



Final Report

Risk-assessment practices in the private rental sector: implications for low- income renters

authored by

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for the

**Australian Housing
and Urban Research Institute**

Queensland Research Centre

May 2008

AHURI Final Report No. 117

ISSN: 1834-7223

ISBN: 1 921201 47 9



ACKNOWLEDGEMENTS

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

AHURI comprises a network of fourteen universities clustered into seven Research Centres across Australia. Research Centre contributions, both financial and in-kind, have made the completion of this report possible.

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EXECUTIVE SUMMARY

This report focuses on risk-assessment practices in the private rental market, with particular consideration of their impact on low-income renters. It is based on the fieldwork undertaken in the second stage of the research process that followed completion of the Positioning Paper. The key research question this study addressed was: What are the various factors included in 'risk-assessments' by real estate agents in allocating 'affordable' tenancies? How are these risks quantified and managed? What are the key outcomes of their decision-making?

The study builds on previous research demonstrating that a relatively large proportion of low-cost private rental accommodation is occupied by moderate- to high-income households (Wulff and Yates 2001; Seelig 2001; Yates et al. 2004). This is occurring in an environment where the private rental sector is now the de facto main provider of rental housing for lower-income households across Australia (Seelig et al. 2005) and where a number of factors are implicated in patterns of 'income-rent mismatching'. These include ongoing shifts in public housing assistance; issues concerning eligibility for rent assistance; 'supply' factors, such as loss of low-cost rental stock through upgrading and/or transfer to owner-occupied housing; patterns of supply and demand driven largely by middle- to high-income owner-investors and renters; and patterns of housing need among low-income households for whom affordable housing is not appropriate.

In formulating a way of approaching the analysis of 'risk-assessment' in rental housing management, this study has applied three sociological perspectives on risk: Beck's (1992) formulation of risk society as entailing processes of 'individualisation'; a socio-cultural perspective which emphasises the situated nature of perceptions of risk; and a perspective which has drawn attention to different modes of institutional governance of subjects, as 'carriers of specific indicators of risk'. The private rental market was viewed as a social institution, and the research strategy was informed by 'institutional ethnography' as a method of enquiry. The study was based on interviews with property managers, real estate industry representatives, tenant advocates and community housing providers. The primary focus of inquiry was on 'the moment of allocation'. Six local areas across metropolitan and regional Queensland, New South Wales, and South Australia were selected as case study localities.

In terms of the main findings, it is evident that access to private rental housing is not just a matter of 'supply and demand'. It is also about assessment of risk among applicants. Risk – perceived or actual – is thus a critical factor in deciding who gets housed, and how. Risk and its assessment matter in the context of housing provision and in the development of policy responses.

The outcomes from this study also highlight a number of salient points:

1. There are two principal forms of risk associated with property management: financial risk and risk of litigation.
2. Certain tenant characteristics and/or circumstances – ability to pay and ability to care for the rented property – are the main factors focused on in assessing risk among applicants for rental housing. Signals of either '(in)ability to pay' and/or '(in)ability to care for the property' are almost always interpreted as markers of high levels of risk.
3. The processing of tenancy applications entails a complex and variable mix of formal and informal strategies of risk-assessment and allocation where sorting (out), ranking, discriminating and handing over characterise the process.

4. In the eyes of property managers, 'suitable' tenants can be conceptualised as those who are resourceful, reputable, competent, strategic and presentable.
5. Property managers clearly articulated concern about risks entailed in a number of characteristics or situations. Being on a low income was the principal and overarching factor which agents considered.

Others included:

- unemployment
- 'big' families; sole parent families
- domestic violence
- marital breakdown
- shift from home ownership to private rental
- Aboriginality and specific ethnicities
- physical incapacity
- aspects of 'presentation'.

The financial vulnerability of applicants in these groups can be invoked, alongside expressed concerns about compromised capacities to manage income and/or 'care for' the property, as legitimate grounds for rejection or a lower ranking.

6. At the level of face-to-face interaction between the property manager and applicants, more intuitive assessments of risk based upon past experience or 'gut feelings' come into play. These judgements are interwoven with more systematic procedures of tenant selection.

The findings suggest that considerable 'risk' is associated with low-income status, either directly or insofar as it is associated with other forms of perceived risk, and that such risks are likely to impede access to the professionally managed private rental market. Detailed analysis suggests that opportunities for access to housing by low-income householders also arise where, for example:

- the 'local experience' of an agency and/or property manager works in favour of particular applicants
- applicants can demonstrate available social support and financial guarantors
- an applicant's preference or need for longer-term rental is seen to provide a level of financial security for the landlord
- applicants are prepared to agree to specific, more stringent conditions for inspection of properties and review of contracts
- the particular circumstances and motivations of landlords lead them to consider a wider range of applicants
- In particular circumstances, property managers are prepared to give special consideration to applicants who appear worthy, albeit 'risky'.

The strategic actions of demonstrating and documenting on the part of vulnerable (low-income) tenant applicants can improve their chances of being perceived as resourceful, capable and 'savvy'. Such actions are significant because they help to persuade property managers not only that the applicant may have sufficient resources (personal and material) but that they accept that the onus is on themselves to show they are reputable, and that they have valued 'competencies' and understand 'how the system works'.

The parameters of the market do shape the processes of risk-assessment and, ultimately, the strategic relation of power between property manager and the tenant applicant. Low vacancy rates and limited supply of lower-cost rental stock, in all areas, mean that there are many more tenant applicants than available properties, creating a highly competitive environment for applicants. The fundamental problem of supply is an aspect of the market that severely limits the chances of access to appropriate and affordable housing for low-income rental housing applicants. There is recognition of the impact of this problem of supply.

The study indicates three main directions for future focus in policy and program development: providing appropriate supports to tenants to access and sustain private rental housing, addressing issues of discrimination and privacy arising in the processes of selecting suitable tenants, and addressing problems of supply.

1 INTRODUCTION

This project has addressed the following broad question (AHURI 2006 Agenda Research Question (2) in Research Area 4.1): What are the various factors included in 'risk-assessments' by real estate agents in allocating 'affordable' tenancies? How are these risks quantified and managed? What are the key outcomes of their decision-making?

Specifically, the research has been designed to address the following research questions:

1. What factors are taken into account by real estate agents in their assessment of risks entailed in the allocation of rental tenancies to different categories of tenants?
2. What procedures (qualitative and/or quantitative) do real estate agents use to evaluate risks in the moment of allocation of tenancies?
3. Do real estate agents attach greater risk to low-income renters?
4. If so, what aspects of low-income status are perceived, by real estate agents, to constitute risks in rental tenancies?
5. What factors are perceived, by real estate agents, to mitigate any specific risks arising from or associated with tenants' low-income status?
6. What role might the processes of risk-assessment in the private rental sector play in shaping the movements of low-income households within the rental sector?

The processes at work in the allocation of tenancies that are likely to lead to evident distributive inequalities in the private rental sector have been the focus of the investigation. The principal aim has been to describe, from the perspective of property managers in real estate agencies, what these processes are and how they are motivated. In order to ascertain the impact of these processes on low-income tenants, especially those who may not be visible to real estate agents, agents' accounts have been placed in context and read against other narratives of access and exclusion among low-income tenants. Seven group and individual interviews with real estate industry representatives, together with six interviews with tenant advocates and community housing representatives across Queensland, New South Wales and South Australia have been the source of information on formal, professional and codified industry practices for risk-assessment and risk-management, industry discourses and 'views from below'.

The principal source of evidence, however, has been semi-structured, in-depth interviews with 29 property managers, working in six selected localities in Queensland, New South Wales and South Australia. The main body of this report is the result of a systematic analysis of the accounts of the property managers of their routine practices and of their responses to a range of low-income tenant profiles, presented to them as hypothetical applications for rental accommodation. The primary focus of inquiry has been 'the moment of allocation',¹ that is, on the events and interactions entailed in the acceptance or rejection of tenancy applications.

Analysis has been directed towards discerning whether and how risks are assessed and managed in the moment of allocation, and how this might contribute to patterns of disadvantage and exclusion of low-income householders attempting to access and/or

¹ The concept of the 'moment of allocation' has been elaborated in Short et al. (2007) and will be clarified, briefly, in Chapter 4.

maintain housing in the private rental sector. A thorough analysis of property managers' perspectives has suggested particular directions for strategic policy to address risk factors associated with low-income status, enhance the capacity of low-income tenants to access private rental housing and address the fundamental issue of supply of lower-cost rental housing, in order to sustain affordable tenancies in the private rental sector. Different economic, social and cultural conditions of local rental markets have highlighted forms of provisioning (ownership, control and distribution) that may serve to overcome the persistent difficulties experienced by low-income households in accessing rental housing, and work in conjunction with statutory regulation of residential tenancies and state housing supports aimed at building capacities among highly vulnerable tenant groups.

Chapter 2 presents the background to the research. In Chapter 3, research methods are outlined in some detail. The main findings in response to the research questions are presented in Chapters 4 to 6. Questions 1 and 2 are mainly addressed in Chapter 4, Question 6 in Chapter 5, and Questions 3, 4 and 5 in Chapter 6. This particular logic has emerged from analysis of research findings that has focused attention, progressively, upon broader influences arising at the industry level, patterns of business routine and professional practices at the agency level, and the ways in which these routines shape individual strategies that operate, ultimately, at the interpersonal, interactional level. Evidence of likely impacts on low-income households seeking housing in the private rental sector has emerged in the context of analysis of constructions of risk and practices of risk-assessment across all levels of action. Policy implications and conclusions are identified in Chapter 7.

2 BACKGROUND AND POLICY CONTEXT

One of the main drivers for a research agenda focused upon risk-assessment in the private rental sector (see AHURI 2006 Agenda) was a growing awareness of increasing pressure in low-rent markets and on the ability of low-income households to access this market. While there appears to be a reasonably even spread of low- (21.4 per cent), middle- (23.5 per cent) and high- (19.6 per cent) income households across all private rental markets (ABS 2005), Yates et al. (2004: 22) found that only 39 per cent of low-rent dwellings were occupied by low-income households in 2001 and demonstrated, as have others (Seelig 2001; Wulff and Yates 2001), that a relatively large proportion of low-cost private rental accommodation is occupied by moderate/high-income households.

It is likely that a variety of factors are implicated in patterns of 'income-rent mismatching' that may be seen as indicative of housing stress. In formulating the present inquiry, we posited that where there is competition for tenancies, whatever the factors be that force that competition, moderate- to high-income renters will, most likely, out-compete low-income renters in the process of application and assessment (Adkins et al. 2003; Short et al. 2004). Especially in tight (low-vacancy) markets, it seemed likely that property managers might exclude low-income renters because they perceived low income per se as presenting greater risk (Yates et al. 2004) or as being associated with other needs or characteristics that are perceived as risks in the context of private rental (Purdon and Twyford 2000). The limited evidence available suggesting that these factors come into play in the selection of tenants prompted us to focus closely on the processes of assessment of tenancy applications, including property managers' perceptions of income and tenant 'needs' and/or personal and social characteristics, as markers of risk. The risk-assessment and risk-management practices of real estate agents in the private rental sector were viewed as complex, multi-dimensional and multi-focal social practices (Tulloch and Lupton 2003), and empirical analysis has demonstrated that this view is well founded.

Approximately 68 per cent of dwellings in the private rental market² are managed by real estate agents (ABS 2006), and many that are managed by property owners (so-called private landlords) will have been listed with real estate agencies for recruitment and selection of tenants. In the core, professionally managed sector of the private rental market, processes of risk-assessment have become increasingly formalised, not least through the routine collection of tenant 'data' (Seelig 2003; Short et al. 2004). Information such as income level, employment status, age, occupational status, household composition and rent history are routinely requested and used to weigh up tenants' capacities to pay rent and care for rental property. Reference checks and tenancy database checks also are routine practices to reduce uncertainty about the likelihood of tenant default. Increasingly, as is evident from the data presented in Chapters 5 and 6, real estate agents perceive these practices as being essential aspects of managing property investments and assuring their professional indemnity in the event of tenant default and/or legal action taken by either tenants or landlords (Short et al. 2004).

Through the present research we sought to better understand how, in these (routine) processes, particular characteristics and/or circumstances of tenant applicants are assessed and evaluated. There is a considerable body of work, in Australia, that documents significant and systematic barriers to private rental entry and/or

² Privately owned dwellings managed by housing cooperatives or community groups, rented dwellings where the landlord type has not been stated on the Census form, and dwellings rented through a 'residential park' are not included in this estimate.

sustainable tenancies for particular categories of people, namely Indigenous Australians, those with mental or physical disabilities, recently arrived refugees, young people, older people, and sole parents, among others (see, for example, Beer and Foley 2003; Bleasdale 2006; Burke and Hulse 2002; Cooper and Morris 2002; Flatau et al. 2005; Purdon and Twyford 2000). The development of realistic, albeit hypothetical profiles of low-income households, used as a focus for discussion in face-to-face interviews with property managers, was guided by this evidence (see Chapter 3 for a more detailed account of the use of the tenant profiles).

The 'workings' of private rental markets entail, of course, a broader range of processes and conditions than those perceived to be associated with different categories of tenants (Adkins et al. 2003; Seelig 2001). Statutory requirements and industry standards or codes of practice establish further conditions that shape the risk-assessment practices of real estate agents (see Short et al. 2007 and Chapter 4 for further discussion of these influences). Moreover, different, fluctuating market conditions and, in particular, prevailing vacancy rates, are likely to be critical parameters of risk-assessment and risk-management. The real estate management industry is increasingly consolidating from local businesses into large national firms or within franchise groups under the banner of a national or international firm. This consolidation brings with it a greater degree of centralised policy making and a greater use of specialist property managers. Residential commission based sales staff are much less likely under this structure to be actively involved in the rental market although agency principals do have an overall management and policy setting responsibility. In the sections that follow, relevant statutory instruments for all states are noted and the important features of the private rental market in Australia, today, are outlined as reference points for the analysis of 'local' practices of risk-assessment in the field of private rental.

2.1 Legislative requirements and industry standards

The nature and range of legislative requirements and industry standards have been discussed in some detail, elsewhere (Short et al. 2007). Here, we specify the principal forms of regulation pertaining to (a) formal statutory requirements of real estate agents in the conduct of their business (b) provisions for tenancy agreements, and (c) the rights and interests of the parties in the application process. We also note, in Appendix A, the range of legislative instruments governing these aspects of property management, for all Australian states. Brief comment is made, as well, on significant standards established in the industry, principally by the Real Estate Institutes in each state.

2.1.1 Legislative requirements of agents

The regulation of real estate agents in the letting of residential property, including the application of risk-assessment practices in each state and territory occurs, principally, through the statutory licensing of real estate agents. Statutory licensing requirements impose on those involved in the sale, leasing and collection of rents for residential property a requirement that all industry participants meet, inter alia, minimum educational and operation experience levels, and minimum levels of acceptable professional practice, particularly in relation to the ethical management of client monies through trust account provisions.

In addition to the requirement for the licensing of agents, there are statutory and industry based provisions, for example, the Property Agents and Motor Dealers Act 2000 (Qld), that regulate the conduct of real estate agents in each state. Further examples from all states are listed in Appendix A.

At the federal level, the *Trade Practices Act 1974* further regulates the profession in preventing misleading and deceptive behaviour and unconscionable conduct in trade or commerce. Moreover, industry practitioners are governed by a number of statutes that regulate their dealings with clients and customers. Anti-discrimination legislation, for instance, makes it an offence to discriminate against a prospective tenant on grounds of sex, marital status, parental status, pregnancy, race, disability, age, religion, political or trade union activity or lawful sexual activity (*Anti-Discrimination Act 1991*). At the federal level, the *Privacy Act 1988* places strict restrictions on the collection of personal tenant information and the use and transmission of that information to a third party.

2.1.2 Regulation of residential rental tenancies

Constitutionally, it is the states and territories that are responsible for residential tenancy legislation. Each jurisdiction has specific legislation concerning the rights and responsibilities of landlords (lessors) and tenants, and of real estate agents and other property managers acting on behalf of landlords. In some, other supplementary Acts and regulations cover more specific rental situations, such as boarding house and caravan park residences.

While each state and territory has established its own sets of legislative standards and processes for regulating landlord and tenants relations, most of the Acts are compatible and cover a similar range of issues:

- basic descriptions of what types of tenancies are covered and which are excluded (boarding and lodging arrangements are the most contentious in this area)
- the forms and requirements for tenancy agreements or leases
- rental bonds and other fees and charges
- rent and rent increases
- general rights and responsibilities during a tenancy in terms of dwelling standards, repairs and maintenance, entry and privacy, and so on
- processes for enforcing performance under the tenancy terms and conditions, and how breaches may be resolved
- time periods and processes for tenancy terminations by landlords and tenants
- whether and how dispute resolution or further legal processes will apply.

In the main, contemporary Australian tenancy laws have tended to focus on 'balancing rights and obligations' as their main purpose, and have aimed at ensuring basic conditions and processes, rather than taking a strong consumer protection role. Importantly, in the present context, they have not sought to provide a right to housing or to regulate rent levels.

2.1.3 Rights and interests in the application process

Another important area of tenancy law in the context of risk-assessment is that pertaining to the tenancy application process. Two particular aspects are significant here. The first is that, in the absence of any legislative right to housing, the decision to accept or reject an application for a tenancy lies exclusively with the landlord or their agent/property manager. Unlike the public sector, there are no bureaucratic requirements to specify eligibility or accountability of process; rather, the power lies wholly with the rental housing provider. Although some level of transparency may be provided through the use of standardised application forms, there is no prescription concerning how the provider may or should choose between two or more equally 'qualified' applicants (unlike in the public sector, where rules usually exist about

allocation systems and processes, such as wait turn, priority and segmented categories). This makes the application process one of the main sites of competing interests. Risk-assessment is clearly central to whether any given applicant is taken on into a tenancy.

The second and related point is that, given this 'hands-off' regulatory approach, the effective power of landlords and prospective tenants may be mitigated by rental market conditions and, in some circumstances, applicants may be able to exercise some level of power over the application process. The main example of this is where vacancy rates are reasonably high, and landlords are experiencing difficulties in finding tenants. How far they might go in relaxing their requirements is unclear, and it is difficult to explore this matter in the present study. As discussed in Chapters 5 and 6, data suggest that, when vacancy rates are persistently low (as they have been for the period of this research and for some time prior), patterns of informal practices emerge that may supplement and intensify or effectively usurp the formal application procedure and the formally established relations between property agent and tenant/applicant.

2.1.4 Industry standards

The real estate industry has a strong national industry association with divisions in each state and territory, and although membership of the Real Estate Institute is not required in order to practise, most agencies are affiliated to it. The Real Estate Institute regulates its membership with a code of professional practice in each state. This provides for ethical dealing between agents and with customers and clients. In particular, with respect to leasing, it places an obligation on members not to discriminate or act unconscionably. At article 38, the code provides for 'Tenants' rights to be respected; members shall, consistent with the law and the terms and conditions of their property management agreement, competently manage the property of clients with due regard for the rights, safety and health of tenants and others lawfully on the premises' (Real Estate Institute of Queensland 2006).

The focus of both statutory and industry practice as it relates to tenant risk-assessment is centred on meeting legal provisions regarding discrimination and the financial standing of the prospective lessee. The Real Estate Institute of Australia provides some guidance on risk-assessment of prospective tenants to its members, and a number of proprietary checklist and form management systems (discussed in Chapter 4) are available in the market. These processes are designed to ensure that agents follow a systematic approach to receiving and evaluating tenancy applications. The approach is largely aimed at answering two questions: whether the applicant has demonstrated ability to pay the rent, and whether they have demonstrated evidence of ability to care for the property (Holt 2006: 31). These two questions are invariably answered through verification of income and checking of previous living arrangements, and reference to tenancy databases and tenant ledgers, procedures that are discussed in some detail in Chapter 5, along with emergent local practices and personal strategies of risk-assessment.

2.2 Policy context

The housing policy context for this research relates to the role of the private rental sector in housing lower-income households. While the private rental market occupies an important place within the wider Australian housing system, its significance in catering for the needs of lower-income households has increased in recent years. It is now the main tenure for the majority of low-income renters, as access to both social housing and more affordable home ownership has diminished. While shifts in the prevailing rental market conditions cause some variation in opportunities for lower-

income households to obtain tenancy, their dependence on the private rental market as a tenure form is, in the present policy climate, less changeable.

It is useful to recognise that Australian housing policy is situated in the context of a 'government by the market' economy wherein the market is the preferred provider of goods and services to all, housing is to be provided at market rates driven by supply and demand, and providers aim to maximise profits (and reduce risks). There is also some expectation that governments will 'incentivise' the market to provide low-cost housing that is affordable to those on lower incomes. Currently, however, while supply of rental housing is restricted, there are few incentives to ensure supply.

Current housing assistance to renters seeks, in the main, to provide financial relief through income supplementation to help service rent commitments in the private rental sector, and through loans and grants to meet rental access and tenancy establishment costs. In the context of emphasis on the private market as the preferred provider of housing, there are two main forms of direct housing assistance for private tenants, and these are distinguished by the level of government providing the assistance and a corresponding difference in assistance type and function.

2.2.1 Commonwealth Rent Assistance

While the Commonwealth government supports private rental investors through the tax system (negative gearing, capital gains tax, depreciation) and helps fund a range of housing assistance in the public and private rental sectors through the Commonwealth-State Housing Agreement, it also provides direct housing assistance to private renters through the Commonwealth Rent Assistance (CRA) program. This 'is a non-taxable (indexed) income supplement payment ... (for) eligible income support customers who rent in the private rental market' (FaCS 2006).³

To be eligible for CRA, a household must be in receipt of an income support payment (pension, allowance or benefit, but excluding those getting only the base rate of Family Tax Benefit Part A). In practice, they must also be paying beyond a minimum threshold of rent to receive CRA 'at the rate of 75 cents for every dollar of rent paid above the specified minimum rent threshold until the maximum rate is reached'. Beyond the full rate of CRA, payments are fixed regardless of how much additional rent is paid. The minimum and maximum rent thresholds and the capped full rate of CRA vary according to household composition. Maximum entitlements vary from \$67.07 per fortnight (under the Social Security Act 1991) for single persons with no dependent children who share premises and pay rent of \$179.02 or more per fortnight, to a maximum of \$133.70 per fortnight (under the Family Assistance Act 2006) for a single parent or a couple with three or more children who are paying \$296.15 or more and \$352.71 or more per fortnight, respectively (FaCS 2006).

2.2.2 State based private rental assistance

Private rental assistance is also provided or funded by state and territory governments 'to low income households experiencing difficulty in securing or maintaining private rental accommodation' (SCRGSP 2006: 16.10). Examples of private rental assistance or support programs include:

- bond assistance
- rent in advance or rent debt assistance
- assistance with relocation and utility costs
- repairs and maintenance

³ <http://www.facs.gov.au/internet/facsinternet.nsf/aboutfacs/programs/house-rentassist.htm>

→ housing information and tenancy advice and advocacy services.

Assistance commonly involves one-off payments, as a grant or loan that must be repaid over time, or a guarantee. The states vary in their programs of private rental assistance for low-income households. Whilst the most common forms of assistance are loans or grants for rental bonds, and payments of rent in advance or in arrears, some states have implemented and/or are trialling additional forms of support. South Australia, for instance, complements its program of financial assistance with other services provided by private rental liaison officers who assist tenants to establish and maintain their tenancies; in New South Wales, a rental guarantee scheme has been trialled; and in Queensland, in the context of the state's 'one social housing system' policy, similar schemes are under consideration.

While providing obvious benefits to tenants, conventional forms of financial assistance are somewhat limiting in terms of modes and timing of delivery, in current local market contexts of supply and demand. Moreover, they do not address the non-financial, risk related difficulties that low-income tenants may encounter when seeking private rental housing. The significance of such limitations has become evident in the analysis of property management practices discussed in Chapters 5 and 6. The implications and potential for policy and program development are taken up in Chapter 7.

3 RESEARCH METHOD

The project was designed in two phases. Phase 1 (Literature review and methods development) was completed in 2006, and Phase 2 (Implementation: three-state study) was undertaken mainly between March and June 2007.

Phase 1 involved a review of relevant scholarly literature and specialised industry publications prior to consulting three key informants: the Real Estate Institute of Queensland's Property Management Chapter, a tenancy advisory service provider, and a community and transitional housing manager. It also involved the development, trial and refinement of a standard, semi-structured interview protocol and rental property and tenant applicant case scenarios. These have been trialled with a principal/property manager in a large agency specialising in property rentals, with a regional rental property agency, and with another small-agency property manager. Discussions with user-group representatives during Phase 1 indicated that the project design was appropriate for achieving the aims of the research and informing current policy and program initiatives.

In Phase 2, six local areas, both metropolitan and regional, were selected as case study localities. These are listed in Table 3.2, along with key descriptive data (median rents, median incomes and relevant vacancy rates). They were selected using these and other comparative data as indicators of the likelihood of 'competition' for limited, low-cost rental housing among different income groups. We sought, principally, to include areas with relatively heterogeneous populations but with significant proportions of low-income households and a supply of low-cost rental accommodation. SEIFA values⁴ reported in Table 3.2 indicate variable levels of advantage/disadvantage in selected areas. Specific contextual factors were also taken into account, namely, vacancy rates in different forms of rental accommodation and evidence of changing conditions of supply or demand.

The process of locality selection involved systematic, comparative and iterative readings of limited data. The specific boundaries of localities were reviewed and confirmed progressively in consultation with user-group representatives and industry representatives in each state, and with local informants, as the research proceeded.

In accordance with the institutional ethnographic approach described and justified in the Positioning Paper, locality profiles for these areas were developed in some detail. A listing of housing advocacy and tenancy service organisations active in these localities was established. Such organisations were approached to assist in developing locality descriptions and in identifying real estate agents who are most likely to have low-cost housing on their rent rolls and to be dealing with a mix of tenant applicants, including a range of low-income households.

Locality profiles also include summaries of available data from the Australian Census of Population and Housing (2001 and 2006, where possible) and other sources (for example, RTA data on housing markets in Queensland, and equivalent data in other states), contextualised accounts of local rental markets from the perspective of tenant advocates and tenancy service organisations, and initial 'situational maps' (Clarke 2005: 86) derived from interviews with industry representatives and tenant advocates. A checklist of data sources for local area profiles has been developed and is attached to this report (Appendix B). Brief descriptions of all localities, drawn from the working locality profiles, are included in Appendix C to be read in conjunction with Table 3.1.

⁴ The SEIFA Index reported in Table 4.1 is the SEIFA2001 Index of Advantage/Disadvantage. Lower values indicate areas of disadvantage and higher values indicate areas of relative advantage. The standardised average score for the whole of Australia is approximately 1000.

Table 3.1: Research locality profiles

	<i>Median weekly household income (1)</i>	<i>Median weekly individual income (1)</i>	<i>Median weekly rent (1)</i>	<i>Median weekly rent</i>		<i>Vacancy rate (SLA)</i>	<i>SEIFA index of Adv/Disadv</i>	<i>Area features</i>
				<i>1 bdrm unit</i>	<i>3 bdrm hse</i>			
Queensland								
<i>Inner city (13)</i>								
				<i>Inner South -RTA</i>	<i>(Postal code)</i>			
Part A	\$500-\$599	\$200-\$299	\$50-\$99	\$155 (2) (3)	\$330 (2)	1.3% (4)	1054	Significant rental stock renewal. Reduction of low-cost rental housing. Low-income households affected by change.
Part B	\$700-\$799	\$300-\$399	\$150-\$199	\$155	\$290	1.3%	1079	
Part C	\$600-\$699	\$300-\$399	\$100-\$149	\$155	\$290	1.3%	1051	
Part D	\$600-\$699	\$300-\$399	\$100-\$149	\$155	\$330	1.3%	1001	
<i>Regional</i>								
				<i>(LGA)</i>	<i>(LGA)</i>			
Part A	\$500-\$599	\$300-\$399	\$100-\$149	\$165 (2)	\$270 (2)	2.3% (5)	942	Inflow of middle- to high-income renters. Rent increases.
Part B	\$600-\$699	\$400-\$499	\$150-\$199	-	-	-	1015	
New South Wales								
<i>Outer suburban</i>								
				<i>(LGA)</i>	<i>(LGA)</i>			
Part A	\$700-\$799	\$300-\$399	\$150-\$199	\$155 (6)	\$310 (6)	1.3% (7)	965	Persistent, long-term demand for low-cost housing.
Part B	\$800-\$999	\$300-\$399	\$150-\$199	\$155	\$270	1.3%	972	
<i>Coastal/regional</i>								
				<i>(Rural SSD)</i>	<i>(Rural SSD)</i>			
Part A	\$500-\$599	\$200-\$299	\$100-\$149	\$230 (8) (9)	\$300 (8)	2.1% (10)	927 (11)	Segmented private rental sector – tourism and heterogeneous low-/ fixed-income households.
Part B	\$500-\$599	\$300-\$399	\$150-\$199	-	-	2.1%	967	
Part C	\$500-\$599	\$200-\$299	\$150-\$199	-	-	2.1%	969	
Part D	\$500-\$599	\$200-\$299	\$100-\$149	\$150 (9)	\$225	2.1%	946 (11)	

	<i>Median weekly household income (1)</i>	<i>Median weekly individual income (1)</i>	<i>Median weekly rent (1)</i>	<i>Median weekly rent</i>		<i>Vacancy rate (SLA)</i>	<i>SEIFA index of Adv/Disadv</i>	<i>Area features</i>
				<i>1 bdrm unit</i>	<i>3 bdrm hse</i>			
South Australia								
<i>Inner urban</i>								
Part A	\$600-\$699	\$200-\$299	\$100-\$149	-	-	2.0% (12)	937	Availability of low-cost rental housing. Proximity to city. Mix of low-and middle -income groups.
Part B	\$600-\$699	\$200-\$299	\$100-\$149	-	-	2.0%	948	
Part C	\$500-\$599	\$200-\$299	\$100-\$149	-	-	2.0%	942	
Part D	\$500-\$599	\$300-\$399	\$100-\$149	-	-	2.1%	956	
Part E	\$400-\$499	\$200-\$299	\$100-\$149	-	-	2.1%	902	
Part F	\$700-\$799	\$300-\$399	\$150-\$199	-	-	2.1%	1000	
Part G	\$800-\$999	\$300-\$399	\$150-\$199	-	-	1.2%	1016	
Part H	\$500-\$599	\$300-\$399	\$100-\$149	-	-	1.2%	981	
<i>Regional/outer urban</i>								
Part A	\$500-\$599	\$200-\$299	\$100-\$149	-	-	1.1% (12)	881	Area affected by industrial decline. Inflow of low-income households

(1) Census 2001, Statistical Local Area (SLA) level

(2) Source: Residential Tenancies Authority, June Quarter 2006

(3) RTA geographical area 'South-Inner' – 5km radius ring from the CITY

(4) Source: OESR, rate for Inner Brisbane (5km radius of the city), June Quarter 2006

(5) Source: REIQ, March Quarter 2006

(6) NSW Department of Housing, Rent and Sales Report, March Quarter 2006

(7) Source: REINSW, rate for Inner Sydney, November 2006

(8) NSW Department of Housing, Rent and Sales Report, March Quarter 2006

(9) Information on a two-bedroom flat/unit available only

(10) Source: REINSW, rate for Northern Rivers, November 2006

(11) Part A of the SLA

(12) Source: REISA, rate for Adelaide South, June Quarter 2006

(13) Selected areas are not named in this table to preserve anonymity of participants

3.1 Interviews

The research was informed by (i) key informant interviews, comprising industry representatives associated with state based Real Estate Institutes, and tenant advocates and community housing managers, and (ii) property managers working in real estate agencies in the selected locations. For both industry representative and tenant advocates/community provider consultations, a flexible, semi-structured interview protocol was used. Some flexibility was necessary, especially in the case of tenant advocates and community housing providers, because of their different geographical locations and functional interactions with tenants and property managers in local private rental markets. At the same time, some degree of structure was useful in ensuring that key topics were covered in all cases, and that interviews were not unacceptably lengthy. An outline of topics covered in interviews with key informants is included in Appendix D.

3.1.1 *Industry representative interviews*

In each state, initial interviews (face-to-face or telephone) were conducted with a panel of agents recruited through Real Estate Institutes. The purpose was to document formal 'industry perspectives' on perceived risks, risk-assessment and risk-management, and to obtain industry-level understanding of variations in rental markets across localities or regions. Six face-to-face interviews were conducted in Queensland, and one group telephone-conference interview was conducted with eleven industry representatives in New South Wales. Members of the Real Estate Institute of South Australia were unable to participate in a telephone conference interview due to scheduling incompatibilities and, instead, provided three written responses to questions asked in the face-to-face and telephone interviews.

3.1.2 *Tenant advocates and community housing manager interviews*

Representatives of five regionally based tenant advocate agencies and one housing manager of a large local community housing organisation located in and/or representing each of the the six study localities also were consulted as key informants to provide information about local rental housing conditions, and the movements of low-income households into, around and away from local rental markets. Their views were considered to be of particular relevance for understanding how risks associated directly with low-income status in the private rental sector might be affecting a range of vulnerable population groups. Most advocates referred, among other matters, to the experiences of Indigenous people and minority ethnic groups and, in particular, recent humanitarian immigrants in the private rental sector. These consultations have provided useful reference points for the analysis of data.

3.1.3 *Property manager interviews*

Ten property managers (five from each local area) were recruited in each state for individual (face-to-face or telephone) interviews. A total of 29 interviews were conducted: ten in Queensland, ten in South Australia and nine in New South Wales.⁵ Real estate agencies from which property managers were recruited were selected using a purposive sampling strategy. Different categories were recruited to ensure representation of agents managing different sizes and types of rental accommodation within and near the selected local area, in order to capture information on the fullest possible range of perceived risks, risk-assessment practices and responses to risk. Agencies within the selected localities were approached requesting their participation

⁵ Ten property managers were recruited in New South Wales, five in Locality 1 and five in Locality 2. However, one manager in Locality 1 withdrew at short notice, and we were not able to replace this interview given time and travel constraints.

in the research. Participation was voluntary and, once the required number of participants in each locality was reached, recruitment ceased. The information sheet provided to property managers when seeking their consent to participate is included in Appendix E.

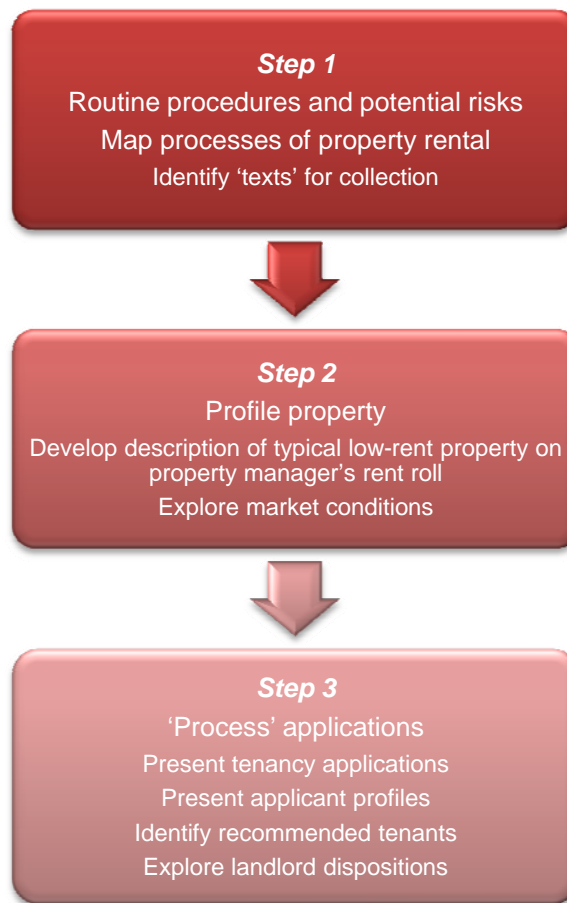
In all cases, the participants were staff whose specialised role within their agency was 'property management' and were designated 'property managers', and all were responsible for handling property rentals on a day-to-day basis. Although length of experience in the field varied widely, most participants had completed some specialised training, in-service or formally certified, in the field of property management.⁶

Interviews with property managers were conducted in three distinct steps centred progressively around their operational system for the processing of applications, development of a low-cost rental property profile, and a realistic scenario wherein participants were asked to 'process' a set of hypothetical tenancy applications. Figure 3.1 provides an outline of this process. A more detailed outline is provided in Appendix F.

Using a structured, open-ended interview strategy based on the 'sense-making' interview procedure outlined by Dervin and Forman-Wernet (2003), participants were first asked to describe the routine procedures and everyday practices in the property management section of their workplace/agency. They also were asked to describe: a typical process or 'time-line' of property rental from a point of contract to rent between landlord and property agent through to an offer of tenancy; what happens at different stages or points in time, as well as who is involved; whether the participants perceived any potential risks (things that 'might go wrong') at any stage of the process they mapped, and/or how they would manage or 'guard against' these potential risks. Interviewers ensured that attention was given to the moment of allocation, and to local conditions (social, cultural and economic) in the private rental market. Salient risks identified in this process, and local conditions that were linked to risks, were explored in depth, and copies of documents (for example, agency contracts, tenancy applications, checklists) were requested (and de-identified) for reference in the process of analysis.

⁶ Certified training in 'property management' is not a requirement for registration for employment in the real estate industry as a property manager although, in most states, the REIs and other organisations within the industry provide a range of in-service training opportunities and, in South Australia, a certified course is offered and establishes an industry standard for training.

Figure 3.1: Property manager interview protocol



In the second step of interviews, property managers were asked to describe a typical or particular low-rent property on their rent roll. A precise definition of 'low-rent' was not provided to participants. Rather, their local understanding of this was ascertained, in context, during the interview. This strategy acknowledged the participant's standing as the expert informant and provided an opportunity to explore their personal practice wisdom and their view of the local private rental market. Participants provided detailed descriptions of properties that enabled interviewers to identify a relevant set of hypothetical tenant applications for use in the next stage of the interview. Three sets of tenant 'applications' compiled on relevant standard forms for each state (for example, REI provided forms) and accompanying brief applicant profiles were provided. Applicant profiles are included in Appendix G.

In the third, more focused, step of interviews, one set of hypothetical tenancy applications was presented. Participants were asked to 'process' these applications for the rental property they had described in the second step. At an appropriate time in the process of assessment, further information (presented as linked applicant profiles) was provided, consistent with the types of information that property managers might glean from routine tenancy database and reference checks. Each decision (to exclude, reconsider or continue to process the application) was explored in order to ascertain and record how particular tenant attributes might be perceived and addressed as 'risks'. Applicant profiles were developed through systematic reference to relevant research to identify salient characteristics of tenants at risk in the private rental sector (Yates et al. 2004; Purdon and Twyford 2000; Jones et al. 2004). Particular vulnerabilities associated with low-income status, such as those arising

from Indigenous status, disability, single parenthood, recent immigration or unemployment, were incorporated in developing realistic cases. Case profiles were verified for each study locality after consultations with tenant advocates, prior to interviews with local real estate agents.

The full protocol for property manager interviews was piloted, assessed and modified in Phase 1. Trial interviews demonstrated the viability of the method. When asked to provide feedback at the end of the interview, all participants confirmed that the scenarios were realistic and had enabled them to demonstrate their perspective and their way of working through actual processes of tenant selection. With the informed consent of participants, all interviews were audio recorded for later analysis.

3.2 A strategy for analysis

In formulating both the research methods described above and a strategy for analysis of data, clarifying the key concepts of 'risk' and 'the private rental market' was an important first step. As a starting point, the private rental market was viewed as a social institution in the sense defined by Lupton (1992: 7) who states that 'institutions' are:

- social practices regularly and continually repeated over time
- sanctioned and maintained by social beliefs, values and laws
- of major significance in social structure
- of a symbolic and abstract nature.

This definition focused attention upon the private rental market not only as a structure of relationships but also as a set of social processes or routine practices, and upon the aspects of culture (beliefs, values, laws and norms) that underpin these. It also served to highlight ways in which local practices – that is, actions and events that involve particular people in particular circumstances – are connected to wider patterns of interaction that symbolise and shape the 'way things are'.

This perspective served to highlight the dynamic nature of social relations and everyday practices in private rental. It made clear, also, that private rental markets work alongside other rental housing providers such as community organisations providing subsidised housing and/or housing support services, and informal providers such as families or acquaintances, or unregulated landlords.

Careful consideration of a conceptual framework for research and analysis (in the first phase of this research) led us to focus on the 'moment of allocation' as a critical moment, and to ask how events happen, how people enact or deal with them, how they are organised and connected to wider sets of relations and systems, and what their consequences are. The moment of allocation is that set of interconnected actions that entails the marketing of rental properties, property inspections, receipt of tenancy applications, assessment and evaluation of applications, and the decision, on the part of a real estate agent or property manager, to recommend and/or offer a tenancy in the private rental market (Short et al. 2007).

Risk-assessment practices were viewed, from this perspective, as being shaped by industry standards and the workings of the wider market but occurring, essentially, in local markets, and working to direct/redirect potential tenants into/away from the local markets, and potentially, from the private rental market altogether. Risk-assessment practices of property managers were seen also as being influenced by the public sphere of (limited) provision, and by state regulation and state promotion of the private rental market (as the preferred provider) through rent assistance and other subsidy programs (Short et al. 2007).

'Risk-assessment' was conceptualised, at the most concrete level, as entailing some estimation of 'costs' of a particular action or decision, measured against its 'benefits', though not necessarily in quantitative terms. Estimation entails making some calculation or judgement of what is likely to happen (in the future) based upon what is known, with varying degrees of (un)certainty. The *Australian and New Zealand Standard 4360 2004* for risk-assessment provides a practical formula that is applied widely in contexts of finance and insurance, and where estimates of risk (chances of particular, negative outcomes) can be observed or calculated from a substantial base of reliable statistical data. Initially, this Standard was seen as a likely starting point for real estate agency practitioners. As the research proceeded, even in Phase 1, it became evident that, however the practices of property managers are linked to the Standard 4360, the links were not being articulated, explicitly, either by industry representatives or property managers.

In the context of interviews, none of the participants mentioned the Standard 4360 methodology; nor did they describe their methods of risk-assessment using a discourse of calculable outcomes or estimates; rather, it seems that they develop strategies for risk-assessment and risk-management that are essentially adopted from the industries that they align with and by which their everyday practices are governed. The influence of the insurance industry, for instance, is articulated across all levels of practice; this influence is both discursive and actual.

At a more abstract, conceptual level, in formulating a way of approaching the analysis of 'risk-assessment' in property rental, we have drawn, also, upon three main sociological perspectives on risk: (1) as elaborated by Beck (1992) (see also Beck, Giddens and Lash 1994) and, in particular, Beck's formulation of risk as entailing processes of 'individualisation' that shift responsibility for the management of risk to individuals; (2) a socio-cultural perspective which emphasises the situated nature of perceptions of risk and the attachment of risk to particular categories of people, especially as developed in Tulloch and Lupton (2003), and (3) a perspective elaborated in the works of O'Malley (2000a, 2000b) and Perri 6 (1998) who have sought to identify varying 'configurations' of risk entailed in and emanating from different modes of institutional 'governance' of subjects, as 'carriers of specific indicators [of risk]' (Zinn 2006) (see Short et al. 2007 for an expanded discussion of these influences). Thus, we have been guided in our analysis by the following sensitising questions:

- What, if any, processes of 'individualisation' are at work in the ways that property managers deal with tenant applicants? (Ericson et al. 2000; Kelly 2001; McDonald et al. 2003). That is to say, is there any evidence of a general shifting of responsibility for the containment of risk and the establishment of greater certainty to individuals?
- Are particular social categories of tenants and/or landlords constructed (perhaps, imagined) and if so, how? How do such constructions impact upon risk-assessment, and, importantly, how do they vary from place to place in different local contexts?
- Do, and if so, how do discourses of risk, and practices of risk-management (for example, insurance and contract) promoted in the broader real estate industry and related industry contexts, and/or those embedded in statutory requirements influence the everyday risk-assessment practices of property managers?

In practical terms, a key analytical strategy was the use of situational, field (or 'arena') and positional maps, techniques of analysis based on the work of Strauss (1991, 1998) (see also Clarke 2005) and used to describe the broad pattern of social and cultural relations in which risk-assessment was apparent, at 'the moment of

allocation'. These techniques were used in group meetings that included some interviewers, and all interview coders to reveal 'key elements and conditions' that appeared to characterise risk-assessment practices in the moment of allocation (Clarke 2003). They were also used to develop 'thick descriptions' (Geertz 1973) of how risk-assessment sits in relation to broader sets of social relations and the everyday practices that constitute the field of private rental housing (Campbell and Gregor 2004). These techniques of analysis are consistent with the institutional ethnographic approach adopted as a broad framework for this enquiry.

Several key themes for analysis of interview data were indicated in Phase 1 of the project. They, too, provided some guidance for the development of analytical categories applied in Phase 2 and, along with situational maps, were used to establish a classificatory scheme that was applied and developed progressively through all stages of data analysis (see Appendix H for an outline of the initial set of open categories for analysis). Regular discussion and verification of emergent categories, considered in relation to earlier conceptualisation, was an essential aspect of a technique of convergent analysis that was consciously adopted in the study (Dick 1998). Meetings that included all team members involved in the coding and/or analysis of interview data were convened, and processes of verifying and developing coding rules to ensure reliability were established to ensure confidence in the validity of emergent analytical themes.

3.3 Summary

The principal aim of this research has been to describe, from the perspective of real estate agents, the procedures and practices by which they recognise and assess risks entailed in property rental. In order to ascertain the impact of these risk-assessment practices on low-income tenants, property managers' accounts have been placed in context, and read against other narratives of risk and access in the private rental sector. Some seven group and individual interviews with real estate industry representatives, together with six interviews with tenant advocates and community housing representatives, have supplemented individual interviews with 29 property managers in six localities across Queensland, New South Wales and South Australia. The evidence that is presented in the following chapters is drawn from the full range of these sources.

4 CONSTRUCTIONS OF RISK IN THE PRIVATE RENTAL SECTOR

This chapter is focused, principally, upon industry discourses and local constructions of risks entailed in the business of managing private rental accommodation. The analysis is guided, in particular, by the first two research questions, namely:

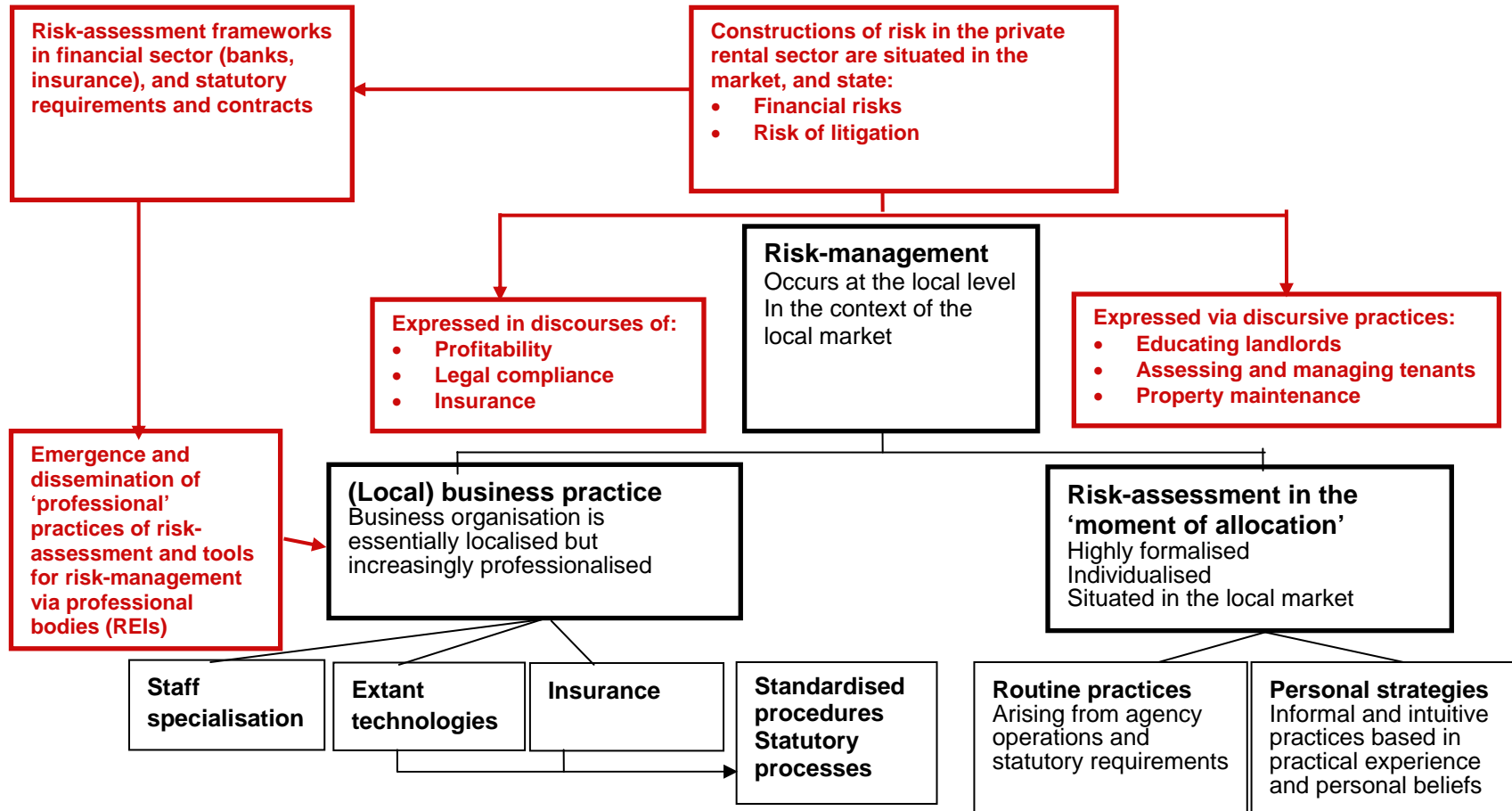
- What factors are taken into account by real estate agents in their assessment of risks entailed in the allocation of rental tenancies to different categories of tenants?
- What procedures (qualitative and/or quantitative) do real estate agents use to evaluate risks in the moment of allocation of tenancies?

Understandings of risk and the discursive practices that emerge from them appear consistent, albeit variable, across all levels of the institutional context of private rental. Early analysis of the interview data from all sources revealed several key sites of the construction of risk wherein different, albeit consistent, understandings of and responses to risk are formulated. The principal sites are depicted in Figure 4.1 as three different levels of discourse and action: (1) the industry level, wherein constructions of risk are centred around notions of efficiency and compliance in the management of financial and legal risks; (2) the business or agency level, wherein understandings and responses to risk are shaped by central concerns of profitability, legal compliance and insurance; and (3) the individual (professional) practice level wherein routine procedures and personal strategies come together in the moment of allocation to shape the interactions between property managers and prospective tenants.

4.1 Risk at the industry level

At the industry level, there are two main iterations of 'risk'. The first is 'financial risk' entailing risk to the client and to the agency, in terms of both adequate return and the potential cost of professional liability. A second iteration emerges in the context of statutory frameworks within which the industry must operate, and is usually expressed in terms of the importance of professional indemnity insurance or the significance of risk of liability and/or potential for litigation brought by either client or tenant against the property manager.

Figure 4.1: Constructions of risk in the private rental sector



4.1.1 Financial risk

Estimations of financial risk to the client are most often articulated with reference to rent returns (rather than capital gain on the investment) and are linked to the workings of the financial sector and, specifically, to mortgage arrangements in the private sector. Industry representatives (together with the broader grouping of property managers) who were interviewed frequently cited both general and specific guidelines for an acceptable rent to income ratio for tenant suitability. A 30 per cent ratio is promoted as a 'rule of thumb' affordability measure to be used in assessing risk. This oft-quoted rule of thumb, in the context of the private rental sector, is drawn directly and often explicitly from the banking industry. A ratio greater than 30 per cent is viewed, across the industry, as a key marker of risk in property rental. Although some property managers expressed willingness to consider or tolerate a 40 per cent or, at most, a 50 per cent rent to income ratio where, perhaps, they took into account the possibility of Commonwealth Rent Assistance being provided, 30 per cent was the most common standard across all levels and localities.

[I]f the rent exceeds [a third of] the income ... then they're over committing themselves...[I]t's very standard, across the industry... I guess the principle was probably picked up from the finance sector, the banking industries. I mean you can't get a loan if you over-commit yourself. [QII01]⁷

Most agents that I know work on the same guidelines as banks, where a prospective tenant should not commit more than a third of their income to rent. Income can consist of wages, pensions, and other government payments. [SAII01]

[T]he tenant's weekly income, including rent assistance, ... [the rent should] not exceed 40 percent We have found that there is an increase in rent arrears resulting in financial loss for our clients ...if the tenant does not have sufficient income for the property they are applying for. [SAII02]

Another iteration of financial risk to the client noted by several industry representatives and property managers was the changing pattern of financial circumstances among owner-investors, characterised by mortgages up to the full value of the investment property and allowing little or no capital for repairs and ongoing property maintenance, thus limiting the discretionary authority of the property manager. Such circumstances complicate the professional relationship between property managers and their clients, and are seen by some professionals as increasing the risk of professional liability for breaches of health and safety regulations and tenancy laws.

We're seeing more and more where the landlord's don't set a limit for the agent, on what they can spend on maintenance, it's "all maintenance refer to the owner". There's two reasons for that, the biggest reason is that when these landlords are buying investment properties ... they're relying on the total rental income to pay their mortgages, they're not allowing for any maintenance on their properties... [T]hey are the people who shouldn't be landlords. [QII02]

Most of them are mainly interested in capital growth and to put a little bit of their money in, but most of them do it on a shoestring. ...They really struggle, they stretch themselves, and if the tenant hasn't paid their rent by the day that it's due, they really struggle financially ... They are so silly to do it. [SAPM04]

⁷ In the case of all verbatim quotes, speakers are identified by state (Q = Queensland, N = New South Wales, SA = South Australia); category of speaker (II = Industry Informant, PM = Property Manager, TA = Tenant Advocate or Community Housing Provider), and interview identifier.

4.1.2 Risk of litigation

In response to the perceived risk of litigation, emphasis on the importance of professional indemnity insurance is articulated, at all levels of practice, within a wider discourse of 'professionalism'.

[T]he first thing anyone does as soon as anything goes wrong, is sue the agent, sue the landlord, and there's lots and lots of that. Our professional indemnity premiums have gone up ... 400 percent in the last, say, 10 years and we've gone from a \$1000 excess to a \$10 000 excess. Now that's industry wide ... That's the way its going, and that's a reflection of ... the litigation. Lots of people are getting sued and we are so exposed ... [QPM204]

It's all about managing the risk of professional indemnity claims against the agency. [QII03]

At the industry level, talk of professional liability is nearly always referenced to the statutory frameworks within which property managers must work, and alongside a strong emphasis upon professional training and due diligence in routine business practices. The latter encompasses specialised processes of checking and record keeping in property management, and the adoption of staffing profiles and business structure that reflect the specialisation of tasks (and responsibilities) in the field.

[O]ne of the things that we've had to try and do is train property managers to almost have a legal mind, to take notes of every single conversation, every instruction they get and give has to be documented somewhere, as a solicitor does. A solicitor writes down everything, we've had to retrain our property managers to act like that. [QPM204]

A range of professional training programs is offered at the industry level by and through the Real Estate Institutes, and specialist commercial training organisations have emerged that provide personnel training and advice on operational systems for the efficient management of this form of risk at the business/agency level.

4.2 Risk at the business/agency level

At the business or agency level, it is, essentially, the goal of maintaining the profitability of business that drives organisational arrangements, operational procedures and individual strategic approaches to risk-management. Perceptions of risk at the business level are most commonly articulated via discourses of profitability, legal compliance and insurance.

I'm here to make money ...I'm not driving a Mercedes and in all honesty, the profitability of a property management company is minimal. I don't want to get the violins out, but in order to be profitable, you have to have everything right from a business perspective... and the one thing you don't need is to have staff down at the court house everyday ...We're not going to take a chance. ...[S]omeone who has a social conscience perspective, they might say 'Oh, you should give them a chance'. No, I can't afford to give them a chance. If someone wants to pay me to give them a chance, then, that might be a different story, but the bottom line is, we have to make things work. [T]he same applies ... with landlords ...we can't deal with. We just cut the ties very quickly because you can't run the business like that. [QPM204]

Sometimes stories of particular cases were related wherein tenants, and less frequently landlords, are litigants, and property managers incur significant liabilities.

Two principal strategic responses are apparent at this level: (1) business efficiency that entails routine processes of ongoing risk-management (and, where possible, risk

avoidance), including those prescribed under insurance contracts; and (2) systematic risk-assessment in the moment of allocation. Risk-assessment in the moment of allocation is discussed, specifically, in Chapter 5. Here, attention is focused mostly upon aspects of ongoing risk-management at the agency level.

4.2.1 *Business efficiency*

Three key elements of business efficiency appear to constitute the strategic management of risk at the agency level: staff specialisation and training, increasing use and adaptation of extant technology, and the adoption of systematic operational procedures, including the use of standard (statutory and industry) contracts and forms for establishing business and tenancy arrangements and assessing the risks therein. Agency accreditation and membership of professional bodies (most particularly the state-wide Real Estate Institutes) are fundamental in establishing these aspects of business management and, at a practical level, provide information, professional training and tools for risk-management, including software packages and insurance products.

Staff specialisation is most clearly evident in larger agencies but in smaller agencies, there is, at least, a clear division between sales and property rental functions. This not only reflects a desire for efficiency in business but also is linked to a discourse of 'professionalism' that signifies the importance of specialised knowledge and training within the industry and also distinguishes 'professional property managers' from private landlords.

[W]e allocate different tasks to different people, so one person will handle all the repairs and maintenance enquiries. Jay is the person that handles new business with the landlords, shows prospective tenants through, filters and gathers the applications, and then gets the tenants a lease signed. ...[W]e have other people ... preparing the leases and contracts and paperwork, so every one has their own role, which allows them to specialise in those roles, instead of every person trying to do something to a mediocre standard... [E]ach person [does] their bit to a better standard. It's how I like to run it. [NPM201]

Such specialisation in staffing is linked to increasing use of information and communication technology that enables the use of specialised business software for storage of information and management of leases and tenancies, over time, including regular communications with landlords and tenants. The use of tenancy databases is a prime example of the adaptation of extant technology and the emergence of an 'expert system' for assessment of tenancy applications. Tenancy databases are accessible only to subscribers in the industry, and are used diligently across all states for the identification of high-risk tenants, despite scepticism within the industry regarding their reliability and cost.

We are registered with a national database called TICA, so that's the first thing that we do before we even process any applications is check that they are not on that, we eliminate them that way... [I]f they're on TICA, for whatever reason, whether it be damage or rent, whatever, we ring them and tell them that we're not interested. [SAPM05]

Once [we] get the application form [we] obviously check it on the tenancy database, you know, the TICA thing. Very rarely does anything come up on that... It's really kind of a procedural thing. ... [NPM101]

The tightening of legislation in some states regarding the use of tenancy databases in the private rental sector has served to protect tenants from vexatious listing by

disgruntled property managers; it has also served to improve the reliability of information stored. Hence, despite some wariness among property managers, the use of tenancy databases has continued as a well-established, routine practice. Moreover, the widespread awareness of the unreliability of earlier information stored on national databases, and the statutory limits on storage of tenant information, has led to refinement of other forms of documentation and their uses, especially tenant ledgers. Tenant information recorded in, and linked to, mostly electronic tenant ledgers is obtained by property managers as part of the reference checking process, provided applicants consent (to avoid infringements of privacy regulations).

[I]f you can have an applicant who has got a history that you can quantify through another agent and that's a good history, that's the lowest risk tenant you'll get ... [I]f you've got ten applications in front of you, most property managers will quickly look through those to see if there is anybody there that has been with another agent and if there is, that's generally where they're going to start because if they can ... validate a good history, they don't need to go any further ... Most software now also merges. If there have been any arrears notices or any other notices, breach notices issued, most of the software will show that also as a merged document on the ledger. So the ledgers becomes the most important thing ... and from the industry's point of view, even if you have got tenant who has been with a private landlord, well you can ring the private landlord up, [but] most of them don't, can't produce a tenant ledger, and the other thing with private landlords is its always hard to know if there's some type of family connection or otherwise. [Q1104]

Such technology, used to improve the storage and sharing of information within the industry, has been adopted to ensure not only efficiency in business practice but compliance with regulatory frameworks and, ultimately, the avoidance of risk. Moreover, the use of extant technology is linked to increasingly systematised procedures. The use and adaptation of industry templates for contracts, information for tenants, notices to tenants and other routine communications are examples of this.

Standard contractual arrangements, developed at the agency level but based upon industry templates, are routinely used. Whilst the primary industry response to the risks entailed in the professional-client relationship between property manager and landlord is insurance (professional indemnity and landlord cover), systematic procedures for establishing and managing the landlord-agency-tenant relationship are promoted. Most agencies report that they adopt standard procedures for establishing a contract to manage a property which includes close assessment of the condition of the property, standard property viewing arrangements, systematic processing of tenancy applications, and highly standardised procedures for governing tenants' behaviour.

The main thing is maintenance issues. Every time [property managers] look at the property, whether is a routine inspection, an entry condition report a vacate inspection or a new property that they're taking on, they assess whether the property is going to be a risk to the agency ... For instance, is the carpet threadbare, could somebody trip? Is the driveway mouldy, could somebody slip over? Is it all fenced? All those sorts of things. [Q1102]

When asked to talk about risks entailed in property rental, property managers were likely to nominate, first, the risks entailed in the physical condition of properties (especially with regard to safety issues) and/or 'landlord's attitude' rather than tenant related issues.

[T]he other risk that does spring to mind ... is where the landlord interferes with the process, and doesn't let us get on with our job ... [T]hey can be very demanding – 'Get me a tenant now!' ... [W]ell we've got this one but we're not that keen. 'Put them in'... [I]f they push too hard, we'll tell them to take their file away, cancel the contract because we're not interested in dealing with people like that. They've got to trust us to do the job, so that's a bit of a risk problem as well, and then if something does go wrong, it's our fault. [SAPM10]

When you take on a new property, really you don't know anything about the landlord, apart from them signing a document saying, 'Here, you can rent it.' So you don't know their financial situation ... there is no provision in the documentation, which is provided by the government, to find that information out. I mean could you imagine if we said to a landlord, like we say to the tenants... we ask for copies of their bank statements, could you imagine us asking a landlord to do that? I don't think they'd be giving it to us somehow! [QI102]

Indeed, 'educating landlords' is a practice that was often mentioned by property managers as a strategy for avoiding future risks.

[W]hen we have new owners that come on board, new lessors who have got rental properties, they are sat down with us and they're told all the dos and don'ts, especially not entering a property. It's not your property to enter while it's being tenanted. Some of them come up here on holidays and they go round and knock on the door. We say, 'You can not do that! You are breaching the Act!' and I [say]... 'How would you like it? They don't know you, you could be anybody off the street. While they are renting it, it's their property. They are paying you an income.' So we've had to educate the other side as well. We do a lot of newsletters ... always giving information and advice ... regarding just not the maintenance of a property and what their legal obligations are, but also little subtle messages ... that go out with our end of month statements. [QPM201]

By comparison with landlord and property related risks, the risks associated with tenants appeared, on the whole, to be perceived as manageable, albeit substantial. A range of statutory processes relating to the management of tenancies are incorporated as systematic business procedures through the use of standardised forms and contracts, usually based on generic templates provided through the relevant state or territory industry peak bodies such as Real Estate Institutes or a relevant consumer body. Standardised tenancy application forms produced by such peak bodies, for example, are adapted to meet individual agency requirements. Agencies do, however, retain a high degree of consistency both in structure and content, in part because standardised forms, usually provided (and therefore endorsed) by the Real Estate Institute, serve to ease the burden of legal compliance in dealings with applicants and tenants. It is largely through the use of such forms that the process of tenancy application, a comparatively unregulated aspect of private rental, becomes highly formalised. This highly formalised process can be seen, perhaps, as the first aspect of the 'governance' of tenants.

Application forms are generally two or three pages in length and contain a number of standard items usually ordered as outlined:

- personal details
- current and previous employment details
- current and previous tenancy information

- personal referees
- details of next of kin
- pets that will reside at the property
- other residents who will reside at the property.

In addition, all applications include some form of 'privacy disclosure' statement, and request written consent from the applicant for the property manager or agency to retrieve and receive information relating to, in particular, the applicant's tenancy and employment history, and to use such information for the purposes of assessing the application. Such requests clearly articulate their legislative underpinning, the Privacy Act. In some instances, other information is included to advise the applicant of other conditions of the tenancy, some of which are based in residential tenancies legislation such as rent increases and water costs (where applicable), others may relate to landlord and tenant responsibilities such as contents insurance, water costs and rent increases, as well as more specific stipulations such as no smoking in the premises. Applicants are expected to agree to these conditions at the time of application and, in most cases, if they do not signify their agreement in writing and/or do not provide written consent for third party disclosure of information, their application will not be accepted.

There also is consistency across agencies in requiring applicants to present some forms of documentation for verification of identity, a process closely linked to procedures in financial institutions and statutory bodies. Some form of a widely understood '100 points system' is often used; sometimes, specific documents must be presented. Documents required can include a previous tenancy ledger, the two or three most recent rent receipts, a driver's licence or passport, a birth certificate or registration papers. In a points system, they may range in 'value' from 50 points, for example, for a tenancy ledger to ten points for a birth certificate. For their part, 'capable' applicants are expected, at the very least, to maintain and be able to present documents of their life, and especially their rental history.

The process of application is embedded in other routine business practices that structure agents' dealings with tenant applicants and the risk-assessment practices entailed within them.

Normally what would happen is they would look at a property, they would complete an application form that would then be checked out by the agent. If they were approved, they would have 24 hours to sign the tenancy agreement and pay either one week's rent, or the bond, and then the property would be secured for them to move into. [Q1102]

Such formalised practices are consistent also with ongoing systematic processes linked to statutory requirements. Property managers were critical of some aspects of such requirements, particularly the timeframes required to deal with breaches, some citing potential financial losses that arise for landlords as a consequence of what are seen as inappropriate delays. Nevertheless, statutory processes are adopted and refined as risk-management strategies through systematic business practices and the use of amenable technology, applied both in the moment of allocation and throughout a tenancy.

[I]f they're on Centrelink payments, actually getting their Centrelink payments deducted before they get their money so we know that the rent will always be paid [is an advantage], and we will sometimes make that a condition, ...so they authorise us to do that.[QPM202]

[We] ... start printing out arrears ... and from four days the tenants start getting text messages. From the fifth day [they] start getting phone calls; sixth and seventh days, they are getting a phone call, and on the eighth day they start to get notices ... Every body uses the mobile and responds on the text. You don't use mobile but using the computer to send text messages - pretty much throughout Australia ... Email and texting is widely used now. It makes on quicker than sending out letter - cuts back on postage [Q1102]

4.3 Summary

Several key sites of the construction of risk at three different levels of discourse and action have been identified: (1) the industry level, wherein constructions of risk are centred around notions of efficiency and compliance in the management of financial and legal risks; (2) the business or agency level, wherein understandings and responses to risk are shaped by central concerns of profitability, legal compliance and insurance; and (3) the individual (professional) practice level, wherein routine procedures and personal strategies come together in the moment of allocation to shape the interactions between property managers and prospective tenants.

There are two principal strategic responses apparent at business/agency level: (1) business efficiency and (2) systematic risk-assessment in the moment of allocation. The key elements of business efficiency that constitute the strategic management of risk at the agency level are staff specialisation, increasing use and adaptation of extant technology, and the adoption of systematic operational procedures, including the use of standard (statutory and industry) contracts and forms for establishing business and tenancy arrangements and assessing risks therein. A central tool in the assessment of risk and a first aspect of 'governance' of the tenant is the highly structured, formalised, standard tenancy application form.

Business strategies do, of course, play out in the context of particular market conditions; key parameters of the market constitute key parameters of risk that shape strategic relations of power between property managers and applicants. Factors such as investment opportunities, investor motivations and experience, dwelling values, supply, vacancy rates, and the dynamics and interactions of core and peripheral markets can influence, quite directly, the assessment of risk and preparedness on the part of property managers (and investors) to accept levels of estimated risk rather than adopt strategies of risk avoidance.

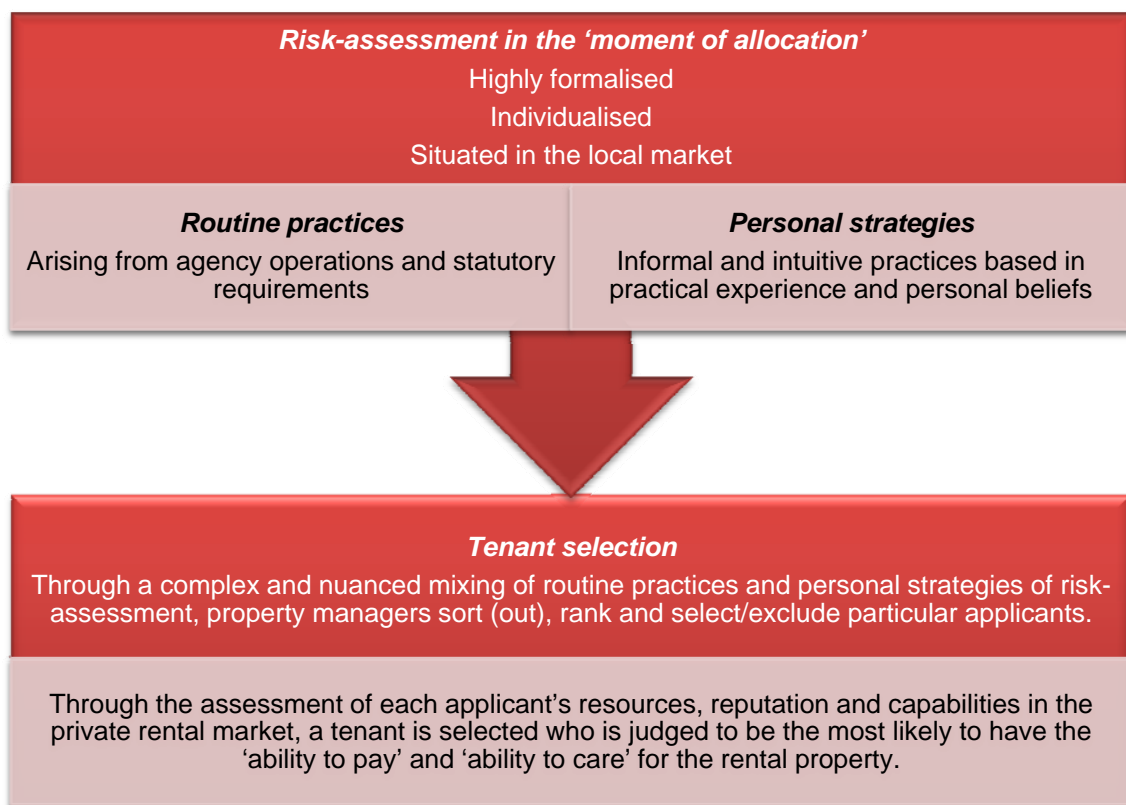
5 MARKERS OF RISK IN THE MOMENT OF ALLOCATION

This chapter addresses most particularly Research Question 6, that is:

- What role might the processes of risk-assessment in the private rental sector play in shaping the movements of low-income households within the rental sector?

Consideration of this question begins with a closer analysis of the processes of risk-assessment in the 'moment of allocation' for it is in this moment that perceptions of risks associated with particular categories of tenants, including those on low incomes, come into play most clearly. Figure 5.1 represents it as a moment when the routine practices arising from agency operations and statutory requirements are mixed with personal strategies of risk-assessment employed by individual property managers interacting directly with tenant applicants. Analysis of our interviews with property managers has revealed that the mix of routine, formalised agency practices and the informal, often intuitive, strategies of property managers can be complex and highly localised, but there are clear consistencies in the processes of risk-assessment and the markers of risk in tenant selection (and exclusion) apparent overall.

Figure 5.1: Risk-assessment in the moment of allocation



5.1 Risk-assessment in the moment of allocation

Although evidently situated in 'local' contexts of the agency and/or locality, risk-assessment in the moment of allocation involves systematic procedures and routine practices that are highly formalised. The most salient illustration is the process of tenancy application. Whilst this process can be read, in part, from an agency's tenancy application form (as described in Chapter 4), the processing of applications

entails a complex and variable mix of formal and informal strategies of risk-assessment and allocation. Such mixing provides effective means for excluding, progressively, 'unsuitable' and 'less suitable' applicants. The formalised assessment of applicants against 'objective' criteria effectively masks informal, personal and local strategies of risk-assessment that are based in the subjective experience and/or dispositions of property managers in the field. In and through these processes, 'suitable tenants' are identified.

Whilst descriptions of who might be suitable tenants, in different circumstances, are varied and nuanced, markers of (high) risk are fairly clearly and plainly articulated. Tenant characteristics and/or circumstances that are almost always interpreted as markers of high levels of risk usually are expressed as signals of either '(in)ability to pay' and/or '(in)ability to care (for the rented property)'. The links of these markers to actual risks sometimes are obvious and direct; at other times, more subtle and obtuse.

5.1.1 Ability to pay

In the highly competitive market that tenant applicants experience at present, the 30 per cent benchmark for affordability is a criterion that can effectively exclude many low-income households in the application process, before any other factors are taken into account (Hulchanski 1994, 1997). Although a 30 per cent rent to income ratio is widely accepted as a marker of housing stress, applied as a criterion for entry into the market, it is problematic since low-income households typically do pay more than 30 per cent of their income on housing. Of the 3.74 million income units in receipt of income support nationally in 1999, 34 per cent were private renters, and 33 per cent of these low-income renters were paying more than 30 per cent of their income in rent while having less than \$20,000 in assets (Purdon and Twyford 2000: vii).

We have to work on the 30 percent rule... They can't take a property that's over 30 percent... because it's a waste of time. But we do have a legal obligation where we, they have a right to still go through the property. [QPM201]

Usually, it's 30 percent of their income can be spent on rent. ... [We check] length of time in their employment ... copies of the income, as in payslips ... to establish the overall stability of the applicant. [QII02]

What we look at, basically, is whatever their income is per week, regardless of whether it's Centrelink or wages, whatever, because the rent is a third, approximately, of what they are earning, then it should go through the income side of things. [NPM104]

Beyond assessing applicants' income, some property managers revealed that they request and check personal and financial records. This can be seen as an extension of the scope of consideration of economic risks that reflects expectations of 'competence' and/or 'responsibility' in the management of financial resources by 'suitable tenants', not simply their having sufficient resources to afford rent but being capable of managing money. The profiles of two of the hypothetical applicants, Michael, and Mike and Belinda (see Tenant Profiles in Appendix G), elicited particular expressions of concern in this respect.

I'd be asking what he [Michael] did with the [proceeds] ... from selling the property ... see what he says to that, and then I'd ask him how much were the proceedings, and what he's done with it, whether he's just blown it and spent it on something. [NPM203]

[Mike and Belinda would] have to have an asset test, like how much equity did they have in their own home? ... Because even though they might have say

\$50 000 in equity [from the sale] in the bank for instance ... they might not have money in the bank in 12 months time or 6 months time or 3 months time. But I don't think that we could do, as a retail agency, do much about that, we actually ask for financials and bank records, but they could go off and blow that money and not have the ability to pay their rent, but I'd be probably asking for money up front. [QPM201]

Just recently, I had someone, she was on Centrelink payments. She gave me her bank statements, and everywhere on there was minuses and overdrawn, and when I spoke to her about that, she said, 'Oh, I must have given you the wrong one,' but already the alarm bells had gone off, because I could see that her Centrelink money was going out in areas that it shouldn't have been going to ... I do check things like that because its really important to me, for my landlords, to know they've got someone in there that is going to pay the rent. Because landlords have mortgages just like everybody else. [SAPM03]

5.1.2 *Ability to care*

Applicants' ability to care is primarily assessed through their rental history, principally by reference to information stored on tenant databases, and the reports of previous rental agencies. In this process, the future is read from the past, and linked to a complex of intuitive judgements about 'potential' risks and benefits.

Their rental history will reveal all that, we get their tenant ledger ... [W]e don't ask an agency, 'Has your previous tenant ever been in arrears?', they have a checklist that they have to follow. We actually fax or email that through to the previous agent, but if you've got a property manager that doesn't know much about the person ...or they're not willing to look up the records ... we then get the history on their rent roll, on their tenancy database. [QPM201]

... if I ring and there's been a bad payment history, yep, most landlords have mortgages on their property so yep. Also if they didn't have good periodic inspections, you know, reports that they weren't keeping the property clean and tidy, they weren't maintaining the gardens, things like that, one of the last questions that I ask a property manager is 'Would you rent a property to these tenants again?' [SAPM06]

If he can't manage his money, he can't manage his house. Can he manage the lawns? Is he responsible, a responsible attitude? Someone who is responsible will find ways of drinking less, smoking less, or whatever. Rent comes first. You can do without a car but you need a roof. [SAPM02]

Beyond using more or less plainly articulated signs of 'ability to pay' and 'ability to care', property managers also, evidently, read other indicators as signs of more general risks to profitability – dependency (for example, where an applicant might require assistance because of a disability), potential for property damage (for example, where there is a perceived threat of domestic violence), 'other' families or households (large, multi-family, Indigenous), particular cultural practices including cooking styles, the behaviour of children, and/or the 'attitude' or demeanour of applicants – even where there may be no evidence that an applicant has had or presented problems in rental situations in the past.

It's mainly the extended families that are a problem, because they [property owners] look at it as wear and tear, and damage to the property. [QPM201]

[Children's behaviour can tell] me that the property is not going to be looked after very well, that perhaps there will be damage to a property ... It's important to me to know that my landlords, who've just painted their house

ready for a new tenant, that it's going to be looked after, and [children's behaviour] does ring a lot of alarm bells. [SAPM03]

I would need the history about [Jenny] ... because I don't need the husband or the de facto coming in a block of six units, and causing havoc once he finds out where she's living ... I need to – just so I am aware ... from a liability point of view, for the building, and the other tenants. I have to look after the block, not just that single tenant. [NPM102]

They're all young ... It's going to be the party house. I'd check out the references and give it to the owner, and my impressions, but more likely than not, no. [NPM202]

Okay, boarding house for the last six months, prior to that ... temporary accommodation. We don't know for how long ... There's the lack of stability and the lack of income ... I mean we'd give him a chance, fill in more blanks, but it would go into the reject pile, because its a scenario where there's no stability, 6 months, and then some period before that rental, who knows ... I don't know where he's been, I don't know where he's going. [QPM201]

I've had overseas students, Chinese, Malaysian, Indonesian, and the worst problem there is the cooker. You can't see it for grease ... that's their normal cooking style, and when the place, in 12 months time, the place stinks with their cooking smells – phew! ... Now that's the kind of thing you learn from experience, that that's what you'll often get. [SAPM02]

Routine practices developed at the business/agency level are embedded in local(ity) contexts and are adopted by property managers in the moment of allocation. The history and business 'philosophy' of the agency, the characteristics of landlords and tenant groups who come together in the particular locality, along with broader influences such as local business culture and perceptions of risk or trust in the community evidently shape the individual risk-assessment practices of property managers.

He's a taxi driver... part-time contractor, he's been doing that for a month ... I would look at this application, he and his wife and his two children, because I've had, I have now got quite a few Indian tenants who are taxi drivers, and yeah, touch wood, I haven't had any problems ... They look after the property, and so, I would look at that one. [SAPM06]

We had one of these. From Somalia - no Sudan - they were fantastic!...[H]is kids go to the school he's a teacher at, one of the Catholic schools here, and they just get accepted, nobody cares that they're as black as your boots ... because they behave like everyone else, and the kids love it, they're accepted. ... It's become very tolerant, because you've got the hippies... you've got the gay community, you've got the students ... and then you've got the academics, from the university and the medical people from the hospital, so we have a very strange cross-section here. [NPM101]

It's really ... common to come from caravan parks. [This] is a transient town, people blow in, caravan parks are a place for people to go to sort themselves out, so I don't find that unusual, it's very common. [QPM204]

Well, you've got to give them a go. Around here you'll probably find agents are a lot more lenient around here, compared to other places ... [T]he type of people who live around here, you've got to be reasonable or you won't get any tenants. [NPM203]

Local 'histories' can work to diminish the impacts of perceived risks associated with particular social categories, but often they do not.

[I]n the past, people who come from caravan parks, unfortunately, are coming from bad case scenarios, and they don't pay. [NPM202]

In local settings, individual property managers develop ongoing personal strategies of risk-assessment. At the level of face-to-face interaction between the manager and applicants, more or less intuitive assessments of risk, perhaps based upon past experience, come into play. Mostly, these judgements are expressed as reliance upon 'gut feelings' but they are interwoven with and, to a degree, are masked by ostensibly systematic procedures of tenant selection.

We try to keep an open mind, and we try to keep ... you know, discrimination out of it as well, but when you've been in this business a long time - not everyone has, but I have - you do, there is a bit of gut feeling in there as well. But [with] our process at the moment, the property manager doesn't ever see the prospective tenant, all they've got is the paperwork ... [B]ut you do in this business get a really good judge of people, as well, so you know, whether that's right or wrong, sometimes you can make a judgement by looking at people ... I can tell you, that anyone whose ever caused me a problem, if I've met them before they've moved in, and I've had a feeling that they're probably not the right person for the property, and they've gone in, I've always been right! [QPM203]

Basically, you go by gut instinct ... I've been doing it for over 12 years. You get to read, are they going to be good or not, if they are going to be a con-artist, if they are going to pay on time... [NPM202]

At the end of that half an hour I will have a short list in my stomach, having [spoken] to them ... now that's a superficial impression, I agree, but it is stomach, gut level feeling, okay, just initial, and so when they start to bring their applications in to me, I will go by my gut level, first of all ... I'll check the ones that I felt most comfortable with - I've been quite wrong sometimes, but by and large, when I've checked them out thoroughly, in reality, at the end of the day, my stomach was right. You acquire a taste for tenants, and I'm not being judgemental. I can only judge on what presents themselves to me, how they present themselves and their attitude to me and to the house... [SAPM02]

5.2 Strategies of assessment and avoidance

In the analysis of property manager interviews, four key strategies of risk-assessment and avoidance (of unsuitable tenants) have been revealed. These strategies – 'sorting out', 'ranking', 'discriminating' and 'handing over' – work both independently and in tandem in the processes of risk-assessment and allocation of tenancies.

5.2.1 Sorting (out)

In the context of the everyday professional practices of property managers, the principal criteria for the assessment and selection of tenancy applicants, 'ability to pay' and 'ability to care', are constructed as objective, fair and reasonable. This is achieved in part via discursive practices that link these criteria to a set of systematic, and apparently standardised, business procedures that are supported by the specialised use of extant technology, and legitimised by references to specific legislation such as tenancy and privacy laws.

Assessing the risks entailed in (future) tenancy by applying these two criteria is, for the most part, routine, and seen to be unproblematic in the context of the market.

They are primary considerations used to distinguish between those who are suitable and 'followed up' as potential tenants and those who 'go to the bottom of the pile', not worthy of further consideration. Whilst it is expected that a 'suitable tenant' clearly will satisfy both criteria, indications of a potential problem either in paying the rent (measured against the 30 per cent benchmark and prior records of payments/arrears) or in caring for the property (measured against prior records of property maintenance and bond return/damage or bond retention to cover reparation or cleaning) appear, in current low-vacancy markets, to be sufficient to reject an applicant in the initial round of the assessment and selection processes, the 'sorting out' stage.

The process of 'sorting out' might be seen as a first strategy of exclusion whereby those who fail to meet the primary, double criteria selection test will not be considered eligible for follow-up, and their applications may not go beyond this initial stage. The following excerpt illustrates this strategy at work, as a property manager considers the hypothetical applicant, Jenny:

Obviously she's just broken up with her partner, but she's got a good job, and she's got a good income, and she's got a rental reference ... but we've got here property damage - that would depend completely on what the previous agent said ... Oh, and she's in debt to another agent, so it's probably going to be a pretty bad reference. But she is in a women's refuge, there might have been domestic violence etcetera there as well ... I might look for another reference, but having said that, if I've got one property and I've got all these applications, then I wouldn't go further, I wouldn't go a lot further ... chasing up information, because there are better applicants, but all of these people have good points and bad points about them, but yes, she's got the money, but I find that domestic violence can be a problem with property damage and bond and complaints from neighbours ... This is something where you might have a gut feeling about someone. [QPM203]

It must be noted, however, that most agencies appear to routinely process all applications to a point where tenancy database records have been checked and reference sources have been verified, at least. Confirmation of income usually will have been required with an application, and details of current and immediate past accommodation arrangements, at least, will also have been recorded and assessed.

5.2.2 Ranking

The 'ranking' of applicants also involves seemingly straightforward, 'objective' comparisons to ascertain which have the greater capacities to 'pay' and 'care'. Those who can demonstrate a comparatively low rent to income ratio will be given priority over those with higher rent to income ratios because they will be seen as having a greater capacity to pay; those whose rental references can be obtained easily from bona fide sources and via routine systems of enquiry within the industry and whose references are very favourable ('always paid the rent on time', 'looked after the place', 'left the place in excellent condition') will be prioritised ahead of those whose references, however sound, might need to be obtained from private landlords, and ahead of those who receive less favourable recommendations.

Ranking, however, is a far less transparent process than 'sorting (out)'. It entails much more complex and variously iterated comparisons among applications, taking into account the wide range of factors perceived to be potential risks to business profitability, legal compliance and reputation, and/or insurance. A mix of routine practices and personal strategies is employed in the process of ranking applicants in terms of estimates of potential risk. Ranking is explicitly a competitive process, and competition among applicants in the private rental market is highly visible. It is this

visibility of competition, situated as it is within a broader culture of competition, that enables landlords and/or agents to say 'Sorry, you were not successful' to all but the 'most suitable' applicant/s, and mostly without question. Indeed, applying for a rental property is increasingly enacted as if the tenant is applying for a job.

Look, its like applying for a job, isn't it, if you're going to apply for a job and your gonna, and you've got five people walking in and one's got a suit and a tie and one's got boardshorts and thongs, isn't appearance going to have a bit of effect? I can't say to a person I'm not going to lease something to you because you've got your shorts and your scrappy beard, but to me – look, you can't judge a book by its cover, but what I'm saying to you is if I've got five applicants, and they all had the same income and the same references, I'm going to say to my landlord, one looks really well ... We are given a property that is worth 3, 4, 500,000 dollars by our landlord, that's what we're given, a half a million dollar property, so its up to us to make sure we find the right person. [NPM104]

In the present low-vacancy market where real estate agencies typically receive a large number of applications for each advertised property, these strategies of 'sorting (out)' and 'ranking' are likely to exclude a significant proportion of applicants, quite routinely.

5.2.3 *Discriminating*

Both 'sorting (out)' and 'ranking' can be difficult, albeit procedurally straightforward, processes; such strategies are always immanently problematic in the context of fair-trading and anti-discrimination laws that govern the activities of property managers, and industry codes that further specify their responsibilities in relation to their clients and customers. 'Discrimination', however, is implicit in processes of selection and allocation, and property managers are acutely aware of the possibility that they may be accused of discriminating unlawfully in rejecting some applicants. The tension between lawful and unlawful discrimination is palpable in the talk of property managers; the bottom line of business profitability is also evident.

You can't take on properties where the landlords say 'We don't want children' or 'We don't want a particular race of people.' That's always a risk aspect of the job ... If the landlord doesn't want a tenant because of a particular reason that we don't see is a valid reason, then we will advise that landlord that we don't want to manage the property anymore, okay, because we cannot leave ourselves open to any discrimination areas. [QII02]

I've got one at the moment, the house has been available ... but [the owner] is not interested in young people at all, wants a family. ...A lot of them are very specific that way, 'No young kids!', you know, marks on the walls and whatever, so yeah, if that's what they want! [SAPM05]

I've rented to numerous [Indigenous people] in the past, and I'd say that 98 per cent have turned out to be bad tenants. ...They've damaged property, how they live, their lifestyle ... dirty marks all over the walls ... Five kids [in Nellie and Ray's household]. There's going to be a lot of wear and tear, they're coming from a small rural town, they've probably had a lot of room to run around and they're coming to the city ... Unfortunately, we're all racist in some way or other. We try not to be but that's what it will come down to and that's based on knowing how my landlords work. They always ask what the races are, straight away. [NPM202]

We won't take an instruction that there's 'no blacks going in to my house'. It's just not on, we won't take that instruction. However, we want to be sure that

the people we put in are going to do the right thing and live peacefully ... pay the rent and won't damage the property, and there is no doubt that Indigenous people have a dreadful track record ... of doing that. [QPM204]

[People with mental illnesses] are a high risk tenant, absolutely. They might go along very well for some time, but the problem is that the episode that they have can be quite bad. Don't get me wrong, I've actually got tenants that have proved me wrong and are still in a property, but we always are concerned about them. If they get one day behind in their rent, I go down personally and see that they are OK, because they are the people who try to attempt suicide in their units, or cause harm and grief to other tenants, and they generally live in unit blocks because of the lower rent. [QPM202]

When I go through the application with the landlord, I will determine what is applicable to the applicant, if someone has a mental illness and I think its going to affect how she pays the rent, then I will mention it, if I can be sure that its not going to affect how she pays the rent and looks after the place, it doesn't even get mentioned to the landlord, because then it becomes discrimination, so that's where the story ends. [NPM104]

... at the end of the day, we don't discriminate, the fine is too high. You don't put yourself in that position, is what it comes down to, because if you got that many applications and you said, 'Oh this is just too much work to check them all out, they look okay' ... and you start to discriminate and you just pick one and present it to the owner, and don't tell the owner about the other ones, and one of them comes back to you says, 'Why wasn't I approved?', or it gets found that that you didn't even check the references, and you didn't even present it to the owner, you don't want to be in that position. So that's why they all get checked out, and they all get presented to the owner. [QPM205]

5.2.4 *Handing over (the risk-taking)*

There is another strategy, an underlying risk-avoidance strategy, linked to the processes of sorting out, ranking and discriminating that enables these processes to work efficiently, and serves, in particular, to resolve the tension between the risk of unlawful discrimination or unfair treatment of applicants, and the necessity of careful risk-assessment and lawful discrimination in the selection of tenants. 'Handing over' is a fail-safe strategy, evident in two particular forms: first, all property managers use what can be called the 'owner's decision loophole' which works to shift the actual responsibility for selection of tenants from the property manager to the owner, and second, most property managers adopt a 'we are not social workers' stance which works to discursively hand over unsuitable tenants to the public or community housing sector or to informal, family support.

The 'owner's decision loophole' strategy is well illustrated in the following statements:

I can't discriminate. An owner can tell me whatever they want, but at the end of the day, my only obligation is I have to take an application ... but I can't say to people you can't apply, I can take the application, but whether we process it or not is a different thing. It's totally up the owner so they can decide who they want in there. [SAPM05]

We get all this information, and we show it to [the landlord], and [they]... can decide. Don't tell me the reason why, if its because of race well fair enough, keep it to yourself, I don't want to know it, don't tell me ... [W]e had some really good ones for a house recently ... an excellent application, the owner's Lebanese; he doesn't want Lebanese in there ... Well you can't discriminate,

and I said, 'Mate, I prefer if you don't tell me the reason, just say, 'I decline''. I prefer not to know, I feel guilty, but I can't obviously tell the tenant – I'd be sued. I say, 'Sorry, your application was declined and there was no reason given'. That's the law ... we don't have to give a reason. If they owner wishes to give a reason, that's him, but I'm not going to relay that, he can relay that personally. But I'm not going to give the reason. [NPM202]

Property managers are not unsympathetic to the needs of unsuitable tenants or unsuccessful applicants but they present, across the board, a pragmatic response to the 'problem' of providing affordable housing to low-income and/or high-needs applicants – it's not their problem.

We're not social workers, and if they're coming in to apply for a property, they have to meet the criteria ... that everyone else does. Your heart goes out to somebody like that but, again, we don't have emergency housing ... It's salary and income ... Why are they not with the Department of Housing? Why are they looking for private rental? ... They'll get a home cheaper through the Department of Housing than through us, so therefore, I want to know why are they choosing [private rental]? [QPM201]

[U]ltimately, we are running a business. We are not a bank or a charity organisation. It's not our problem. We are paid by the landlord, so what [to] do about this, I've got no idea. We have homeless people. [W]e can't do anything about the system. We need more housing. [NPM104]

5.3 The 'most suitable tenant'

Through consideration of the factors that shape property management practices more generally, and particularly in the moment of allocation, a construction of a 'most suitable tenant' becomes apparent.

The 'most suitable tenant' will be resourceful, having adequate financial resources, reputable, possessing appropriate social capital (from which to draw appropriate references) and capable, having cultural capital that emphasises forms of personal responsibility consistent with documenting one's life, an understanding of what is entailed in applying for tenancy in the private rental market, and being able to demonstrate an ability to care for the rental property. Being strategic in the moment of allocation will also reflect positively upon the applicant; having all relevant documents available, offering to pay rent in advance or accept special conditions of tenancy, and presenting oneself appropriately at the time of application will be interpreted as signs of responsibility, and ultimately of reduced risk.

Key capabilities of a 'most suitable tenant' are clearly articulated – 'financial capability' and 'ability to care (for the rented property)'. As noted above, beyond expecting that applicants will have adequate income (a resource) to pay rent, property managers expressed expectations that tenants can demonstrate that they are capable of managing their financial resources effectively. Further, 'suitable tenants' will be able to prove their knowledge of the processes of application, presenting relevant documents at the time of application to demonstrate that they are capable of doing what is required to 'care for the property', and show, by their personal deportment and manners, that they are capable of conducting themselves in a way that presents no risk of damage or misuse of the property, nor risk of annoyance to neighbours.

If a tenant does their homework and turns up with ... copies of their forms and their ledger nice and neatly done, and the form filled out - completed correctly, and signed and filled in - they've got a much better chance of being looked at favourably than, we're phoning three or four times, chasing information ...

what are they hiding?... Like ... any job application, if you leave blanks on a job application, you're going to get the same questions asked, so, we've got a form for a reason. If they fill it out and they do it properly ... that's good. [NPM202]

[What we look for is] someone that's reliable, that'll pay their rent on time, someone that'll understand what a lawnmower is and a vacuum cleaning. That's all they have to do, is pay their rent and keep the house clean and tidy. It's so simple! [SAPM04]

Strategic actions taken by applicants, particularly those who may be perceived as carrying an unacceptable level of risk, are likely to be regarded as appropriate personal responses to risks, and strategic 'actors' as responsible and 'savvy'. Strategies include offering to pay a significant period of rent in advance, nominating financial guarantors, indicating a willingness to accept more frequent property inspections or a shorter period of tenancy with a proviso that renewal of the agreement will be subject to acceptable tenant behaviour or, where high needs are evident, providing evidence of available social support.

I tend to see the weaker tenants pay more for a property than the higher income tenants also, because, [for example] the tenant I wanted in the unit in Clifftown, was willing to pay \$180 a week, just to get it, whereas [another] tenant, offered \$175, because they know they are a good tenant, and they can get the property for less, and the landlord would accept an application at a lower rent because of the application as well. It is a fact, that the lower end tenants will pay more for a property than the higher end, as well, just to get it, they'll pay full price, because they are so desperate. [NPM204]

What can happen there, their parents can go as guarantors too ... We've probably got about four parents that have gone guarantor. That's no problem at all. [QPM201]

By contrast, where applicants are not strategic in the way they conduct themselves in the application process, perhaps being 'too honest' or not providing enough information (for example, details about a private landlord that might legitimate their reference) or applying for properties that will be judged as being beyond their financial means, the perception of risks entailed in offering a tenancy will be magnified.

I remember taking an application from a young couple. They moved straight out from ... one of the mainland [Aboriginal] communities ... Bloody teenagers, baby, and no job and I was helping them fill out their application and [they come to] 'Why are you leaving your last place of residence?' and they said, 'To get away from family!' [Laugh] They're never going to get a place. [QPM204]

See this is actually going to go against them [Ray and Nellie], because I'm assuming that Mr, Mrs Collins is a family member, and being a family member, the reference that he's going to get from a family member is going to be tarnished somewhat ... You're not going to get something that's true and accurate, so that is actually going to go against them, not that they are aboriginal, if they can pay the rent that is fine. [NPM103]

5.4 Summary

Risk-assessment in the processing of tenancy applications focuses principally upon income and reputation, but also upon tenant capabilities and strategic actions as markers of risk. The mixing of formal practices, including the specialised use of extant technology, local, routine practices and personal strategies of risk-assessment provides effective means for excluding, progressively, 'unsuitable' and 'less suitable'

applicants, whilst at the same time containing immanent possibilities of breaches of privacy and discrimination and consequent legal actions.

In and through the processes of sorting (out), ranking, discriminating and handing over, a picture of a 'most suitable tenant' emerges. The ideal tenant is resourceful, reputable, capable, and strategic in their conduct and presentation. Whilst specific resources, reputation checks, capabilities and strategic actions will be defined in local contexts of supply and demand, expectations that suitable tenants will have these fundamental qualities were clearly articulated and reiterated in interviews, across all states and localities. The likely impacts of this culture of tenant selection upon low-income households are discussed in the following chapter.

6 LOW-INCOME TENANTS IN THE PRIVATE RENTAL MARKET

In this chapter, we explore in some detail the perception among property managers of different categories of tenants, all of whom are likely to be in low-income households. The discussion addresses, primarily, Research Questions 3, 4 and 5:

- Do real estate agents attach greater risk to low-income renters?
- If so, what aspects of low-income status are perceived, by real estate agents, to constitute risks in rental tenancies?
- What factors are perceived, by real estate agents, to mitigate any specific risks arising from or associated with tenants' low-income status?

6.1 Perceptions of risks associated with low-income renters

It is evident that property managers associate 'low-income' status with a range of particular characteristics and circumstances that are interpreted as signs of risk in property rental. The consistent application of the 'objective' 30 per cent rent to income ratio rule of thumb in 'sorting out' is only a first step. A range of other factors, interpreted by reference to personal feelings (intuition) and/or practice experience, are added into the mix of considerations, sometimes creating opportunities for access to affordable housing but most often providing a deeper rationale for upholding the 30 per cent rule. Even where the calculated rent to income ratio is within acceptable limits, property managers express doubts about the capacities of people on low incomes to manage their living expenses and not default on rent. On the other hand, a tenant's taking on affordable but not necessarily appropriate accommodation at the 'very low end' of the market (in other words, making do with what they can afford) also may create doubts in the minds of property managers. Boarding house accommodation, for instance, is seen as a peripheral form of housing, even among agents who handle boarding house letting, and a demonstrated capacity to afford and manage boarding house rent will not necessarily be taken as an indicator of capacity to afford and manage an independent unit or apartment, much less a house and garden. Frequently, the factors associated with low income – perhaps the reasons that people find themselves on low incomes – are perceived as compounding the risk/s of low-income status. People with high needs for support are viewed as 'high maintenance' tenants by real estate agents and property managers who are ever conscious of 'limited returns' on the time entailed in managing a property.

[Dave's looking better than Rob and Marcia] because he does have a higher income, he does have more ability to pay, and when people are on Centrelink, they are on a minimal income, so if they do have a problem, a financial problem, something comes up, they have less of an ability to pay, and its nothing to do with them being on Centrelink, it's really, in the end, its the bottom line, this guy has a job, has a good record of employment, and he earns a lot more money. And as I said before, rent is the thing that we can't really do a whole lot about, um, and we don't want to evict someone, so someone who has more of an ability to pay, will probably be favoured over someone who hasn't. [QPM203]

Yes, [property damage tends to occur more in the lower end of the market]. I can't explain it ... I suppose they've got more time up their sleeve, they're not working, with due respect, maybe they're home all the time, watching TV ... the pressure starts building up, if they can't pay the rent, you know, they've got a couple of kids in there and they're asking for things that they can't have ...

but of course they can't afford something with a yard, its more pressure on Mum and Dad, to make two ends meet. [NPM104]

I think that people on low incomes, when they do get into trouble for whatever reason, it is really difficult for them to recover, financially ... really in the end for a lot of the owners it is a business, and the rent coming in is a major thing, no matter what the reason. [QPM203]

[Michael's] a single father, two children ... it doesn't quite sound right to me that he's got two children and he's been living in a boarding house it's just not the normal thing ... Again Centrelink's not a problem, and the thing with boarding houses and private hotels, is that obviously we can get a, you know we can get a decent reference, but its a different reference to what you would have if someone was renting a unit that they had to look after, or a house ... if he was applying for a three bedroom house, and I only had boarding house references, can he look after a property, a garden, etcetera ... Also affordability, [there are] a few things I would want to check up on. We would need to see a Centrelink statement. [QPM203]

6.2 Alarm bells

The property managers interviewed clearly demonstrated the complexity of the processes of sorting out, ranking, discriminating and handing over, as described in Chapter 5. They also revealed sometimes localised understandings of particular circumstances and categories of people that, either alone or taken together with knowledge about an applicant's income and rental history, might 'set off alarm bells'. The circumstantial linking of particular vulnerabilities to low income appears to provide both a signal of unacceptable levels of risk and a strategy for avoiding such levels of risk. It would be unlawful to refuse an application and/or not offer a tenancy on the basis of sex, marital status, parental status, pregnancy, race, disability, age, religion or any other characteristic noted in the federal Anti-Discrimination Act. However, the limited financial resources of particular categories of applicants (sole parents, people living with disabilities, or the aged who receive Commonwealth income support) is invoked, together with concerns about compromised capacities to manage income and/or care for the property, as grounds for rejection or lower ranking of such applicants in the process of tenant selection.

In the context of considering the hypothetical tenancy applications and tenant profiles presented in interviews, property managers clearly articulated concern about risks entailed in the following, as has been illustrated in Chapters 4 and 5: unemployment (and associated uncertainty about the level and stability of income), the presence of children in the household (perceived as causing more wear and tear, and potential damage to the property), an experience of domestic violence (and perceived ongoing potential for damage to property), marital breakdown (and associated instability), Aboriginality and ethnicity (particularly in relation to family size, cultural practices and housekeeping), physical incapacity and self-presentation. A shift from home ownership to private rental was also perceived as indicative of risks, mainly financial, heightened in the absence of a recent rental history.

6.3 Opportunities for access

The analysis and discussion presented above suggests that considerable 'risk' is associated with low-income status, either directly or insofar as it is likely to be associated with other forms of perceived risk, and that such risks are likely to impede access to private rental accommodation, at least in the core, professionally managed

private rental market. Further analysis suggests that opportunities for access to housing are evident also.

It has already been noted in Chapter 5 that the 'local experience' of an agency and/or property manager may work in favour of particular applicants, providing them with a small advantage in the competitive private rental market. Demonstration of available social support and financial guarantors has also been noted as providing some advantage in the competition for limited vacancies. Other possible advantages for applicants perceived as presenting considerable risk included their likely preference or need for longer-term rental which could provide a level of financial security for landlords, and preparedness to agree to specific, more stringent conditions for inspection of properties and review of contracts, strategies that might counter-balance the risks entailed in low income, problematic or limited rental history, and/or constrained personal capacities.

Once he [Rob] is settled he is probably going to stay there for ten years if that is how long he is going to wait for public housing to come up. Yes, [it has happened before], the owner [pays for disability modifications] ... because they see the advantage in keeping a good tenant. And we have had the situation where people have injured themselves while they were in a property and the landlord has installed ramps ... because they want to keep the tenant. [QPM202]

This is where Lauren's family situation would come into it ... these young people can't go anywhere, because worst case, you've got their Mum and Dad's address from their form. 'Listen, your son, daughter, what-have-you, is doing the wrong thing, get them to shape up and fly straight otherwise we're going to black list them on the agencies. They've already signed for it, they're going to have this debt against them, they're going to have problems.' These are people that with the right pressure, if they start doing the wrong thing, can respond very quickly. [NPM201]

The particular circumstances and motivations of landlords may also provide opportunities for low-income tenants to access housing, although mention of such circumstances by property managers interviewed in this study was made, in all cases, in the context of pointing to unacceptable levels of financial risk or unwillingness on the part of landlords to improve and/or maintain the condition of their property.

Sometimes things can go wrong, is if the owner desperately wants the property rented and its not a very good property, and they do tend to accept people that maybe shouldn't be accepted, maybe if we tell them, look we say this person doesn't have a good reference, they don't earn enough money, but as I say, its up to the owner, from our point of view that can go wrong ... [QPM203]

There is also evidence in the property managers' accounts of the processes of risk-assessment that they are prepared to give special consideration to applicants who appear worthy, albeit 'risky'. Clearly, when the market (in terms of supply) and their client's circumstances allow, property managers will take a risk based upon a personal commitment to a kind of natural justice, perhaps best expressed as 'giving them a chance (to prove themselves)', and illustrated in the following responses to the tenant profiles presented in interviews.

Now Jenny's currently in a women's refuge, um, we don't know how long she's been there, um, she's got a landlord reference but with no phone numbers, so she obviously doesn't want me to, I can find their number out, I guess, but she's got here evicted property damage, and repaying the debt, well at least

she's repaying whatever debt there is, um there's obviously been a bust up with the relationship, but she is working, she's getting a net of \$900 a week, she's put down her employer, which is good and she's also put down her Mum, which is another good thing and she's got her two girls with her, so you know she's a possible, she's obviously come across hard times, I would probably take this lady on face value, meeting her at the property, I'd probably think, I mean it could happen to anybody, you know, someone could take the wrong pill and you know, deck his wife, so yeah, I'd probably, with her, because at least she's put down this, apart from not giving us the phone number, but she's truthful, she's upfront, she's told us what the problem is. [SAPM04]

I said to the owner, 'You've got two applications', and I gave him the background of each one, and I said, 'It's your choice', and the obvious question that often comes back is, 'Well what would you do, what is your opinion?' I said I would go with the 17 year old, only from the point of view that I want to give her a chance, I guess, as a father, my heart came into it, as well as my brain, I said, 'This kid is worth giving an opportunity, and she's not going to get into a more expensive house'. [SAPM02]

I'd want a reference from one of the people [Dave's] been renting from. If he's not on the lease and he's only a share tenant, but I would want to know the history of that property. His work is no problem, so sometimes you give them a go. [QPM205]

6.4 Strategic actions of low-income applicants

Two key strategic actions on the part of low-income tenant applicants can evidently improve their chances of being perceived as resourceful and capable. First, making efforts to demonstrate that they are able to pay the rent and how they plan to do so, even when it might exceed the benchmark 30 per cent of their income, and that they can care for the property is likely to be read as positive. Second, documenting, for example, keeping material records of any aspect of rental history that might be evidence of ability to pay and/or to care for rental property, is strategic. Such actions are significant since they help to persuade property managers not only that the applicants may have sufficient resources (personal and material) but that they accept that the onus is on themselves to show they are reputable, and that they have valued 'competencies' and understand 'how the system works'.

I guess one of the things we do come up against, for those people who are on benefits, it is that the rent day doesn't fall in with the day that the benefit's paid. [Say] ... the rent is due on a Friday and they don't get paid until the following Tuesday they will let it fall into arrears because we don't get paid until Tuesday. Rather than when they first move in paying a bit extra so they're always paid on time. [QII02]

I had a 16 year old girl come to us to rent a property ... we can't stop minors from renting. But this girl had an exercise book, and she had written in there her income and all her expenses. Right down to the lolly from the shop, and I thought that was just fantastic for a 16 year old ... and I think if there's anything that can help people that are out there, its just, if they knew how to do that, because I could see that she consistently paid her bills, even they were small bills, you know, she was organised ... I think low income people would benefit greatly if they could walk in to a real estate office, and say, 'I haven't got any references, but this is how we live, this is how we operate', even out of

a plain old exercise book, from you know Woolworths ... and it just gives that credibility to they perhaps wouldn't have ... [Q1105]

[Marcia is] ... an older person, she'd be a pensioner - she may have significantly reduced rent payments - we've had scenarios like this, where someone who has no income, but their children pay the rent - that's a favourable thing, and the fact that it's stable. [NPM201]

Through carefully compiling rental history and/or personal financial records, the latter being especially important for first-time renters, applicants can build their case. Such strategic action was endorsed, also, by tenant advocates interviewed.

]With [l]ow-income people [it's] very important to have record (presenting the credibility). [To show t]hey pay the utility bills on time, etc. [If they have [l]ow-income [and] limited supporting documentation ... [they] can be missed out. Documenting your circumstances; ... budgeting skills of tenants; showing discipline on paying rent. The budget documentation will have equal weight with references, etc. [Q1105]

Some people that really know that they're good tenants, they want to prove it. They'll ... go into the Housing Trust and get them to print off all ... rental payments and ... put that with [their] application, and then some even go so far as to, because I think things have changed a little in the Housing Trust since the Act changed in 95 ... so some tenants have actually got a housing officer, so if so, they [say], 'Oh I've spoken to my housing officer, and told them that I'm okay for you to ring', and things like that, so if I had all those bits and pieces, then I would make some phone calls, [we're looking for] ... a good rental history. [SAPM06]

One thing we always recommend people to do, ... is to write a sort of a personal cover letter to sort of try and create that connection with not just the agent, but the owner, the owner of the property, to say 'Hi, this is who I am, this is kind of, my story and this is why I really want this property' ... and [it] seems to have helped in that application process, and seems to have helped them stand out where they've got a whole stack of applications there, if there's one with a nice cover letter, whatever it is about that person, to connect. [NTA01]

6.5 Parameters of the market

When one of the industry representatives interviewed for this study assessed the (hypothetical) applications presented to her, she remarked without hesitation, 'I wouldn't give it to any of them. I'd wait a week.' This can be read as a comment upon her assessment of the applicants' capacities to pay the rent and care for the property, and the current state of the rental market, a comment that illustrates neatly how the parameters of the market, particularly in relation to supply and demand, expansion and contraction, do shape the processes of risk-assessment and, ultimately, the strategic relation of power between property manager (working on behalf of their client, the landlord) and the tenant applicant, in the moment of allocation.

Whilst it is evident in the property managers' accounts of the local contexts in which they work that there are differences even among those local markets that were selected for study, there is a broader parameter of the private rental market at present that overrides local circumstances. That is, low vacancy rates and limited supply of lower-cost rental stock mean that there are, in nearly all instances, more tenant applicants than available properties. Some agencies have established 'wait lists' of applicants who are deemed suitable tenants but have been unsuccessful in obtaining

a particular property or for whom no suitable properties were available. So critical is the issue of supply that some property managers spoke of tension within their agencies between rental staff and sales staff since they saw the sales of investment properties under their management as potentially leading to a change of hands for property management or conversion of rental stock to owner-occupied stock. Either way, the supply of rental stock could be reduced. This fundamental problem of supply severely limits the chances of access to appropriate and affordable housing for low-income tenant applicants, and most especially those who may be judged as less capable and/or whose rental history indicates potential problems.

Sadly ... it's the numbers game, and they [Nellie and Ray] will be discriminated, because often we don't have the accommodation to house so many people. And that's ridiculous, because [for] the average [family], 20 to 30 years ago, having six children was normal [QPM201]

To some extent, it is apparent that the limited supply of lower-cost rental accommodation may be exaggerated by a particular risk avoidance strategy that was being adopted by nearly all property managers – rejection of 'sub-standard' stock. Managers are critically concerned about the implications for them of health and safety risks to tenants. There are clear legislative requirements for building and safety standards in rented properties; conditions of landlord insurance and professional indemnity insurance may increase the standards required for cover. If landlords are reluctant to comply with these requirements, property managers will not take on the property. Such properties will be judged to present unacceptable levels of risk of litigation and/or be seen as potentially unprofitable.

[W]e go out and ensure that the property is livable, you know, that it's safe, that it certainly adheres to all the legislation that is required for a tenant, so its clean, tidy, in a good state of repair and everything's working and if its not then its certainly rectified, or we don't take it on. [QPM202]

[W]hen we are doing a rental appraisal we really look at the property to make sure it is liveable, there aren't going to be any problems with the property really- there are a few things that properties require- for example, a working stove and things like that. [We] ...make sure there's nothing that would be a public liability - pergolas, decks, trip hazards like old lino or carpet with holes in it ... I feel, that with a property in the lower end of the market, you have to choose the best of the worst bunch so to speak, so that's for a property that's liveable, but a top tenant wouldn't want to live there. [SAPM06]

Thus, some potentially affordable stock may be excluded from the core, professionally managed segment of the market rather than be upgraded for rental, although it may remain in less stringently regulated segments of the private rental sector. Upgraded stock will be accepted in core rental markets but the cost, as well, will rise.

Whilst these tendencies appear to be generalised, it is also evident that, in some localities where a significant proportion of tenants are in low-income households, the demand for higher-cost rental properties is limited. One property manager, commenting upon the range of applicants they most commonly dealt with in Locality NSW2, made the point that 'some property managers don't have much choice'. This is not to suggest that vacancy rates are significantly higher than elsewhere, but rather that all or nearly all applicants have limited resources and/or capabilities in accessing housing. Applicants who may be 'uncompetitive' in other local markets may have a better chance of obtaining rental accommodation. However, whilst low-income and other vulnerable households may have a better chance of obtaining affordable

housing in lower socio-economic areas, affordable housing may not necessarily be appropriate and local amenities are likely to be more limited.

The problem of 'supply' of affordable and appropriate housing stock is, clearly, a key parameter of the current private rental market, shaping low-income householders' access to housing and the social relations of access in the moment of allocation.

6.6 Strategic partnerships

Strategic partnership arrangements between community providers and real estate agencies in some localities have evidently reduced perceived risks for property managers (and landlords) in providing affordable housing to 'at risk' householders (Croft 2001). Most of those mentioned by property managers interviewed were arrangements for offering additional and guaranteed support to tenants with high needs, essentially lifting the burden of 'tenant management' from property managers. Some were tenant focused, providing for specific supports such as care and/or assistance with financial management and/or daily living activities; others were focused on alternative forms of housing provision, such as community welfare organisations head-leasing a number of properties and then sub-letting to needy tenants. Property managers with experience of these arrangements acknowledged their benefits.

I've got a deal with Anglicare at the moment where they help families from these countries, and they actually look after them for 12 months while they're in the property. Their payments go to them and they pay us every month ... Owners are a bit happier that way. They know they are not going to have any problems for the first twelve months. [SAPM05]

This office does a lot of work with community organizations and refugees. We've got fourteen refugee families in our properties right now, and the whole time I've been here we've really only had problems at one property with a refugee family, and that was a cultural thing ... So I'm happy with refugees. [Gutaale]'s certainly showing ... plenty of initiative. I'm basically happy to run with them. [QPM105]

All such examples that property managers spoke of were tenant focused and altered the forms and relations of housing provision in limited ways. Tenant focused supports do assist tenants to access housing in the private rental sector, but the only incentives for landlords to elect to rent under these conditions is that community providers usually accept the costs of rent arrears and/or property damage, and the terms of the lease are usually longer, providing some security of income over time. There are no direct financial incentives (for example, through taxation relief) for landlords to provide housing in this way or to limit rent increases.

6.7 Summary

In this chapter, we have identified tenant qualities that are valued by property managers in the processes of risk-assessment and allocation, and have also considered how low-income householders are perceived and positioned in the moment of allocation. Being resourceful, having a good reputation (a good rental history), being seen as capable and having the capacity to act strategically are the markers of 'suitable tenants'; on these terms, presenting as 'suitable' may be problematic for low-income householders. Property managers associate low-income status with a range of particular personal characteristics and circumstances that generally are interpreted as signs of risk in property rental; low income, a factor that in itself is read as a sign of 'inability to pay', is also associated more generally with a lack of resources and, at least potentially, limited or constrained capabilities.

Approaching the market with insufficient resources may be interpreted also as a sign of (in)capability – not knowing how the private rental market works; any evidence of difficulties in payment of rent and/or having ‘no’ rental history, something that may arise from a range of personal and life circumstances associated with low-income status are also problematic. Some tenant characteristics, many perceived to be (if not actually) associated with low income, simply ‘ring alarm bells’.

There are opportunities for access to housing among low-income households that arise in particular local markets. Across the board, there appear to be ‘weaknesses’ in the market that may be addressed by linking vulnerable tenants and ‘vulnerable’ landlords in supported systems of housing provision – perhaps enabling smaller-scale investors to obtain more modest but more assured incomes/capital gains, and tenants who are not well ‘suited’ to the core private rental market to obtain affordable housing. Partnership arrangements familiar to some property managers, though limited in scope, were viewed positively by them, which suggests some useful policy directions for consideration in Chapter 7.

7 CONCLUSION AND IMPLICATIONS FOR POLICY

As stated in the introduction to this report, this project has addressed the following broad question: What are the various factors included in 'risk-assessments' by real estate agents in allocating 'affordable' tenancies? How are these risks quantified and managed? What are the key outcomes of their decision-making?

In this concluding chapter, an attempt is made to respond, in particular, to the last part of this question and to assess the implications for low-income households and suggest directions for policy development in the Australian context. To this point, the report has focused upon providing a detailed description of the ways in which 'risks' in private rental are understood and dealt with. In particular, it has highlighted the tight focus, at all levels of the industry, upon the financial and legal risks entailed in property management. At the same time, our research has shown the complexity of risk-assessment and risk-management practices and has highlighted the problematic nature of the mix of statutory procedures, routine business practices and individual 'professional' strategies entailed in the assessment of risk in processing tenancy applications.

At the time of this research, the market is characterised by very low vacancy rates in major cities and many regional locations. Rents have, in most locations, spiralled over the past two to three years. While the focus within the private rental sector upon a tenancy applicant's 'ability to pay' and 'ability to care' may not alter under different market conditions, low vacancy rates, especially for affordable accommodation, clearly do exert particular pressures on the provision of low-cost housing in the private rental sector. It is evident that both the workings of the private rental sector and current conditions of the market impact directly upon opportunities for low-income households to access housing.

Particular policy directions are suggested below that focus mainly upon providing appropriate supports to tenants to enter and sustain their participation in the private market, promoting and facilitating varied modes of market and social provision of affordable accommodation to low-income and high-needs households, and addressing problems of supply of affordable (and appropriate) housing. Ways to address issues of discrimination and privacy are also given some consideration.

7.1 Vulnerable applicants: resources, reputation and capacities

Financial risk and risk of litigation are the two primary loci of risk associated with property management and, in particular, tenant assessment and tenancy allocation practices. Tenant assessment and allocation of private rental is characterised by a high level of formalised practice and procedure that works to mitigate the risks associated with running such a business and, at the same time, improves business efficiency and profitability. Highly formalised practices have developed in response to statutory requirements and industry codes, and also out of a concern, at the local business level, to protect both business investment and property owner assets. Operating as they do in the private market, real estate agencies are primarily concerned with maximising their own profits, and in relation to the rental property market, this concern extends to safeguarding and where possible enhancing the property owners' investment.

Real estate agencies also operate to minimise litigation that can impact an agency's financial security and potentially have negative flow-on effects on their reputation. The same formalised practices and procedures used to manage financial risk are used to

reduce the potential for litigation that can originate from either landlord or tenant. The study has identified two primary criteria for the assessment of risk entailed in tenancies – the prospective tenant’s ‘ability to pay’ and ‘ability to care (for the property, the landlord’s asset)’.

A high level of confidence in an applicant’s ability to pay and to care for the property produces a perception of low financial risk (less likelihood of rent arrears, property damage, demands for property improvements, etc.), and low risk of litigation (fewer disputes). Neither criterion could be said to be an objective indicator of risk but the quantitative nature of the principal indicator of ‘ability to pay’, a 30 per cent (or lower) rent to income ratio, and the formalised nature of the process of application mask the range of informal and intuitive assessments of risk that property managers typically describe as ‘gut feelings’. Entailed in such personal judgements, referenced even as they are to past experience, is always the possibility of unfairness in discriminating between suitable and unsuitable tenants.

Under current conditions of the market, however, the balance of power in the allocation of private rental housing lies with property managers and their clients, property owners. Typically, many applications are submitted for each property and the property manager is able to recommend several ‘low-risk’ applicants for tenancy. Risk can be largely avoided at the point of allocation. Applicants with few resources and/or unsatisfactory or doubtful reputations as tenants, who are judged to be less capable in the process of application or show signs (particularly during ‘inspections’) of being less likely or less able to care for the property, are ‘sorted out’ relatively quickly.

Nonetheless, property managers’ personal accounts of their everyday practices and the changing conditions of the market suggest that, in different circumstances, they do ‘take risks’ with tenants whose credentials initially cause them some concern. Risk-taking is then linked to specific strategies of risk-management. Property managers have at their disposal a range of statutory and business procedures and personal strategies for managing tenant behaviour during tenancy, strategies that, essentially, discipline the tenant.

Enhancing the capacity of applicants and, ultimately, of tenants who do not meet the core standards of ‘suitability’ in the risk-assessment process will necessarily involve attending to the varied dimensions of perceived ‘risk’ noted throughout this report – resourcefulness, reputation, capability and capacity for strategic action in the market. The conditions and parameters of the market must also be considered, and the question of whether or not or how the market provision of housing for low-income and high-needs households might work must also be raised in the context of considering policy directions to improve access to affordable and appropriate housing for low-income households

7.2 Impacts on low-income households

As noted in Chapter 5, the level of income is the primary factor taken into account by property managers in the process of assessing and allocating tenancies in the private rental market. There was a high level of consistency among property managers in the three states involved in the study that the 30 per cent rule of thumb was applied to applicants of all income levels. This rent to income ratio is argued, consistently, to be a reliable indicator of the risk of default on rent (or affordability), and a fair way to discriminate, lawfully, on the grounds of ‘ability to pay’.

Under current market conditions of low vacancy rates, escalating rents and greater competition from higher-income households for lower-rent properties, low-income households are likely to be excluded before any other factors are taken into account.

Hulchanski's (1994, 1997) critique of the use of seemingly 'objective' criteria for assessing tenant applicants focuses attention upon the ways in which the routine workings of real estate agencies, local rental markets and the broader 'property management' industry can lead to systematic exclusion of low-income households (c.f. Ericson et al. 2000; Hagner and Klein 2005; Short et al. 2007). While some property managers indicated that they would consider applicants where the individual's or household's income is below the benchmark, where rent may be 40 or 50 per cent of their income, this appears to be the exception rather than the rule.

7.2.1 Reputation and risks

In addition to income, reputation or rental history is another key indicator of ability to pay and ability to care. Tenant databases, though almost universally used in the core private rental sector, are believed to provide limited and possibly unreliable information about a tenant's history. Tenant ledgers, compiled (usually in electronic format) at the agency level, are increasingly being used to supplement and/or supersede information held on tenant databases. They provide a record of most if not all transactions between agency and tenant during tenancy. Absence of a tenant ledger or a similar continuous record of tenancy, compiled by a registered agency, creates suspicion or doubt, with no bona fide record being taken as 'no history'. Breaks in tenant records, irrespective of their causes, are read as problematic, to be avoided. Given the impacts of economic disadvantage, including less stability and security of tenure in housing, low-income households may well be at risk of being judged as presenting risks in tenancy because they are less able to present a stable and continuously recorded rental history.

The range of other more subtle and less formalised processes connected to perceptions of risk have documented, especially in Chapter 6, that low-income households, who are more likely to suffer other disadvantages, will often be seen as too great a risk (to profitability and contract) even when they 'pass' the formalised tests. The characteristics of applicants that have been identified as 'alarm bells' are linked to specific risks whether or not personal rental history indicates actual risk, and 'low-income' is invoked as a legitimate ground for doubt. This is of critical policy importance in the context of expectations that the private rental market will (and should) house low-income households.

7.2.2 Capabilities and risks

Correlates of low income may further compound difficulties of access in that they may contribute also to perceptions of (in)capability. The scope of information required can be a challenge for any applicant whose tenancy or employment history has been disrupted. The stringent requirements of the assessment and application process can limit an applicant's access to the private rental market if they cannot be met, either materially or in a timely manner. It is evident from an in-depth analysis of the assessment of applicants and allocation of tenancies that, in addition to financial and social resources, applicants do require a substantial level of competency and strategic know-how to succeed in an application process.

Presenting an incomplete application; one with 'breaks' in documentation; showing signs of not understanding procedures and/or the contractual nature of an application, and/or not passing 'inspection' (for example, not being dressed 'appropriately' or not restraining children during a house inspection) can be interpreted as signs of risk.

Property managers have likened the process of applying for private rental to that of applying for a job (see also Short 2007). One of the challenges that arises from the placing of greater expectations on tenants to 'learn and play by the rules' of the rental application game is that this requires them to become 'expert' renters. Given the

range of vulnerabilities likely to be associated with low-income status, this expectation may be unrealistic.

7.2.3 Strategic action

Beyond showing 'capability' or competence in the application process, expectations of strategic action have also been revealed by property managers. Capacity for strategic action, however, will frequently be based upon access to material, social and cultural resources, any or all of which are likely to be more limited in low-income households. Strategic actions on the part of such households will usually entail making greater efforts to demonstrate their suitability for tenancy, and being more diligent in documenting their life. Strategy may also entail preparedness to accept more restrictive conditions of tenancy and/or higher levels of surveillance during tenancy.

Some industry experts and property managers who participated in this study foresaw the necessary formation of 'new' cost-saving households where income is a barrier to housing access: households where, for example, two (young) couples might share a three-bedroom house, as tenants in common, rather than each renting a two-bedroom unit or apartment, or a sole parent sharing, say, a three-bedroom unit with another single adult to enable him/her to afford a separate bedroom for a child/ren. Whilst it is not clear that such household formations would be widely accepted by property managers or landlords, they were viewed as 'strategic' actions that may be taken by low-income households to avoid exclusion from the core private rental market.

7.3 Discrimination and (un)fairness in the assessment and allocation process

The property management industry employs a high degree of formality and procedure in an effort to protect the interests of both the agency and property owner. Industry practices, including assessment and allocation procedures, are based on a range of legislation and regulatory practice that is increasingly attracting more and more attention in both a management training context and in the day-to-day activity of property managers. Talk of legislative frameworks is conspicuous in the industry, and assessment and allocation practices reflect legislative requirements. Nonetheless, alongside this formality, risk-assessment entails a range of informal practices based on 'gut feelings', mixtures of intuition and experience that may involve unfairly judging and excluding an applicant on the basis of perceived rather than real risks, and may be at odds with the intent of anti-discrimination legislation.

Unfair assessments of the 'suitability' of tenants by property managers or landlords themselves may have a strong bearing on the final decision making in the assessment and allocation process where there is no obligation on the part of property owners to provide a reason why an applicant was unsuccessful. The 'owner's decision' loophole is used actively by property managers to avoid 'non-compliance' with legislation and the consequent risk of litigation.

Another aspect of the application process that may be seen to involve an unfair imbalance in the rights and obligations of landlords/property managers and applicants is the widespread requirement for applicants to consent to agencies obtaining personal or 'private' information in all forms and from all sources specified by the agency, on their application form. Whilst all agencies clearly do comply with the requirement under privacy legislation to obtain consent before seeking information, if an applicant does not consent to all forms and sources listed on an application, most agencies will not accept the application.

7.4 Risk and conditions of the market

Vacancy rates are significant not only as an indicator of the availability of and/or competition for housing, but also, as noted above, because of the effect that low levels of supply can have on the balance of power in the tenancy application process, at the 'moment of allocation'. Where vacancy rates are high, applicants may be able to exercise more control over the application/allocation process; they may have more negotiating power or simply greater opportunity to be considered as potential tenants. Where vacancy rates are low, as they currently are in most areas of Australia, power lies essentially in the hands of landlords and their agents. This effect is evident in the data reported in Chapter 4, and some of the ways in which it influences patterns of allocation at the local level are illustrated in Chapters 5 and 6.

7.4.1 *'Displacement' in the housing market*

This is a matter that requires more extensive research, but the accounts of property managers, industry experts and tenant advocates alike suggest that some 'displacement' is occurring in the housing market, more generally. It may be that small-scale investors ('mums and dads' and younger 'lifestyle' investors) are pushing first home buyers out of the owner-occupier housing market into the private rental market; they in turn may be pushing lower-income households out of lower-cost rental properties. There has also been the suggestion that some younger owner-investors may be occupying low-cost rental housing while earning higher rental returns from their investment property, as an investment strategy.

Ultimately, lower-income households are likely to be 'displaced' from the core, professionally managed, private rental sector into less well regulated segments of the market and/or informal housing arrangements. The evident distancing of the 'professionally managed private rental market' from the 'private landlord' segment of the market through the rejection or devaluing of references and/or forms of tenant records provided by private landlords suggests a level of social and economic closure, and the very real possibility that tenants who rent from private landlords, however successfully, may be at risk of exclusion from the core market in the future.

7.4.2 *Landlords as actors in the private rental sector*

The relative invisibility and evident 'distancing' of (mostly small-scale) landlords in the core private rental market also constitute conditions of the current market that warrant consideration for the effects upon lower-income households. The 'invisibility' of landlords is signified, most particularly, by property managers' accounts of the 'owner's decision' strategy for handing over the risk of discrimination, and in the way that most property managers and industry representatives more frequently referred to their clients as 'owners' rather than landlords. The 'distancing' of landlords is evident in the ways that property managers talk about property owners' inexperience, financial vulnerability and lack of knowledge of the market and statutory regulation of residential tenancies. Indeed, several spoke of owners who expected high levels of control over property management as 'interfering' or 'trouble'. Some constituted the active property owner, explicitly, as a risk.

The positioning of property owners as distant from the formal tenancy relationship and (at least symbolically) absenting from the tenancy application process serves to position them as 'governable' subjects by means of the formal, contractual arrangements and routine practices of property management. At the same time, these strategies may render them, in effect, 'ungovernable' by established statutes of residential tenancy and anti-discrimination.

7.5 Policy implications

These findings suggest that policy and programs aimed at improving low-income householders' access to affordable housing in the private rental sector could usefully focus upon improving tenant capacities, enhancing honesty and fairness in relations of access to private rental accommodation to better achieve a 'balancing rights and obligations' (Short et al. 2007: 17, and Sec. 2.1.2 above) in the application process, and improving the supply of low-cost housing as strategic targets. Each of these is elaborated briefly below. Specific strategies for policy and program development that may be applicable in each state and/or at the Commonwealth level are beyond the scope of the present research.

7.5.1 *Improving tenant capacities*

It is acknowledged that low-income households are more likely to experience a range of vulnerabilities and specific disadvantages that may constitute difficulties in establishing a continuous and unblemished rental history. Documenting their history and demonstrating their suitability as tenants in conventional ways may be difficult. 'Reputations', however, are constructed in contexts, in particular circumstances, and there is some evidence from the interviews conducted for this study that property managers will take account of unconventional forms of documentation, and the contexts and events that have led to circumstances that initially are likely to be judged as indicators of risk.

Liaison and advocacy services and transitional housing providers assisting with or strengthening the range and content of documentation an applicant can provide is likely to have some benefits for low-income and/or high-needs households. These same actors establishing ongoing relationships of trust with local real estate agencies would also appear to serve applicants well in assessment and allocation processes.

One key way in which the effects of 'problem' reputations or unrecorded rental histories can be minimised is through head-leasing arrangements where community agencies lease a rental property/ies for sub-letting to tenants in need. There is some evidence that in cases where community agencies build a 'good reputation', enabling profitable and sustainable lettings, and/or where they are providing services to particular groups (for example, recent arrivals), the reputation of the agency constitutes a significant foundation for members of the client group to establish 'reputable' rental histories for themselves.

The findings of this study also suggest that vulnerable applicants may benefit by having a better understanding of what is involved in applying for private rental and what factors and skills may increase their chances of being successful. There may be a case for strengthening the role of tenant advocate/liaison services in the application process by extending their current role from one of assisting tenants to remain in the market to assisting persons to access the market. There may also be a role for tenant services such as those provided by State Housing Authorities and Tenant Unions across Australia to increase people's understanding of the assessment and allocation process. Providing information comparable to the level and type of information provided on entering a tenancy may improve some households' chances of securing private rental by improving, at least, their capabilities for strategic action in the application process.

Low-income households would, in light of the emphasis placed on the 30 per cent benchmark by property managers in the application process, have improved capacity to access private rental if their income was better able to meet this. Certainly, many low-income households are in receipt of state income support which attracts the

Commonwealth Rent Assistance (CRA) supplement. However, this supplement assists only people who are on statutory incomes and family households who are in receipt of income support payments above the base amount of Family Tax Benefit (Part A)⁸ to better meet private rental housing costs. Many low-waged households will not be eligible for Rent Assistance.

In the assessment of income in the tenancy application process, CRA is usually treated as a housing supplement, not income. Mostly, it is not included in the calculation of the rent to income ratio in a rental application process, though it may be taken into account. Thus, while CRA may effectively improve the tenant's rent to income ratio once in housing, the fact that it is not usually considered when assessing applications for private rental means it may not benefit them in the application process. Alternative ways of delivering CRA warrant investigation. Extending the eligibility for CRA to more low-wage households might also be considered.

The effects of such strategies will be limited, however, if rent to income ratios remain well short of the market. In interviews with tenant advocates and property managers, perceptions that CRA, as a form of housing assistance, has not kept pace with rent increases in their local areas were clearly stated (c.f. Berry 2000; National Shelter and ACOSS 2003; King and Melhuish 2003). The CRA is indexed, and the income thresholds and maximum payment are adjusted bi-annually. Whilst rent increases overall (as measured by the ABS rent index) are consistent with the All Groups CPI, it is possible that these perceptions of lag in CRA increases are valid for particular localities and particular segments of the rental market where rent increases have been greater and/or more rapid than the average. It is important to note that property managers apply the 30 per cent benchmark within the context of local markets.

The timing and mode of delivery of CRA and other forms of state housing assistance can also be seen to disadvantage low-income, albeit eligible, households in the moment of allocation. Procedures for assessment of income (the key criterion for assessing 'ability to pay') have become increasingly formalised in the 'sorting (out)' phase of allocation. Applicants must declare their income and/or other financial support at the time of application; unless their eligibility for state support can be established and guaranteed prior to application, such types and amount/s of financial assistance cannot be factored straightforwardly into an agent's assessment of 'ability to pay'. Thus, an inability to verify access to housing assistance at this stage clearly disadvantages low-income applicants, especially under present market conditions.

A need for reassessment of CRA, taking some account of real rent costs in the relevant local market and giving some consideration to problems of affordability, is indicated in the present research. Attention to the timing and mode of delivery of all forms of state housing support is also warranted.

7.5.2 Fairness in relations of access

The scope of this research is too limited to allow further comment upon 'discriminatory' practices in the moment of allocation. However, the study has highlighted the immanent tension that exists in the moment of allocation between legitimate or legal practices of discrimination and those that might be considered unlawful. Further regulation of landlords, as considerably powerful parties in the moment of allocation, warrants consideration in relation to the impacts of their decisions on vulnerable households, including low-income households, particularly in the processes of tenant selection. The relative 'absence' of landlords from the tenancy

⁸ Detailed information about Family Tax Benefits, including eligibility requirements and rates, can be found at <http://www.familyassist.gov.au/Internet/FAO/fao1.nsf/content/payments>

application process, apparent in the context of this research, ironically, draws attention to their actual role in the private rental market, and suggests some need to rebalance the rights and responsibilities entailed in private rental tenancy (Short et al. 2007), including applications for tenancy and selection of tenants.

Following the lead of property managers and real estate industry informants, requirements for landlord education and training linked to registration of landlords and/or tighter regulation of investment strategies that rely heavily upon rental income to service debts would seem to warrant further consideration as mechanisms to promote landlords as more visible and responsible actors in residential tenancies.

7.5.3 Improving the supply of low rent housing

Such strategies as those mooted above will have limited impact, however, unless the fundamental problems of supply and delivery of affordable housing are addressed. Yates et al. (2004) suggested a number of avenues to address supply issues in the private rental market, including expanding the secondary rental market through head-leasing through social landlords, increasing the supply through the social housing sector, and supplementing low-income housing through the private rental market through low-rent housing investment incentives such as tax reform. All of these would seem viable in the light of the findings of this research.

While the private rental market cannot be constituted as an institution of social welfare, it does resource components of the social housing system through community managed head-leasing programs directed to low-income households, and it has become a de facto social housing system by default and as a result of being the only option left for most low-income households to secure housing. At the same time, the supply of low rent housing from the private rental market, while subject to market forces, may afford renters benefits such as choice and social mix, factors that may be less achievable through the social housing system. Solutions to current pressures upon low-income households in the private rental market may lie in the promotion of varied modes of provisioning.

Property managers spoke favourably of their experiences of head-leasing arrangements. The property owner's interests are well protected and the property agent's management responsibilities are significantly reduced as a result of management responsibility being transferred to the community organisation. The inherent risks associated with property management are sufficiently distanced to be perceived as safe by property managers. At the same time, the property owner is guaranteed security of rental income, via government subsidy, and maintenance is the responsibility of the community organisation. A substantial level of risk normally carried by the property manager entailed in potential loss of income and damage to property is transferred from the rental property agency to the community organisation.

Rental guarantee programs such as the one being piloted in New South Wales have the potential to lower the level of risk perceived to be associated with low income and related vulnerabilities, and assist in the maintenance of tenancies in private rental markets. The New South Wales Tenancy Guarantee Program provides landlords with up to \$1,000 to cover damage or the excess on the insurance policy in the case of severe damage that may occur during the tenancy (Jacobs et al. 2005).

Other modes of provisioning and delivery of housing, involving partnerships of state, community and commercial providers, including smaller-scale investors, also may present as attractive propositions for owner-investors and managers, and could ensure low-income households better access to appropriate and affordable rental housing. Whilst such arrangements were not the subject of enquiry in this study, there were indications that property managers, as professional actors, are open to other

modes of provisioning. Under current conditions, they position their work squarely 'in the market' but their claims of expertise in statutory processes, also, are central to their sense of professionalism, and they have expressed awareness of the growing number of tenants who are excluded from the core market in which they are presently engaged. If alternative modes of (market) provisioning to a wider group were seen to be financially viable, it may well be that the professionalism of property managers could provide a basis for their inclusion in the professionally managed and generally well-regulated (core) market, rather than their exclusion as peripheral providers.

7.6 Conclusion

A key issue apparent in this study is that access to private rental housing is not just a matter of supply and demand. It is also about assessment of risk among applicants. Risk, perceived or actual, is thus a critical factor in deciding who gets housed, and how. Risk and its assessment matter. In drawing conclusions from the study, we reiterate eight key insights:

1. It is evident that there are two principal forms of risk associated with property management, financial risk and risk of litigation.
2. Two fundamental criteria for the assessment of risk entailed in tenancies are the applicant's 'ability to pay' and their 'ability to care (for the rental property)'.
3. These two criteria are variously indicated by a combination of formal measures such as a rent to income ratio of 30 per cent or less, and a clear and continuous record of tenancy and a range of informal and intuitive assessments of risk.
4. Highly formalised, routine practices of real estate agencies effectively mask informal, intuitive assessment of tenant related risks that occur at the interactional level of property management.
5. A picture of the 'suitable tenant' emerges as one who is resourceful, reputable, capable and strategic. On the other hand, some characteristics are likely to 'ring alarm bells' and lead to the exclusion of 'high-risk' applicants from the selection process. Low income is frequently invoked as a legitimate and lawful means of discriminating between suitable tenants and high-risk, unsuitable applicants.
6. Entailed in the processes of tenant selection is always the possibility of unfairness in discriminating between suitable tenants and unsuitable applicants.
7. Under current conditions of the market, the balance of power in the allocation of private rental housing lies with the property manager; 'unsuitable' applicants are 'sorted out' quickly.
8. Particular policy directions are suggested that focus mainly upon:
 - providing appropriate supports to tenants to enter and sustain their participation in the private market;
 - addressing issues of discrimination arising in the processes of selecting suitable tenants;
 - addressing problems of supply of affordable rental housing, including the promotion of varied modes of market provision of affordable accommodation to low-income and high-needs households.

At the same time, we would want to assert that the findings of this study have illustrated that some applicants will be ill-suited to participation in the private rental market because of extremely limited financial means and/or particular disabilities. Under highly constrained conditions of state and community housing provision, such applicants might be forced into private rental through lack of alternatives. These

applicants will indeed be at risk, and states or other public actors will need to address their needs more effectively.

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APPENDICES

Appendix A: State and Territory Legislation regulating Real Estate Agents

<i>State and Territory Government</i>	<i>Legislation</i>
Australian Capital Territory	Agents Act 2003 Agents Regulation 2003 Residential Tenancy Amendment Act 2005
New South Wales	Property, Stock and Business Agents Act 2002 Property, Stock and Business Agents Regulation 2003 Property, Stock and Business Agents Amendment (Tenancy Databases) Regulation 2004
Northern Territory	Agents Licensing Act Agents Licensing Regulations
Queensland	Property Agents and Motor Dealers Act 2000 Property Agents and Motor Dealers Regulation 2001 Property Agents and Motor Dealers (Real Estate Agency Practice Code of Conduct) Regulation 2001 Residential Tenancies Act 1994
South Australia	Land Agents Act 1994 Land Agents Regulation 1995
Tasmania	Property Agents and Land Transaction Act 2005
Victoria	Estate Agents Act 1980 Estate Agents (Contracts) Regulations 1997 Estate Agents (Fees) (Interim) Regulations 2007 Estate Agents (General, Accounts and Audit) Regulations 1997 Estate Agents (Professional Conduct) Regulations 1997 Estate Agents (Exemption) Regulations 2005 Estate Agents (Education) Regulations 2004 Estate Agents (Retirement Villages) Regulations 2006 Estate Agents (Infringements) Regulations 2006
Western Australia	Real Estate and Business Agents Act 1978 Real Estate and Business Agents (General) Regulations 1979

Appendix B: Data sources checklist for local area profiles

Median rents

Australian Bureau of Statistics, Census of Population and Housing: Basic Community Profiles 2001: Table 33 'Selected Averages' – Median household income and median weekly rent selected.

Residential Tenancies Authority, Median Weekly Rents June Quarter 2006, available at http://www.rta.qld.gov.au/median_weekly_rents.cfm accessed 13/11/06

NSW Department of Housing, Rent and Sales Report (2006), Housing Market Analysis and Research, available at www.housing.nsw.gov.au accessed 13/11/06

Department of Families and Communities, Median Weekly Rents June Quarter 2006, available at www.dfc.sa.gov.au accessed 30/11/06

Various housing and tenant related information

Australian Bureau of Statistics, Census of Population and Housing 2001

- Basic Community Profile (SLA)
 - B19: Dwelling structure by tenure type and landlord type
 - B21: Weekly rent by landlord type
- Expanded Community Profile (SLA)
 - X33 Family type by weekly rent
 - X39 Tenure type and landlord type by weekly family income by family type (families in occupied private dwellings)
 - X40: Weekly rent by weekly household income (occupied private dwellings being rented)
 - X42: Dwelling structure by weekly rent (occupied private dwellings being rented)
 - Landlord type by weekly rent (occupied private dwellings being rented)
 - X45: Type of non-private dwelling (non-private dwellings and persons in non-private dwellings)
 - X46: Tenure type and landlord type by weekly household income by household type (occupied private dwellings containing family, group and lone person households)
 - X47: Dwelling structure by household type by family type (occupied private dwellings containing family, group and lone person households)

Index for advantage/disadvantage

Australian Bureau of Statistics, 2033.0.55.001 Socio Economic Indexes for Areas: Index for Advantage/Disadvantage – a new index providing a continuum of advantage to disadvantage. Low values indicate areas of disadvantage, and high values indicate areas of advantage.

General socio-economic data

Real Estate Institute of Queensland, Community Profiles, Available at http://www.reiq.com.au/buySellRent/community_view.asp?suburb_id=20 (based on ABS Census of Population and Housing 2001, and RTA rental bond data)

Australian Bureau of Statistics (2004), 1362.3 Regional Statistics, Queensland.

Australian Bureau of Statistics (2004), 1362.3 Regional Statistics, New South Wales.

Australian Bureau of Statistics (2004) 1362.4 Regional Statistics, South Australia. Available at [http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/47B67FB839D12F66CA256F340078AC73/\\$File/13624_2004.pdf](http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/47B67FB839D12F66CA256F340078AC73/$File/13624_2004.pdf)

Community Atlas – City of Onkaparinga. Available at <http://www.id.com.au/onkaparinga/atlas/default.asp?id=119andpg=18>

Vacancy rate

Real Estate Institute of Queensland: Vacancy rate data (2002-2006)

Real Estate Institute of New South Wales: Vacancy rate data (November 2006)

Real Estate Institute of South Australia: Vacancy rate data (June quarter 2006)

Appendix C: Locality profiles for selected study areas in Queensland, New South Wales and South Australia

Queensland

Locality Qld1 (metropolitan)

Locality 1 in Queensland focused on several inner city southern suburbs. The area has experienced a major transformation through gentrification which has, in some cases, affected whole suburbs. Hand in hand with gentrification, they have undergone significant rental stock renewal through both renovation and extension and extensive new high density development. This has significantly changed the housing market in this area. There is very little low rent housing left, and the little that is available is in high demand. The increased rental costs mean many low-income households are excluded from entering the market, and interview respondents were aware that such households were being forced to seek housing in the middle and outer ring suburbs.

Locality Qld2 (regional city)

Locality 2 in Queensland is a large coastal city that operates as the surrounding region's commercial and administrative centre. Tourism is a major focus of the local economy, accounting for nearly half the region's income per annum. The housing market has experienced a boom that has seen house and rent prices rise dramatically over the past decade and, while tourism brings certain economic gain to a region, those working in the industry do not necessarily reap the rewards. Persons working in tourism and other seasonal work who seek accommodation in the area tend to be a transient population, in casual employment and with relatively low incomes. Natural disaster in the recent past has also brought an influx of labour into the area and this, also, has put increased pressure on the rental market. Vacancy rates are low. Increased housing construction is augmenting the rental supply, but absorption rates for new properties have been strong and vacancies continue to be limited. Interview respondents suggested there was a mismatch between the properties being built and what is needed, with a greater proportion of high rent rather than low rent properties being built. They also noted that newer properties were being placed on the market with high rents and, as a consequence, rents for older properties are being adjusted up. This trend is shifting low rent properties into the middle rent band.

New South Wales

Locality NSW1 (coastal regional)

A regional coastal area was selected as one of the localities in New South Wales. The area has a number of smaller regional tourist towns along the coast and a number of larger business centres just inland from the coast. The region has experienced a population increase due to interstate migration and some coastal areas have attracted a sea-change population and/or are popular retirement locations. Property managers in the area were experiencing a severe shortage in low rent housing, exacerbated in part by the high prices associated with coastal housing markets. The population increases are adding to this pressure.

The coastal areas, not unlike many tourist locations, are dominated by the unit dwellings that better suit the tourist market. The housing advocate interviewed noted that households in tourist coastal areas are vulnerable to lease termination on a 'no cause' basis by landlords seeking to capture the holiday accommodation market as significantly higher rents can be gained. Property managers suggested that construction had slowed due to the high costs and, where building is taking place, there is a focus on smaller, higher density housing as a means of combating the high costs of building. The renovation and extension 'boom' in the area has also pushed rents up and out of reach of low-income households. Interview respondents commented that those affected by the increasing rents and diminishing supply in regional town markets are forced or directed into lower rent markets in smaller, more distant and isolated towns or localities or in larger towns further inland.

Locality NSW2 (middle ring metropolitan)

Locality 2 in New South Wales centred on several middle ring suburbs of a large city. The area is characterised by a very high population of persons born overseas, a much higher than average concentration of low-income households, and the Statistical Local Areas (SLAs) covering the region selected register in the ten areas with the lowest SEIFA ratings of disadvantage.

The area saw an increase in the number of low-income households between 1991 and 2001 (Randolph and Holloway 2007) and contains a large number of low rent properties. Property managers commented that many of these are of dubious or less than satisfactory quality. They also suggested that the market in some suburbs is known to be quite transient as first-time renters seek lower-cost housing before moving into higher-cost and better quality housing. It was also noted that while the area had seen quite a lot of new developments, they were predominantly units and apartments. It was property managers' experience that families have particular difficulty securing low-cost housing in this area as a result.

South Australia

Locality SA1 (inner urban)

Locality 1 in South Australia targeted a number of SLAs located to the north and west of a major city. Several were characterised by a number of socio economic characteristics that highlighted their relative disadvantage evidenced by ABS Socio-Economic Indexes for Areas (SEIFA). The locality overall had a lower than average unemployment rate for the state and a slightly higher than average labour force participation rate. The locality contained some SLAs with a higher than average number of low-income households. Interview respondents identified a particular shortage of low-cost housing for families. They also noted investor decisions to seek rent over and above even the heightened market prices that were not attracting tenants and remaining vacant for periods of time.

Locality SA2 (regional)

Locality 2 in South Australia focused on an SLA located approximately half an hour travelling time from the city. It is in close proximity to a large industrial area where a number of local manufacturing businesses are located that service thriving export markets, and is not far from a farming and viticulture area.

The locality is characterised overall by the low socio economic status of the population. The region includes some suburbs that have both a high number of low-income households and a low SEIFA index of disadvantage. Some of the suburbs within the SLA register the highest concentration of households renting privately and again some suburbs contain the highest concentrations of both public and community

housing in the region. Recent research has identified increases in the number of low-income households in some suburbs between 1991 and 2001 (Randolph and Holloway 2007). Along with the rest of Australia over the past five years, dwelling prices in this locality have risen significantly, as have rents.

Appendix D: Interview topic sheets – key informants (peak industry, tenancy support and housing advocate agencies)

Risk-assessment practices in the private rental sector: implications for low-income renters.

Our research addresses the following set of questions included as an item in the AHURI Research Agenda Research for 2006:

What are the various factors included in 'risk-assessments' by real estate agents in allocating 'affordable' tenancies? How are these risks quantified and managed? What are the key outcomes of their decision-making?

We will be focusing on:

- the factors that real estate agents take into account in assessing any 'risks' involved in allocating housing to low-income households, and
- what procedures they employ to evaluate the relative risks and potential trade-offs involved in allocating low-cost housing to different categories of tenants

The main reason for our discussion with you is to get a broad, well-informed picture of the private rental sector in Queensland/New South Wales/South Australia so that we can gain a genuine understanding of the perspectives of property managers (and real estate agents, more generally) on these issues. It would be very useful for us to know:

- whom you would see as the 'key players' in the private rental market;
- what sorts of 'risks' property managers deal with on a day-to-day basis, in property rental;
- what main 'professional tools' property managers use to manage risks and how they typically go about assessing tenancy applications;
- what factors come into play, in practice, when property managers assess tenancy applications from low-income applicants;
- what sorts of properties property managers, in Queensland, typically would regard as 'low-cost' rental stock;
- where, in Queensland, at the moment, there might be significant supply/demand pressures for low-cost rental accommodation, and
- the kinds of local rental markets where 'low-cost' rental housing is likely to be available for low-income households in Queensland.

Appendix E: Information sheet – estate agents

Research into risk-assessment and tenant selection practices in the private rental market and impacts on low-income tenants

About the project

The Australian Housing and Urban Research Institute (AHURI) has funded a study into risk-assessment and tenant selection practices in the private rental market across Australia. The study is being conducted by researchers associated with Queensland AHURI Research Centre based in the University of Queensland Social Research Centre at UQ, and coordinated by Dr Patricia Short of the School of Social Science.

The study aims to document the factors rental property managers take into account in the selection of tenants and the outcomes of these practices under different market conditions. It will include the states of Queensland, New South Wales, and South Australia. The study will be used to explore whether and how routine selection practices might affect applicants who are on a low income and seeking affordable private rental.

Recent research has shown that a relatively large proportion of low-cost private rental accommodation is occupied by moderate/high-income households, and there is growing concern among policy makers that low-income households are having difficulties obtaining affordable housing in the private rental sector.

This study will increase our understanding of the complex of factors impinging on tenant selection decisions by rental property managers in the private rental market and the ways various risks associated with rental property management are managed at the point of tenant selection. The study aims to contribute to the development of policies and programs to address factors that could improve the capacities of low-income householders to obtain affordable housing in the private rental sector.

What we would like to know

We are interested in understanding and documenting the perspectives of property managers, and exploring the routine strategies you use to review applications and select the best possible tenants for the properties you manage. To assist in doing this, we will provide you with a range of realistic case scenarios that will be used to illustrate, through discussion, the ways in which various factors are taken into account and evaluated by property managers in the process of allocating rental properties to tenants. The case scenarios will present variable tenant, landlord, and market characteristics, alternative rent/lease arrangements (for example, head-leasing by community agencies), and regulatory constraints that might affect your decision-making.

Interviewing you

We would like to conduct a face-to-face interview with you at a location that best suits you. The interview will take approximately an hour and to assist in collecting accurate information we will be seeking your agreement to record the interview. You do not have to answer any questions if you do not wish to, and may withdraw at any time during the interview. If you would like to participate in the study but have concerns about this process, please let us know and we can arrange a mutually agreeable alternative.

Confidentiality

We take your right to privacy very seriously. To that end we assure you that the specific information you give to us will be treated as confidential. We give you an assurance that the information we gain will not knowingly be used in any way that might be detrimental to you.

Any personal details you provide us with, including your name or other contact details, will be kept securely in a locked cupboard and separately from our record of your interview, and will be destroyed once the research project is completed;

All information collected and recorded will be de-identified for the analysis;

We will not include any identifying information in the reporting of the research;

We will not use the information you provide in any way that might affect your current or future employment.

Approval that the research is ethical

This study has been cleared by one of the human ethics committees of the University of Queensland in accordance with the National Health and Medical Research Council's guidelines on research with human subjects. You are, of course, free to discuss your participation in this study with Dr Patricia Short, the study coordinator, by phone on 07 3365 2248 or email t.short@uq.edu.au. If you would like to speak to an officer of the University not involved in the study, you may contact the Ethics Officer on 07 3365 3924.

Obtaining your consent

When we meet with you we will ask you to sign a consent form saying that you agree to talk to us and that you understand the information provided in this information sheet. At any stage of the research, you are welcome to contact Dr Patricia Short at the School of Social Science at The University of Queensland if you have any questions or would like to know more about the study. Her contact details are provided above.

Feedback to participants

All research reports to the Australian Housing and Urban Research Institute are made available at no cost on the Institute's website (www.ahuri.edu.au). You will also be free to contact Dr Patricia Short at the University of Queensland at any stage during or following completion of the research if you wish to discuss the findings of this study.

Appendix F: Interview topic sheets – rental property managers

Stage 1: Routine procedures and potential risks

First, we would like to have an understanding of the routine procedures involved in property management, in your agency.

Would you mind 'mapping' a typical process of property rental from, say, taking on a property to manage through to renting/tenancy agreement?

Identify: procedures; actors; 'potential risks'/'things that can go wrong'; local conditions of the market

Check: Is there anything else that comes into play, say, prior to this point where you take on a property to manage?

Identify 'texts' for collection, for example application forms; Database info; Company policy/procedures

Stage 2: Scenarios

The next thing we would like to do is to set up, with you, a 'profile' of the type of rental property/ies that would come in at the 'low-cost' end of your rent roll. What sort of property would that be?

Develop (with R.) description of housing stock/rent; market conditions/vacancy rates; local amenities – transport, schools, shops, doctor/chemist, post office; landlord characteristics; advertising/marketing strategy

Identify 'potential risks'/'things that can go wrong' when renting this type of property and 'risk-management' strategies.

Stage 3: Processing applications

Now, let's imagine that this property is available for rent and you have a number of applications to consider.

Present Tenancy Applications. (Use the set most appropriate for the type of property just described.)

How would you deal with these applications?

Work through the 'steps of selection'; elimination of applicants; what market/landlord factors make a difference; reference checks

Through the reference checking process, you gather the following information on each of these applicants. What happens next?

Present Applicant Profiles, explore 'steps of selection', elimination of applicants, what market/landlord factors make a difference; selection for landlord's consideration

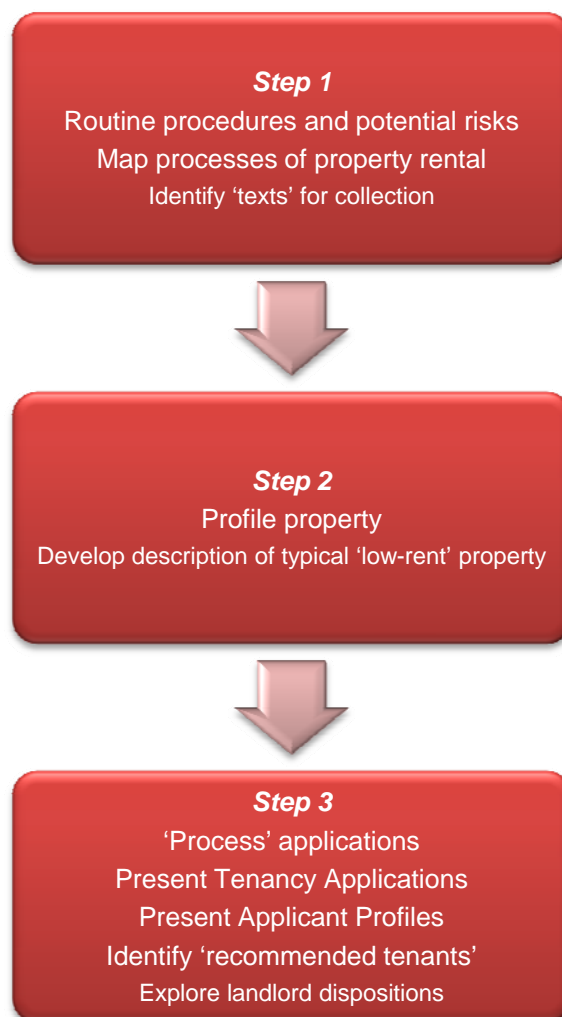
How would you present this/these to the landlord?

Explore apparent risks/uncertainties, risk-management

What response would you expect from the landlord?

Explore landlord dispositions

Explore ongoing risks/uncertainties, risk-management strategies.



Appendix G: Hypothetical tenant applicant profiles

Tenant profiles

<i>Property profile 1</i>	<i>1-2 bedroom unit/studio unit/boarding house</i>
Tenant profile 1	Jenny Bennett and two children
Tenant profile 2	Kim Richards
Tenant profile 3	Marcia Crane
Tenant profile 4	Rob Creek
Tenant profile 5	Paul Morris and Lauren Cole
Tenant profile 6	Michael Butler (has access to children aged 6 and 4)
Tenant profile 7	Dave Irons
<i>Property profile 2</i>	<i>2 bedroom house with sleepout / 3 bedroom house</i>
Tenant profile 1	Bob and Jane Lake and three children
Tenant profile 2	Jenny Bennett and two daughters aged 8 and 12
Tenant profile 3	Nellie and Ray Pearson and five children
Tenant profile 4	Ben Shears, Angie Trent, Grace Black and Steve Collins
Tenant profile 5	Gutaale and Anika Mikumu and two children
Tenant profile 6	Mike Berry and Belinda Lisle and two children

Property profile 1: 1-2 bedroom unit/studio unit/boarding house

Tenant profile 1: Jenny and her two daughters

Jenny is a single mother with two daughters, aged 8 and 12. Jenny had to suddenly move out of the last rental property and the property was left with significant damage to it. Jenny lived at this property for ten months. The bond was insufficient to cover the cost of repairs and Jenny could not source any other money to pay for the repair costs over and above what her bond would cover. She has been listed on TICA as a result. Jenny has part-time work (ten hours a week over two days) in a call centre and has worked here for the past two years. Jenny will have to secure both a bond loan and rental grant to secure private rental.

Tenant profile 2: Kim

Kim is 33 and has lived with schizophrenia for the past ten years. Kim was recently evicted from her rental unit, where she had lived for the past five years. She has had to move out because of her inability to maintain the unit in a reasonable condition and as a result of neighbour complaints due to the symptoms of her mental illness. Kim is unable to seek her own housing and her sister assists her with a range of tasks. Kim is on the Disability Support Pension and attends a sheltered workshop two days a week. Her sister has convinced Kim that she should move closer to her to make it easier to provide assistance when needed.

Tenant profile 3: Marcia

Marcia has lived in a singles public housing unit for the last 15 years. Increasingly she had been frustrated by the constant stream of new neighbours who seem to cause her no end of noise and disruption. She has increasingly suffered from stress and no longer feels safe in her own home. She has made numerous complaints to the Department of Housing but to no avail and feels she is not taken seriously. She has decided to move into private rental where she believes she will have less problems

with neighbours. She has weighed up her ability to pay private rental costs and believes she would be able to manage. Marcia is on the Age Pension.

Tenant profile 4: Rob

Rob has a degenerative illness and has recently had to resort to using Canadian crutches for mobility. This has meant he needs to move from his first storey unit where he has lived for the past three years to a ground level or near ground level unit. As a result of his illness, Rob needs minimal care to assist with weekly activity such as shopping as he can no longer carry things. Rob's illness means he also requires special door handles for easy access which may necessitate minor property modifications. Rob has applied for public housing, however, he has been informed it will be a ten year wait. Rob is on the Disability Support Pension and looking for work. He was previously employed as an administrative assistant, but a serious episode of ill health associated with his illness forced him to leave his job twelve months ago.

Tenant profile 5: Paul and Lauren

Paul is from New Zealand and moved to Australia three months ago. Since arriving he has met Lauren and they have decided to move in together. Paul has lived in private rental once before in New Zealand for six months. Paul left this property to move to Australia. Prior to living in private rental, Paul was living at home. For Lauren this will be her first time out of home. Lauren has casual work as a waitress and Paul has been unsuccessful in finding employment Australia. He is unable to access Centrelink benefits for a period of two years and, while he arrived with savings to live on, these are slowly becoming depleted. Paul is a trained Industrial designer and has been cold canvassing with large architects firms in search of work. He has previously worked in New Zealand as a part-time gym instructor.

Tenant profile 6: Michael (access to children aged 6 and 4)

Michael is 40 and recently divorced (eighteen months ago). Following his divorce Michael stayed several months with a friend before moving into a boarding house. The family home where Michael was living previously was sold in the settlement proceedings. Michael is currently unemployed, on Newstart and seeking employment after being retrenched from his middle management position with the state transport agency. Michael had held that position for 15 years. He is interested in securing his housing circumstances and is keen to secure a rental property where he will also be able to have his children, aged 6 and 4, during times of access.

Tenant profile 7: Dave

Dave is a single male aged 24 who has recently moved to the city from a regional city where he has been living and working for the past five years. A builder's labourer, he had no trouble finding full-time permanent work. He has been staying temporarily with friends and is keen to get settled. Dave has been living in shared rental houses up to now and is interested in living on his own. Dave had lived in the last shared house (that he has just left to move to the city) for eighteen months.

Property profile 2: 2 bedroom house with sleepout / 3 bedroom house

Tenant profile 1: Bob and Jane and three children

Bob and Jane and their three children (all under the age of 8) have been living in the City Palms caravan park for the past eight months. They have just been informed that the caravan park is going to close and they will need to vacate it within two weeks. Jane has been a full-time mother and Bob is currently unemployed and waiting on the outcome of a workers compensation claim after injuring himself at his place of employment. Bob was employed on a casual basis for six months at City Meatworks

and was laid off following the accident. They are in receipt of social security and relevant family payments. Bob and Jane will be seeking a bond loan to assist in securing private rental as they do not have savings.

Tenant profile 2: Jenny and two children

Jenny is a single mother with two daughters, aged 8 and 12. Jenny had to suddenly move out of the last rental property and the property was left with significant damage to it. Jenny lived at this property for ten months. The bond was insufficient to cover the cost of repairs and Jenny could not source any other money to pay for the repair costs over and above what her bond would cover. She has been listed on TICA as a result. Jenny has part-time work (ten hours a week over two days) in a call centre and has worked here for the past two years. Jenny will have to secure both a bond loan and rental grant to secure private rental.

Tenant profile 3: Nellie and Ray and their five children

Nellie and Ray and their five children are intending to move from a small rural town where they have lived along with many of their relatives for the past five years. Just recently, Nellie's mum, one of the local Indigenous elders, has died and they have decided to move back to a large metropolitan city where they had previously lived and where many of Ray's family have moved. Ray was previously working in the community as store manager but has not worked for the past nine months. Ray hopes to find employment after they have settled in. They are on social security benefits: Ray on Newstart and they receive the family payment entitlements. Nellie and Ray have saved money for a bond and for rent in advance.

Tenant profile 4: Ben, Angie, Grace and Steve

Ben, Angie, Grace and Steve have all moved from their regional town to a large city where they are about to commence university study. They are staying with friends until they can find a house to rent and share together. Angie and Steve have managed to find some part-time employment in the hospitality industry. They are all recipients of Austudy and/or parental financial support. None have a previous housing history as this is their first time out of home.

Tenant profile 5: Gutaale and Anika and their two children

Gutaale and Anika Mikumu and their two children are recent immigrants from Somalia. As they qualified for a permanent protection visa (PPV), the Mikumus have been assisted with accommodation by the Commonwealth government's 'on-arrival accommodation' program. Gutaale had working English on arrival and has recently secured some casual employment as a taxi driver. This is supplemented by Newstart. On a PPV, the Mikumus are also entitled to family tax benefits. They are also eligible for 'Household Formation' assistance that will provide them with some means to establish their household and provide a basic package of household items.

Tenant profile 6: Mike and Belinda and their two children

Mike and Belinda have two children aged 3 and 5. In order to kick-start the small business they have been developing over the past twelve months and in the interest of longer-term security, they have recently sold their home of ten years. They have not rented since owning their own home. They are both working in their business at present but Belinda is six months pregnant and will be only able to contribute in a part-time capacity following the birth of the baby.

Appendix H: Scheme for analysis of interviews

An outline of some elements of an initial analytic scheme, developed in Phase 1 of the study, is provided below. While this scheme was expanded and refined throughout the period of data collection and analysis, early set-up enabled some testing and verification of procedures for coding or indexing texts to ensure consistency (reliability) and validity of analysis in Phase 2 of the study.

Emergent scheme for analysis of interviews

Who/what are involved in 'property management'?

- Landlords
- RTA
- Agency/principal
- PM team
- Tenants

Ideas of/talk about risk

- Property manager/liability/professional indemnity
- Landlord/investment
- Property standards/safety
- Property manager/income
- Property manager/personal safety

Professional 'tools/materials' for assessing/managing risk

- Operating systems/management model/management machine
- Purpose-designed software/automatic accounting/records of arrears
- ICT/databases

Professional (risk-management) practices

- Contracts
- Landlord-client relationship/making legislation clear
- Legal/avoiding litigation
- Strict procedures/30 per cent rule of thumb
- 'Selling'/best price/best deal/'top dollar'
- (Not) discriminating/landlord's decision

Strategic (risk-management) practices

- Managing landlords/explaining real costs
- Personal experience/Impressions (of applicants)/'gut feeling'
- Protections/landlord's decision/'reject without reason'
- 'Selling'/taking best 'offer'

Market factors/actants/influences

- Supply/rising costs/low vacancy rate
- Quality of stock/safety/maintenance

→ Stock turn-over/upgrading

(State) regulatory factors/actants/influences

→ RTA (Qld) key player

→ Tenants' favour

→ Application process not regulated/not standardised

Tenant factors/actants/influences

→ Application/credentials/documents/'know-how'

→ Financial/affordability/sustainability/'ability to pay'

→ 'Ability to care'

→ 'Attitudes'

→ Ethnicity/cultural practices

Tensions/issues

→ Professional practice and landlord/tenant dispositions/OH&S

→ Legal requirements/(landlord) expectations

→ Profit/(not)service

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