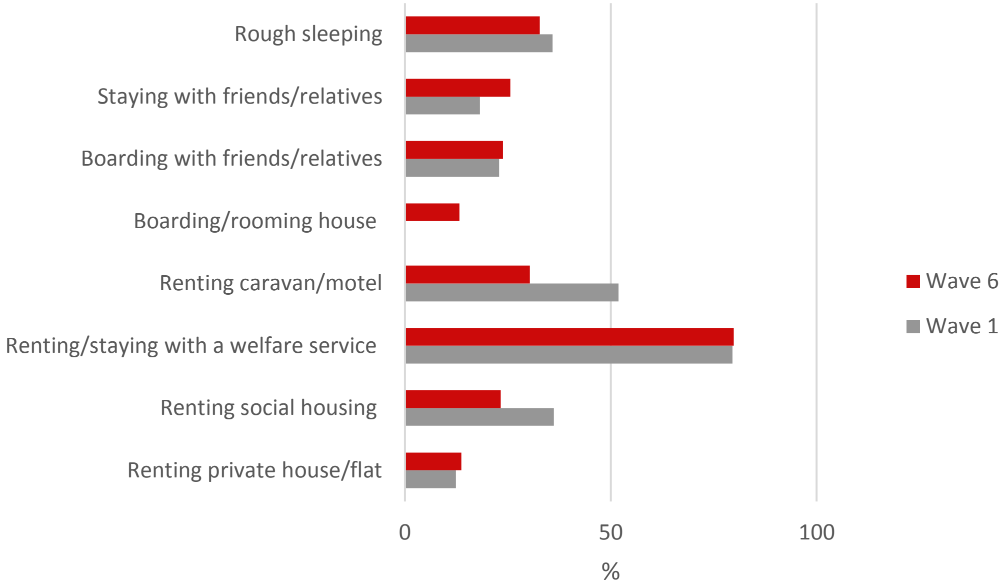
	Q1 (%)		Q2 (%)		Q3–Q5 (%)		Total (%)	
Living arrangement	**H'hold.**	**Individ.**	**H'hold**	**Individ.**	**H'hold**	**Individ.**	**H'hold**	**Individ.**
Formal/mainstream								
Renting private house or flat	27.7	23.3	48.7	30.8	50.3	47.2	33.0	34.2
Supported								
Renting social housing (long-term)	18.7	13.0	10.6	24.7	5.0	9.8	16.2	16.0
Renting through a welfare institution (short-term)	4.1	2.6	2.0	5.6	0.5	1.7	3.4	3.3
Informal and marginal								
Renting caravan or motel	3.1	1.9	3.0	4.7	1.6	2.0	3.0	3.0
Boarding/rooming house	2.6	0.9	1.9	4.0	1.4	1.6	2.3	2.2
Boarding with friends/relatives	30.7	40.3	22.5	20.9	21.0	24.6	28.5	28.1
Staying with friends/relatives	10.6	14.5	8.7	6.9	14.3	10.7	10.6	10.5
Rough sleeping	2.2	2.9	1.2	1.9	1.2	1.0	2.0	1.9
	100	100	100	100	100	100	100	100
Total (N)	6,166	2,723	1,315	3,109	709	3,095	8,190	8,927

Note: It is likely that a proportion of rentals may have been accessed directly via a private landlord but this cannot be determined from the data. Home owners omitted due to very small sample numbers.

Source: Journeys Home survey, pooled waves 1–6 (2011–14). Weighted individuals.

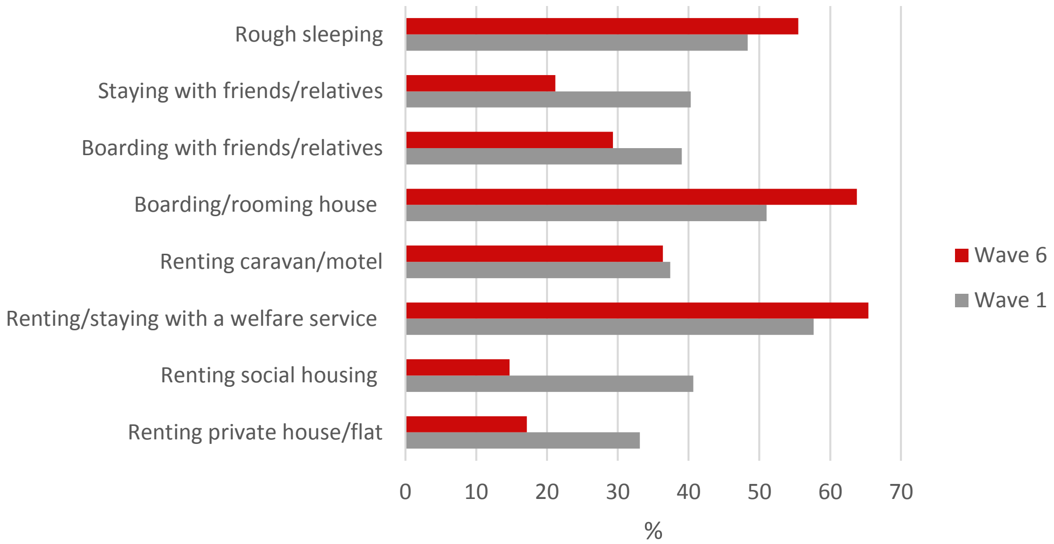
Assessment of need or being placed on a public housing waiting list, as shown in Figures 5 and 6, varies according to current living situation, with those housed in the formal PRS typically least likely to be on a waiting list despite comparably low incomes. Those with Q1 incomes were most likely to be on a waiting list in both waves 1 and 6 if they were renting through a welfare institution. For Q2 individuals, sleeping rough, renting a room in a boarding or rooming house and renting through a welfare institution, particularly in wave 6, were the main living conditions associated with being placed on a public housing waiting list. Observed differences among Q1 and Q2 individuals may be attributable to their sources of income. A higher proportion of individuals with Q2 incomes were in receipt of DSP and therefore more likely to be deemed in need of priority access, while Q1 individuals were more likely to be in receipt of Newstart or Youth Allowance.

Figure 5: Q1 groups on public housing waiting list, by living arrangement



Source: Journeys Home survey, waves 1 and 6 (2011 and 2014). Weighted individuals.

Figure 6: Q2 groups on public housing waiting list, by living arrangement



Source: Journeys Home survey, waves 1 and 6 (2011 and 2014). Weighted individuals.

4.2 Residential mobility

In this section we draw on both HILDA and Journeys Home data to examine mobility in tenure and living arrangements by individual and household income groups. There is growing research examining changing residential and geographical mobility patterns by tenure, but few studies examine how mobility differs within tenure according to individual and household income position. Geographical mobility is influenced by the changing spatial distribution of house prices within inner-urban areas, where there are pressures for low-income individuals to move out of high-cost rental markets or adapt to the room-rental sector if they remain in these areas. While a growing body of work drawing on Journeys Home data has provided insights into the mobility and dynamics of those exiting and entering homelessness, there has been less emphasis on trajectories associated with individual and household income groupings moving between formal, informal and supported segments within the one institutional framework.

HILDA data for 2015 reveal that low-income renter households remain in their private rental accommodation for approximately four years, compared with three years for moderate-to-high income private renters. However, there is little variance across income groups in the median measure for remaining at the same private rental address, with ranges of 1.6 to 1.7 years (see Table 10). Private renting *moderate-to-high income individuals in low-income households* are the most mobile between consecutive years, with 39 per cent changing their address compared with 32 per cent for *low-income individuals in low-income households* (see Figure 7).

Although people move for varied reasons, overall the most commonly reported reason was that the property was no longer available (21%). This was highest among *low-income individuals in low-income households* (28%). This suggests that more than a quarter of moves for those in the lowest income group relate to the involuntary changeover of their housing (i.e. 'forced moves'). This is likely to have implications for their re-entry into the PRS, particularly if single. Wanting to move to a larger or better place was also cited (20%), although this was less important for those in the lowest income household groups (15%). Wanting to be closer to friends and family was also an important trigger for moving (12%), particularly for *low-income individuals in a low-income household* (16%).

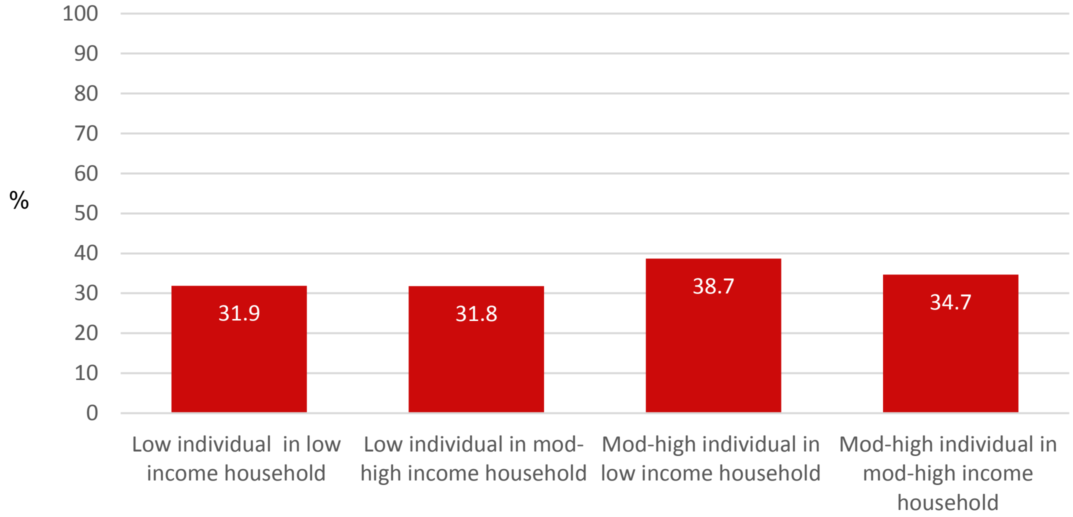
Existing research has shown that most moves between residences tend to be local or within a defined geographical area (Whelan and Parkinson 2017). Based on our current analysis of HILDA wave 15 data, distance moved varied slightly by income group. *Low-income individuals in low-income households* moved the farthest from their initial residence, with a median of 14 kilometres, compared with *low-income individuals in moderate-to-high income households* who moved a median of 5 kilometres. It should be noted that these are private renter-to-renter moves and not moves into a different tenure status, such as home ownership, which may prompt longer distance moves.

Table 10: Years at address: individual and household income groups

	Private renters		Social housing renters		Purchasers		Outright owners	
	Mean (yrs)	Median (yrs)	Mean (yrs)	Median (yrs)	Mean (yrs)	Median (yrs)	Mean (yrs)	Median (yrs)
Low individual and low household income	3.8	1.7	11.5	9.5	13.0	10.5	21.5	17.4
Low individual and mod-to-high household income	2.8	1.6	11.6	6.6	8.5	6.0	17.4	14.2
Mod-to-high individual and low household income	3.1	1.6	7.8	5.0	9.5	7.0	19.0	13.6
Mod-to-high individual and mod-to-high household income	2.8	1.6	13.9	10.3	8.4	6.1	16.6	14.2
Total	3.0	1.6	11.4	8.9	8.8	6.2	18.7	15.2

Source: HILDA survey, wave 15 (2015). Weighted individuals.

Figure 7: Changed address in past year: individual and household income groups



Source: HILDA survey, wave 15 (2015). Weighted individuals.

On average, Journeys Home Q1 and Q2 respondents moved 2.4 times in the previous six months at wave 1 and 1.5–1.7 times in the previous six months at wave 6 (see Table 11). The main reasons for moves by Q1 individuals related to relationship and family breakdown or conflict (13%), being asked to leave by the landlord (5%) or the lease ending (5%). For Q2 individuals, family conflict (5%), being asked to leave by the landlord (5%), end of lease (5%), or moving to better accommodation (5%) were the main reasons for moves. Over the pooled period (waves 1–6), in 70 per cent of observations both Q1 and Q2 individuals reported that they faced obstacles in finding another place to live. The most commonly identified obstacle to accessing housing for Q1 and Q2 individuals (73%) was that the available accommodation options were too expensive and in short supply.

Table 11: Average number of moves in past six months: Q1 and Q2 individual income groups

	Wave 1		Wave 6	
Living arrangements	**Q1**	**Q2**	**Q1**	**Q2**
Formal renting				
Renting private house or flat	2.2	2.3	1.5	1.5
Supported renting				
Renting social housing (long term)	1.9	2.2	1.6	1.3
Renting/staying with welfare service or institution (short term)	3.1	2	1.9	1.5
Informal & marginal renting				
Renting caravan or motel	1.4	2.3	1.6	2.8
Boarding/rooming house	2.8	2.9	1.6	1.6
Boarding with friends/relatives	2.5	2	1.7	1.3
Informal stay and rooflessness				
Staying with friends/relatives	2.5	3.7	1.9	1.7
Rough sleeping	3.7	6.4	2.1	2.1
Total	2.4	2.4	1.7	1.5

Source: Journeys Home survey, waves 1 and 6 (2011 and 2014). Weighted individuals.

4.2.1 Savings and mobility

Moving seamlessly between rental properties without loss of rental accommodation relies on prospective tenants being able to raise both rent in advance and the bond. For some, moving may result in an overlap of rental payments and a protracted wait for the release of their existing bond. Tables 12 and 13 use HILDA data to compare the median combined (total household) self-reported savings and individual self-reported savings across tenures for those who moved between 2014 and 2015. Median savings for all private renter income groups who moved were higher compared with groups that did not move between consecutive years. This may indicate that savings influence voluntary moves and that those without savings may endure inadequate and unaffordable living conditions because of difficulties raising sufficient funds to relocate.

Interestingly, the reverse pattern is evident for most social housing renter income groups, where groups with low median incomes were more likely to move. This may be due to tenancies breaking down and tenants being forced to relocate. Nonetheless, the limited savings of social housing renters across the lowest income groups reveals they face considerable obstacles in being able to relocate into private rental accommodation without significant financial assistance to do so.

Generally, low-income home purchasers had higher savings than renters, but the difference across income groups was quite small. Outright owners have been able to generate significantly higher savings, which combined with asset wealth is likely to provide a buffer against their low incomes compared with renters.

Table 12: Combined median savings of those who move and don't move: individual and household income groups

	Private renters ($)		Social housing renters ($)		Purchasers ($)		Outright owners ($)	
	Moved	No move	Moved	No move	Moved	No move	Moved	No move
Low individual and low household income	2,000	1,080	100	450	3,000	3,000	23,850	22,843
Low individual and mod-to-high household income	4,822	4,800	608	1,200	18,350	9,000	67,852	55,600
Mod-to-high individual and low household income	2,500	1,500	322	400	1,700	3,500	40,000	28,507
Mod-to-high individual and mod-to-high household income	10,000	8,500	4,000	3,487	17,071	12,506	52,770	65,000

Note: Combined savings = total savings of all household members.

Source: HILDA survey, waves 14 and 15 (2014 and 2015). Weighted individuals.

Table 13: Individual median savings: individual and household income groups

	Private renters ($)		Social housing renters ($)		Purchasers ($)		Outright owners ($)	
	Moved	No move	Moved	No move	Moved	No move	Moved	No move
Low individual and low household income	1,200	440	78	200	1,000	700	2,000	4,000
Low individual and moderate-to-high household income	2,300	3,126	358	1,001	5,700	3,300	36,000	22,150
Moderate-to-high individual and low household income	2,000	1,100	200	200	1,600	1,598	900	12,000
Moderate-to-high individual and moderate-to-high household income	3,625	4,800	2,250	2,250	6,000	3,500	24,000	25,000

Source: HILDA survey, waves 14 and 15 (2014 and 2015). Weighted individuals.

4.2.2 Tenure transitions

A core aim of housing assistance is to prevent and alleviate homelessness. Access to social housing combined with support has been pivotal in enabling individuals to transition or resettle into housing following the loss of private rental or other types of informal housing. HILDA data, while providing a national sample of more stable residents, does not provide sufficient insight into the type of living arrangements for those who have experience of homelessness and who are most likely to access supported and informal pathways into housing. Consequently, Journeys Home data is used in the main in this section to examine housing transitions across the pooled sample of six-monthly observations (see Tables 15 and 16).

HILDA data nonetheless provide an initial picture of tenure transitions. As shown in Table 14, from 2014 to 2015 (t to t+1), *low-income individuals in low-income households* were the most likely to make a transition into a different tenure status, with a move into social housing the main transition (6%), followed by moving to live rent free (4%) (most likely staying with friends or family). Moderate-to-high income individuals in moderate-to-high income households were most likely to transition to purchaser status (10%).

Table 14: Tenure transitions of private renters 2014 to 2015, individual and household income groups

	Tenure transition in t+1 (2015) (%)					
Private renters in t (2014)	**Outright owners**	**Purchasers**	**Private renters**	**Social housing renters**	**Rent free**	**Total**
Low individual and low household income	2.2	3.0	84.8	6.1	3.8	100
Low individual and moderate-to-high household income	3.2	5.7	90.0	0.6	0.6	100
Moderate-to-high individual and low household income	2.6	5.1	87.3	2.1	2.9	100
Moderate-to-high individual and moderate-to-high household income	1.6	9.8	86.6	1.0	1.0	100
Total	2.1	7.0	86.8	2.2	1.9	100

Source: HILDA survey, waves 14 and 15 (2014 and 2015). Weighted individuals.

In the Journeys Home analysis we examine whether individuals have experienced a transition in their living conditions at any time in the previous six months, between 2011 and 2014. Tables 15 and 16 indicate the percentage of Q1 and Q2 individuals that have remained in or made a transition to a particular living arrangement at any time (t to t+1) in the survey. As shown in Table 15, just over half of all private renters renting in the formal private sector in the Q1 income quintile (56%) remained in the formal private sector between consecutive six month observations during 2011 to 2014, compared with 75 per cent of those in the Q2 income quintile (Table 16). The main transition for Q1 and Q2 individuals living in formal private rental was to an informal rental arrangement. Among tenants moving out of the formal PRS, approximately a quarter of Q1 individuals (24%) and 12 per cent of Q2 individuals went onto to pay rent/board to friends or family.

Informal living arrangements where individuals were staying with friends and family in one time period often turned into a situation where they were paying rent or board to friends and family in the next time period. Nearly a third (30%) of Q1 and a quarter (24%) of Q2 individuals went on to pay rent to friends and family after staying temporarily with them. A further 19 per cent of Q1 individuals (20% of Q2) moved into a formal private rental house or flat following a temporary stay with friends and family.

Individuals with Q1 incomes paying rent in a boarding or rooming house were the least stable and typically remained in an informal renting arrangement, with 42 per cent moving to pay rent with friends and family. However, the majority of Q2 individuals (63%) remained in their boarding or rooming house accommodation, suggesting that sustaining high room-rental costs could be more prohibitive for those with the lowest incomes. Conversely, sleeping rough was highly persistent for those with Q1 individual incomes (64%) compared with those with Q2 incomes (39%).

A move into social housing was most likely to occur following a period staying within a welfare service or living in a boarding housing arrangement. Among those who transitioned into social housing, 30 per cent of Q1 individuals (23% of Q2) were previously renting/staying with a welfare service. A further 12 per cent (Q1 and Q2) moved into social housing from a boarding house arrangement in the previous period.

Table 15: Transitions in living conditions in previous six months: Q1 individuals

	Living arrangements at *t+1* (%)									
Living arrangements at t	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**Total**
Formal renting										
Renting private house or flat (1)	56.0	5.1	2.4	2.9	0.4	23.9	8.5	0.5	0.2	100
Supported renting										
Renting social housing (2)	9.6	69.5	3.0	0	0.8	14.2	2.5	0.3	0	100
Renting/staying with welfare institution (short term) (3)	11.5	29.7	31.1	3.8	0	9.9	12.5	1.5	0	100
Informal renting										
Renting caravan or motel (4)	15.6	8.2	0	51.7	3.0	18.8	1.6	1.0	0	100
Boarding/rooming house (5)	5.1	12.2	0	0	31.0	42.4	3.6	5.8	0	100
Boarding with friends/relatives (6)	16.2	5.2	2.0	1.6	1.0	63.0	9.2	1.6	0.2	100
Informal stay and rooflessness										
Staying with friends/relatives (7)	18.7	4.6	0.1	1.5	0.5	29.8	43.4	1.3	0.2	100
Rough sleeping (8)	13.6	1.8	1.3	0	0	13.0	6.4	64.0	0	100
Owner occupied (9)	11.27	2.04	3.12	0	0	2.98	0	0	80.59	100

Source: Journeys Home survey, waves 1–6 (2011–14). Pooled transitions between consecutive six month periods. Weighted individuals.

Table 16: Transitions in living conditions in the previous six months: Q2 individuals

	Living arrangements at *t+1* (%)									
Living arrangements at t	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**Total**
Formal renting										
Renting private house or flat (1)	75.0	4.9	0.9	1.1	0.3	12.0	4.2	1.4	0.2	100
Supported renting										
Renting social housing (2)	3.6	82.1	4.3	1.5	0.6	4.5	2.5	0.8	0	100
Renting/staying with welfare institution (short term) (3)	8.5	23.2	43.4	1.6	4.7	13.5	4.5	0.6	0	100
Informal renting										
Renting caravan or motel (4)	10.4	14.2	1.1	57.7	0.9	6.3	4.9	4.2	0.3	100
Boarding/rooming house (5)	5.7	11.6	5.5	2.1	61.8	4.5	4.9	2.9	0	100
Boarding with friends/relatives (6)	21.5	4.5	1.6	0.5	0.8	62.8	7.8	0.8	1.0	100
Informal stay and rooflessness										
Staying with friends/relatives (7)	20.1	7.9	5.8	3.2	0.7	24.1	34.5	2.2	1.6	100
Rough sleeping (8)	15.1	9.8	8.7	14.0	0	8.4	5.2	39.0	0	100
Owner occupied (9)	0	0	0	0	0	24.7	0	0	75.4	100

Source: Journeys Home survey, waves 1–6 (2011–14). Pooled transitions between consecutive six month periods. Weighted individuals.

4.3 Income mobility

Time-limited housing assistance assumes that individuals are able to increase their financial independence and move on from housing subsidy support once assistance is withdrawn. HILDA data reveal the importance of examining both individual and household earning potential when examining the persistence of low incomes among private renters (see Tables 17 and 18). Specifically, 65 per cent of low-income private renting individuals in low-income households remained in this household income group between 2014 and 2015 (Table 17). Over a five-year period, 55 per cent within this individual and household income group remained in this position (Table 18). This suggests that more than half of this income group will be in need of ongoing housing assistance to both navigate residential moves between rental properties and to remain in affordable rental over time. As midlife to older renters are over-represented among this income group, their prospects of moving to higher household income status in the future is likely to be limited.

Low-income individual renters living in moderate-to-high income households have greater upward and downward mobility compared with renters that have both low individual and low household incomes. Between 2014 and 2015, 57 per cent of low-income renting individuals in a moderate-to-high income household remained in this status. However, less than a quarter (24%) were still in this household type after five years (between 2010 and 2015). The most common transition among this group was to a low-income household (40%): 20 per cent of these remained as low-income individuals, while for 20 per cent their individual income increased (but not enough to remain in a moderate-to-high income household). This income group tends to be over-represented among the youngest age cohorts, with renters under 24 years likely to experience protracted difficulties navigating the PRS if their individual income remains low and household income is unstable. This group is also likely to become a new cohort trapped in the PRS in the future, moving between group households and/or back with parents. Measures of housing affordability stress are likely to be concealing the housing vulnerability that this income group faces in navigating the PRS. As the PRS, household types and labour market conditions become more fragmented, it is increasingly important to understand how individuals are able to secure rental housing on persistently low individual earnings and incomes.

Moderate-to-high income individuals renting in a low-income household typically move into a moderate-to-high income household over time, although many still remain in a low-income household. Between 2010 and 2015, 44 per cent of moderate-to-high income individual renters remained in a low-income household. As mentioned earlier, single-headed households, including lone parents, tend to be over-represented within this income group. Despite having higher individual incomes or earning potential then other low-income households, their inability to effectively navigate the PRS and their need for assistance and/or to form group or multi-family households may be persistent over time.

The final income group, with moderate-to-high individual and household incomes, tends to hold onto their status over time. Over the five years (2010–15), around three-quarters (76%) of moderate-to-high income renters in moderate-to-high income households remained in these groupings, with the main transition being movement of a moderate-to-high income individual to a low-income household (12%). This potentially indicates loss of overall income position, caused by dissolution of the household or a member in the household exiting the workforce. In comparison, the income of purchasers was highly stable among those in the highest income households, with 91 per cent remaining in this income group between 2014 and 2015, and 88 per cent remaining in this income group between 2010 and 2015.

Table 17: Transitions in individual and household income groups by tenure: 2014 to 2015

	Income groups at t +1 (2015) (%)									
	(1)		(2)		(3)		(4)		Total	
Income groups at t (2014)	**Renters**	**Purchasers**	**Renters**	**Purchasers**	**Renters**	**Purchasers**	**Renters**	**Purchasers**	**Renters**	**Purchasers**
Low individual and low household income (1)	64.9	57.1	10.6	18.4	11.0	11.3	13.5	13.2	100	100
Low individual and moderate-to-high household income (2)	13.7	5.7	56.7	67.8	5.4	0.8	24.3	25.7	100	100
Moderate-to-high individual and low household income (3)	12.3	7.4	1.5	1.7	60.3	56.3	25.8	34.6	100	100
Moderate-to-high individual and moderate-to-high household income (4)	3.3	1.5	6.0	4.8	7.3	2.3	83.4	91.4	100	100

Source: HILDA survey, waves 14 and 15 (2014 and 2015). Weighted individuals.

Table 18: Transitions in individual and household income groups by tenure: 2010 to 2015

	Income groups at t +1 (2015) (%)									
	(1)		(2)		(3)		(4)		Total	
Income groups at t (2010)	Renters	Purchasers	Renters	Purchasers	Renters	Purchasers	Renters	Purchasers	Renters	Purchasers
Low individual and low household income (1)	54.5	33.4	9.6	23.5	14.9	13.1	21.0	30.0	100	100
Low individual and moderate-to-high household income (2)	19.8	6.8	24.3	42.5	19.8	2.0	36.1	48.7	100	100
Moderate-to-high individual and low household income (3)	17.4	11.5	4.1	7.5	44.4	35.5	34.0	45.5	100	100
Moderate-to-high individual and moderate-to-high household income (4)	6.1	2.5	5.6	5.8	12.3	3.4	76.0	88.3	100	100

Source: HILDA survey, waves 10 and 15 (2010 and 2015). Weighted individuals.

Examining low income within the Journeys Home data reveals high persistence within Q1 and Q2 individual and household income groupings over time. As shown in Table 19, only 7 per cent of Q1 and 20 per cent of Q2 households moved into a moderate-to-high income household between the first and final waves. Interestingly, there is greater movement out of higher-income households in the Journeys Home sample than the HILDA sample, which possibly reflects the high proportion of individuals in Journeys Home who have been renting or staying with friends and moving out of these less stable living arrangements. Transitions in individual Q1 and Q2 income groups showed that 70 per cent of Q1 and 74 per cent of Q2 individuals persisted in a low income grouping over the collection period (Table 20).

Table 19: Persistence of household income over time: 2011 to 2014

	Household income 2014 (%)			
Household income 2011	**Q1**	**Q2**	**Q3–5**	**Total**
Low-income (Q1)	79.8	13.5	6.8	100
Low-income (Q2)	42.4	37.8	19.8	100
Moderate-to-high income (Q3–5)	32.2	27.3	40.5	100
Total	72.4	17.4	10.2	100

Source: Journeys Home survey, waves 1 and 6 (2011 and 2014). Weighted individuals.

Table 20: Persistence of individual incomes over time: 2011 to 2014

	Individual income 2014 (%)			
Individual income 2011	**Q1**	**Q2**	**Q3–5**	**Total**
Low income (Q1)	46.2	23.7	30.1	100
Low income (Q2)	17.8	56.7	25.6	100
Moderate-to-high income (Q3–5)	19.7	19.7	60.6	100
Total	28.5	34.0	37.5	100

Source: Journeys Home survey, waves 1 and 6 (2011 and 2014).

4.4 Summary

Although all renters are typically more geographically mobile than other tenure groups, mobility patterns, reasons for moving and savings position differ among individual and household income groups. Private renters with low individual and household incomes were most likely to remain in these income groupings over time. Although this status group moves less frequently than other groupings, when they do it is typically ‘forced’ due to their property being no longer available. This group is also the most likely to transition into social housing compared with other low-income individual and household groups. Journeys Home data indicate that more marginalised Q1 renters are highly reliant on informal living arrangements, typically moving between non-paying and paid rental arrangements with friends and family.

Our findings affirm the importance of better understanding the interaction between individual income and household income and its effect on renter ability to navigate the PRS over time. As the PRS becomes more fragmented it is likely that low-income individuals, particularly those who are single, will be reliant increasingly on more informal pathways to resolve their rental housing needs. The persistence of low individual income, particularly among more vulnerable renters, combined with the high reliance on informal renting, suggests significant rental market failure at the low end of the sector, which is likely to prolong moves into more formal housing pathways. The findings from both the HILDA and Journeys Home surveys point to a necessity for long-term housing assistance and subsidies if a supported pathway within the PRS is to be a viable and effective means of housing the most vulnerable in our community, particularly those with Q1 individual and household incomes. In the following chapter we examine the qualitative experiences of low-income renters and community agencies as they navigate access to a changing PRS, and provide further insights into formal, informal and supported intermediary pathways which shape this experience.

5 Navigating access to the private rental sector

- In the PRS, a **formal pathway** (via mainstream real estate agent intermediaries) is the most common across individuals and households, but is increasingly viewed as competitive and more difficult to access for those on a low income, with stringent conditions of entry bound to notions of the 'ideal tenant'. Renters typically enter the formal PRS via online platforms such as realestate.com.au and Domain (domain.com.au), with interviewees main concerns relating to the misrepresentation of the dwelling. The move to 1formTM online applications raises particular privacy concerns for those on a low income.
- Low-income tenants, particularly those with Q1 incomes, are increasingly contained within the **informal pathway**. The experience of informal renting, including security outcomes, is greatly shaped by the reason and means by which an individual enters this pathway. For example, some enter this pathway as a deliberate strategy to bypass formal real estate intermediaries, whilst others have no alternative but to rent informally. Four informal sub-pathways were identified.

— *The time-limited niche apartment pathway* is predominately accessed via purpose-built and privately managed accommodation that targets specific subgroups of 'niche' markets, such as domestic and international students, and which is managed independently outside the mainstream sector.

— *The collaborative consumption pathway* builds upon ideals of the 'sharing economy', which attempts to disrupt or bypass real estate intermediaries in order to bring together like-minded groups (connected via online and social media channels and networks) in 'shared' living arrangements. Tenants enter via subletting arrangements, without access to a lease, on a short- through to long-term basis.

— *The self-managed dwelling pathway* accesses whole dwellings that are directly rented out and managed by a private landlord and not a real estate intermediary.

— *The rogue pathway of last resort* is often associated with unregistered boarding house living arrangements or room rentals. Tenancy arrangements are highly exploitative and typically violate tenants' rights, particularly safety, with overcrowding common. Landlords often convert living areas into sleeping space in order to increase rental returns.

- **The supported pathway**, in the form of brokerage, smaller scale head-leasing initiatives and below market rent dwellings, is becoming an increasingly significant way to access the PRS for those who are eligible for social housing. The lack of exits from homelessness once private rental housing is lost means that the experience of the initial housing break compounds over time. Assessment processes need to be highly selective based on individuals' capacity to afford market rents once the additional subsidy is withdrawn.

In the introductory chapter, it was conceptualised that formal, informal and supported intermediary pathways simultaneously perpetuate and seek to overcome the barriers that exist in gaining access to the PRS for low-income renters. We argued that the intermediary pathways in the PRS are fragmenting over time with the emergence of new ways of negotiating access to private rental housing which sit alongside and disrupt former practices. In this chapter, we draw on research interviews with renters and agencies to provide more detailed analysis on the mobility patterns of private renters (research question 1). It begins to respond to research questions two and three, which focus on the experiences of low-income private renters as they navigate a changing PRS and the institutional innovations enabling and/or inhibiting their access.

In addressing these questions, we present qualitative findings relating to interviews with 41 agency representatives in NSW, Victoria and WA and the past and current rental experiences of 71 tenants in their search for rental housing. We draw also on our survey of 304 investors/landlords where relevant. The findings in this chapter aim to provide new insights into and contribute to the ongoing dialogue around changing norms and practices in the PRS and the growing institutional asymmetry that has emerged for renters in the lowest income quintiles looking for a place to live.

5.1 Spatial polarisation and inequality

As the options for rapid access to social housing become more limited, the PRS is a site for resolving both short- and longer-term housing crises. However, affordability and processes of 'selective sorting' inhibit access for renters seeking accommodation at the low end of the market. The volatility and pace of change of affordable private rental is a significant concern for renters. Low-income renters in Sydney and Melbourne most acutely felt the effects of growing spatial inequality. However, renters looking further afield, in regional and outer metropolitan areas, also expressed the flow-on effects of being priced out of their preferred locations and housing form.

Carol, who is currently renting on a temporary basis, reflects on her experience of longer-term changes in prices and rents:

> *…across houses, units and rooms—all significantly gone up, and availability has gone down. So of course the number of people applying for any particular space is quite large. I know people who have advertised a room and been absolutely inundated with applications.* (Carol, 60, Newstart, tourist location NSW)

Both renters and agencies reported that processes of gentrification in the inner and middle areas of Melbourne and Sydney were producing a 'suburbanisation' and 'mismatch' of rental housing. For lone-person households there were limited listings of one-bedroom dwellings in regional areas and outer areas of cities, while in the inner areas there were fewer three-or four-bedroom dwellings suitable for low-income families. Agency staff perceived that such mismatches were making it increasingly difficult for low-income renters to locate suitable accommodation in areas where existing networks or supports might exist, particularly in the context of boundary catchment areas for housing assistance.

Agency staff interviewed raised concerns about the increasing necessity of house sharing among family and non-family members leading to instances of overcrowding. This concern is somewhat supported in 2016 Census figures on the growth of multi-family and group households (ABS 2017), as well as Journeys Home data. However, it is likely that there is significant undercounting and concealment of sharing practices.

You look at those estates, there are a lot of rentals and composite households. How many households contain multiple families—it is really shocking. People living in garages and suburban boarding houses are another thing…It is providing a price point that is not provided anywhere and these boarding houses are by no means cheap but they are more affordable than other products out there. (Community agency, Victoria)

There was a perception of some easing in the WA housing market, resulting in more choices for some renters and reports of real estate agents 'chasing' prospective tenants. However, new affordability concerns have also arisen in the context of increased job losses in the state and reduced hours of paid work, which effectively balance out any affordability gains.

After struggling in the previous period to find affordable rental, Michelle recounted with some surprise:

So this time around I was very lucky in that I had real estates contacting me asking if I was interested in the properties that they had shown me through. So I pretty much got the pick of what I wanted this time around. (Michelle, late 30s, single parent, Parenting Payment, WA regional area).

Navigating entry for low-income renters in an increasingly competitive PRS often involved moving down a list of limited alternatives that may or may not eventuate. Often reaching a point of desperation, prospective renters would be forced to accept whatever could be found, irrespective of whether the location or dwelling was suitable, secure or affordable in the longer term. For many, the outcome of securing a rental property and associated pathway represented a matter of luck or simply being in the right place at the right time.

In the following sections we examine each of the three intermediary pathways (formal, informal and supported) in greater detail.

5.2 The formal pathway to private rental

For many, renting through a real estate agent is familiar and can provide an effective means of accessing private rental housing. The majority of renters, particularly those with moderate-to-high incomes, follow a formal intermediary pathway within the PRS. Similarly, most landlords surveyed (64%) reported that their properties were offered and managed by a licensed real estate agent. However, this pathway is highly problematic for individuals and households on a low income.

5.2.1 Online platforms and dwelling misrepresentation

The main mechanism used by those seeking a tenancy via a formal pathway was an online search of rental properties utilising platforms such as realestate.com.au and Domain. For most, this search process was an efficient and effective way of comparing costs and locations. Nonetheless, this mode of access was more difficult in regional areas and for those who lacked internet or computer access or knowledge, particularly where set inspection times were advertised online. Older renters could be particularly disadvantaged. A few tenants reported directly accessing the real estate agent for their property listings, or used newspapers, but this significantly restricted their search options. Many real estate agents have moved to using an online tenancy application management system called 1formTM[5] , which tenants generally considered positive in terms of ease of use and not having to complete multiple applications.

[5] https://1form.com/au/

Applying for rental properties in Melbourne this time around all the applications were online using 1form, that's one thing I've noticed. Previously it's been all paper, hard copy applications. (Brent, 28, student, couple household, Victoria)

Agencies and renters raised potential privacy concerns with any misuse of 1form™. This included the possibility of identifying and collating multiple unsuccessful tenant applications as a signal of less desirability or competitiveness, which could in turn deter agents from passing their applications on to landlords. There is currently limited monitoring of potential privacy issues and consequences associated with the move to online tenancy applications, revealing critical gaps in existing regulatory and institutional responses.

A further concern or frustration to emerge in navigating access via online platforms within the formal pathways was the misrepresentation of dwellings in profiles and photos compared with the reality of the inspection. Tenants reported that the use of old advertisements or misleading images giving the illusion of space wasted critical time in finding somewhere to live, particularly when there were time pressures to move out of their existing rental accommodation. In addition, although online platforms provided a way for prospective tenants to compare rental properties and to decide on what a fair market price should be for the dwelling, variation in rents of properties in similar areas and condition did not seem to reflect any logic of underlying market value.

5.2.2 Bias and barriers—the 'ideal tenant'

Low-income renters and agency staff consistently reported barriers to formal access across all housing rental markets in WA, NSW and Victoria. This was not due simply to low incomes or an absence of rental histories but, according to those interviewed, to entrenched views of what the 'ideal tenant' looks like 'on paper'. Any renters deviating from the ideal will often be overlooked. In the words of one real estate agent:

Landlords will have a concern about whether the tenant can afford the rent and they can be selective in a tight market. It can help if the tenant has some savings in the bank as well. As real estate agents, we generally use the formula of paying around a third of their income on rent. We try to educate the landlord that low-income tenants are generally good tenants…Having said that, the ideal tenant for a landlord is a professional couple in their mid-to-late 30s with no children. With families it depends on the age of children, and landlords would prefer singles rather than shared households. (Real estate agent, Victoria)

The experience of private renting was often predicated on the individual manner and preferences of property managers, real estate agents or landlords. Tenants expressed concerns that application and selection practices tended to vary or be inconsistent across real estate agencies, with some agents being more supportive than others. Community service staff reported that they had encountered some emerging practices which they believed did not comply with expected professional codes of conduct and that recent procedures had been introduced by real estate agents which increasingly made it more difficult for low-income households to compete for access. These practices included:

- requesting a deposit for the rental in addition to the bond or first month's rent in order to secure the property
- requesting that the bond and rent payments be made within a day or risk losing the property
- breaches to privacy, including invasive questioning about nationality and highly personal details not relevant to the application, and requesting direct access to bank accounts to check on savings
- inappropriate use of text messaging to tenants.

5.2.3 Strategies for gaining a competitive edge

The bidding or auctioning off of rental dwellings is an emerging trend that places further constraints on accessibility. More recently, this practice has been capitalised upon with the development of rent bidding apps. Low-income renters tend to be the casualties rather than beneficiaries of such bidding practices, resulting in the necessity of submitting multiple applications, which ultimately prolongs the search for suitable housing.

> *On Facebook yesterday a friend of mine just posted that—this was up in Sydney—that they went for a house. I think it was $690 a week. They offered $750. And it went for $800.The rent was fixed at $690. They offered over. Someone offered significantly over them. And so it's this bidding war that seems to be happening at the moment. And in that kind of a situation we can't compete with that.* (Sarah, 34, student, couple household, Melbourne)

> *We have found that renters are becoming quite desperate to get into the market and will use a number of strategies in order to secure a property—including having others go guarantor, pleading to have their application accepted, offering above market rent and rent in advance to increase their competitiveness against other renters also applying for the property. This tends to occur when the open for inspections have high attendance.* (Real estate agent, Victoria)

In addition to providing comparative information on different properties, tenants used online platforms to prepare applications prior to inspections to ensure they did not miss out ahead of others.

> *Before we went to look at any property, if we seemed to be interested from the photos online we would prepare our application before we actually went to look at it.* (Melissa, 38, couple household, DSP, Sydney)

Additional competitive strategies included applying for properties that were further away from transport and thus might be less desirable to others and result in fewer applications. This was successful for some and consequently they shared this approach with others in their networks who were finding it difficult to gain access in the local area.

> *And actually the area that I live in now, it's a little bit out of the—out the road I should say. So, if you don't have a car it wouldn't be as attractive to some people to live. And I found that the property turnover is quite a bit for the street that I live in. I've suggested to a few people that if they are looking to rent a three-bedroom property, to ask the real estate about the ones in my street.* (Kylie, 34, single parent, regional Victoria)

Renters currently residing in areas closer to the city or a town centre felt that is was only a matter of time before they would be forced to move. Some had begun the search for properties further out from the area where they were currently residing. However, such a move represented the potential loss of valued networks and sources of support, considered particularly vital for those with children or planning to start a family. Moreover, for some a long move further out would not have alleviated affordability pressures as their income was still insufficient for available dwellings.

> *I think people are starting to consider more suburbs. Like it used to be that if you were moving out here, just look at Kensington and Kingsford. But because that's not like feasible anymore…So I think choices are changing in terms of like you can't necessarily live in the suburb that you want, so you have to move further out.* (Rachel 22, employed student, share house, Sydney)

5.2.4 Raising and retrieving bonds

The capacity to raise and retrieve bonds has been a long-term concern for those accessing and attempting to move seamlessly between two rental properties. Government bond assistance and brokerage funds through private rental support programs specifically aim to assist low-income renters with this transition. Despite clear legislation in place to support the administration of rental bonds, disputes are an increasingly common reason for seeking assistance from community agencies—both in commencing tenancies and ending them. The need to seek bond assistance can also be a marker that serves to further marginalise and identify low-income renters as somehow deviating from the 'ideal tenant' in the minds of landlords and agents. Although there are landlords who do not consider income support to be problematic, as it is a stable income, agencies reported that some landlords prefer to leave a property empty rather than renting to someone they perceive as risky and in need of rental assistance.

Key issues identified by tenants and agencies in relation to bonds include the following:

- Retrieving bonds and establishing a rental history to secure a new property remains difficult when fleeing family violence.
- Accumulating four weeks' rent in advance and equivalent bond is difficult, despite existing programs, and impedes the ability of low-income renters to move seamlessly between properties.
- Determining responsibility for damage and 'wear and tear' remains a grey area leading to conflicts between tenants and landlords.
- The right of tenants to be present at a final inspection is unclear and inconsistently understood by real estate agents.
- Foreign landlords can have culturally different expectations with respect to tenancy management issues relating to property condition, willingness to release bonds and acceptance of wear and tear or existing damage.
- Tenants are not fully informed by agents/landlords of their rights with respect to the payment and release of bonds.
- Tenants often do not understand the implications of breaking their lease and how to navigate the costs of doing so, including retrieving their bond.
- Recent migrants in bond disputes will not always argue for their rights due to language difficulties/lack of understanding of processes/rights.
- The inability of tenants to access bonds in the event of outstanding arrears with state housing authorities impacts transitions between properties and increases the risk of homelessness.

5.3 The informal pathway to private rental

Although difficult to enumerate the size of the informal rental sector at any given time, it serves as a critical, albeit more precarious, entry point into housing, especially for those in the lowest 20 per cent income quintile (Q1). Interviews with tenants and agencies revealed that the informal rental pathway is fragmenting. The pathway is not confined to individuals and households on the margins but is increasingly used by those choosing to bypass mainstream rental institutions, with access facilitated by the widespread reach of online platforms and social media channels.

The informal pathway was used by the majority of participants interviewed at some stage of their rental housing trajectory, ranging from short-stay renting from families, friends or others to sustained confinement in this pathway. Lone persons, students (particularly international students) and other groups experiencing difficulty entering the formal pathway (or preferring not to) represent a large cohort of those accessing the PRS via an informal or niche pathway. The growth of the international student population, particularly over the past decade, has created increasing demand for short- and medium-term rental accommodation and opened up new opportunities for exploitation by investors, particularly in the studio and room-rental segments.

The growth of online access to the informal rental sector has occurred across all states—in particular Sydney and Melbourne, but also prevalently in WA. Despite the existence of regulations to govern rental practices, the proliferation of online housing platforms has enabled landlords and sub-landlords to more easily match tenants and let out properties and rooms in an attempt to avoid formal and more rigid processes of real estate agent application, selection and property management. Changing rental practices within this pathway are also contributing to the potential blurring of regulatory practices and definitions of 'boarder', 'lodger' and 'tenant', as the relations between parties can be many and varied and fall between established definitions. While some providers may draw up written rental agreements, many tenancies are typically sustained by trust, with conditions negotiated between landlords, sub-landlords and the people residing in the dwelling.

The strength and reach of online ties can determine the ease of moving from one property or room to another. Social media networking and online renter profiles are an increasingly popular strategy for gaining access to private rental accommodation in this sector and include member-based not-for-profit real estate websites and social media groups such as Facebook's 'Fairy Floss Real Estate', culturally specific group networks and LGBTIQ groups, through to generalist selling sites such as Gumtree and for-profit sites such as flatmates.com.au. Low-income individuals locked out of these social networks or not interested in shared housing reported more difficulties in navigating their housing moves, both temporarily and on a longer-term basis.

The interviews with tenants and agencies revealed four emerging core pathways accessed by different groups of renters:

- the time-limited niche apartment pathway
- the collaborative consumption pathway
- the self-managed dwelling pathway
- the rogue pathway of last resort.

Each pathway will be discussed in turn below.

5.3.1 The time-limited niche apartment pathway (student and short-stay housing)

Students as a cohort or 'market niche' straddle both formal and informal rental segments. The informal student pathway within the PRS encompasses institutional social practices that distinguish it from other segments of the informal PRS. Moreover, the larger student housing providers, with university partnerships, although possessing corporate governance and property management structures, sit outside existing residential tenancy legislation. Themes arising from interviews with students who engaged with student or shared housing currently or in the past, as well as with university housing representatives, are discussed below.

The options for lone students needing to access the PRS include purpose-built on-campus accommodation, of which there is limited stock, or more expensive high-end studio accommodation. There was a clear view among student housing assistance staff that there is a significant shortfall in purpose-built affordable student accommodation to match the ever-increasing demand. This shortfall then places significant pressure on other segments of the PRS. Many students, particularly international students, are typically 'locked out' of setting up their own residence in the formal PRS on arrival, and rely heavily on purpose-built accommodation as an initial if not enduring source of housing.

Although there has been growth in the supply of purpose-built accommodation with good facilities, many dwellings are not affordable to students whose parents cannot subsidise their rent. This is particularly so for mature-age and postgraduate students. Student housing advisors reported that rents were typically around $300–$400 per week for purpose-built room accommodation, with the bond and upfront living costs in the order of $1,200–$3,000.

The primary demand for onsite accommodation is from international students and domestic students whose families live interstate or in regional areas. However, university housing advisor staff reported that international students were most likely to live in this accommodation. There was a reported absence of suitable or purpose-built student accommodation close to universities in the case study cities, which is where the majority of students prefer to reside. Student housing advisors also reported an increase in the overall use of online platforms by international students to source housing before or immediately upon arrival in Australia. Some students were reported to have ended up staying in high-cost hotels as an interim solution, as it was difficult and also risky to secure reliable accommodation without viewing the property or room first.

Student advisors generally agreed that gaining entry to private rental was becoming more competitive and that properties were filling up more quickly and earlier in the year than in the past. The high price of accommodation close to universities was impacting the distances (and time) travelled to university, with some choosing to commute very long distances, including interstate, as a more affordable option than renting.

> *Many will remain at home and travel long distances if they have the option. One example is a student who has tried to organise all of her course contact hours on the same day so that she can fly in from Adelaide, where her parents live, as it is cheaper to fly than to rent a place or room in Melbourne.* (Student housing advisor, Victoria)

While the families of international and regional students will often cover the costs of accommodation, some students and housing advisor staff reported that many are not fully prepared for how expensive renting and living in Australia can be. Students initially housed in purpose-built accommodation were reported to often move once they are more familiar with their surroundings, in order to adjust the burden of their housing costs. However, this depends on their ability to find private alternatives. After the initial settlement period, most interactions with accommodation support services at universities relate to lease breaks and sourcing new properties. After their first year on campus or in other student accommodation, many students will move into shared housing and follow a self-organising or ‘collaborative consumption’ pathway.

The niche apartment sector is further segmented by low-end rentals in the form of studios, bedsits and ‘granny flats’ located in backyards or attached to an existing dwelling. These are occupied both by students and others with limited income and financial resources. Individuals in Q1 and Q2 households living in this type of accommodation still reported paying excessive rents relative to their individual incomes, despite this segment being at the bottom end of the market. Limited capacity to increase incomes, either due to difficulty gaining more stable employment or the existence of chronic health conditions, meant that such accommodation was not sustainable in the longer term without enduring significant hardship.

For instance, Michael, who is in receipt of DSP, pays $210 per week for a bedsit which lacks adequate cooking facilities and has noisy appliances that keep him awake at night. He has had difficulty paying this amount of rent from his pension and has sought assistance from a payday lender to catch up:

> *I couldn't pay any more. It's the maximum I could afford…It came with a refrigerator that's too noisy to operate, so I essentially live without a fridge.* (Michael, 26, DSP, Melbourne)

The choice to live alone comes at a price and is a trade-off for those not wanting to live in share houses or needing some refuge after escaping difficult housing or personal circumstances.

David is in receipt of DSP and lives in a student studio apartment on his own. He is supporting himself through a TAFE course and pays $230 a week in rent (close to 50 per cent of his income). He admits:

> *…I struggle, but I kind of really want to do school and I'd prefer not to live with a few other people for a while. So even though it's not really affordable, it's definitely worth it.* (David, 39, DSP, Melbourne)

Susan discusses her daily struggle living in a 'granny flat' with her daughter and the feelings she grapples with in not providing adequate space for her child to live in a way that she believes meets her rights to have her own space:

> *I mean, the living standard that I'm at with a tiny little granny flat where we basically have no kitchen, we've got a sink but no kitchen, and the washing where you wash is in the toilet section. So this is really sort of unhygienic for her, but you've sort of got no choice. I really legitimately don't have any choice so you deal with it. It puts you way back, yeah…And the hardest thing for me is not being able to give her a proper study desk where she's able to do her homework properly. I mean, she's got to do it on the bed. It's just, as a parent, you feel less than—because you haven't given her her own right.* (Susan, 36, single parent, student, Parenting Payment, Sydney)

5.3.2 The collaborative consumption pathway (shared housing)

This pathway is an extension of a time-limited student and niche pathway but may be a mix of current and former students, mature-age students and individuals in paid employment or in receipt of income support. It reflects a deliberate by-passing of formalised structures of renting to form more collaborative or 'shared' households. The rental arrangement is typically informal because new entrants will enter into the household via an existing sub-landlord. New entrants may or may not gain access to a lease until others leave. The negotiation of bills and rent varies according to specific 'house rules'.

Housing is more likely to be affordable when living in a shared housing arrangement as rent and bills are distributed equably between all members of the household. Overcrowding through sharing limited spaces and converting living areas into bedrooms can be a less desirable outcome but, unlike rogue pathways (described below), can be a deliberate strategy to reduce collective costs.

What is different about this pathway from the past is that individuals accessing this form of shared housing are increasingly connected via online platforms and communities that most closely align to the ideals espoused in a sharing economy or collaborative consumption ethos. Shared housing is most accessible to those who are highly connected via social media, with housing sourced via 'virtual' word of mouth or incidentally through social interactions. Some older renters reported being excluded from or had difficulty navigating this pathway as they are less likely to have established online networks that they can link into readily compared with younger renters.

> *But yeah it's definitely—on Facebook, if people have houses, or have rooms up for rent, they'll create an event and invite friends so that they know about it.* (Maxi, 25, Newstart, share house, Victoria).

A further extension of this pathway is the renting out of a room, akin to a boarder and lodger arrangement, in an attempt to generate additional income for the household to either help subsidise mortgage payments or to provide additional company while living in an owned home alone. This can be accessed via friends and family, 'home stay' programs or advertisement.

> *Further north we see older people wanting to share or offering to rent out their homes as they can't afford to live there by themselves. But people generally don't really want to do that and often you will find that the tenancies don't last very long and then you see people moving around from place to place and the tenancy breakdowns all the time.* (Community agency, Victoria)

Student housing advisor staff reported that there is a growing student market for short-term affordable accommodation as a launching pad to other accommodation in the area. Some university housing advisor staff reported advising international students to access short stays due to risks involved in committing to a dwelling and location that could not be physically inspected prior to arrival in Australia. Students and university housing staff reported that Airbnb short-stay holiday rentals were increasingly being used as transitional accommodation for international students on first arriving in Australia, instead of backpacker accommodation, particularly among those arriving from European countries where websites such as Airbnb were familiar.

> *It is hard to properly set all this up beforehand. Unless you have a place on campus it is very difficult to know what you are getting beforehand. The other options are backpackers for around $40 per night. On the flipside some students are putting up rooms on Airbnb.* (Student housing advisor, Victoria)

Although low-income renters did not report living in short-stay accommodation, such as Airbnb as their main source of housing, they did report that they felt that their choices for rental options were being diminished as landlords converted long-term rentals to the room or holiday rental market. This was particularly so in coastal and regional towns where there were already shortages in the supply of private rental housing. Existing students also used Airbnb to list short-term rentals as an interim sublet arrangement during a period of travel.

Prospective renters reported indirect adverse experiences of Airbnb in the context of searching for depleting short-stay accommodation options, particularly in tourist towns. Renters and agencies also reported instances where dwellings were used for mixed short- and long-term rentals subject to time of year to maximise rental yields, particularly over the summer period.

> *And people even have friends who have been kicked out of places at the time of year like Christmas time because the landlord can rent it out for thousands of dollars more than what they're getting in regular rent.* (Lyn, lone person household, tourist location NSW)

5.3.3 The self-managed dwelling pathway (landlords)

Our property investor survey (N=304) identified that 37 per cent of investors/landlords managed their own dwellings. Although this figure may only provide an estimate, it does indicate that a sizeable proportion of rental stock is self-managed. This self-managed pathway for tenants has been a relatively enduring feature of the PRS, with Wulff and Maher in their 1998 study revealing that 35 per cent of long-term renters were most likely to rent via self-managed landlords. The qualitative investigation of long-term renters in this current research reinforces these earlier findings, with many individuals moving between different formal and social housing rental arrangements and then often unintentionally finding themselves renting their dwelling directly from a landlord.

Private renters with an Indigenous background reported that they had more success in accessing the PRS via self-managed landlords. This was typically associated with accessing rentals via their own or known network groups. The housing outcomes from these rental experiences were generally positive and were preferred over comparative experiences of attempting to navigate rental access with private real estate agents, where significant instances of discrimination (often linked to the family name) were reported, particularly in regional areas.

The self-managed pathway was often accessed inadvertently. Often tenants would not know that they were dealing directly with the landlord and not a real estate agent, particularly when searching online. Tenure security for self-managed tenancies was based on the individual relationship built with the landlord, with the continuum of experiences ranging from very positive (akin to a supportive family relationship) to extreme violations of rights (with the landlord infringing on a tenant's privacy, not adhering to notice periods or not appropriately lodging or handling bonds).

> *Then I happened to be just doing my groceries in [regional area] one day and ran into a girlfriend, and she said what are you doing shopping here? I said, well we can't get a place in [other regional area]. She said oh well we've got friends that are just about to fix up their place. So it was just lucky, they put it through the real estate and but they [my friend] suggested [us], and they [the landlord] were happy to have us. So it was a struggle.* (Kate, 37, single parent employed part time, regional Victoria)

5.3.4 The rogue pathway of last resort

Individuals or families who experience difficulty gaining entry to the PRS via formal or supported pathways may find themselves accessing informal renting as a last resort or unknowingly entering into a rogue rental arrangement. The population groups accessing such housing are generally those who are on the waiting list for public housing, new to an area, older single renters or exiting homelessness, as well as some students and international travellers. Newly arrived migrants can also find themselves renting in unregulated share house or boarding house type accommodation because they do not have a strong rental history and are unaware of their rights or what constitutes standard rental practices.

Housing experiences within this pathway tend to be more exploitative, with increased risk of renting from landlords and sub-landlords who do not abide by or are not familiar with the relevant Residential Tenancies Act. This can include investors born overseas who may have a different understanding of their role as a landlord. The segment typically incorporates unregistered boarding house arrangements, including small apartment dwellings, granny flats and rooms rented out by individuals and families. The rental arrangements generally are deliberately concealed or misleading, to avoid declaration of rental income. Hence, rent is paid and agreements made 'under the table', denying the tenant the opportunity to receive adequate protection in terms of tenure security and to claim CRA if eligible.

Online advertisements for housing may be vague, enticing or seek upfront money for properties that do not exist. Online advertising via real estate websites can mislead some prospective tenants into believing they are renting via a formal agency. Interviewees reported arriving at a dwelling only to discover that it was not what they expected or found themselves entering into a boarding house type arrangement when they believed it to be shared housing. Many of the listed properties remain expensive on a per room basis. The total rent for the dwelling may also be concealed, with information available only on the cost of the tenant's own room.

> *There's a massive private market out there that people are renting to people. In the city, for example, they're renting just a normal apartment and each bedroom has got two people in it and it's like $200.00 a week…And if you do want to rent just a standard two bedroom unit, you're looking at least $450.00 outright. And so, for example, if you want to get into the private rental market, if you…say to the owner I'm*

willing to pay four weeks upfront, you get priority. So it is all about money. That's what creates stability. (Susan, 36, single parent, Studying Parenting Payment, Sydney)

Those who find themselves renting informally within this pathway may also experience difficulties getting back into a formal pathway, as their rental history record may deteriorate. For some, prior records of blacklisting and limited social networks may mean that these type of rental arrangements are their only option. This housing is generally not the first or informed choice of the rental options available and tenants typically do not wish to remain in this type of rental situation for very long, viewing it as a place to stay 'for now'.

There is a lot of shared housing where people are not listed on lease agreements. There is a lot of subletting—we see a lot of people who are renting in a shared house and ask if they are on the lease—and they say no. And then they can't get a leg in into their own private rental because they don't have a rental history. (Community agency, Victoria)

The growth of informal boarding houses in the guise of shared rental is particularly common in private rental properties that surround universities, often hidden in smaller apartments. Although the dwellings have a small number of rooms, the properties have grown through online advertising and operate as unregistered boarding houses. These properties are very reliant on the international student market but also capture others marginalised in private rental. Recent reviews of boarding house legislation have gone some way towards setting minimum standards of quality, but significant unregulated activity persists.

5.4 The supported pathway to private rental

The supported pathway into the PRS typically consists of one-off financial assistance with brief intervention support, or a package of case management and rental subsidies via a head-leasing model. Although PRS program models are not new (see, for example, Tually et al. 2015), agencies interviewed reported that their current programs have evolved in an attempt to provide a conduit or intermediary between property managers and tenants. They noted that while some initiatives had been government led, others had originated from the ground up in response to the limited options for more rapid access to social housing and to overcome the selective sorting practices which frequently placed low-income households at the 'bottom of the application pile' (Short et al. 2008).

Low-income individuals and households unable to readily secure or transition between private rentals sought assistance from or were picked up by the generalist welfare and homelessness service system. Many of these clients had additional support needs, were fleeing family violence or had exhausted informal support options such as friends and family or shared housing arrangements. Community providers reported that accessing the supported pathway was not just for those traditionally more marginalised in the market but, increasingly, for those who at other times in their lives would have been able to resolve their housing crisis independently.

For tenants, accessing information about affordable rental options often emerged at the point of crisis. Services reported that tenants frequently did not know the housing options available to them and sought help when it was too late to save their housing. One renter recalled:

In [the] last two years, both years I've moved six times each year. So it was only when I started to see it wasn't just me, I knew other people who were moving around. I knew of people who were sleeping in their cars. And I realised that looking in the paper, the numbers of places had significantly reduced and so I decided to seek further help. It's only been in the last couple of years I've actually accessed that information. (Carol, 60, Newstart, tourist town NSW)

Jenny, reflecting back on her struggle following the loss of her business and home, noted:

> *I had my own company, my own homes, a rental home, for many, many years and I lost everything and ended up in emergency housing and I've always been very independent, made my own decisions…The only reason I found [Housing Service] is I'm fairly resourceful so I started ringing around and I rang places like the [women's services] and places like that so that's how I found out about [Housing Service] and they helped me find emergency accommodation.* (Jenny, 61, DSP, Melbourne)

Staff and tenants interviewed discussed the barriers, limitations and opportunities associated with the growing significance of a supported pathway into the PRS. For some, gaining entry back into the PRS after losing housing was a long, drawn-out process involving multiple crisis and temporary accommodation stays before a suitable property became available. Remaining homeless once private rental housing is lost means that the experience of the initial housing break is compounded over time. Evie shared her extended journey to find more permanent and affordable private rental for herself and children:

> *… it took me 16 months… I got help with [Housing Service]. Before I got the temporary housing I had a [Housing Program House] which is just—I had the motel, I was in a motel for a few nights with the little kids. I then got put in a refuge for two weeks and then I was looking through at least 10 houses a week and then [Housing Service] seen that I was trying my hardest, they gave me a [Housing Program House] for about a month and then gave me a temporary house, which is an every three month lease review.* (Evie, early 20s, single parent and student, Sydney)

Some former private rental tenants within a supported pathway had not been able to regain their foothold in the PRS due to the persistence of their low incomes and the lack of suitable and long-term private rental options. Melissa spoke of her experience of residing with a social housing service and the uncertainty she felt as she waited for an offer of public housing. She also spoke of the many strategies and resources she drew on to solve her own housing informally before turning to the assistance of agencies to help, a pattern consistent with trajectories in Journeys Home data:

> *I was reaching out to anyone that could offer me a couch or a spare room and, you know, I stayed at someone else's place in her spare room, but people don't want you there. They really don't. They've got their own lives and it's hard…So then that's, yes, that's how it—it was crisis point, yes, and I was put up in a hotel for two weeks…And the biggest fear was that this organisation couldn't promise me anything. They couldn't tell me, 'Next week you're going to be at this address'… that was quite fearful for me, not knowing where I was going.* (Melissa, 40, DSP, Melbourne)

Some interviewees were able to negotiate access to NRAS properties through searching and applying directly, without the assistance of a community agency, but general knowledge and awareness of the type of affordable rental alternatives was limited, with some continuing to search unsuccessfully in the PRS until the point of homelessness. Renters reported that locating affordable options, such as housing under the NRAS, was difficult and often 'accidental', with very few tenants reporting that they had actively sought this type of support, knew that it was an option or were aware of the eligibility criteria. Finding out more about such initiatives required the tenant to be highly proactive, resourceful and lucky in their timing.

> *And then one day, I was speaking to a lady, and she said, 'You can try NRAS. It's 20 per cent cheaper rent', and all of that. And that's how I got to know about this. And she gave me pamphlets, and I rang around, so many different real estates, until I finally found the way it works.* (Sally, 36, NRAS housing, single parent, Parenting Payment)

The move to a choice-based regime of support has seen the PRS viewed increasingly as a means for housing vulnerable households with complex needs who might otherwise have been housed in a more institutionalised form of permanent supportive housing (Parkinson and Parsell 2018). The existing literature (Jacobs et al. 2007; Tually et al. 2015; Parkinson 2015; SCRGSP 2017) reveals significant gains in such programs in facilitating rental access, but also mixed outcomes in terms of long-term tenancy sustainability or the ability to accommodate long-term needs. The key themes emerging from community agencies on brokerage and head-leasing models are discussed below.

5.4.1 Brokerage, arrears management and advocacy models

Within the supported pathway, brief interventions or one-off supported access are typically relationship-based case management models with flexible funds attached. They aim to improve the presentation and competitiveness of prospective tenants to agents and landlords in gaining access to private rental, assist with moves between tenancies, and prevent existing tenancies from breaking down. The level of case management and coaching varies from brief assistance with searching for rentals through to more assertive outreach, dis tribution of rental information packs, access to interpreters and assistance with completing mock application forms. Such support can provide basic first steps for people who have not rented previously and have limited ongoing support needs. Other approaches include payment plans and subsidies for people who are behind in rent.

The majority of brief intervention programs are government funded, although some models have introduced and trialled microfinance loans. These loans typically are targeted at those at the higher end of the Q2 income groups, or individuals who can minimise repayments via shared housing. These initiatives can facilitate more rapid access to housing in preferred locations. The approach recognises that people need to access funds quickly for their bond and first month's rent, and that the availability of limited financial support in this way can be critical to gaining access to private rental tenancies and averting entry (or re-entry) into homelessness.

> *We have had to work with real estate agents to work out how we can gain an edge for our clients to be competitive by offering three months' rent in advance or similar strategies or promoting income support such as DSP as a stable income and being able to provide backup support to sustain tenancies. Thinking about ways of working within a business model and not a welfare model—such as offering agents and landlords incentives. We find that because of their past experiences, many clients make very good tenants because they just want to get into a house and make it work. And they have the backup support of workers. But at the same time this then becomes a form of direct competition with other low-income households that do not have the support of an agency behind them.* (Community agency, Victoria)

From the perspective of providers, brief interventions were most effective when flexible funds and advocacy were used to provide an early intervention response that was able to divert people from more costly crisis services. This was particularly so when brokerage money was flexible and sufficient to cover the full costs of securing and entering into a property, including resolving state housing authority debts, or was able to contribute to landlord incentives including paying for insurance. The effectiveness of brief interventions was also enhanced when:

- direct outreach assistance to rental inspections was provided
- the program was able to link into service locations with more affordable rental properties or where the service had detailed market knowledge of affordable rental areas
- housing support services employed former real estate agents/property managers or those who could 'talk the talk'.

5.4.2 Head-leasing models

Head-leasing models, although developed and implemented in Australia some time ago, are increasingly being delivered by community housing providers and Specialist Homelessness Services with varying intensities of accompanying support. This support includes models based on a Housing First model, such as Doorways, New Directions and Home Direct, which are modified for context and different population groups. Most recent government funding rounds for head-leasing programs target family violence and rough sleeper initiatives that provide time-limited subsidised transition support with a sliding scale of subsidy support—commencing at 100 or 75 per cent of rent paid for 12 months or longer on the tenant's behalf before returning to full market rent. The focus during the period of subsidised rents is to support the tenant to obtain employment and for their income to increase. A further model is the Assisted Rental Pathways Pilot (SHIP), which more closely resembles the approach of Belgium's social rental agencies (see Parkinson and Parsell 2018). This model involves the recruitment of private rental landlords who receive a cash incentive ($5,000) to rent their properties at an affordable rate. This program is being trialled and evaluated in WA with a sample of 200 people.

The evidence to date is that head-leasing properties and then further subsidising rent on top of rental assistance can increase accessibility. Community agencies interviewed reported that the effectiveness of head-leasing models for low-income renters increases when:

- the assessment process is highly selective, to ensure that the tenancy can be sustained once the additional subsidy is withdrawn
- support is provided in locations where private rental accommodation is more affordable in the longer term and will remain affordable once initial subsidies are withdrawn
- support is provided to those who will be able to move towards independence following a short or time-limited process of subsidised housing, including those who may be escaping domestic violence and families experiencing a short-term crisis due to loss of work and who are able to regain employment quickly
- support is accompanied by packages that include flexible and realistic funds to meet full resettlements costs
- the program incorporates strategies designed to build strong relationships with real estate agents and landlords, such as paying rent in advance for up to three months, landlord incentives that guarantee the security of rental payments and ensuring that the dwelling is properly maintained.

5.4.3 Other initiatives

In addition to long-running PRS programs, community agencies nominated the following small-scale initiatives as being both innovative and having the potential to deliver promising outcomes.

- Development of private rental agencies as a social enterprise (e.g. Launch Housing) to overcome discrimination barriers and facilitate access for people experiencing housing crises.
- Enhancement of listed stock affordability through legislated changes to provide for tax exemptions for landlords willing to rent properties at a low rate (e.g. HomeGround).
- Employment of former real estate agents/property managers in housing support services to bridge cultural practice divides between private landlords and the community sector.
- Group-based targeted education and workshops for rental readiness, with particular attention given to new arrivals and young people.
- Shared housing 'meet and greet' events to build shared housing networks.

- Partnerships with generalist first-contact services, such as the Women's Law Centre and Street Law, aimed at preventing homelessness for women and children after domestic/family violence (services include a social worker, family lawyer, tenant advocate and general/civil lawyer).

5.4.4 Agency reflections

All agencies that provided PRS programs were of the view that the majority of models were not suited to those whose incomes are in the lowest 20 per cent of the income distribution (Q1), who are single and who will not meet the criteria of an affordability test for the majority of rental properties in the metropolitan area. Agencies noted that assessment processes for PRS program supports had to be highly selective and based on the capacity of tenants to afford market rents once an additional subsidy was withdrawn, which effectively excluded most of their clients. Head leasing was reported to be working well for some families escaping family violence who wished to resettle in the PRS and were able to work. Agency staff noted that head leasing could also work well for individuals with more recent private rental experiences who were in need of short-term assistance, and that it enabled people to establish a rental history.

> *Generally, the clients walking in the door are not suited to the private rental sector. People seem to think that the fix is the private rental. It is not. It is a for-profit model. We are working with clients that are not profitable to these people…When those with stronger rental histories and higher incomes have difficulties accessing private rental, then people in the bottom 20 per cent are particularly vulnerable because there is no way in and they cannot compete. Even bedsits are beyond their means.* (Community agency, Victoria)

Navigating the limited private rental segment that is affordable and in locations where there is adequate access to supports is a significant impediment to effective and timely outcomes across the sector, particularly in the Melbourne and Sydney markets. Most people prefer to live near support and amenities. Agencies reported that the distance of clients from the central business district where support services were located was increasingly hampering service effectiveness. Conversely, resolving housing difficulties was often an overriding concern for those presenting to generalist or welfare services in outer areas. Agencies noted that referrals to housing-specific services from generalist services could break down due to restrictive administrative boundaries of service catchments, despite an individual's experience of or risk of homelessness. Inconsistent funding across the sector—where some agencies will receive ongoing programmatic funding and others miss out, regardless of need—was also raised as a concern in respect to matching clients to suitable service locations. Shared housing models had been explored by some agencies but there were concerns that these would be difficult to coordinate as applications needed to be completed rapidly, as well as concerns around the difficulty of engineering the 'social mix' of tenancies.

> *In terms of affordability, the only option for those on the lowest incomes is to share. However, for those accessing welfare services this is not a real option due to the difficulties of accommodation and matching groups of people together. The service has been looking into how shared tenancies might work but there are many significant issues to overcome for this to be a possibility. Trying to establish shared houses is a bit fraught—we can't then take responsibility for the relationships.* (Community agency, Victoria)

5.4.5 Summary

The experiences of low-income renters attempting to navigate the PRS are unequally shaped according to the intermediary pathways entered. The themes emerging from interviews with both renters and agencies suggest increasing fragmentation across the formal, informal and supported pathways. The formal pathway presents particular obstacles for renters in the lowest income quintiles (these barriers have been noted in past research). In an increasingly competitive market, any deviation from notions of the 'ideal tenant' serves to accentuate known constraints to entry.

Fragmentation in the informal renter pathway manifests in diverse points of entry and resultant living arrangements, which range from highly collaborative and supportive through to extreme exploitation and violation of tenants' rights. Those unable to follow a formal pathway, or those who had been relying on the informal pathway for extended periods, typically accessed the supported pathway into the PRS as a last resort. While there has been an expansion in recent years of private rental support programs, many individuals, particularly those on statutory incomes, will not meet the eligibility criteria, despite their high need for immediate housing, because their income will be deemed insufficient to meet market rents after the withdrawal of subsidies.

In the following chapter we examine experiences of tenancy management practices within each of the intermediary pathways.

6 Negotiating tenancy management practices

The entry of more diverse groups of investors/landlords into the rental market exacerbates difficulties faced by low-income renters by creating new expectations for how dwellings are to be managed in the short and long term. This has led to greater imbalances between the rights of landlords and tenants.

- In the **formal sector**, the main difficulties identified include the breakdown of relationships with property managers (over maintenance and repairs, poor-quality living environments, or judgemental and disrespectful treatment), and the lack of availability of desired term of lease (from short through to long term).
- The experience of tenancy management in the **informal sector** is contingent on the quality of the relationship between sub-landlords, landlords and tenants. Exploitative practices can be difficult to substantiate, with tenants often unaware of their rights. Web-based platforms are regulated through online consumer information exchanges that seek to identify and warn others of the potential signs or signals of 'rogue traders'.
- Whether accessing private rental via formal or informal pathways, affordability problems persist. Accessing the PRS via a **supported pathway** was reported by tenants to reduce affordability pressures, particularly for those who had access to a NRAS property or rental subsidy on top of CRA in a time-limited way. The absence of long-term supports across housing types and sectors inhibits the effectiveness of existing programmatic responses.

In this chapter we argue that tenancy management practices are increasingly fragmented across the formal, informal and supported rental pathways. We draw on the qualitative and primary survey data collected from tenants, agencies and landlords to extend our analysis of research questions 2 and 3, focussing on tenancy management as a core element of PRS institutional structures.

Notwithstanding relevant state and territory regulatory provisions, tenancy management practices—and therefore the experiences of tenants—were found often to be dependent on the nature of the relationship developed between the tenant and an agent or landlord. The practices tenants engaged in to 'get by' in their rental housing also varied. Tenants, community agencies, tenant advocates and landlords revealed many instances where the approach to tenancy management had been problematic: ranging from minor annoyances through to significant violations of tenants' rights. While recognising the diversity of such experiences, this chapter focusses on the core enduring systemic institutional practices of tenancy management, which have wider implications for low-income renters in terms of their ability to sustain and therefore remain in their tenancy.

6.1 Balancing the rights of tenants and landlords

A primary issue affecting the experience of renting across all pathways is the overt and covert power imbalance between the right of landlords to manage their property as an investment, with the right of tenants to establish a dwelling as their home. This imbalance is exacerbated by an emerging cultural shift relating to the entitlement of rental investment and the increased mix of investors/landlords entering into the PRS with new expectations of how a property ought to be managed to maximise capital returns for minimal outlay.

At the same time, we observe instances where landlords and agents reported to have acted in good faith, yet tenants had not been able or willing to meet their responsibilities. However, the central difficulty from the perspective of the 'right to housing' is that the current institutional mechanisms for tenancy management do not offer adequate recourse for tenants when tenancies break down. From a systems perspective, there are broader and significant costs for tenants associated with the breakdown of tenancies—not least, homelessness.

The ineffectiveness of existing institutional practices in redressing the imbalance between the rights of landlords and tenants in a standoff over legitimate concerns typically results in the tenant exiting the property.

> *When you raise legitimate concerns you are seen as a problem to the landlord and to the tenancy manager…I took the complaint to VCAT and I believe that this has led the landlord to retaliate by creating a reason for me to move. They have offered now, after several complaints, to fumigate the property to kill all the mould but I have to move out for this to be done. There is no provision for alternative accommodation while this is happening, so my only alternative is to move out altogether and lose the tenancy.* (Leanne, 45, Newstart, Melbourne)

In instances where the tenancy was working well, tenants spoke of a mutual respect and trust that had built up over time through good tenancy management practices. The property was there to be rented for the long term and the landlord was respectful and responsive in addressing concerns raised by the tenants. The landlord valued the long-term tenant relationship and had the resources to ensure that the property was maintained and updated. The responsiveness of the landlord meant the real estate property managers were also able to be more responsive and professional in their conduct towards the tenant.

> *We actually really like living there because our landlord is really nice. He hasn't put the rent up once. It's his investment property and he lives in Sydney…we've actually had absolutely no issues, which might be the first time in my rental history, actually, it's been that good. The real estate agents are really timely in their responses.* (Sarah, 34, student couple, Melbourne)

6.1.1 Blacklisting

A persistent theme within the formal pathway has been the difficulties associated with real estate agents 'blacklisting' or placing a tenant on a database for some kind of rental breach and the implications this has for accessing new rental properties. Blacklisting for rental arrears is a long-term concern for low-income households in the PRS. When a tenant presents to a community agency for assistance with arrears a key goal of the support process, in addition to preventing the loss of housing, is to also prevent the tenant from being placed on a tenancy 'blacklist' database. However, it was reported that the increased use of landlord insurance raises the issue of how community agencies can most effectively intervene to resolve rental payments arrears.

If the community agency pays outstanding arrears owed to the real estate or landlord on behalf of the tenant to avoid them being blacklisted and the landlord has already lodged an insurance claim for missed payments, a double payment can end up being made to the landlord due to the lag time for insurance payments. If the community agency does not intervene because the landlord has insurance for arrears, the tenant may still end up being 'blacklisted'.

Community agencies viewed blacklisting as a practice that often forced tenants into informal and supported pathways. Blacklisting therefore has wider implications for accessibility and security, and the use of housing assistance resources at different entry points. Some tenants are not aware they are on a blacklist until they try to apply for a rental property through a real estate agent. They are then forced to pay a fee to determine their status.

> *So it seems that things have just got a lot harder for the tenant and it makes it so that the tenant has got less options really to know their rights and have the power to stand up for themselves in a way, because you're so petrified. I didn't know if he had put me on the list because I'd been in arrears on my rent. So I was worried then when I was going to go for other properties what people were going to find out about me. I don't know what has been written down or recorded.* (Megan, 36, single parent, Parenting Payment, Perth)

6.1.2 Dwelling standards and negotiated leases

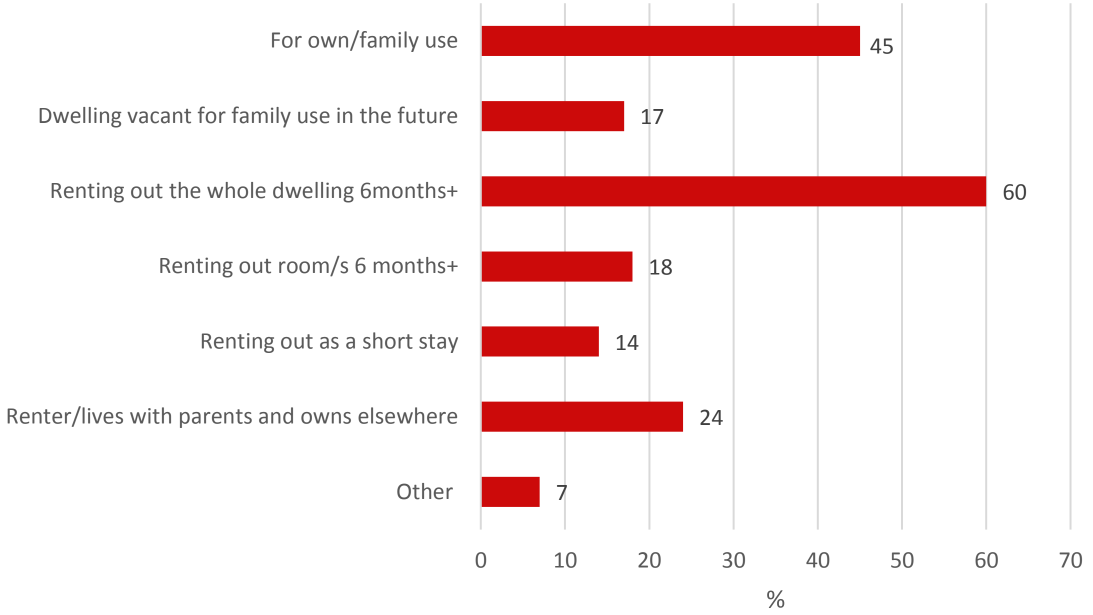
Concerns of low-income renters over the quality, adequacy and changing use of dwellings was among the most frequently reported issue across agencies consulted. It was also among the most frequently reported management concern for tenants. The changing profile of investors/landlords has seen the use of the dwelling as a rental property change over time. There was a view among those in the real estate industry and community sector that a lot more younger and different cohorts were becoming landlords and that these groups had very different ideas about who they would let the property to and for how long.

> *Younger landlords have higher standards about how the property is looked after by the tenant because there is often an expectation that they [the landlord] will move in after renting it out for a period of time. There is also an increase in families with children who are securing a second property. Also older owners looking to downsize and will rent out their family home. Generally, older landlords tend to be a lot more cruisy and less picky.* (Real estate agent, Melbourne)

The growth in quick turnaround property sales ('flipping') and knockdown and rebuilds is changing expectations about the duration of tenancies. One trend which has emerged is the temporary use (six months or longer) of properties for rental prior to demolition. Generally, renters will be informed that there are plans to demolish the building, but the rental duration may be unclear or vary with planning or building delays. Invariably, landlords trade-off price (rent paid) against property maintenance.

Our survey of private landlords reinforced qualitative perceptions of changing investor types and dwelling use, as captured in the tenant and agency interviews. Figure 8 reveals that the main investment strategy for property investors/private landlords (60%) is to rent out the whole dwelling for 6 months or more and then live in it. Around a quarter of the landlords surveyed (24%) reported that they were currently renting or living at home with their parents while their property was rented out.

Figure 8: Dwelling use: property investors/landlords

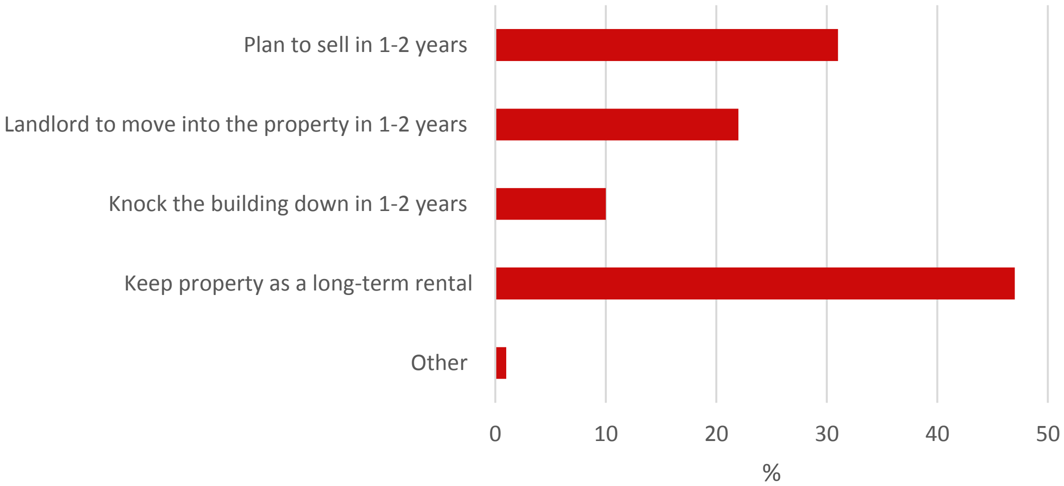


Note: Answers are multiple response

Source: Property Investor Survey (2017).

Investor intentions for dwelling use over the short and long term vary and are likely to influence how the property is managed and tenant needs prioritised (Figure 9). Just under half (47%) of the investors/landlords surveyed reported that they intended to keep the property as a long-term rental, while approximately a third (31%) reported that they had intentions to sell the property in the next year or two. A further 22 per cent reported that they intended to move into the property themselves, while 10 per cent had plans to demolish the building in the next year or two. This suggests that a large proportion of investment rental stock will be turned over in successive years, with tenants potentially being required to move.

Figure 9: Intended use of investment property



Source: Property Investor survey (2017).

Highly leveraged landlords, or those who cannot afford or are unwilling to maintain the property were reported to hold off on carrying out repairs. If they did spend a small amount on maintenance, this was reported to be passed on to the tenant in some instances via rent increases. Some low-income renters feared that raising issues regarding maintenance of the property would result in a rent increase. At the same time, there was a view that tenants were more educated about their rights than in the past and that some would pursue some kind of resolution. As Paula reflects:

> *I would say that the main issues are the quality of the house and the overall attitude of the landlord and agents. Not feeling like you have the right to complain about the service that you are paying for. It is not a fair exchange…We have paid a lot of money to the landlord over the many years that we have been here if you add it up and we are still not able to be treated in a respectful way. The landlord has stated that she would need to increase the rent by a lot before being able to undertake any major repairs.* (Paula, 34, couple with children, regional Victoria)

Similar sentiments were expressed by one community provider:

> *A lot of my clients will sign condition reports with lots of faulty appliances—no heating or the windows don't open—because they don't have a choice. The other option is to be out on the street…Once they sign the lease those faults are already there and they don't really have a leg to stand on.* (Community agency, Victoria)

Staff within the community sector reported being reluctant to rehouse low-income renters in poor-quality dwellings, including properties with security concerns related to locks and windows, buildings without adequate heating, or buildings that posed a health and safety risk. Poorer quality dwellings at the bottom of the market were still out of reach for the lowest Q1 income households. Community agencies reported that there was a persistent lack of compliance among landlords, despite provisions for maintenance and dwelling standards under residential tenancy acts. There were also concerns that existing standards do not have a clear reference to insulation, heating and cooling and the use of solar panels and rainwater. The quality of the dwellings was reported to vary by city and region, with older and poorer-quality dwellings more common in regional and rural areas.

6.2 Security of tenure

A core element of PRS institutions is to ensure adequate provision for security of tenure for renters. As reviewed elsewhere, this provision assumes many forms, including the regulation of affordability and right of occupancy. On an international scale, the Australian PRS provides limited protection for security of tenure (Hulse et al. 2015). As section 5.1.2 details, the increasing commodification of rental properties has also affected security of tenure for some renters exposed to property sales and subsequent rent increases.

6.2.1 The affordability balancing act

Interviews with tenants and agencies revealed that affordability problems persisted regardless of which intermediary pathway was taken. Accessing the PRS via a supported or niche pathway was reported by tenants to reduce affordability pressures, particularly for those who had access to a NRAS or rental subsidy on top of CRA in a time-limited way. However, there were concerns about continuing eligibility for support over time. The easing of affordability pressures was greater for those whose incomes were towards the higher end of the 40 per cent low-income threshold (Q2), but was not always static when incomes fluctuated or there was a sudden change in the household structure (tenant turnover). The majority of low-income renters in the sample were either receiving income support, working part time, in casual employment or combining precarious employment with studying. Those who found themselves suddenly alone in the household and having to cover previously shared costs reported significant struggles in 'getting by':

> *I only just manage. Like, I mean you know, I mean I'm freaking out about Christmas now because I haven't done any Christmas shopping or anything. So you know, and then because of our change in circumstances, you know, obviously it's less—one income not coming into the house now.* (Kate, 37, single parent, employed, regional Victoria)

Paying rent is often a negotiation between competing needs and resources. Tenants reported needing to closely monitor their budgets and account for every cent to meet their basic financial commitments. Budgeting, including going without entertainment, economising on food and trying to minimise transport costs, were common strategies. Some took out a loan to pay for rent or bills in arrears, while others accessed community agencies for food and used payment plans to manage bills. Tenants reported that thinking about how they were going to meet the rent each week was in the 'back of your mind always'.

> *We're definitely in rental stress and we have been for quite some time. It would be—I put three-quarters of my pay to pay the rent. So it would be, with his it would be more than half. I've never been in financial stress before. And it's only been the last couple of years that it's actually been an issue. And I just can't believe the cognitive load that it takes over. It's incredible. So much focus has to be on household management, making sure that everything works, lots of budgeting and for me that was happening at a time that I was also a carer for my husband as well.* (Sarah, 34, couple, student, Melbourne)

More than half of the tenants interviewed reported being in their property for less than 12 months. Mobility was frequent and the reasons for moving varied. Some moves were initiated through the tenant needing to adjust their living arrangements in some way, either because the dwelling was inadequate or cost too much, or a change occurred within the household. Some households experiencing hardship and stress in an existing rental were not in a position to relocate due to the costs of moving and the fear that they would not be competitive in securing another property.

Rents were often more affordable for longer-term renters where the rent had not been increased. However, affordability problems emerged when it was time to leave and search for a new residence, for some leading to episodes of homelessness and difficulties in re-entering the PRS at the current market rate. Community agencies identified the jump in rental costs for tenants attempting to secure new housing as one factor that could tip someone into a housing crisis and homelessness. Other difficulties related to discovering that there were decreasing rental options from which to choose at a cost the tenant could afford.

A number of tenants reported experiencing persistent rent increases, which eventually forced them to move:

> *Even in my last rental that I left last year, that wasn't secure. I'd been there for seven years and the rent used to go up quite dramatically every year but I didn't argue. I'm contradicting myself saying I'm a fighter. I didn't ask—I didn't challenge it because I was fearful of losing it, if that makes sense.* (Jenny, 61, DSP, Melbourne)

6.2.2 Need for long-term housing support and tenure security

Renters requiring direct assistance to manage their tenancy due to high support needs and/or disabilities will typically be the responsibility of a case manager or advocate from community agencies rather than a private real estate agency. In such cases, many will require ongoing or permanent support to sustain the tenancy. Existing capacity within the majority of private rental support programs does not make provision for long-term support once tenancies have been secured and initial subsidies withdrawn. Brokerage and head leasing do not typically extend into preventing tenancies from breaking down in the longer term.

Service providers expressed concern that individuals and households housed via private rental programs, such as family violence initiatives, can lose their place on a social housing waiting list because government housing authorities view their housing needs as being resolved. Providing rental subsidies on top of rent assistance can make rents initially more affordable but this can only work if the tenant is able to move on to greater independence over time by re-engaging with work and/or increasing their income. Sustaining a private tenancy once a program is withdrawn is not guaranteed and people can be forced into homelessness once again in order to gain priority access to more permanent social housing. However, many of those who have experienced homelessness or are exiting an episode of homelessness do not increase their income substantially. Therefore, short-term models of assistance are not suitable for the majority of those trying to resolve their homelessness when their capacity for independent private rental housing is constrained often indefinitely. As one community agency worker noted:

> *If people do manage to get a rental property when they exit homelessness I'm not 100 per cent sure they are managing to keep it. We can do the calculation based on their income and make an assessment—but that is still often based on 55 per cent of income. That is not affordable and if they experience any life event such as the car breaking down there is no room to move. So we can get people into the private rental market but can they sustain it in the longer term? Once they are in, it is up to them to navigate the system. We are not funded to follow up on clients and it would be good to do that.* (Community agency, Victoria)

Tenancies can be at high risk of failure in the first months of resettlement. Establishing tenancies for those who have experienced long-term housing insecurity and homelessness requires highly intense and sustained support, particularly in the first 3–6 months, which is not currently recognised in funding models. The type of dwelling and location is critical to ensuring that the tenancy will be more sustainable and that the tenant can make it feel like a home. Agency staff attempting to resettle individuals with high support needs have encountered additional challenges, with conflicting agendas between the social and private housing sectors concerning expectations and the capacity of the private sector to accommodate additional needs. As one social housing support staff member observed:

> *… we have ways to work through the barriers. What we found recently with property agents is that they have a very low threshold, they are not used to dealing with complex issues. So what we see as a messy or inappropriate property is a different level to what they might see…The Department of Housing is used to this stuff…they have detailed and rigid policies around this, which means tenants know what to expect. The policies in the private market are not as consistent and it tends to chop and change depending on who the agent is or if it is managed by a private owner.* (Community agency, WA)

There was a view that the entry of increasing numbers of community agencies as players in the PRS, who are able to use their resources to secure properties, has the unintended consequence of reducing the overall stock for other low-income households to obtain rental properties independently. Living in subsidised private rental such as NRAS properties made a difference, although concerns about longer-term eligibility undermined feelings of security. Agencies also compete with other providers in high rental areas, and may inadvertently increase the power of real estate agents and landlords to set their own upfront costs and insurances to the highest bidder. In order for such models to be effective in providing a supported pathway, there is a critical need to enhance the overall rental supply at the lowest end, including exploration of funding models that provide better linkages between private and social housing stock and locations.

> *Over time, that lease is transferred to the tenants name and it is used as a way of leveraging people in. But the challenge with that is that it is pulling properties out of the pool again so we will be competing against our private rental worker to get people in the properties.* (Community agency, Victoria)

6.2.3 Aligning landlords and the supported sector

The growth of the room-rental market has opened up new opportunities for prospective landlords to earn additional income. The niche sector, including the tiny house and granny flat movement, is promoted as a potential solution for addressing homelessness and for providing a more affordable entry point into the market for single-person households. There is also growth in the appeal of 'homeshare' models (such as the program run by Wesley Mission Victoria), with a high demand from hosts to match houses with students. Both tenants and agencies raised concerns about potential disincentives within current institutional arrangements (i.e. taxation) to declare income generated from letting rooms or new forms of housing, particularly among those who are receiving income support or pensions. This can result in tenancies falling outside regulatory protection and impact the ability of a tenant to claim entitlements such as rental assistance.

Current PRS supported models rely on certain incentives to get landlords on board, such as tax benefits and the certainty of base incomes associated with subsidised renting (e.g. NRAS). In addition, the community agencies leasing the properties carry the risk that the tenancy will work out, rather than the landlord. As most models of supported access are relationship-based rather than institutionally governed, one indiscretion on behalf of a tenant can undermine a whole program and therefore the willingness of a real estate agency to collaborate with the provider. High turnover of staff at real estate agencies sometimes affects outcomes (e.g. new staff are not aware of a program/tenant on a program) and organisational cultures and goals between the community provider and real estate agencies can be at odds. The risk management of tenants with more complex needs can be difficult to negotiate. Consequently, there are often significant issues to resolve before the PRS can be deemed a suitable option, which can lead to significant delays in achieving a housing outcome.

> *Sometimes tenancies do fall down and then real estate agents don't want a bar of us, so it can be very hard. Something might happen out of the blue and then it can be difficult to manage the tenancy.* (Community agency, Victoria)

6.2.4 Negotiating leases and flexible arrangements

The continued fragmentation of the PRS, including the growth of informal and niche markets and hybrid forms of supported private rental, reveals the need for more nuanced understanding of and responses to the growing diversity of renters and their preferences at different stages of their rental trajectory. Interviews with tenants revealed a variety of uses of dwellings and intentions to stay, ranging from a desire for short-term rentals (particularly for international and exchange students), to families, midlife or older persons seeking to establish themselves in a location and requiring significantly greater protection than is currently offered in the PRS. The variable duration of leases on offer was a recurring theme in discussions on tenure security with community providers.

Increasing the security of tenancies will involve more than simply implementing long-term leases. The issue of fees for breaking leases was a concern for those who needed or wanted the flexibility to move around (be that for employment or other purposes). Moreover, there was a view among both tenants and community providers that it was not desirable for low-income renters to be locked into a rent situation that they might not be able to afford if their circumstances changed (e.g. needing to flee family violence).

In the absence of long-term rental arrangements, renters' assessments of security in informal rental arrangements rested on subjective markers of mutual trust or signs that their tenancy was going well. The latter was generally based on the quality of their relationship with their landlord or sub-landlord. Not having their name on a lease in shared housing was a common experience among renters, with some graduating to take over an existing lease or moving out altogether when household structures changed.

> *The lease will run out in June and they have said that they will be moving and we could take it over or we will all have to move out. I'm not really sure about whether I will be able to stay and manage the rent. We will probably try and get someone else in to help pay the rent.* (Lisa, 23, student, Melbourne)

Many tenants in the formal pathway reported not wanting to draw attention to the end of their 12-month lease in case it resulted in a rent increase. Not wanting to be locked in to high rental costs was also a factor influencing decisions not to pursue renewals of 12-month leases when their lease had moved to a month-by-month agreement. Perceptions of tenure security among formal renters whose initial 12-month lease had ended and converted to a month-by-month arrangement rested on whether they perceived themselves to be on the good side of the property manager, who would advocate for them or if the tenancy broke down link them into another property. Across all intermediary pathways, the greatest sense of insecurity expressed by tenants came from an inability to meet rental payments, rather than the existence of a longer-term lease.

> *Our lease ran out over a year ago and we haven't contacted the real estate to re-sign because we don't want them to put the rent up. We don't want to draw attention to the fact that the lease has rolled over. I guess there is a level of insecurity that we're out of the lease but we're, I guess, worried that if we do contact them, they'll put the rent up and that will be even more difficult for us to meet that.* (Jane, 38, couple DSP, Sydney)

6.2.5 Evictions and arrears management

Assistance with management of arrears and prevention of eviction is a key reason for seeking the support of community agencies. Although there may be a range of reasons that tenancies break down, the way the process is negotiated across involved parties is fundamental to ensuring the best outcomes in terms of sustaining existing rental housing and avoiding risk of entry or re-entry into homelessness.

Problems emerged for tenants when landlords or agents did not follow proper protocols. This included approaching tenants without notice and withholding critical maintenance until arrears had been resolved. Although Centrepay[6] was an option for managing rents, transaction costs of $1.50 provide a disincentive for more widespread use. Generally, the process for managing arrears within the formal pathway is that the tenant will be given five days to pay and then will receive a friendly reminder. After the tenth day they will receive a firmer reminder; after 15 days of arrears without any response from the tenant there will be a notice to vacate. Often people will pay on the final notice and avoid eviction.

[6] A service provided by DHS that allows bills and expenses to be paid via regular deductions from Centrelink payments.

6.3 Informal rogue practices

Rogue practices within the informal and niche rental sectors can be difficult to substantiate. Agency staff reported that many tenants were not aware of the extent of their rights and how they had been violated. This particularly affected more recent arrivals to Australia and those who had not rented previously. Student housing assistance staff reported that they had experienced an increase in the number of breaches for unregulated or improper rental practices relating to the shared use of dwellings. For example, one inner-city Victorian university provider received 24 breaches reported by tenants in one month. The main tenancy management themes emerging within the rogue informal pathway are summarised in the sections below.

6.3.1 Institutional failures—bonds, rental costs and agreements

Key areas identified as requiring redress in the informal and niche sectors (whole dwellings and room rentals) include the following.

- It was reported that providers such as companies which provide student housing frequently failed to lodge and return bond payments promptly. This was a real issue for international students who had to return home and attempt to negotiate the return of their bond from another country.
- Concealment of actual dwelling rental costs by disclosing room-rental rates only was common, including among corporate housing providers.
- Verbal rental agreements that blurred distinctions between 'boarder', 'lodger' and 'tenant' status, were misleading or did not stipulate the nature of the tenancy arrangement were an issue. These distinctions have direct implications for the right of the tenant to remain in their accommodation and notice requirements.

6.3.2 Emergent self-regulation practices

As reported in earlier sections, the expansion of online platforms provides greater access to rental properties. At the same time, the expansion of such platforms has also provided fertile ground for scams and false advertising (e.g. of properties which do not exist). Many of these scams specifically target international students who may not be able to organise an inspection of the property before they arrive. There have been several examples of students paying an amount towards a listed property only to discover that the property does not exist and they cannot retrieve their money. In this instance, email exchanges are viewed as agreements, and there are significant gaps in the regulation of transactions to protect potential room renters. Tenant unions, student housing advisors and online networks are increasingly employing self-regulatory measures to monitor and identify the types of practices that signal that a property or landlord is not legitimate. Many universities have developed their own housing databases that students can access to find listed rental properties, and actively monitor the advertisements being uploaded.

6.3.3 Summary

Tenancy management practices have become more fragmented, with new groups of investors, landlords and sub-landlords entering into the PRS, with different expectations and intentions for how dwellings are to be used. This changing institutional context has fuelled greater imbalances between the rights of tenants and landlords as rental properties and rooms change hands more rapidly. Issues within the formal pathway persist and include difficulties with maintenance and repairs, poor-quality living environments, judgemental and disrespectful treatment by agents and landlords, and the lack of flexibility in lease arrangements. The fragmentation of management practices makes these concerns more challenging to address through existing institutional arrangements. Within the informal and niche pathways, tenant experiences are contingent in large part on the quality of the relationship with landlords or sub-landlords, rather than adherence to tenancy laws or regulations.

Difficulties with affordability are experienced by low-income private renters across all intermediary pathways, but are particularly acute for those having to, or preferring to, rent on their own—and less acute for those accessing subsidised rental such as NRAS. The limited duration of private rental support within the supported pathway significantly impacts the long-term effectiveness of program responses, ultimately undermining innovation in the sector.

In the final chapter we provide a synthesis of all secondary and primary data, as well as a review of current policy directions, to identify future directions for the PRS in terms of delivering better outcomes for low-income renters in Australia.

7 Directions towards institutional reform

- Existing institutions within the PRS have not kept up with the pace of change occurring. Reform to PRS institutions for low-income renters must grapple with a more complex and fragmented PRS. Centralised reforms of rental housing assistance and regulation must seek to redress the growing imbalance in horizontal equity (treating those with similar incomes and wealth the same) and vertical equity (reducing the divide between those at the top and bottom of the income and wealth distribution). This includes reviewing the adequacy of wages, statutory incomes and rental assistance in view of the rising costs of living.
- Regulation of informal rental practices, particularly in the context of online intermediaries and the growth of room rentals, must ensure that supply and access to urgent housing is not impeded, whilst also ensuring that tenants have adequate recourse to live in safe and secure rental housing.
- A viable supported pathway into the PRS will require appropriate incentives for landlords to supply and set their rents to be comparable with social housing rentals. Existing policy assumptions surrounding time-limited supported housing in the PRS, including financial subsidies through head-leasing initiatives, are highly problematic for those whose individual and household incomes remain low over time.
- The emergence of different types of landlords (offering properties and rooms on a short- through to long-term basis), combined with the expanded reach of online platforms, provides an opportunity for policy makers, via community agencies, to assume a more direct role in the matching of landlords with tenants. This includes targeting of landlord financial and taxation incentives to encourage supply of a mix of leasing options, dwelling types and locations at the low-income end of the sector.

A raft of AHURI reports and other literature has identified problems and market changes in the PRS that suggest multiple policy levers are required to improve outcomes for low-income renters. Strengthening the institutions of the PRS will involve developing strategies that enhance the functioning of economies, societies and governance, in addition to localised or devolved reforms recognising the need for more targeted responses for particular groups and relational practices across the formal, informal and supported sectors. This section draws on the combined findings from the policy review, interviews and survey analysis to answer the final research question on how outcomes for low-income renters can be improved through innovation among government, community agencies and private sector landlords.

The focus is less on making major changes to the institutional structures that shape the functioning of the PRS, and more on considering policy and regulatory mechanisms to improve access and tenancy management. For example, we do not suggest a restructuring of the income support system, but rather making changes to existing policies or programs that are designed to ensure better equity outcomes for individuals and households with low incomes.

7.1 Foundational institutional components

There is recognition among policy makers, practitioners and researchers that far-reaching institutional reform is required to ensure that social and economic objectives for enhanced housing security, adequacy and affordability in the PRS can be met in the future. However, like all policy reform, there are opponents whose needs are met by existing institutional arrangements, and who can represent a powerful lobbying force.

We identify four key institutional areas that have direct impacts for the sustainability and growth of the PRS in Australia: negative gearing; capital gains tax; residential tenancy law; and CRA. We contend that policy in these key areas has been unremarkable and has failed to respond to key changes and challenges in housing provision and housing trajectories over successive decades in Australia.

The institutional and policy dilemma for the provision of housing assistance across market and social housing is one of balancing vertical and horizontal equity. Vertical equity assumes that there should not be excessive acquisition of income and wealth for those at the top of the wealth distribution relative to those on low incomes with minimal wealth, and therefore requires some form of redistribution through taxation. Horizontal equity, by contrast, assumes that those who are in the same income or wealth bracket should be treated the same in terms of any financial distribution, whether taxation, grants or income support including housing assistance (Musgrave 1959).

Previous inquiries and discussions have for some time debated the directions for institutional reform needed to balance both horizontal and vertical equity in the PRS, which will be necessary to ensure adequate, affordable and secure housing into the future for those on low incomes. Directions for reform must :

- ensure the adequacy of wages, statutory incomes and rental assistance
- increase incentives to supply affordable private rental at the low end of the market
- balance the rights and responsibilities of landlords and tenants
- provide support and community integration to assist higher-needs tenants to navigate seamlessly across the homelessness and supported housing system.

In principle, the integration of these institutional components will shape the opportunities for those on low incomes to more easily access and sustain housing within the PRS. Within these broad policy and regulatory themes there needs to be recognition of further segmentation across groups and their individual pathways, forms of housing and the provision of social housing assistance. Clearly addressing these components is beyond the scope of housing policy alone and involves jurisdictions relating to health, wealth and income support, labour market productivity and regulation, city and regional planning and consumer protection. Hence, this report's more limited focus on improving households' and landlords' ability to navigate the institutional context for better housing outcomes.

7.1.1 Wages, statutory incomes and rental assistance

Declining affordability, combined with persistent insecure wages, increasing rents and inadequate income support place increasing numbers of households in a position of housing affordability stress. The introductory chapter revealed the growing number of households eligible to receive the maximum rate of rental assistance. In view of this trend, the Productivity Commission recognises that CRA has not kept pace with rent increases and recommends a 15 per cent across-the-board increase to all tenants (Productivity Commission 2017). However, this is an arbitrary number and does not relate to any benchmark or budget standard measure of affordability. Moreover, the recommendation seems to be more about dealing with horizontal rather than vertical equity issues between public and community housing tenants.

There have also been calls for a more targeted spatial approach to the calculation of rental assistance, to better match inequitable growth in rents across different states and territories (Whelan and Parkinson 2017). The problem here is that as an income support program, rather than an explicit housing program, CRA faces constitutional barriers to jurisdictional variations. This suggests it is now time for the development of an explicit housing program like CRA but with potential for spatial variation and performance compliance. Such a program may provide the ability to limit the growth of the substandard private boarding house sector, which has built a business model around taking in multiple CRA recipients.

As the draft Productivity Commission (2017) report on Human Services highlights, comparisons of horizontal inequity have increasingly been drawn between the differing amounts of housing assistance provided to low-income households in social housing, compared to those in private rental housing (the former being greater than the latter). The proposed horizontal equity solution from the Productivity Commission is to extend CRA over time to all social and public housing tenants and have all social/public housing tenants pay a market rent and receive a financially boosted CRA. This is promoted as a model of 'housing choice', where all low-income households, in principle, receive the same amount of rental support and can choose between providers. However, this approach underplays the substantial vertical equity issues emerging in the Australian housing system, which play out spatially, generationally and between household types, and which suggest more substantial institutional interventions are required at the low end of the market than those provided by a simplified CRA model. Equally importantly, the approach fails to recognise the absolute shortage of social housing: you cannot have choice if there is no stock.

At the low end of the housing market, the cost of housing does not align with individual earnings—what was formerly recognised as 'a living wage'. One adaptation is that some households pool their incomes, to mitigate the effect of one or more members having a low income. While this might assist those able to form group or dual-income households, this is not a solution for the vast number of single-headed households, including sole parents seeking to resolve their housing needs. Increasingly, research has seen these single-income households, particularly lone-person households, channelled into the less secure and volatile room-rental segment or into smaller improvised dwellings such as granny flats.

Of increasing concern also is the growing trend of older single renters. This will require long-term affordable housing solutions if people are to age in place with limited income and wealth. Greater policy attention needs to be devoted to how single-headed households locked out of sharing can attain affordable rental housing. This requires consideration of an expanded CRA scheme related to a meaningful affordability measure. More recently, the work of Saunders and Bedford (2017) in updating the UNSW CP budget standard create the opportunity to evaluating what such an income (housing) support could look like.

7.2 Opportunities and challenges for affordable private rental

An adequate supply of affordable private rental is clearly central to alleviating affordability problems and addressing fundamental issues of vertical inequity shaped by a shortfall of investment and suitability of stock at the low end. There was strong sentiment from agencies and tenants interviewed that the PRS in its current form will not deliver sufficient low-rent dwellings. Moreover, there exist threats to existing supply in the form of Airbnb, Stayz and other market disruptors, particularly in tourist and inner-urban areas where low-cost stock is at a premium. The following sections look at opportunities and associated regulatory and policy challenges for existing and emerging market segments.

7.2.1 Institutional investment and integration with community housing

Australia lags behind in affordable institutional investment compared with our international counterparts. Institutional investment, including build-to-let and the construction of mixed-income dwellings (with a proportion of stock dedicated to affordable rental housing), is proposed as one mechanism for increasing the supply of rental accommodation. In addition, the community housing sector has increased its capacity for supply over the past five years, largely through public housing transfers, and is well placed to continue expanding in scope. However, it needs a supportive financial environment to ensure its viability as a sector and requires some discretion on allocations. Common housing registers[7], such as the recently introduced Victorian Housing Register for public and community housing allocations, can work well for tenants but need to be administered in a way that ensures the financial integrity of community housing providers.

There have been some important gains in stimulating supply through initiatives such as the NRAS. There was a strong sentiment among those interviewed that implementing a modified NRAS program, rather than withdrawing it altogether, would have ensured continued gains in facilitating more equitable and efficient management of NRAS properties for investors, intermediaries and tenants.

7.2.2 Incentives for small-scale landlords to offer below-market rents

In Australia, particularly in regional areas, institutional investment will remain small in scale into the immediate future. Given the volume of properties rented via small-scale landlords it is likely that the greatest impact to be gained will be via increased incentives to stimulate affordable rental from the existing stock of small-scale landlords and investors. This entails rethinking what institutional investment looks like and how it might be rolled out across existing dwellings.

The decision to invest in real estate or hold onto existing properties, rather than selling, reflects the continued cultural dominance of property as a predictable asset class to build wealth and security. The provision of housing to let is in most cases a by-product of this decision rather than altruistic. However, the prevalence of small-scale landlordism in Australia disguises a range of motivations and investment cycles, as documented in Seelig et al. (2009) and reinforced in our survey of investors/landlords.

Figure 10 shows that the main motivation for investing for around half (49%) of investors/private landlords surveyed was that it was considered a low-risk way to build wealth. Purchasing an investment property in an era of low interest rates (35%) and taking advantage of taxation and government incentives (28%) were also key reasons for investing. However, there were also unintended or opportunistic reasons for becoming a landlord, including moving out of the property and retaining it to rent (22%) and inheritance (money or property) (18%). This suggests that among the large stock of investors there will be a subset who, whether through motivation and/or financial position, may be willing to offer below-market rents to low-to-moderate income earners.

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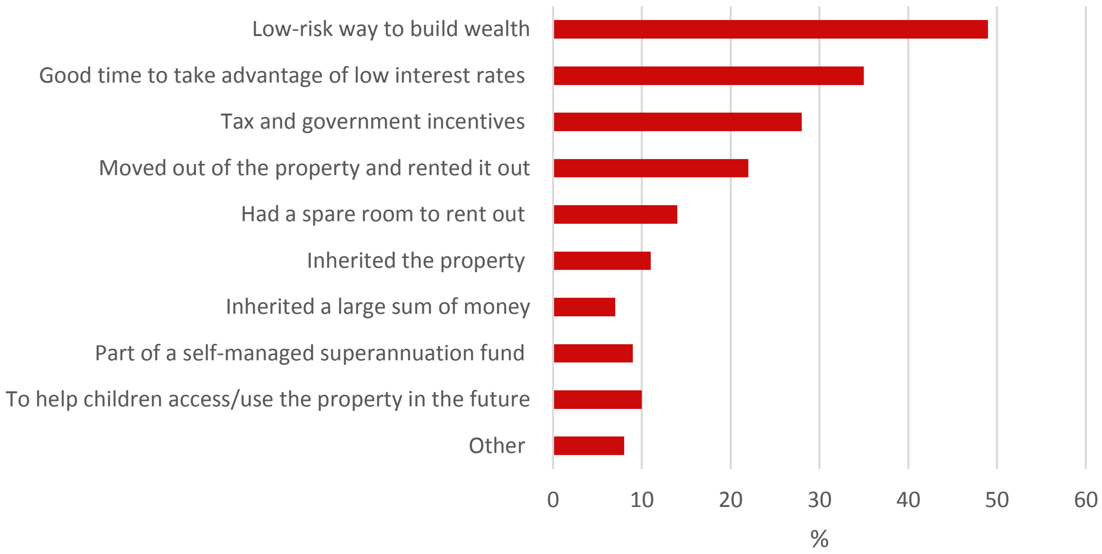
[7] ‘Common housing registers share information on the status/needs of those seeking accommodation between service providers

Figure 10: Reasons for investing or becoming a landlord



Source: Property Investor Survey (2017).

Taxation, most notably negative gearing and capital gains tax provisions, is key to whether investing in or holding onto property is more viable compared with other assets, but in its current form does little to shape decisions to supply affordable housing (Seelig et al. 2009). There was a consistent theme among those interviewed that taxation provisions, including negative gearing, should be restructured in a way to incentivise investors who are willing to provide more affordable rents, particularly in locations where low-to-moderate income tenants are increasingly priced out of the market. Similarly, taxation provisions could be restructured to provide incentives to landlords willing to offer long-term leases. Restructuring taxation to send better market signals is one way, but another is through grants. The NRAS, despite its flaws, illustrated the potential of this model. An alternative would be to have a budgetary restricted housing payment (e.g. $50,000 Australia wide) which is a top-up of CRA but goes directly to the landlord on the condition of offering below-market rents.

In surveying investors/landlords we found that receptiveness to different incentive scenarios is somewhat shaped by the type of investor and their future plans in the short to long term. Investor/landlord groups included:

- single and multiple-property owners (renting out through real estate agents)
- landlords of self-managed properties (rented out as whole dwellings)
- investors currently living in rental housing and investing elsewhere
- short-term investors (i.e. planning on selling, knocking down or wanting to move into the property in the next year or two)
- long-term investors wanting to continue to rent out the property for the foreseeable future).

The full results from the scenarios are presented in Appendix 8, with the main findings summarised here. The scenarios are measured on a Likert scale ranging from 0 to 10, where 0 = disagree strongly/highly unwilling and 10 = agree strongly/highly willing. Generally, short-term landlords (characterised either by wanting to knock the building down, wanting to move into the property, wanting to sell in the next year or currently renting and investing elsewhere), were the most responsive (median scores of 7–8) to direct smaller financial incentives of a $1,500 cash taxation grant to provide more affordable rentals. All landlord types were more supportive of larger financial incentives of $3,000 to provide more affordable rentals. Further scenarios tested included whether landlords were willing to provide rentals at below market rent (or 75% of market rent) for either a $3,000 or $5,000 incentive. Generally, all investor types were willing (medians of 7–8) to provide below-market rents for the $5,000 taxation incentive.

All landlords were in agreement (medians of 7–8) with the proposition that CRA be paid directly to them in order to set their rents at affordable rates. There was general agreement (medians of 7–8) among all landlord groups with having their property managed by a community provider under the scenario that the agency would guarantee any losses and maintain the dwelling. Agreement was most mixed among landlord types in regard to supporting shared equity initiatives, with median scores ranging from 5–8. Generally, single-property investors and those preferring to self-manage their property as a long-term investment were the least supportive of a shared equity approach. There were also mixed responses in relation to supporting negative gearing for loss of rental income. Investors wanting to move into the property, planning to knock it down, selling in the next year and renting and investing elsewhere were most supportive of negatively gearing against income loss (medians of 7–8).

The findings from the investor survey build on previous work, such as Seelig et al. (2009), which suggests that devoting a modest amount of resources to identify landlords and build a register for use by public and community housing agencies may be a small but useful supplement to existing head-leasing programs.

7.2.3 Challenges in the room-rental and niche sector

The room-rental sector is becoming increasingly significant as a source of entry into private renting. The short-term rental market, typically based on a room or studio apartment rental model, remains unaffordable for many low-income individuals and in many instances does not offer suitable amenities. There are examples where granny flats or studio apartments have worked well as an early intervention response—for instance, through the Kids Under Cover program, which has been operating for some time. However, in the context of a rental property with insufficient regulation, the efficacy of such accommodation is influenced by discretion of individual practices.

The informal and niche room-rental market has flourished in the absence of affordable dwellings that can be accessed by low-income renters. Models which may be worth exploring and evaluating in the future include:

- the small apartment-type model, where 3–4 students can rent a purpose-built dwelling at a more affordable price than a single-bed studio room
- use of hotels as long-term student accommodation, with self-contained apartments (as in the Bell City model in Victoria)
- use of vacant land to build temporary tiny-house villages (as in NSW and Victoria, but yet to be formally evaluated).

An evidence base on the holiday and short-term rental market is still emerging and current AHURI and other research is in the process of mapping the distribution and impact of this market on the supply of rental housing in low-cost areas. However, early findings suggest problems of loss of supply. The clear theme from this research is that the short-term rental market can provide an entry point into housing from other destinations, enabling individuals and households (and particularly students) to establish themselves in an area. Increasing commodification of the room-rental market, or applying a cost on a dwelling on a per room basis, has seen the setting of rents that are not in line with the total rent of the dwelling in many cases. This is most evident in instances where total rental amounts are concealed and rooms are divided or overcrowded. The income support and taxation systems need to provide the right balance and incentives for people to offer accommodation and to declare the income earned without loss of income support entitlements, particularly in the case of pensioners.

A largely ignored segment of the private rental market is students. The growth of international students studying in Australia—from tens of thousands in the late 1980s to almost half a million by March 2017 (Department of Education and Training 2017)—has not only had major implications for the education system but also the housing system, with little oversight and inadequate regulation. Unlike many other countries, where universities provide a sizeable proportion of student housing, in Australia students in the main compete for housing in the private rental market or rent accommodation managed by the private sector in partnership with universities.

7.3 Balancing the rights and responsibilities of landlords and tenants

Interviews with agencies and tenants highlighted that existing regulatory institutional responses had not kept pace with the breadth of change occurring in the PRS. The comparable rights of tenants for consumer protection do not accord with other areas of consumption surrounding commercial activity that are enforceable without retribution and loss to the consumer.

The review of residential tenancy acts in particular states was considered a welcome advancement by those interviewed, although there were calls for increased consistency across all states and territories. Respondents identified a number of areas requiring greater attention in respect to the review and enforcement of residential tenancy regulation, particularly for lodgers and boarders, calling for the following changes.

- Greater rental protections and enforcement of rights for victims of family violence forced to flee a rental property (relating to bonds and liability for vicarious damage, provision for rapid termination within seven days of leases and rental payments, adjustments of locks, removal of perpetrators, provisions for resettlement and training of property managers faced with such scenarios).
- Monitoring of online platforms, including online forms, with respect to the representation and advertising of dwellings, discriminatory and rogue practices and user privacy protections.
- Greater protections for individuals residing in room and niche large-scale rental accommodation such as purpose-built student accommodation, granny flats and subdivided accommodation, including enforceable standards for occupancy and the collection, declaration and setting of rents and bonds.
- Review and monitoring of subletting practices and standards, and greater legal clarifications around ‘boarder’, ‘lodger’ and ‘tenant’ distinctions.
- Removal from tenancy legislation of the ‘no specified reason’ provision in notices to vacate and inclusion of a minimum length of notice when properties are sold.
- Monitoring of self-managed property landlords to ensure lodgement of bonds.
- Provision of a mix of leasing arrangements and landlord incentives that can respond to more complex needs for older renters and renters with a disability (for example, adjustments to the property such as rails, ramps and shower aids) and also which can be better matched to the tenant’s life stage and requirement for shorter or longer tenure options.
- Provisions for tenants to leave the tenancy if circumstances change or the dwelling or surrounding environment becomes unsafe. (As Appendix 8 shows, landlords were more supportive of long-term leases following a trial period with a responsible tenant, and less

supportive of short-term leases of less than six months—with the exception of short-term investors wanting to demolish the dwelling, move in or sell it.)

- Better monitoring of dwelling standards, including those related to the construction of new dwellings, with condition reports having comparable standards to a Section 32 for a property that is being sold.
- Better mechanisms for dispute resolution, which do not result in the loss of rental housing.
- A process to remove a tenant's name from 'blacklisting' databases for minor or unknown rental infringements (currently there is no recourse or mandated period for retaining, modifying or removing this information, even if the tenant is able to demonstrate that they are able to maintain the property).

7.3.1 Challenging stereotypes

Advocacy within the real estate sector and externally is effective in challenging stereotypes that act as barriers for low-income renters seeking to access private rental housing. However, the success of such advocacy was reported often to rest on the onus and goodwill of individuals.

There was a reported need for greater education and information on tenant and landlord rights and responsibilities, tailored to different segments of the PRS, including different cultural and welfare groups, and made available to landlords, tenants, property managers and key community agencies. There was a call for the promotion of respectful and non-discriminatory treatment by professionals in the real estate sector, and tenure-neutral attitudes where tenants receive adequate recognition as consumers paying for a service/good rather than as 'flawed consumers' locked out of home ownership.

As the PRS assumes greater significance as a provider of long-term tenure for low-income households, it is clear that increased focus on tenancy management is long overdue. The obvious target here is training for real estate agents, but also community engagement teams employed in other consumer-based service areas such as utilities. The bulk of low-to-moderate income households are in private rather than social rental tenures. Many tenants will have, or are potentially at risk of having, the structural and other conditions that would render them eligible for social housing, such as unemployment, physical or mental health needs and family violence. However, existing courses and competencies providing for certification as a licensed real estate agent emphasise sales over property management and negotiating tenancies with more complex clients.

7.4 Integration and innovation across the housing system

The supported pathway increasingly straddles hybrid models, incorporating private rental and social housing with specialist and generalist community services. The need and recognition for service integration within and across the sector has been noted for some time. There continues to be pressure on the community sector to develop innovative models to respond to housing needs and issues in a system that is shaped by broader institutions beyond the confines of a program's impact. From an institutional perspective, *supported institutional integration* would mean that a supported PRS pathway is not integrated at the service level but forms a recognised and therefore fully recurrent funded and legislated element within the institutions that make up the PRS and which interact to mitigate the adverse effects associated with the formal and informal segments. Such institutional integration would be reminiscent of the magnitude of the institutional redesign of the National Disability Insurance Scheme (NDIS), recognising that assistance into the PRS is necessary, ongoing and will expand indefinitely.

Common housing registers are an example of linking public and community housing, and have the capacity to better allocate assistance between the two sectors by providing a central point of access for prospective low-income tenants. However, how such systems align with a supported PRS pathway needs further consideration. The emergence of mixed place-based initiatives, where community housing providers manage both social and private rental housing in a particular location (such as the model provided by Urban Communities in Kensington, Melbourne) have the potential to provide more integrated place- and choice-based initiatives. Models where a housing authority or agency has a relationship with the landlord/agent and provides maintenance and tenancy management as an intermediary is appealing to some landlords and has worked well, as in the case of Belgium's social rental agencies (Parkinson and Parsell 2018).

The construction of new developments that have a proportion of dwellings dedicated to social housing or low-income tenants, such as the Kensington Urban Communities estate, has been one approach to increasing the mix. However, such developments are constrained in being able to provide sufficient numbers of dwellings to match affordability demands. The homelessness service sector, through various responses, has increasingly recognised the significance of permanent and independent housing. Many services subsequently have been reorienting their models of support from a crisis homelessness response to a more integrated housing response. There needs to be a mix of players in the provision of private rental support that have different access points, including community engagement teams within the private rental real estate sector (akin to services provided by utilities).

The use of increased out-posting, which links people into housing supports in their local area, is a further approach that can reflect emergent spatial mismatch. Linked to this is the need to ensure that other mainstream and specialist support services, as well as property managers in the private and community housing sectors, are aware of the types of short- and long-term models of support which exist. The competitive funding of programs within the housing and homelessness system acts to impede effective institutional integration.

7.5 Concluding comments

The PRS is changing as a form of short- through to long-term housing for increasing numbers of low-income renters. The core question addressed in this research is: how do low-income renters navigate a changing PRS and what opportunities and challenges exist to ensure they achieve better social outcomes in their private rental in the future? This report identified that the intermediary pathways into, and tenancy management practices within, the PRS are becoming more fragmented as the market grows and caters for a more diverse mix of renters and housing providers. In navigating a changing PRS, we found that renters rely on different strategies across the formal, informal and supported pathways in order to access rentals and be competitive in a market that far from meets their needs. In this changing market environment, being able to effectively navigate and build online community networks and profiles via online platforms significantly determines who gains access to and who remains marginalised in the PRS.

Our findings revealed a variety of uses of dwellings and intentions to stay, ranging from a desire for short-term rentals (particularly international and exchange students), to families, midlife or older persons seeking to establish themselves in a location and requiring significantly greater protection than is currently offered in the PRS. The informal (concealed) pathway is serving a vital function in providing access to housing, as is the supported pathway, but they do little to ensure a long-term secure home for those whose incomes remain low over time. This inevitability contributes to a homelessness and precarious housing cycle that is difficult to escape from, unless one is apt at negotiating an increasingly sophisticated shared housing circuit that directs different types of renters into more or less secure pathways.

Landlords too have diverse intentions and uses for their dwellings, including renting out the whole dwelling, renting out a single room, knocking the building down after a period of time, and moving in and out of the same property at different stages of their ownership. Similarly, the tenancy management practices of landlords, sub-landlords and their intermediaries result in vastly different rental experiences and living conditions for low-income renters, and highly influenced by whether renters assume occupancy of the dwelling via the formal pathway or informal pathway. This cleavage within the PRS is likely to expand at the low end as low-income renters find it more difficult to establish their own independent households via the formal pathway and seek out new ways of collaborative rental living. The findings of this research affirm the importance of focussing both on low individual and household incomes, as well as moving beyond standard measures of housing affordability stress, in order to better understand the consequences of navigating a fragmenting PRS.

In this final chapter, where we address the question of future directions, we have synthesised the perspectives of tenants, agencies and landlords who were consulted on areas of innovation and the potential scenarios for reform at the low end of the PRS. From the perspective of low-income renters, increasing fragmentation in both the supply and demand of private rental dwellings and rooms raises significant challenges for the regulation and monitoring of practices and the incentives that appeal to landlords in supplying dwellings that remain affordable. Continued fragmentation of private rental, including the growth of informal and niche markets, as well as hybrid forms of supported private rental, reveals the need for more nuanced understanding of and responses to the growing diversity of renters and their preferences at different stages of their rental trajectory.

The formal institutions within the PRS designed to overcome barriers to accessing and managing tenancies for low-income renters have not kept up with the pace of change occurring within informal rental living arrangements. Any reforms to existing formal institutions intended to deliver better outcomes for private renters on a low-income must grapple with an increasingly complex and fragmented PRS. There is a clear need for centralised forms of assistance delivered via the statutory income system of support, but also a need for more devolved initiatives that can target informal and supported pathways through state and local government tenancy regulation and policy intervention. Within this framing, policy reform should take into account the following:

- Centralised reforms of rental housing assistance and regulation must seek to redress the growing imbalance in horizontal equity (treating those with similar incomes and wealth the same) and vertical equity (reducing the divide between those at the top and bottom of the income and wealth distribution). This includes reviewing the adequacy of wages, statutory incomes and rental assistance in view of rising costs of living.
- There is clear evidence that the informal pathway into the PRS is expanding through the reach of online platforms to exploit and disrupt formal paths to access and management. Regulation of informal rental practices, particularly in the context of online intermediaries and the growth of room rentals, must ensure that supply and access to urgent housing is not impeded, whilst also ensuring that tenants have adequate recourse to live in safe and secure rental housing.
- As the community sector expands its focus, there is growing capacity to establish more formal and enduring institutions at the low end of the PRS via a supported pathway delivered through an expanded community housing and welfare sector, in a similar manner to the social rental agencies developed in Belgium (see, for example, Parkinson and Parsell 2018). However, existing policy assumptions surrounding time-limited supported housing in the PRS, including financial subsidies through head-leasing initiatives, are highly problematic for those whose individual and household incomes remain low over time. A

viable supported pathway into the PRS will require appropriate incentives for landlords to set their rents to be comparable with social housing rentals.

- The emergence of different types of landlords (offering properties and rooms on a short- through to long-term basis), combined with the expanded reach of online platforms, provides opportunities for policy makers to assume a more direct role in better matching landlords with tenants. This includes targeting of landlord financial and taxation incentives to encourage supply of a mix of leasing options, dwelling types and locations at the low end of the market.

The findings and directions outlined in this report, together with those from an international and national institutional review of sector change and innovation, will inform the broader Inquiry report on *The future of the private rental sector* to provide a more detailed blueprint for institutional reform.

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Appendix 1:

Title of project: Improving outcomes for low-income private renter households: opportunities and challenges

Interview schedule

Thank you for agreeing to talk with me about your rental housing experiences. I am interested in hearing about the housing experiences that you have had most recently and also those you have had over the past 10 years to understand longer-term patterns of mobility in the rental market.

This interview will have 4 main sections. In the first section we will start by talking about your current rental. In the next section we will focus on your past experiences with renting. In part three we will talk about what your future plans and suggestions for how private renting may be improved. In the final section I will collect some background details. This background will help to identify different needs and experiences according to age groups, family types, income and so on. Please let me know at any stage if you would like to stop or are not comfortable with the questions. Just to remind, you all your answers will be strictly confidential.

Section 1. Current housing situation

Let's start with your current housing

1.1. What type of rental housing and household are you living in at the moment?

Tenure

Duration

Household Type/Composition

1.2. How did you find this housing? Did you experience any difficulties finding it?

1.3. Is this housing suitable for your/household needs?

1.4. Have you experienced any issues/difficulties whilst living in this housing?

1.4a. If so when did difficulties with your housing first begin? What was the main trigger?

1.5. How much do you/your household pay in rent?

Individual amount:	Week	Fortnight	Month
Household amount:	Week	Fortnight	Month

1.6. What is the amount of your after tax income that you/your household has to spend?

Individual amount:	Week	Fortnight	Month
Household amount:	Week	Fortnight	Month

1.6a. About how much of your/household income is spent on rent?

1.6b. Is this amount spent on your housing costs manageable? Can you talk more about why?

1.7. Do you feel that your housing is secure? Can you talk more about why?

1.8. Do you feel the quality of the dwelling is adequate for your needs? Can you talk more about why?

1.6. What resources/help are you able to draw on to assist with managing your housing?

Section 2. Past Housing Experiences

We've talked about your current housing

2.1. Thinking back can you talk about the housing you have lived in the past ten years—Add age, duration, household and tenure type (work through the calendar provided).

2.2. Have you had any prior difficulties with finding a place to rent/ stay in?

Affordability/ location/ trouble with real estate agents landlords/public housing / homelessness

2.3. Were there any times when you felt that your housing was not secure/adequate/safe?

Times when you couldn't afford to pay for housing (proportion of income to housing)

Been forced to leave your property?

Times when you moved regularly—i.e. once a year or more

Staying temporarily in housing—such as staying with friends, boarding house, community or welfare service

Times without any shelter—i.e. living in your car/street/tent?

If yes to living in temporary accommodation - can you describe the types of housing/accommodation that you have lived in?

Type of Accommodation	No. times	Age/Year/Duration for each time
Friends		
With other family members		
Supported Accommodation provided by a welfare or community service		
Transitional housing provided by a community /welfare service		
Caravan park		
Hotel/Motel		
Staying temporarily in car/tent/or on streets		
Staying temporarily in boarding or rooming house		
Staying long term in boarding or rooming housing		
Prison		
Staying in drug and alcohol Rehabilitation		
Psychiatric Hospital		
Other		

Housing calendar

Housing History Calendar—Independent Housing

Year	
Years by age	
Housing events	
Type of Housing	
Household type	
Periods regularly moved—once a year, multiple times in a year	
Periods of living in temporary, transitional housing, staying with friends, no housing at all	

Section 3. Future plans and improvements

Thinking ahead now…

3.1. What are your housing plans for the future?

3.2. How can the private rental market be improved to better meet your needs?

Section 4: Demographics check

4.1 Age: _________________ 4.2 Gender: ☐ Male ☐ Female

4.3 What is your country of birth?

☐ Australia ☐ Other (specify)____________________

4.4 What type household do you live in?

☐ Single ☐ Couple ☐ Single parent ☐ Couple with children ☐ Other (specify) __________

4.5 Are you currently studying?

☐ No ☐ Full time ☐ Part time

4.6 Is your partner/house mates currently studying?

☐ No ☐ Full time ☐ Part time

4.7 What is your main source of income?

☐ Paid employment ☐ New Start Allowance (NSA) ☐ (DSP)

☐ Parenting Payment—Single (PPs) ☐ Parenting Payment—Partnered (PPp)

☐ Other_____________________

4.7a If employed is this on a…

☐ Casual ☐ Fixed term contract

☐ Permanent ☐ Other (specify)_________________

4.7b How long have you been in this type of employment?

4.8 What is the main source of income of other members in your household?

☐ Paid employment ☐ New Start Allowance (NSA) ☐ (DSP)

☐ Parenting Payment—Single (PPs) ☐ Parenting Payment—Partnered (PPp)

☐ Other_____________________

4.8a If other members employed is this on a…

☐ Casual ☐ Fixed term contract

☐ Permanent ☐ Other (specify)_________________

4.8b How long have they been in this type of employment?

4.9a What is your approximate amount of your own income for the year (Gross before tax)

☐ Less than $10,000 ☐ $10,000–14,999 ☐ $15,000–19,999 ☐ $20,000–24,999

☐ $25,000–29,999 ☐ $30,000–34,999 ☐ $35,000–39,999 ☐ $40,000–44,999

☐ $45,000–49,999 ☐ $50,000–54,999 ☐ $55,000–59,999 ☐ $60,000+

Appendix 2: Renter interviewee characteristics

Table A2.1: Demographic characteristics of renters interviewed

	%	N		%	N
Gender			**Participating in study**	45	32
Male	29	20	**Not currently studying**	55	39
Female	70	50	*Total*	*100*	*71*
Non-binary	1	1	**Family type**		
Total	*100*	*71*	Shared House/multi-family	45	32
Country of birth			Couple	15	11
Australia	59	42	Couple with children	4	3
Australia (Aboriginal and Torres Strait Islander)	7	5	Single	19	13
Overseas	34	24	Single with children	17	12
Total	*100*	*71*	*Total*	100	71
State					
Vic metro	25	18			
Vic regional	13	9	**Average age**		31
WA metro	21	15	**Average rent**		239
WA regional	7	5			
NSW metro	25	18			
NSW regional	9	6			
Total	100	71			

Appendix 3: Community/tenancy manager interview schedule

Title of project: Improving outcomes for low-income private renter households: opportunities and challenges

Key community and housing providers research questions

1. What are the private rental issues/needs that you have encountered with low income renters in the region/field that you work in?
   - What are the specific issues for those in the lowest income groups (Q1, Q2)?
2. What are the current options/innovations you have to assist Q1, Q2 households in your own program?
3. What are the barriers to assisting Q1 & Q2 households?
   - Housing
   - Programatic
   - Policy
4. What current institutional settings/innovations in the private rental sector work well or show promise to overcome these barriers?
5. What needs to change for the private rental sector to deliver better social outcomes for low income households in the future?
   - On the ground Innovation
   - Policy/institutions

Appendix 4: Types and positions of agencies interviewed

Table A4.1: types and positions of agencies interviewed

Housing provider/agency consulted	Location	Positions in organisation
Community housing and homelessness providers Tenants' union	Victoria	Director of Operations Manager, Place Management Public Affairs Program Managers ×2 Staff focus group ×5 housing support workers Staff Private Rental Brokerage/ Material Aid Support team Focus group ×3 people Policy Officer
Student housing	Victoria	International Student Housing Advisor Student Housing Advisor Focus group ×7 university housing, finance and welfare support staff
Real estate agent	Victoria	Property Manager
Community housing and homelessness providers Tenants' union, multicultural Services, community legal	WA	Acting Manager Strategy and Policy Homeless Services Manager SE Tenancy and Safe at Home Coordinator Tenant Advocate Principal Solicitor Team Leader Accommodation Services Residential Tenancies Advocate Tenant Advocate Operations Manager
University student housing	WA	Housing Services Coordinator
Community housing and homelessness providers & peak organisations, youth specific tenants' union	NSW	Executive Officer Chief Operating Officers ×2 Housing Independence Manager, Property Coordinator Planner and Developer CEO

Appendix 5: Investor/landlord survey

Title of project: Improving outcomes for low-income private renters: opportunities and challenges

This survey is being conducted by researchers at Swinburne, Curtin and the University of NSW to find out what initiatives government could introduce to provide incentives to invest in affordable rental.

Please answer the following question to see if you are eligible to complete the survey

Do you currently own or are purchasing one or more residential property/ies? (Please tick all relevant boxes):

☐ No do not own/purchasing any property

☐ Yes—currently live in/stay in the dwelling for my own/family use

☐ Yes—the dwelling is currently left vacant for family use in the future

☐ Yes—renting out the whole *dwelling* to tenant/s to live in (6 months or more)

☐ Yes—renting out *room/s* to tenant/s to live in (6 months or more)

☐ Yes—renting out a as holiday house/room for short stays (i.e., Airbnb/Stayz)

☐ Yes—currently live with parents/pay rent with investment property/ies elsewhere

☐ Yes—other use of owned/purchased dwelling________________________________

*If answered yes to any of the options **c through to h** please continue with the survey.*

The survey should take approximately ten minutes to complete. You do not have to answer any questions that you are not comfortable with. You can exit the survey at any time. Payment will only available for completed survey responses. Your responses to the survey will be collated anonymously into a data file with the responses from others. The survey data responses will be compiled into a final report to be published by the Australian Housing and Urban Research Institute (AHURI) which has a direct role in informing government on housing policy. You are welcome to email Dr Sharon Parkinson at Swinburne University sparkinson@swin.edu.au if you would like a copy of the final report emailed to you.

By ticking this box ☐, I agree to participate in this research survey.

Section 1: Investment Background

When did you first rent out and/or invest in property for use other than for your own home?

☐ Less that twelve months ago

☐ Less than 4 years ago

☐ 4–9 years

☐ 10 or more years ago

Why did you become a landlord and/or property investor (Please tick all that apply)?

☐ Low risk way to build wealth

☐ Thought it was a good time to take advantage of low interest rates

☐ Better tax and government incentives than other types of investment

☐ Moved out of owned property to rent

☐ Had a spare room that was available to rent out

☐ Inherited the property

☐ Inherited a large sum of money

☐ Was part of a self-managed superannuation fund

☐ To help children access or use the property in the future

☐ Other _________

Do you own or are purchasing more than one property (excluding your own place of residence)?

a. ☐ Yes **b.** ☐ No

How many properties do you own or are purchasing that are used for rental income?

____

1.5 Where is/are your investment property/ies located (Please tick all the apply)

☐ **NSW Sydney**

☐ *NSW other*

☐ **Victoria Melbourne**

☐ *Victoria other*

☐ **Western Australia Perth**

☐ *Western Australia other*

☐ **South Australia Adelaide**

☐ South Australia other

☐ **Queensland Brisbane**

☐ Queensland other

☐ **ACT**

☐ **Northern Territory**

☐ **Tasmania**

Did you borrow from a financial institution to purchase the property/ies?

a.☐ Yes for all **b**.☐ Yes for some **c.**☐ No

How do you advertise your property/ies to potential tenants?

☐ Online (please list i.e., domain, facebook) _____________________

☐ Informal word of mouth

☐ Newspaper

☐ Other _________

Who currently manages your rental property/ies?

☐ Private Real Estate Agent

☐ Self-managed

☐ Community not for profit agency

☐ Other _________

How much rent do you charge for the total dwelling if renting out a residential property/ies (Please tick all that apply if you own multiple properties)?

☐ less than $300 per week

☐ $300–499 per week

☐ $500–699 per week

☐ $700–899 per week

☐ $900 or more week

☐ Not applicable

How much rent do you charge per room if renting out by room (Please tick all that apply if you own multiple properties)?

☐ less than $100 per week

☐ $100–199 per week

☐ $200–299 per week

☐ $300–399 per week

☐ $400 or more week

☐ Not applicable

1.11 If currently collecting rent on your property/ies, are you planning on doing any of the following?

☐ Selling in the next year or two

☐ Moving into the property yourself in the next year or two

☐ Knocking the building down to update or add more dwellings on the land

☐ Keeping the property as a long-term rental investment

☐ Other _________________

Section 2: Reasons for limited investment in the low end of the market

2.1 Recent studies show that there is a shortfall in the investment and supply of dwellings that are rented below $350 per week. Based on your understanding could you rank on a scale of 0–10 your agreement with the statements below as to why this may be so where *Disagree Strongly* is equal to 0 and *Agree Strongly* is equal to 10.

For properties that are rented for less than $350 per week…

a. There are greater management risks at this end of the market.

0 ----- 1 ----- 2 ----- 3 ----- 4 ----- 5 ----- 6 ----- 7 ----- 8 ----- 9 ----- 10
Disagree Strongly *Neutral* *Agree Strongly*

b. Such properties are in areas of poor capital gain.

0 ----- 1 ----- 2 ----- 3 ----- 4 ----- 5 ----- 6 ----- 7 ----- 8 ----- 9 ----- 10
Disagree Strongly *Neutral* *Agree Strongly*

c. The rental yields are too low.

0 ----- 1 ----- 2 ----- 3 ----- 4 ----- 5 ----- 6 ----- 7 ----- 8 ----- 9 ----- 10
Disagree Strongly *Neutral* *Agree Strongly*

d. The property is more likely to be damaged.

0 ----- 1 ----- 2 ----- 3 ----- 4 ----- 5 ----- 6 ----- 7 ----- 8 ----- 9 ----- 10
Disagree Strongly *Neutral* *Agree Strongly*

e. The tax advantage of more expensive properties are likely to be greater.

0 ----- 1 ----- 2 ----- 3 ----- 4 ----- 5 ----- 6 ----- 7 ----- 8 ----- 9 ----- 10
Disagree Strongly *Neutral* *Agree Strongly*

f. Such properties may be older and more costly to maintain.

0 ----- 1 ----- 2 ----- 3 ----- 4 ----- 5 ----- 6 ----- 7 ----- 8 ----- 9 ----- 10
Disagree Strongly *Neutral* *Agree Strongly*

Section 3: Response to policy incentives to increase supply of affordable rentals

3.1 Could you rate your willingness on a scale of 0–10 to invest in property at the lower end of the market (with rental yields lower than $350 per week) for the following financial incentives where 0 is equal to *Highly Unwilling* and 10 is equal to *Highly Willing*?

a. A $1500 annual tax-free cash grant.

0—1—2—3—4—5—6—7—8—9—10

Highly Unwilling ***Neutral*** ***Highly Willing***

b. A $3000 annual tax-free cash grant.

0—1—2—3—4—5—6—7—8—9—10

Highly Unwilling ***Neutral*** ***Highly Willing***

c. If Commonwealth rent assistance was paid direct to landlord tax-free not tenant.

0—1—2—3—4—5—6—7—8—9—10

Highly Unwilling ***Neutral*** ***Highly Willing***

d. If a not for profit agency managed your property and guaranteed any losses **due** to tenant damage.

0—1—2—3—4—5—6—7—8—9—10

Highly Unwilling ***Neutral*** ***Highly Willing***

e. Purchase a share in the equity and rents with a consortium investor.

0—1—2—3—4—5—6—7—8—9—10

Highly Unwilling ***Neutral*** ***Highly Willing***

f. If property was negatively geared for loss of rental income.

0—1—2—3—4—5—6—7—8—9—10

Highly Unwilling ***Neutral*** ***Highly Willing***

3.2 Could you rate your willingness to provide a below market rent to low income tenants for your current dwellings (75% of market rent) for the following financial incentives where 0 is equal to *Highly Unwilling* and 10 is equal to *Highly Willing?*

a. A $3000 annual cash grant or tax deduction.

0—1—2—3—4—5—6—7—8—9—10

Highly Unwilling ***Neutral*** ***Highly Willing***

b. A $5000 annual cash grant or tax deduction.

0—1—2—3—4—5—6—7—8—9—10

Highly Unwilling ***Neutral*** ***Highly Willing***

Section 4: Policy incentives for energy efficiency

4.1. Could you indicate your willingness to upgrade the energy efficiency of your property/ies for the following financial incentives where 0 is equal to *Highly Unwilling* and 10 *Highly Willing?*

4.1a. 50 per cent of costs covered by a government grant (capped at $3000) and the balance as a tax deduction.

0—1—2—3—4—5—6—7—8—9—10

Highly Unwilling ***Neutral*** ***Highly Willing***

4.2b. 50 per cent of costs covered by a government grant (capped at $5000) and the balance as a tax deduction.

0—1—2—3—4—5—6—7—8—9—10

Highly Unwilling ***Neutral*** ***Highly Willing***

Section 5: Policy changes for length of leases

5.1. What length of leases are you most in favour of? Years ______ Months_______

5.2. Could you indicate your willingness to provide longer-term leases (3-5 years) following a trial rental period of 6-12 months to a reliable tenant where 0 is equal to *Highly Unwilling* and 10 is equal to *Highly Willing?*

0—1—2—3—4—5—6—7—8—9—10

Highly Unwilling ***Neutral*** ***Highly Willing***

5.3. Could you indicate your willingness to provide short-term temporary leases (less than 6 months) for someone wanting short-term accommodation where 0 is equal to *Highly Unwilling* and 10 is equal to *Highly Willing?*

0—1—2—3—4—5—6—7—8—9—10

Highly Unwilling ***Neutral*** ***Highly Willing***

Section 6: Summary demographics

6.1 What is your age: _________________

6.2 What is your cultural background?

☐ Australian (non Aboriginal Torres Strait Islander)

☐ Aboriginal Torres Strait Islander

☐ Other______________

6.3 What is your main source of weekly income (*main being largest amount from all sources*)?

☐ Paid employment

☐ Investment rental income

☐ Other Investment income

☐ Government pension or benefit

☐ Other__________________________

☐ Prefer not to answer

6.4 What is your combined annual household before-tax income from wage *earnings or income support* (including government pensions and benefits)?

☐ Less than $30,000

☐ $30,000–59,999

☐ $60,000–99,999

☐ $100,000–129,999

☐ $130,000–159,999

☐ $160,000–199,999

☐ $200,000+

☐ Prefer not to answer

6.5 What is your combined annual household before tax *rental* income for all properties for the year (including pensions and income support)?

☐ Less than $30,000

☐ $30,000–59,999

☐ $60,000–99,999

☐ $100,000–129,999

☐ $130,000–159,999

☐ $160,000–199,999

☐ $200,000+

☐ Prefer not to answer

Thank you greatly for your time in assisting us with this important research.

If you are interested in participating in a phone interview to discuss these questions further please provide a phone contact number and most convenient time to call

____

(If selected you will receive a $30 voucher for your participation)

Appendix 6: Demographic characteristics: HILDA

Table A6.1: Demographic characteristics (%)

	low individual and low household income	low individual and moderate-to-high household income	moderate-to-high individual and low household income	moderate-to-high individual and moderate-to-high household income	Total
Student	22.1	21.8	15.1	41	100
Cultural identity					
Australian born (non-Aboriginal and Torres Strait Islander)	19.4	12.7	18.9	49	100
Aboriginal and Torres Strait IslanderI	29.7	24.1	9.3	36.9	100
Family type					
Couple no children	17.6	15	5.5	61.9	100
Couple with dependent children	14.1	19.7	7.5	58.7	100
Couple with independent children	37.7	15.3	2	45	100
Lone parent with dependent child	12.2	17.1	29.9	40.7	100
Lone parent with independent children	31.2	14.7	12.6	41.5	100
Other related family	21.3	15.6	11.1	52.1	100
Lone person	30.8	0	41.2	28	100
Group household	22.8	19.1	6.4	51.8	100
Multi-family household	3.5	45.4	1.8	49.3	100
Age					
15–19 yrs	37.9	49.7	5.3	7.1	100
20–24 yrs	25.3	27.5	16	31.2	100
25–34 yrs	13.2	12.9	18	55.9	100
35–44 yrs	11.1	11.5	14.8	62.6	100
45–54 yrs	13.9	10	17.9	58.2	100

	low individual and low household income	low individual and moderate-to-high household income	moderate-to-high individual and low household income	moderate-to-high individual and moderate-to-high household income	Total
55–64 yrs	29.2	15.1	16	39.6	100
65–74 yrs	61.5	10	10.6	17.9	100
75+	76.2	16	6	1.8	100
Highest education					
Bachelor degree or above	11.6	12.3	12.5	63.6	100
Diploma/certificate	16.7	12.7	18	52.6	100
Year 12	20.6	17.9	20	41.5	100
Year 11 and below	32.9	20.1	14.5	32.5	100

Source: HILDA survey, wave 15 (2015). Weighted individuals.

Table A6.2: Labour market status by individual and household income groups (%)

Employment	low individual and low household income	low individual and mod–high household income	mod–high individual and low household income	mod–high individual and mod–high household income	Total
Labour force status					
F/time	5.4	4.3	17.6	72.8	100
P/time	19.7	24.5	18.7	37.1	100
Looking f/time	39.5	31.8	9.6	19.1	100
Looking p/time	38.7	30.0	17.0	14.3	100
NLF marginal	40.8	32.1	11.7	15.4	100
NLF not marginal	50.6	27.0	10.6	11.8	100
Employment contract					
Casual	18.2	26.0	18.2	37.6	100
Permanent	5.4	4.6	17.7	72.2	100

Source: HILDA survey, wave 15 (2015). Weighted individuals. NLF = Not in the Labour Force

Table A6.3. Main reasons for moving by individual and household income groups (%)

Reason for moving	low individual and low household income	low individual and mod–high household income	Mod–high individual and low household income	Mod–high individual and mod–high household income	%
Property no longer available	28.0	20.0	13.3	20.1	20.5
To get a larger/better place	15.1	25.0	15.3	22.9	20.4
To be closer to friends and/or family	15.9	11.6	7.8	12.4	12.2
To get a smaller/less expensive place	8.7	2.9	15.2	5.7	7.5
Seeking change of lifestyle	6.3	12.0	10.0	5.0	7.2
To live in a better neighbourhood	4.8	11.8	6.1	6.4	6.9
Marital/relationship breakdown	5.4	6.6	7.4	7.2	6.8
To follow a spouse or parent/Whole family moved	1.7	16.6	2.6	4.6	5.6
Housing/neighbourhood reason (NFI)	2.2	3.3	3.2	4.2	3.5
To be closer to amenities/services/public transport	2.8	2.8	2.9	1.9	2.4
Work transfer	0.4	0.5	3.8	3.6	2.5
To start a new job with a new employer	2.0	2.2	2.0	2.8	2.4
To be close to place of study	2.7	5.6	2.2	0.1	1.9
Health reasons	3.1	4.4	0.5	0.8	1.8
To look for work	1.3	0.9	0.9	2.2	1.6

Note: NFI=no further information

Source: HILDA survey, wave 15 (2015). Weighted individuals.

Appendix 7: Demographic characteristics: Journeys Home

Table A7.1: Demographic characteristics (%)

	Q1 individual income	Q2 individual income
Gender		
Male	62.99	60.98
Female	37.01	39.02
Total	100	100
Relationship status		
Never married	68.50	54.00
Widowed	0.04	1.35
Divorced	6.12	15.39
Separated	6.71	9.88
Married	1.75	2.28
De facto	16.87	17.06
Total	100	100
Education		
Unknown	1	1.46
University degree	2.56	2.91
Diploma	5.82	7.53
Trade Certificate	6.01	7.68
Certificate	15.74	17.25
Year 12	2.74	2.24
Year 11	7.34	8.44
Year 10	43.70	33.79
Less than year 10	14.40	18.27
No school	0.74	0.43
Aboriginal and Torres Strait Islander status		
No	79.04	81.78
Aboriginal	20.00	16.48
Torres Strait Islander	0.52	1.18
Both	0.45	0.56

Source: Journeys Home survey, waves 1-6 Weighted individuals.

Table A7.2: Centrelink payment types: individual income (%)

	Wave 1		Wave 6	
Payment types	**Q1**	**Q2**	**Q1**	**Q2**
None	1.17	4.2	4.2	5.2
Newstart allowance	53.4	41.7	67.9	14.4
Youth allowance	37.8	5.0	19.3	4.5
DSP	5.14	41.9	5.0	55.2
Parenting payment (single)	0	4.7	0	9.5
Parenting payment (partnered)	0.7	1.0	0.8	4.9
Age pension	0.2	0.6	0.1	1.1
Special benefit	0.6	0.1	0	0
Other	1.0	0.9	2.7	5.2
Total	100	100	100	100

Source: Journeys Home survey, waves 1 and 6 (2011 and 2014). Weighted individuals.

Appendix 8: Investor/landlord survey responses

Table A8.1: Demographic characteristics of investors/landlords

	N	%
Cultural identity		
Australian non-Aboriginal and Torres Strait Islander	230	75.7
Aboriginal and Torres Strait Islander	11	3.6
Other	63	20.7
Employment status		
Paid employment	217	71.4
Investment rental income	20	6.6
Other investment income	11	3.6
Government pension	26	8.6
Other	16	5.3
Prefer not to answer	14	4.6
Gross household annual wage income ($)		
Less than 30,000	28	9.2
30,000–59,999	40	13.2
60,000–99,999	77	25.3
100,000–129,999	59	19.4
130,000–159,999	34	11.2
160,000–199,999	23	7.6
200,000+	24	7.9
Prefer not to answer	19	6.3
Household rental income ($)		
Less than 30,000	73	24.0
30,000–59,999	51	16.8
60,000–99,999	53	17.4
100,000–129,999	47	15.5
130,000–159,999	21	6.9
160,000–199,999	13	4.3
200,000+	21	6.9

Prefer not to answer	25	8.2

Source: Property Investor Survey (2017).

Table A8.2: Amount of rent charged for whole dwelling

	N	%
less than $300 per week	60	22
$300–499 per week	127	46
$500–699 per week	52	19
$700–899 per week	45	16
$900+ per week	21	8

Source: Property Investor Survey (2017).

Table A8.3: Amount of rent charged for room

	N	%
less than $300 per week	60	22
$300–499 per week	127	46
$500–699 per week	52	19
$700–899 per week	45	16
$900+ per week	21	8

Source: Property Investor Survey (2017).

Table A8.4: Response to policy incentives to increase supply of affordable rentals: 'Could you rate willingness based on $1,500 annual tax-free cash grant?'

	Mean	Median	Mode
All groups	5.76	6.0	5.0
Single property owners	5.47	5.5	5.0
Multiple property owners	6.24	6.0	5
Self-managed properties	6.11	6.0	5
Rent and invest elsewhere	6.54	7.0	8
Selling in the next year	6.32	7.0	5
Knocking down	8.28	8.0	8
Want to move into property	7.14	7.0	7
Holding on as a long-term investment	5.63	6.0	5

Source: Property Investor Survey (2017).

Table A8.5: Response to policy incentives to increase supply of affordable rentals: 'Could you rate willingness for $3,000 annual tax-free cash grant?'

	Mean	Median	Mode
All groups	6.64	7.0	7
Single property owners	6.44	7.0	5
Multiple property owners	6.97	7.0	7
Self-managed properties	6.77	7.0	7
Rent and invest elsewhere	7.07	7.0	7
Selling in the next year	6.99	7.0	7
Knocking down	8.14	8.0	7
Want to move in	7.09	7.0	6
Holding on as a long-term investment	6.78	7.00	7

Source: Property Investor Survey (2017).

Table A8.6: Response to policy incentives to increase supply of affordable rentals: 'Could you rate willingness if Commonwealth Rent Assistance was paid direct to landlord tax-free, not tenant?'

	Mean	Median	Mode
All groups	6.73	7.0	7
Single property owners	6.47	7.0	8
Multiple property owners	7.15	7.0	7
Self-managed properties	6.97	7.0	8
Rent and invest elsewhere	6.88	7.0	7
Selling in the next year	7.07	7.0	7
Knocking down	8.21	9.0	9
Want to move in	7.33	7.0	7
Holding on as a long-term investment	6.94	7.0	7

Source: Property Investor Survey (2017).

Table A8.7: Response to policy incentives to increase supply of affordable rentals: 'Could you rate willingness if a not-for-profit agency managed your property and guaranteed any losses due to tenant damage?'

	Mean	Median	Mode
All groups	6.58	7.0	8
Single property owners	6.40	7.0	8
Multiple property owners	6.87	7.0	7
Self-managed properties	6.76	7.0	8
Rent and invest elsewhere	6.96	7.0	8
Selling in the next year	6.88	8.0	8
Knocking down	7.72	8.0	8
Want to move in	7.24	7.0	7
Holding on as a long-term investment	6.78	7.0	7

Source: Property Investor Survey (2017).

Table A8.8: Response to policy incentives to increase supply of affordable rentals: 'Could you rate willingness to purchase a share in the equity and rents with a consortium investor?'

	Mean	Median	Mode
All groups	5.33	5.0	5
Single property owners	4.98	5.00	5
Multiple property owners	5.90	6.0	5.0
Self-managed properties	5.74	5.00	5
Rent and invest elsewhere	6.28	7.0	7
Selling in the next year	5.82	6.0	6
Knocking down	8.17	8.0	8
Want to move in	6.97	7.0	8
Holding on as a long-term investment	5.15	5.0	5

Source: Property Investor Survey (2017).

Table A8.9: Response to policy incentives to increase supply of affordable rentals: 'Could you rate willingness if property was negatively geared for loss of rental income'

	Mean	Median	Mode
All groups	5.93	6.00	5
Single property owners	5.70	6.0	5
Multiple property owners	6.30	6.50	5
Self-managed properties	6.34	6.0	5
Rent and invest elsewhere	6.25	7.0	7
Selling in the next year	6.41	7.0	7
Knocking down	8.14	8.0	8
Want to move in	7.48	8.0	8
Holding on as a long-term investment	5.70	6.0	5

Source: Property Investor Survey (2017).

Table A8.10: Could you rate your willingness to provide a below-market rent to low-income tenants for your current dwelling, $3,000 annual cash grant or tax deduction

	Mean	Median	Mode
All groups	5.91	6.00	5
Single property owners	5.54	6.00	5
Multiple property owners	6.51	7.00	8
Self-managed properties	6.25	6.00	5
Rent and invest elsewhere	6.66	7.00	8
Selling in the next year	6.56	7.0	8
Knocking down	8.34	8.0	8
Want to move in	7.15	8.0	8
Holding on as a long-term investment	5.82	6.0	6

Source: Property Investor Survey (2017).

Table A8.11: Could you rate your willingness to provide a below-market rent to low-income tenants for your current dwelling, $5,000 annual cash grant or tax deduction.

	Mean	Median	Mode
All groups	6.79	7.0	7
Single property owners	6.56	7.0	7
Multiple property owners	7.16	7.0	7
Self-managed properties	7.01	7.0	8
Rent and invest elsewhere	7.09	7.0	7
Selling in the next year	7.22	7.0	7
Knocking down	8.24	8.0	9
Want to move in	7.35	8.0	7
Holding on as a long-term investment	7.0	7.0	10

Source: Property Investor Survey (2017).

Table A8.12: Could you indicate your willingness to provide longer-term leases (3–5 years) following a trial period with responsible tenant

	Mean	Median	Mode
All groups	6.95	7.0	7
Single property owners	6.71	7.00	7
Multiple property owners	7.34	8.0	7
Self-managed properties	7.05	8.00	8
Rent and invest elsewhere	7.28	7.0	7
Selling in the next year	7.22	7.0	7
Knocking down	8.38	8.0	9
Want to move in	7.74	8.0	8
Holding on as a long-term investment	7.11	7.0	7

Source: Property Investor Survey (2017).

Table A8.13: Could you indicate your willingness to provide short-term temporary leases (less than 6 months)

	Mean	Median	Mode
All groups	5.18	5.0	5
Single property owners	4.98	5.0	5
Multiple property owners	5.64	6.50	8
Self-managed properties	5.80	6.00	8
Rent and invest elsewhere	6.47	7.0	7
Selling in the next year	5.78	7.0	8
Knocking down	8.41	8.0	8
Want to move in	7.20	8.0	8
Holding on as a long-term investment	4.57	4.50	5

Source: Property Investor Survey (2017).

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