



Final Report

Accessing and sustaining private rental tenancies: critical life events, housing shocks and insurances

authored by

Wendy Stone, Andrea Sharam, Ilan Wiesel, Liss Ralston, Sanna Markkanen and Amity James

for the

Australian Housing and Urban Research Institute

at Swinburne University of Technology
at The University of New South Wales
at Curtin University

December 2015

AHURI Final Report No. 259

ISSN: 1834-7223

ISBN: 978-1-925334-14-2



Authors	Stone, Wendy Sharam, Andrea Wiesel, Ilan Ralston, Liss Markkanen, Sanna James, Amity	Swinburne University of Technology Swinburne University of Technology The University of New South Wales Swinburne University of Technology Curtin University Curtin University
Title	Accessing and sustaining private rental tenancies: critical life events, housing shocks and insurances	
ISBN	978-1-925334-14-2	
Format	PDF	
Key words	Private rental, tenancy, low to moderate-income	
Editor	Anne Badenhorst	AHURI Limited
Publisher	Australian Housing and Urban Research Institute Limited Melbourne, Australia	
Series	AHURI Final Report; no. 259	
ISSN	1834-7223	
Preferred citation	Stone, W., Sharam, A., Wiesel, I., Ralston, L., Markkanen, S. and James, A. (2015) <i>Accessing and sustaining private rental tenancies: critical life events, housing shocks and insurances</i> , AHURI Final Report No.259. Melbourne: Australian Housing and Urban Research Institute Limited. Available from: http://www.ahuri.edu.au/publications/projects/p51020 . [Add the date that you accessed this report: DD MM YYYY].	

ACKNOWLEDGEMENTS

This material was produced with funding from the Australian Government and the Australian state and territory governments. AHURI Limited gratefully acknowledges the financial and other support it has received from these governments, without which this work would not have been possible.

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

This paper uses unit record data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey. The HILDA Project was initiated and is funded by the Australian Government Department of Social Services (DSS) and is managed by the Melbourne Institute of Applied Economic and Social Research (Melbourne Institute). The findings and views reported in this paper, however, are those of the authors and should not be attributed to either DSS or the Melbourne Institute.

The research would not have been possible without the generosity of all research participants involved in this study. Seventy-five private rental tenants across three Australian metropolitan centres generously shared information about their housing pathways and experiences. Fifteen professional staff who assist households to become or remain housed in the private rental sector reflected on their roles and the changing and nuanced needs of private rental tenants.

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ACRONYMS

ABS	Australian Bureau of Statistics
AFSA	Australian Financial Security Authority
AIHW	Australian Institute of Health and Welfare
AHURI	Australian Housing and Urban Research Institute Limited
CBD	central business district
CLE	critical life event
HILDA	Household, Income and Labour Dynamics in Australia Survey
LGA	Local Government Area
NRAS	National Rental Affordability Scheme
PRS	private rental sector
RA	Rent Assistance
RSRRS	Revised Social Readjustment Rating Scale
SEIFA	Socio-Economic Indexes for Areas
VCAT	Victorian Civil and Administrative Tribunal

EXECUTIVE SUMMARY

Increasing affordability pressures affecting the capacity of households to enter into home ownership, coupled with a highly targeted allocations policy in social housing, mean that the private rental sector (PRS) now plays home to larger numbers of low to moderate-income households and for longer periods of their housing careers than previously in Australia. This has implications for the extent and nature of support that private rental tenants require to successfully sustain their tenancies.

Overwhelmingly, the support mechanism used most for households in need of assistance to remain housed in the PRS is financial payment to offset rental costs in the form of Commonwealth funded Rental Assistance (RA). However, existing research suggests that a variety of households require additional assistance throughout their tenancies in order to remain housed.

Evidence indicates that problems associated with insecure housing can lead to failed tenancies and costly disruption both for households and governments (through the subsequent need for homelessness support interventions or entry into social housing). Although research has linked various types of life events with a range of housing-related disadvantage, there has yet to be a systematic and holistic account of the types of life events that can undermine the capacity of tenants to manage private rental tenancies.

This report presents findings from an AHURI study on sustaining private rental tenancies. The study looked at whether targeted or integrated housing support for low to moderate-income private rental tenants at key transition points was likely to enhance their capacity to sustain tenancies and deter entry or re-entry to social housing or homelessness. This report presents the results of that research and:

- Develops a conceptual framework linking critical life events (CLEs), housing shocks and insurances as a means of understanding tenant vulnerabilities in the context of the contemporary PRS, and delivers a profile of the incidence of CLEs and the resources available to households to manage them.
- Presents the voices, views and perceptions of 76 low to moderate-income tenants living in three metropolitan sub-markets about key aspects of their housing experiences including housing insecurity, discrimination, financial management and mobility, in an interrogation of risks and support needs.
- Gives an account of practitioner perspectives on the emerging types of support required by tenants to retain private rental housing successfully in a highly pressured housing market.

The insights gained in this report are designed to directly complement existing and current research that can inform policy and practice development for the Australian PRS. The contribution of this research is a deeper understanding, within one framework, of the types of factors—and relationships between them—that result in households requiring housing assistance. It also offers enhanced understanding of the types of assistance that might be optimal in early intervention and prevention for housing-related problems, including homelessness. By illuminating what occurs below the surface and upstream for households it is possible to better target and tailor service supports and interventions.

A tenant profile: critical life events, housing shocks and insurances

An indicative profile of low to moderate-income private renters (low defined as the lowest income quintile, and moderate as the 21–50% income group) developed from Wave 13 data of the Household, Income and Labour Dynamics in Australia (HILDA) Survey highlights the following:

- While adverse financial, family or health-related life events are experienced by households across the housing system, private rental tenants are more likely to experience some key events than tenants in other housing tenures.
- The impact of lost income capacity resulting from some critical life events is more pronounced among low to moderate income private renters than medium or high-income private renters.
- Low to moderate-income households and private rental tenants are more reliant on informal forms of support than other households, and a larger proportion of low to moderate-income private tenants have fewer support options available in times of crisis compared to other tenants.

A key concern of this study was to give voice to tenant and practitioner views and experiences in order to interrogate the appropriateness of current supports and requirements informing future policy and practice needs. Hence, the major contribution of the research is qualitative. Key findings from the tenant and practitioner interviews include the following.

Two key tenant groups

When a CLEs perspective is used to examine the types of low to moderate-income households living in the private rental sector, two distinct groups emerge:

1. Those who have experienced multiple types of interrelated adverse life events, for whom there can be extreme difficulties associated with attaining leases and maintaining cash flow to afford rent and utilities.
2. A new or previously undefined group of tenants who require housing assistance to manage events (which might have a direct or indirect relationship to their housing but present a risk to their tenancy) or to assist with a transition.

The study highlights recently arrived migrants as a particular sub-group of the latter that may require various forms of support both prior to arrival and settlement in Australia and in attaining and maintaining tenancies.

Housing shocks that cause adverse risk for tenants

Overwhelmingly, our findings indicate that housing affordability problems frame all tenant experiences of the private rental sector including tenants' experiences of gaining leases, their types of dwellings and rental locations and their ongoing ability to keep up with rental payments. As explored in other recent research, affordability problems relate directly to a lack of supply of affordable rental housing and a net shortage in private rental housing for people in the low and moderate income quintiles (Hulse et al. 2014).

A private rental risk cycle identified in this study highlights three key stages of risk: points of access; maintenance of tenancies; and exit transitions (which may or may not lead to further access to private rental tenancies). Findings across the three metropolitan centres included in this study—Melbourne (Vic), Sydney (NSW) and Perth (WA)—also indicate that the extent and severity of housing-related problems, or housing shocks, are exacerbated in particular housing markets. Notably these occur in markets with very low vacancy rates—in which real estate agents/landlords have significant market power and in which tenant vulnerabilities are pronounced.

Informal segments of the market (e.g. letting via informal networks through landlords directly) can enable would-be tenants to overcome some of the formal barriers associated with attaining tenancies in the real estate managed segment of the market. However, these introduce other risks, including the potential for predatory landlords.

Insurances and their utilisation by households

Few households in this study reported having formal market-based insurances such as income protection insurance. For those who did the insurance meant the difference between managing to get by in periods of unemployment, ill health or disability, and not easily being able to do so.

Social capital, via informal and familial networks, was used where available to support households, particularly for tenants who were members of cultures where such exchange is normative, such as some (but not all) newly arrived immigrant groups.

Credit was often used to fund housing-related needs or address a crisis (e.g. payment of bonds, utilities or rent). However, indebtedness can undermine existing and future tenancies through reducing capacity to meet financial commitments and restrict credit worthiness.

In addition to a lack—or low levels—of access to various forms of insurances, a deficit of housing literacy is identified in this research as undermining the capacity of tenants to competently navigate the private rental sector. This is particularly problematic for tenants who are entering the Australian rental market for the first time, such as young adults, migrants and former home owners.

Implications of the findings for policy and practice

Cash transfers (e.g. RA and family tax benefits) to assist with the costs of renting are inadequate to support tenants in avoiding financial housing stress or managing tenancies when CLEs occur and household-based insurances are exhausted. Our findings identify six key areas of support required by tenants in order to obtain and manage private sector tenancies successfully:

- *Increased knowledge/education about the rental sector*—particularly for tenants who are inexperienced in the Australian housing market or are young and entering adult housing pathways.
- *Bond assistance*—needs to be more readily available, with more flexible access and use at points of entry and transitions between tenancies.
- *Payment support*—cash flow problems experienced by a range of low to moderate-income tenants can lead to failed tenancies and early exits and indicate a need for intermittent additional payments as well as bond payments and interest-free loans.
- *Brokerage*—to address systemic discrimination in the private rental sector experienced by some households (particularly families, newly arrived migrants and older persons), including those with complex needs and/or who have experienced a range of ‘crippling’ CLEs.
- *Greater regulation*—is essential to address poor housing standards within the private rental sector.
- *Greater regulation and review of the non-leased segments of the market*—while more informal segments of the market can introduce opportunity for tenants, they can also introduce considerable risks, such as predatory landlordism, in the most extreme cases, and a failure to understand and respect tenancy laws.

Importantly, supporting tenants in a demand-side response to private rental problems is necessary but insufficient to address broad structural and institutional conditions that undermine the capacity of tenants to sustain their households. The need for broad regulatory and institutional change is implied by these findings.

Integrated and related points of support

Integrated assistance for early intervention and prevention could act to offset the housing precarity, which many low to moderate-income households face in the private rental sector. Taking a CLE approach in this study highlights the possibility that housing assistance can

readily be linked to a range of administrative assistance points and supports used by tenants that relate, in some ways, to their housing circumstances and support needs. These include:

- Medical centres, health organisations, disability support services, carer associations and similar.
- Legal centres and family law courts/mediation centres in which family dissolution or conflict matters are routinely handled and supported.
- Migrant support services, in addition to the migration services and agencies which have contact with migrants upon their arrival in Australia.

Given the pace of current change around practice and policy responses to tenant needs, a clear line of future inquiry is to *identify and evaluate* the types of agencies and/or other responses that are utilised to support tenants. Currently, as shown in this research, organisations with, in some cases, relatively little housing experience are assisting tenants with private rental housing problems. Specific research about the interaction of respective sectors (e.g. financial, health, legal and so on) in relation to housing need will also be informative for policy development.

Finally, the findings indicate an ongoing role for government to ensure the wellbeing of private rental tenants and support their capacity to manage private rental tenancies in a difficult rental housing market. Tenants' declining market power has resulted in an erosion of safeguards and is particularly problematic in the context of broader economic, demographic and labour market related life events and low to moderate household income.

1 INTRODUCTION

Fundamental changes have occurred over the last 30 years within Australia's housing system. Record low affordability of home purchase and a declining social housing sector mean that the private rental sector now plays a more significant role in Australia's housing system and individual housing pathways than previously (Crook & Kemp 2014; Hulse et al. 2014; Stone et al. 2013). The demographic composition of tenant groups in the private rental sector has also changed. The contraction of the public housing sector has led to large numbers of households who may once have been housed in social housing residing in private rental accommodation (Groenhart 2014). This includes very low-income groups, many with highly complex social, health and economic problems and support needs (AIHW 2014).

Similarly, households in moderate-income brackets are spending more of their adult housing pathways in private rental dwellings than previously (Stone et al. 2013). Rapid and steep house price increases during peak times over the previous three decades have altered the ease of transition between private rental and home purchase for many households (Burke et al. 2014; McDonald & Baxter 2005). The ability of single-income households in particular, to either to purchase a home or to maintain a mortgage has declined markedly in this period, resulting in larger numbers of single-income households living in private rental housing for lengthy periods (Burke et al. 2014; Stone et al. 2013).

Recent research about absolute shortages in affordable private rental housing in Australia shows that there is a deficiency in the number of dwellings available to renters in the lowest income quintile (Hulse et al. 2014). Competition means low-income households are required to outlay more for their rent than they can reasonably afford, but even where low cost housing exists, competition for housing across all income quintiles means that low to moderate-income households often miss out. The situation is exacerbated by purchase affordability problems leading to moderate and higher income households residing in private rental housing for longer periods and in greater numbers than in the past (Wulff et al. 2011; Stone et al. 2013; Hulse et al. 2014).

In short, the Australian private rental sector and tenancies within it are pressured, with problems directly related to the sector more likely to be experienced by increasing numbers and proportions of the Australian population than in previous eras.

Existing evidence indicates that systemic pressure in the private rental sector can be particularly difficult for low to moderate-income tenants to navigate. This is despite many low to moderate-income households in the private rental sector being eligible for the major form of housing assistance available to private rental sector tenants—Rent Assistance (RA), an Australian Government form of cash relief—to offset affordability problems. Income support payments form a large proportion of regular income for many, but not all, of these households. Of the estimated 1.8 million households that rent privately, 47 per cent receive some form of income support, with a fifth receiving income support as their primary source of income (Hulse et al. 2012, pp.26–27).

Even taking payments of RA into account, large numbers of renters live in financial housing stress (see Chapter 2), as measured by standard income-to-rent ratio measures. Households with the lowest 40 per cent of the Australian income distribution who pay more than 30 per cent of their income on rent are considered to be in housing stress. More recently, reflecting the intensification of housing stress, research often also includes reports of severe housing stress, with the same group of tenants paying more than 50 per cent of their income in rent (see, e.g. Hulse et al. 2014). The private rental housing pathways of around 10 per cent of low-income households in receipt of income support are highly stable, with households able to sustain their tenancies (Seelig et al. 2008, p.26). However, for most households in receipt of income

support, private rental housing functions as a revolving door in and out of, social renting and homelessness, while for a small minority, it is a stepping-stone into or out of home ownership.

In this context, it is critical to better understand the types of supports households need to attain and maintain private rental tenancies. Early interventions and preventative measures based on nuanced understandings of household need are likely to enhance both tenant and housing assistance outcomes. While all policy and practice models must be culturally and contextually appropriate, international models suggest that early intervention via a range of policy and practice mechanisms that support private tenants to avoid homelessness is effective at sustaining tenancies (Pawson et al. 2006). Existing evidence about pathways into social housing or homelessness indicates that similar approaches may be successful in the Australian context in combination with broader approaches that promote secure occupancy of tenure.

This Final Report by the Swinburne Research Centre for the AHURI project, 'Changes in the private rental system and the effects of long-term private rental', examines the experience of low to moderate-income tenants in the contemporary PRS in Australia with particular attention to the structural and social supports that enable tenants to sustain their tenancies and remain housed. The term *sustaining tenancies* is used broadly in this report to include the capacity of tenants to remain affordably housed in the PRS, recognising that this does not necessarily mean in the same dwelling.

1.1 Research aims

The research has dual aims. The first is to bring a new approach to examining the ways private rental tenants access and manage private rental tenancies. The objective of this approach is to illuminate underlying rather than presenting problems related to housing support provision in the context of structural problems associated with private rental and household-based vulnerabilities, including in different housing sub-markets. The second aim is to draw on this approach to provide more nuanced understandings of the types of supports that households with a range of housing experiences may require to remain adequately housed and avoid the worsening of housing-related problems that can result in lengthy periods of housing assistance support or crisis response.

Specifically, the study seeks to develop new evidence to address the following overarching research question:

- Under what conditions can low to moderate-income private tenants successfully sustain tenancies across life events and housing transitions, and what policy interventions can most effectively support this?

Key sub-questions addressed are:

- What is the relationship between life events and housing transitions among low to moderate-income private renters over time?
- How and under what conditions do low to moderate-income private renters manage life events and housing transitions and successfully sustain tenancies?
- What are low to moderate-income private renters' views about the types and timing of housing and integrated support services that will most effectively assist them and other lower-income private tenants to manage life events and housing transitions and to sustain tenancies?
- How do these compare with the views of key practitioners about effective interventions to assist tenants to sustain private rental tenancies?

Two broader concerns also inform the research. The first of these relates to the changing nature of the PRS and private renters as a cohort, concerns that are addressed in Chapter 2. This concern represents a desire not only to understand in more detail the support needs of

private rental tenants who currently receive some form of housing assistance, but also to illuminate the potential needs of low to moderate-income tenants *not* in receipt of various forms of social insurance.

The second related concern underpinning the research is a broader question about the role of housing assistance, and the potential for this assistance to shift from crisis response—*band aid* support—to early intervention and prevention for households with various forms of support need. While the present research is not an evaluation of specific intervention models, these concerns are nonetheless touched upon in the concluding discussion of this report.

1.2 Report structure

This Introduction provides the background to this research and an overview of the research aims. Chapter 2 presents the contextual rationale for the research, focusing on recent changes affecting tenants in the PRS and current policy responses to tenant needs. Chapter 3 presents the conceptual framework for understanding the support needs of tenants within the PRS based on risks and vulnerabilities, which draws together the concepts of CLEs, housing shocks and insurances developed for this research. Chapter 4 details the research methodology underpinning the study. Chapter 5 presents a profile of CLEs and housing experiences among low to moderate-income households living in the PRS, drawn largely from HILDA data, to support the primary qualitative analysis of tenant experiences (Chapter 6) and practitioner insights are presented at Chapter 7. Chapter 8 draws together the study's findings to provide some concluding comments and policy and practice recommendations.

2 HOUSING MARKET AND ASSISTANCE

While a household approach to understanding the ways tenants manage their tenancies lies at the centre of this research, it is critical that this be understood in a broader context. The capacity of private rental tenants, particularly those living on low to moderate incomes, are significantly affected by the structural conditions of the PRS and pressures facing this sector of the housing market. In addition, the types and extent of housing assistance available to tenants during times of need substantially influences tenant experience. This section presents an overview of each: the characteristics of the contemporary PRS in Australia; housing assistance options for private tenants, and the provision of private rental housing.

2.1 Context of private renting in Australia

Over the last three decades the Australian housing system has undergone substantial structural changes. The PRS now plays a more significant role in the housing system as a whole, both in terms of the number of households it is home to and its role in relation to other tenure types. As well, private rental now features in significant ways in the housing pathways of growing proportions of Australian households. Currently, the PRS is the highest growth area within the housing system. Among low to moderate-income households, this growth is even greater. The sector is now home to increasing percentages of low to moderate-income households, many with high support needs, as well as higher-income households, resulting in some cases in the displacement of lower-income households to more residual dwellings and locations within the private rental market (Hulse et al. 2015; Yates et al. 2007).

Australian Bureau of Statistics (ABS) Census of Population and Housing (ABS Census) unit record data for 2011 show that the private rental sector is now home to more than 1.8 million Australian households, a figure virtually double that of 1981 (Table 1). This increase is not accounted for by population growth alone.

Table 1: Number of households occupying private rental dwellings, by state and territory: 1981 and 2011

	1981		2011	
	Households	%	Households	%
NSW	339,061	21.1%	584,020	24.0%
Vic	228,706	19.0%	431,520	22.6%
Qld	151,523	22.4%	415,588	26.9%
SA	67,603	15.9%	117,282	19.2%
WA	87,318	22.1%	175,046	22.0%
Tas	23,900	18.1%	35,584	18.7%
NT	8,854	33.9%	14,469	22.6%
ACT	11,285	16.7%	27,955	21.6%
<i>Australia</i>	<i>918,250</i>	<i>20.3%</i>	<i>1,801,464</i>	<i>23.4%</i>

Source: Based on ABS Census of Population and Housing, respective years, in Stone et al. 2013, p.9

2.1.1 *The contemporary Australian private rental sector*

A large-scale review of the operation, nature and experience of tenants in the PRS in Australia identified broad societal and economic changes over a 30-year period, as well as changes within the housing system, that significantly affect the experience of tenants today (see Hulse

et al. 2012; Stone et al. 2013). Notably, the period 1981–2011 saw extensive economic restructuring of financial mechanisms and institutions and the casualisation of the labour market, which affected all occupational sectors. Rates of overseas migration to Australia, resident international students and an ageing population have placed pressure on all parts of the housing system (see Hulse et al. 2012; Stone et al. 2013).

Financial deregulation coupled with demographic shifts and an increasing population have placed considerable pressure on home ownership with Australia experiencing record low housing affordability and house prices remaining at near record highs. These combined trends result in households with higher-incomes saving for a house deposit remaining in private rental for longer periods (Yates et al. 2007). At the same time continuing government disinvestment in social housing, highly targeted allocations policies and a relatively small social housing sector also place pressure on the private rental market.

The impact of these combined changes for the operation of the PRS is that there has been a significant intensification of private investment in the PRS since the 1980s, seeking, in the short term, rental yields and in the longer term, capital gains. This investment has inflated purchase and rental costs, without adding significantly to the inventory of private rental stock. Relatively weak tenancy protection means tenants now experience a range of housing-related problems that can be seen as a direct result of this investment.

On the one hand, the PRS is a place to live for an increasing number of householders who require some stability in their housing circumstances so that they and their children have the same opportunities as the rest of the community. On the other hand, it is seen increasingly as an investment opportunity characterised by increasing volatility, such that the sector is more unstable and less likely to provide good housing outcomes. The related paradox is that while some of the public policy settings for the PRS have changed markedly since the early 1980s, others have changed little at all, and in many respects there is now a disjuncture between the role and performance of the PRS and many of the policy settings. (Stone et al. 2013)

Pursuit of higher rental yields and capital gains by investors has increased problems of forced mobility and a general lack of housing security, which many private rental tenants and would-be tenants face (Hulse et al. 2012). We recap briefly below to provide a critical context to the research presented in this report.

2.1.2 Problems of housing affordability

Key among the problems facing private renters are increased rent-to-income ratios that result in housing stress for large numbers of low to moderate income renters, and impose substantial costs for medium- and higher-income earners who, after paying rental costs, have reduced capacity to save relative to earlier periods (Yates et al. 2007). As Table 2 indicates, between 1981 and 2011 the cost of renting relative to income has increased markedly, resulting in a reduced capacity of households either to make ends meet with the residual income or to save a deposit for home purchase (see Stone et al. 2013 for more detail).

Table 2: Median rents as a percentage of median income, by state and territory: 1981 and 2011

	1981			2011		
	Rent to income	Rent	Income	Rent to income	Rent	Income
NSW	21.6%	\$61	\$283	28.9%	\$350	\$1,211
Vic	17.9%	\$49	\$273	25.6%	\$300	\$1,171
Qld	19.5%	\$51	\$262	28.2%	\$330	\$1,170
SA	16.9%	\$40	\$237	26.7%	\$260	\$972
WA	15.5%	\$43	\$278	24.6%	\$330	\$1,339
Tas	16.1%	\$41	\$255	28.1%	\$235	\$835
NT	12.3%	\$51	\$416	23.5%	\$410	\$1,741
ACT	16.9%	\$65	\$384	22.5%	\$420	\$1,870
<i>Australia</i>	<i>19.0%</i>	<i>\$52</i>	<i>\$274</i>	<i>26.9%</i>	<i>\$320</i>	<i>\$1,188</i>

Source: Based on ABS Census of Population and Housing, 1981, 2011, in Stone et al. 2013 p.20

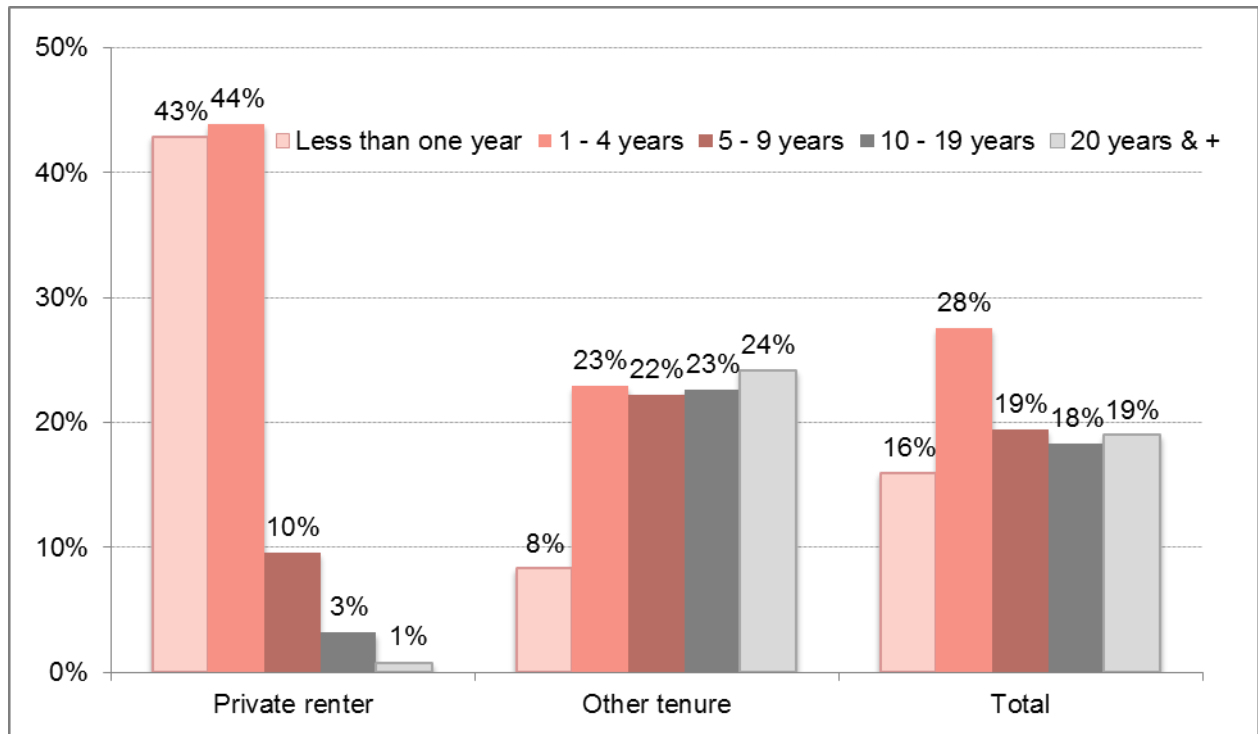
2.1.3 Residential mobility and instability

The PRS in Australia is characterised by relative insecurity compared with similar international systems and involves high rates of voluntary and involuntary residential mobility by tenants (Hulse & Saugeres 2008b; Hulse et al. 2011). Mobility rates are regarded as problematic where tenancy exits are driven by constraint rather than control over the process, with

some obvious examples are where individuals or households have to move due to rent increases, accumulated rental arrears, a dwelling being sold or recovered for the owner's use, or a lease is not renewed for other reasons. There are also some less obvious examples such as a breakdown in relationship between household members, experiences of lack of safety within the home or neighbourhood, and inappropriate surveillance by landlords, neighbours and others. (Hulse & Saugeres 2008b, p.14)

Households in the PRS move much more often than households in other tenures (Figure 1). The percentage of PRS households who had moved three or more times in the past five years (a high and potentially destabilising rate of mobility) was 39.5 per cent compared to only 7.8 per cent for other tenures (Stone et al. 2013). Consistent with high mobility rates, 42.8 per cent of private renter households had lived at their current address for less than a year, and 86.7 per cent had stayed less than four years. In comparison, only 8.2 per cent of those in other tenures had lived at their current address for less than a year and 31.1 per cent less than four years.

Figure 1: Households in the private rental sector and other tenures by length of residency in current property: 2007–08



Source: Based on ABS Survey of Income and Housing 2007–08, in Stone et al. 2013 p.21

2.1.4 Vulnerable groups in the private rental sector

The increase in the overall size of the PRS over time has not been borne evenly among population groups. Most notably, we now see increased numbers of households with dependent children living in the PRS than in earlier years (Table 3). As shown in more detail by Stone et al. (2013), this increase is most pronounced among single-parent-headed families. As well, numbers of couple families and group households have increased, with rises in the former related to ageing effects and the latter related to the volume of resident international students (Hulse et al. 2012; Stone et al. 2013).

Table 3: Percentage of household types occupying private rental dwellings, by household type, state and territory: 1981 and 2011

	Families with children		Couples		Singles		Group households	
	1981	2011	1981	2011	1981	2011	1981	2011
NSW	28.3%	41.2%	16.0%	20.3%	40.7%	25.3%	4.5%	9.7%
Vic	27.6%	36.4%	16.3%	20.8%	42.6%	27.2%	4.4%	12.1%
Qld	31.0%	42.4%	15.2%	20.2%	34.9%	23.2%	4.2%	10.5%
SA	25.2%	39.6%	16.7%	18.3%	46.0%	28.8%	3.9%	10.1%
WA	30.6%	41.0%	16.2%	21.1%	39.6%	24.3%	3.6%	10.1%
Tas	30.3%	40.0%	17.0%	17.4%	39.0%	31.8%	3.7%	8.6%
NT	38.6%	34.0%	16.6%	26.2%	28.5%	22.9%	2.0%	13.4%
ACT	27.9%	32.5%	16.5%	24.7%	46.1%	23.5%	2.9%	16.5%
<i>Aus</i>	28.7%	40.0%	16.1%	20.4%	40.4%	25.5%	4.2%	10.7%
<i>No. of households</i>	263,728	708,086	147,403	360,885	371,012	451,227	38,692	188,499

Source: Based on ABS Census of Population and Housing, 1981, 2011, in Stone et al. 2013 p.16

2.1.5 Long-term private rental tenancies: a growing trend

Analysis of trends in the PRS over the last 30 years has also highlighted the increase in the number of long-term renters: households who rent continually in the private rental sector for 10 years or more. Just over a third (33.4%) of all private renter households were long-term renters who had been living in private rental accommodation continuously for 10 years or more (Table 4). This indicates that private rental is far from a residual tenure for many households, and that private renting forms part of a normative housing experience for large numbers of Australian households (Stone et al. 2013).

Table 4: Number of long-term private renters, compared with other tenure groups

Tenure		No. Households	% Households
Owner without a mortgage		2,672,719	33.1%
Owner with a mortgage		2,840,164	35.1%
Private Renter	Short-term private renter	736,336	9.1%
	Medium-term private renter	422,598	5.2%
	Long-term private renter	596,605	7.4%
	NA*	32,073	0.4%
	<i>Total private renters</i>	<i>1,787,612</i>	<i>22.1%</i>
Public renter		365,057	4.5%
Other renter		251,157	3.1%
Other		163,963	2.0%
<i>Total households (all tenures)</i>		<i>8,080,672</i>	<i>100%</i>

Source: Based on ABS Survey of Income and Housing 2007–08, in Stone et al. 2013 p.26

Note: Table uses weighted data. * Undefined type of landlord in survey data.

As shown in Table 5, 45.5 per cent of all long-term renters, or 271 455 households, have household incomes in the lowest 40 per cent of the income distribution (based on gross household equivalised income). Low-income households are overrepresented in the long-term renter population, forming 45.5 per cent of the long-term renter group. This finding is consistent with evidence indicating low-income private renters comprise 15.2 per cent of all private renters, and account for 3.4 per cent of all Australian households (Stone et al. 2013).

Table 5: A comparison of long-term renters with other tenure groups, showing income grouping

Tenure	Lowest 40% household income	Highest 60% household income	No. of Households
Owner without a mortgage	54.4%	45.6%	2,672,719
Owner with a mortgage	20.6%	79.4%	2,840,164
Private Renter			
Short-term private renter	29.4%	70.6%	736,336
Medium-term private renter	31.3%	68.7%	422,598
Long-term private renter	45.5%	54.5%	596,605
Total private renters	35.6%	64.4%	1,787,612*
Public renter	92.3%	7.7%	365,057
Other renter	48.1%	51.9%	251,157
Other	59.8%	40.2%	163,963
Total households (all tenures)	3,232,129	4,848,544	8,080,672

Source: Based on ABS *Survey of Income and Housing 2007–08*, in Stone et al. 2013 p.27.

* Includes 32 073 households categorised undefined type of landlord in survey data.

2.2 Housing assistance for private renters

The form, extent, timing and mechanisms of support to private rental sector tenants is now a key focus of government and non-government evaluation and reform in response to the changed conditions of renting, as outlined above.

Housing assistance provided by governments to tenants in the private rental market differs fundamentally from that available to tenants in the public and community housing sectors, despite the increasing overlap between the characteristics of these tenants. The majority of assistance given to private rental tenants is provided in the form of rent assistance (a cash transfer), whereas that provided to social housing tenants includes dwellings and a host of additional supports. While a variety of forms of support are available via governments in all state and territory jurisdictions to varying degrees, non-financial forms of assistance for private renters are relatively minimal when compared with cash transfers.

2.2.1 Commonwealth rental assistance for private renters

The Commonwealth funded Rent Assistance (RA) program managed by the Australian Government Centrelink agency is the largest assistance program in Australia for low to moderate income renters. Private renters receiving income support and paying rents above specified threshold levels are eligible for a fortnightly RA subsidy. The level of subsidy is both tied to the level of rent paid by individual households and capped. RA can thus be described as a 'modest supplement to the pension or benefit that is targeted to those recipients who rely on renting private housing' (Milligan & Randolph 2009, p.21). At 3 June 2011, 1 138 000 households were recorded by Centrelink as entitled to RA. The average rent paid by RA

recipients was \$410 per fortnight, while the average rent assistance received by tenants was \$101 per fortnight (ABS 2012).

Another major federal rental housing assistance program was the National Rental Affordability Scheme (NRAS), introduced in 2008 and last funded in the 2014 Budget with the dual aim of increasing the supply of affordable rental dwellings and reducing rental costs by at least 20 per cent below the current market value for low to moderate-income households. The NRAS sought to stimulate the supply of 50 000 new affordable rental dwellings by the end of June 2016. However, while NRAS subsidies were available to both private and not-for-profit housing providers, to date most NRAS properties were developed by not-for-profit agencies (AIHW 2014) and constitute community rather than private sector housing. As such, they fall outside the category of private rental assistance discussed in this report, that focuses on market and private based tenancies.

2.2.2 State housing authority assistance for private renters

State housing authorities in different states and territories offer a range of support packages for private renters. In 2010–11 the states and territories collectively provided \$152.1 million in private rental assistance to about 126 000 households (AIHW 2014, p.36).

Most state housing authority sponsored programs are focused on facilitating entry into a new private rental tenancy by assisting low to moderate income households to cover the costs of establishing a new private rental tenancy and managing the process of finding and negotiating the tenancy. Such programs include:

- Bond loan and advance rent—interest-free loans for part or full rental bond and advance rent required by landlords. In 2010–11, the average bond loan package across all Australian states and territories was valued at \$975 (AIHW 2014, p.36).
- Tenancy guarantee—to ease access for eligible tenants into private rental. State housing authorities provide private landlords or real estate agents with a formal guarantee to cover potential future rent arrears or property damage over and above the rental bond.
- Relocation assistance—a loan (in Queensland a grant equivalent to two weeks rent) to assist eligible private tenants to cover the costs of establishing a new private rental tenancy, such as removalist expenses and electricity/gas connection. In 2010–11, the average relocation package across all Australian states and territories was valued at \$394 (AIHW 2014, p.36).
- Private tenancy facilitation—short-term assistance to help people to understand private renting, including property searches, collecting appropriate documentation and dealing with landlords and real estate agents. Tenancy facilitation also provides information on paying a deposit, bond and advance rent, setting a tenancy start date, signing the tenancy agreement, completing the property condition report and paying rent, and information about moving into the property, including organising telephone, gas and electricity connections.

In addition to these initiatives, in some jurisdictions additional programs are available to assist renters to sustain their current private rental tenancies. They include:

- Private rental subsidy—ongoing or time-limited subsidies designed to cover a proportion of the rent. State housing authority sponsored private rental subsidies in New South Wales, administered under the Housing Pathways program, are targeted at priority applicants for social housing awaiting a suitable social housing vacancy, and women escaping family/domestic violence. They are designed such that the private renter pays an equivalent amount as a social housing tenant and the subsidy covers the difference in rent. In Western Australia, private rental subsidies are available under the Rental Pathway Scheme and designed to encourage tenants' exit from social housing.
- Private rental brokerage—assistance to access and sustain private rental tenancies, including monitoring of tenancies, through a mix of supports tailored to individual needs.

→ Arrears assistance—an interest-free loan provided to eligible tenants at risk of eviction due to rent arrears.

All state housing authority private rental assistance programs are targeted at low-income households and apply strict income and asset eligibility rules. Some programs apply additional eligibility rules, including the requirement to demonstrate ‘significant reasons’ for moving to a new private rental tenancy. This might include: medical reasons; family/domestic violence or eviction; financial difficulties arising from short-term problems such as sudden illness; long-term complex needs such as mental illness, drug or alcohol problems or physical or intellectual disability; or exit from social housing or priority applicants waiting for a suitable vacancy.

The range of programs offered to private renters varies significantly across jurisdictions (Table 6). New South Wales and Western Australia offer a relatively wide range of programs compared, for example, with Victoria, where only a bond loan is on offer.

Table 6: Types of assistance provided by state housing authorities in the five most populous Australian states

	Financial assistance				Access support			Ongoing support
	Bond loan/s	Advance rent/relocation assistance	Arrears assistance	Private rental subsidy	Private tenancy facilitation or brokerage	Tenancy guarantee	Tenant reference letter	Tenancy support while in private rental
NSW	x	x	x	x	x	x	x	x
SA	x	x	x	x	x		x	
Qld	x	x		x	x			
WA	x	x	x	x	x	x	x	x
Vic	x							

Source: review of state housing authority websites and information sheets on private rental assistance

Private rental assistance provided by state housing authorities is generally viewed as an once-off support to start tenancies; however, for tenants experiencing ongoing or episodic forms of housing stress the capacity of such programs remains limited (Jacobs et al. 2005).

2.3 Emerging private rental assistance programs

A number of additional programs to assist private renters are delivered by government and non-government agencies other than those noted above.

Home modification grants are available to assist with the costs of physical alteration to dwellings to make them more accessible and liveable for people with disability. Such grants are available to households in different housing tenures including private rental (subject to landlord’s approval). Home modification grants are currently delivered by state government human services, ageing and disability departments, and will be provided under DisabilityCare Australia (formerly the National Disability Insurance Scheme) as it rolls out nationally in the coming years.

Information on tenants’ rights and responsibilities is available from consumer affairs or fair trading bodies operating in each state and territory. These bodies can help private tenants to sustain tenancies through providing information to tenants and landlords regarding arrears repayment plans for renters and mediating disputes between landlords and renters in independent tribunal hearings.

Non-government organisations such as tenants unions, welfare and advocacy groups provide free information, legal advice, representation and advocacy services to private renters. State government fair trading agencies, in some cases using the interest earned on private renters' bond trust accounts funds some of these programs.

In the Australian context it is the not-for-profit sector that is providing new types of services for tenants in need. At the time of writing, however, such innovation remains un-investigated by researchers or public agencies, despite developing rapidly. Additionally, insights from international policy and practice illustrate various options for development of housing assistance related to tenants in the Australian PRS, in light of the increased significance the PRS plays in the Australian housing system as a whole, as well as given the increasing role it plays in housing low and moderate-income households, potentially for lengthy periods.

2.4 Summary

From a household perspective, the net effects of the changes briefly summarised here can be understood in the following terms. Over the last 30 years, increasing numbers of tenants with reducing degrees of financial security and stability have called the private rental sector home for an extended part of their housing careers. Pressures within the housing system, including reduced access to home ownership and increasingly targeted allocations within a declining social housing sector, have acted to increase problems of access, affordability and security of tenure associated with the available private rental housing stock. Highly destabilising housing-related problems now characterise the experience of private rental housing for many tenants, particularly those with low to moderate incomes.

Low to moderate-income households and other vulnerable population groups now rent in the PRS in larger numbers, and make up a greater proportion of tenants, than in the last three decades in Australia. While the PRS provides a high degree of flexibility and quality of life for some tenants, many households experience problems of affordability and housing stress, unwanted mobility and insecurity. Additionally, in a low-vacancy housing market, problems of access and discrimination—an under-researched phenomenon—are likely to disproportionately affect vulnerable households, exacerbating these problems.¹

There are key differences between the types of housing assistance offered to the most vulnerable tenants in social housing and those living in private rental housing. In contrast with case management and integrated support services available for social housing tenants, private renters typically only receive cash transfers to offset the high costs of renting. While these payments are necessary to offset at least some of the financial stress associated with high rental costs, they fail to address other types of supports tenants may require in a highly pressured, poorly regulated housing sector. Examples of policy approaches from internationally comparable markets provide insights into the ways housing support could be tailored or modified in the Australian context to better support tenants. While individual state and territory governments provide different forms of private rental assistance across Australia, the scope of this additional assistance remains relatively small.

The mismatch between the housing assistance currently available to private renters and potential need stems from the normative role the PRS has played until relatively recently in the Australian housing sector as a *transitional* tenure for households on an upwardly mobile housing ladder trajectory. Put another way, the PRS has been perceived in policy terms as relatively functional for households and, importantly, as temporary. Policy lag stems from the emphasis placed on social housing as the primary form of housing-related social insurance provided by Australian governments. It is only very recently that the significance of the Australian PRS has become part of policy discourse, and hence policy foci.

¹ Research around discriminatory letting practices and associated behaviours is in its infancy in Australia. New evidence indicates that different types of real estate practices are employed by real estate agents in Sydney, favouring applicants believed to be of Anglo-Celtic descent over others (see, e.g., MacDonald 2015).

In the absence of appropriate policy and the development of practice strategies to support tenants negotiating structural and systemic difficulties associated with private rental in the contemporary Australian housing market, budget costs associated with cash transfers and other housing assistance are likely to increase significantly in the short to medium term. Future projections about housing assistance demand indicate high growth in the support needs of private rental tenants, particularly those in the lowest income quintiles and other vulnerable populations including people in receipt of disability and age-related pensions.

3 A TENANT-FOCUSED CONCEPTUAL FRAMEWORK

Much of what is currently known about the way tenants manage tenancies and remain housed in the private rental sector is based on cases of failed tenancies in which former or would-be private rental tenants enter homelessness support services or social housing.

Research evidence about pathways into homelessness and social housing indicates that affordability pressures affect the capacity of tenants to gain and maintain leases. Where financial circumstances are highly strained, even minor changes to weekly bills can adversely affect the capacity of low to moderate-income private rental tenants to successfully access and/or manage their tenancies. Major economic, demographic and/or health-related life events (e.g. job loss, birth of child, loss of partner or onset of ill health/disability) and housing transitions or shocks (e.g. involuntary mobility or rent increases) can have highly adverse consequences.

In some cases, life events trigger housing transitions, which in turn, lead to entry or re-entry to social housing and/or homelessness. In other cases, a direct relationship between life events or housing transitions leads to failure to sustain tenancies and subsequent pressures on the social housing sector (Seelig et al. 2008; Hulse & Saugeres 2008). The high cost, often poor quality and relative insecurity of the PRS, characterised typically by short to medium-term leases, rent increases and access issues, exacerbates this scenario (Hulse et al. 2011, 2012).

Research about entry into social housing (Wiesel et al. 2012) and homelessness (Flatau et al. 2006) provides significant insights into failed private tenancies. To date however the experience of PRS tenants successfully sustaining tenancies, has had little attention, nor have the affect of life events or housing transitions on their ability to sustain tenancies been considered. Insights gained from exploration of households living on low to moderate incomes and managing to remain housed in the PRS are likely to provide new understanding of how low to moderate-income households, including those with heightened vulnerabilities and complex needs, can best be supported within individual tenancies and as longer-term *career* renters.

This study takes a different approach, focusing on tenants who are currently living in the private rental market with a low to moderate income and managing to sustain their tenancies. In taking this approach, the research seeks to distinguish underlying issues, which can threaten the sustainability of tenancies, from presenting issues. In the latter a tenant might present to welfare or other organisations with a specific housing or related need, which, if not addressed, could result in a failed tenancy, or the need for extended housing assistance and supports. The approach seeks also qualitative detailed insights into the ways households not in receipt of housing assistance manage to remain housed.

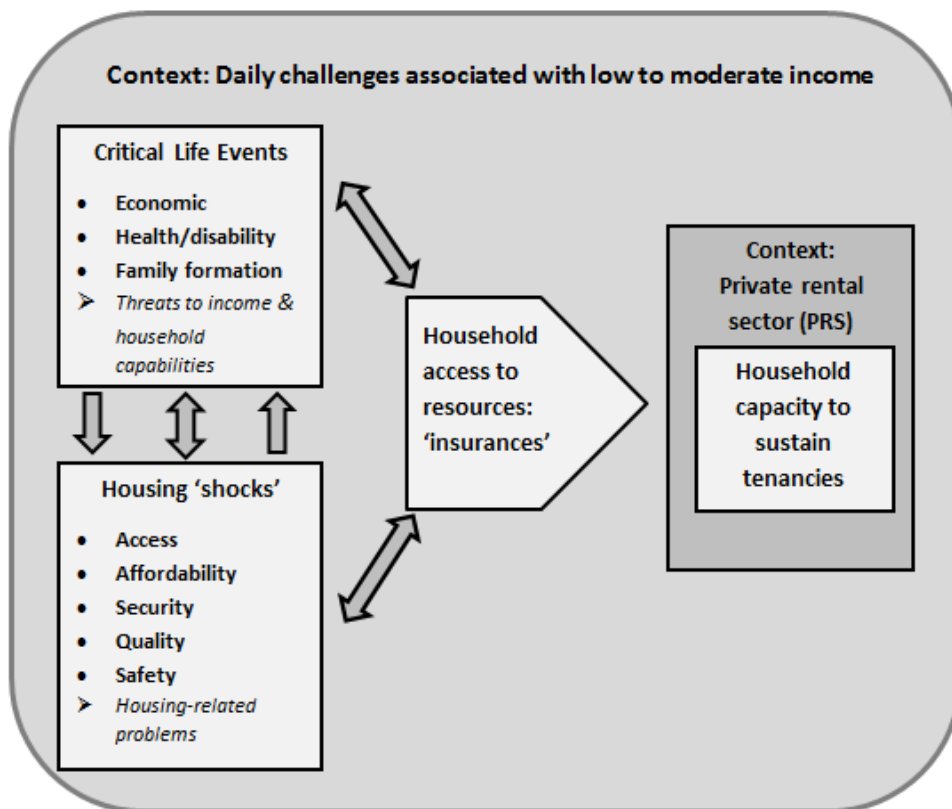
One of the rationales for this approach is the potential for policy and practice responses to shift from a model premised on responding to a heightened need for housing assistance or, in some cases, to housing crises, to a model based on taking a preventative and early interventionist approach. This requires detailed understanding both of the types of life events and housing pathways that lead tenants to seek assistance, and of the various ways tenants present to organisations for assistance when their tenancies are threatened by external or internal factors.

A guiding framework for the study is presented at Figure 2. The framework builds on knowledge from recent housing research about the nature of housing difficulties and *shocks* in the private rental market such as problems of affordability, unwanted or forced mobility, access, poor housing standards and, in some cases, difficulties with landlords. It brings this knowledge together with a strand of lifecourse research that focuses on *critical life events* (CLEs) that can threaten income or other aspects of usual household functioning. Such life events can be positive or negative, short or long lasting in intensity or effect and anticipated or unanticipated. They can relate to changes in employment, family life or health, which affect income security. Finally, a third key concept is incorporated: that of *insurances*. This study uses *insurances*

broadly to indicate a range of types of resources that individuals and households may have at their disposal to manage CLEs and/or housing shocks.

Figure 2 presents a diagrammatic account of the nexus between CLEs, housing shocks and household resources (including the capacity of households to draw on government and other forms of assistance) among private renters. CLEs, housing shocks and insurances are described in more detail below.

Figure 2: Critical life events, housing shocks, tenant insurances and capacity to sustain housing in the context of daily challenges: a framework for analysis



Source: Original framework for analysis.

3.1 Critical life events

CLEs as a concept stems primarily from health and psychology. It describes the interaction of events that have major impacts on people's lives; the ways individuals react to and manage these events, and the compound effects of these factors. In a modified sociological form the term CLE has increasing relevance for interpreting an individual's experience of life events in the context of economic and social systems and individual agency.

With regards to housing, a CLE framework has the capacity to inform our understanding of:

1. The non-housing life events and housing shocks experienced by individuals and households.
2. The ways parts of the housing system compound or mitigate adverse consequences of these events.
3. The role of personal/household capabilities and other insurances that enable households to manage various life events and potentially avoid the accumulation of multiple adverse events that can lead to homelessness or increased reliance on government housing supports.

3.1.1 Definition and lineage of the 'critical life events' concept

CLEs are transitions that reflect developmental or life course milestones such as partnering, losing a partner, re-partnering, birth of children, employment changes and housing transitions. In addition, a range of hardships such as serious illness or injury to oneself or to close family or friends, economic loss and experience of disasters are critical events that typically alter the status quo and frequently trigger further events. CLEs are known also to have cumulative impacts, often occurring over long periods. In economics, adverse critical events are often associated with hysteresis:

Hysteresis arises when a negative (positive) shock has long-lasting impacts so that when the shock is reversed, the affected person(s) does not return to the same position they were in before the shock. (Flatau et al. 2004, glossary)

Research into individual responses to disease (Holmes & Rahe 1967) lead to the understanding of stressful life events as having significant impacts on physical health, psychological wellbeing and social welfare. This, in turn, has informed the concept of *resilience* used in contemporary social policy (Moloney et al. 2012). Holmes and Rahe (1967) developed a set of events, which they rated according to the severity of impact. The original set of events has been revised (Table 7) and now informs a number of Australian longitudinal panels. Also, while many studies do not formally adopt the life events lens, Moloney et al. (2012) notes that they do observe adverse events or transitions triggering further events.

Table 7: Revised Social Readjustment Rating Scale (RSRRS)

1. Death of spouse/mate	18. Assuming responsibility for sick or elderly loved one	35. Pregnancy of self/spouse/mate
2. Death of close family member	19. Loss of or major reduction in health insurance/benefits	36. Experiencing discrimination/harassment outside the workplace
3. Major injury/illness to self	20. self/close family member being arrested for violating the law	37. Release from jail
4. Detention in jail term or other institution	21. Major disagreement over child support/custody/visitation	38. Spouse/mate begins/ceases work outside the home
5. Major injury/illness to close family member	22. Experiencing/involved in auto accident	39. Major disagreement with boss/co-worker
6. Foreclosure of mortgage or loan	23. Being disciplined at work/demoted	40. Change in residence
7. Divorce	24. Dealing with unwanted pregnancy	41. Finding appropriate child care/day care
8. Being a victim of a crime	25. Adult child moving in with parent/parent moving in with adult child	42. Experiencing large unexpected monetary gain
9. Being a victim of police brutality	26. Child develops behaviour or learning problem	43. Changing positions (transfer/promotion)
10. Infidelity	27. Experiencing employment discrimination/sexual harassment	44. Gaining new family member
11. Experiencing domestic violence/sexual abuse	28. Attempting to modify addictive behaviour of self	45. Changing work responsibilities
12. Separation from or spouse/mate	29. Discovering/attempting to modify addictive behaviour of close family member	46. Child leaving home
13. Being fired/laid-off/unemployed	30. Employer reorganisation/downsizing	47. Obtaining a home mortgage
14. Experiencing financial problems or difficulties	31. Dealing with infertility/miscarriage	48. Obtaining a major home loan other than home mortgage
15. Death of a close friend	32. Getting married/remarried	49. Retirement
16. Surviving a disaster	33. Changing employers/careers	50. Beginning/ceasing formal education
17. Becoming a single parent	34. Failure to obtain/qualify for mortgage	51. Receiving a ticket for violating the law

Source: Moloney et al. 2012

The ways an individual experiences adverse CLEs are influenced by personal and contextual circumstances (Baxter et al. 2012). Coping strategies, personal appraisal of events (reflecting a person's *control* beliefs or belief system (Allen 2000)) and previous or current exposure to other events, along with command over material and non-material resources, are each 'critical for adaptation' (Jopp & Schmitt 2010, p.168). Successful responses to CLEs include the need for 'time, money, skills, [and the] cooperation of others' (Ajzak 1991, p.182). In more sociological terms we can think of these as insurances (discussed below).

CLEs are of interest to public policy as adverse events are associated with losses that are sometimes temporary but often long-lasting or permanent and associated with further losses and an increased need for social insurances. In relation to housing policy and the need for housing assistance, events that affect the financial or other capacity of households to manage their housing costs (e.g. rental payments) or other arrangements (e.g. leases) are of interest.

3.1.2 Critical life events: a typology

Based on the traditional accounts of CLEs developed in psychology, major life events can be grouped into three main types. All, in various ways, affect the financial or other capacity of households to manage various aspects of their lives and, of relevance to the present study, their private rental tenancies. Broadly, types of CLEs of interest in relation to the capacity of tenants to sustain tenancies are: those that relate primarily to engagement in financial/labour market activities; those that most strongly relate to family/household change (and which, in turn, affect financial capacity); and those related to illness, disability and ageing (which also affect the financial capabilities of households and other personal capabilities). These three broad types, and examples of each, are set out at Table 8. As Table 8 indicates, in many cases CLEs can lead to increased or decreased financial capacity.

Table 8: Types of critical life events

Event type	Adverse impact on capacity to manage tenancies	Positive impact on capacity to manage tenancies
Financial	Unemployment Underemployment Low educational attainment	Gain employment Increase work hours or pay rate Undertake education/training
Family formation and dissolution		
<i>Partnering</i>	Separation/divorce Death of spouse	Partner Re-partner
<i>Dependants</i>	Child bearing Dependant/s care	Child achieve adult independence
Health and ageing		
<i>Illness/disability</i>	Short-term or chronic illness Disability	Rehabilitation/recovery of health Rehabilitation/appropriate training for employment
<i>Ageing</i>	Retirement	

Source: Original reclassification of Revised Social Readjustment Rating Scale, as shown in Moloney 2012

3.2 Housing experience and shocks

While our focus is on investigating the relationship between housing experience and CLEs, housing transitions themselves are typically included as CLEs in the literature (Moloney et al. 2012). There is also an implicit focus on housing transition and risk within much recent housing research that focuses on household wellbeing. We outline the growing interest in CLEs from

housing researchers, who for some time have implicitly, and more recently explicitly, associated adverse housing transitions, or housing shocks, with the changing nature and increasing diversity of life courses. In addition to the shift in household norms and structures, housing researchers have identified both the housing system as a source of adverse events and housing equity as a key form of insurance.

Types of housing events typically included as CLEs are: foreclosure of mortgage or loan; change in residence; obtaining a home mortgage; and obtaining a major home loan other than home mortgage. From a housing perspective these events are rather normative, excluding a large range of housing experiences.

Housing research can conceive of chains of events resulting in particular types of housing outcomes as housing *pathways* (Clapham 2002, 2005). This concept recognises that critical events often but do not always follow an earlier event, and/or often trigger subsequent events. Many recognised housing pathways take their nomenclature from housing transitions that are identified with CLEs, and these often reflect the multiplicity of events and accumulation of effects noted in the CLE literature. Nevertheless, events have tended to be considered secondary to the housing outcome, although this is changing. In an exception to this tendency, family/domestic violence is well documented as a pathway into homelessness (Chamberlain & MacKenzie 2006; Kolar 2004; McFerran 2010): focus is shifting from homelessness support to the preceding CLE and the removal of perpetrators of violence from the family home (Spinney & Blandy 2011; Spinney 2012).

The greatest interest to date has been with household formation, dissolution and changing household composition, with particular focus on dissolution. Household formation is partnering (and re-partnering) for cohabitation or marriage; dissolution is loss of a partner through death, divorce or separation. Partnering is understood to provide households with economies of scale and the ability to divide labour (between paid work and unpaid care); the formation of couple households remains closely associated with the birth of children (Wood et al. 2008; Mulder & Wagner 2010). Not partnering at all is significant, as economies of scale are foregone. Lower average lifetime earnings particularly disadvantage single women. Dual versus single incomes associated with partnering are increasingly related to housing opportunity (Burke et al. 2014).

Dissolution has major consequences for the wealth position of each partner, with tenure change generally observed for at least one, if not both, former partners (Feijten 2005; Feijten & Mulder 2005; Babacan et al. 2006; Chamberlain & MacKenzie 2006; Dewilde 2008; Gram-Hanssen & Bech-Danielsen 2008; Wood et al. 2008; Feijten & van Ham 2010; Mulder & Wagner 2010). The longer-term impacts, however, are less clear, with indications that further housing transitions are common (Feijten 2005; Beer & Faulkner 2009).

Re-partnering has been shown to recoup some of the losses of dissolution, while former partners who remain single experience more severe hysteresis than those who re-partner (Painter & Lee 2009). Re-partnering facilitates financial and housing recovery; however, because men are more likely to re-partner than women 'there will be a gender bias to adverse housing consequences' for women, with implications for demand for housing assistance (Wood et al. 2008, p.1).

Family conflict and change in household size are significant push factors for people entering public and assisted private rental (Burke & Hulse 2002). Sole parents, in particular, experience higher than average mobility (Burke 2002; Stone et al. 2013) and tend to concentrate in poorer outer suburban locations and inland and coastal regional centres, reinforcing their detachment from the labour market (Birrell & Rapson 2002; Hulse et al. 2012). The division of matrimonial assets in Australia reflects gendered care arrangements, with women more likely to receive the family home in the settlement in order, as the primary caregiver, to provide stability for children (Sheehan & Hughes 2001).

CLEs increasingly are of interest in relation to the housing system, primarily the private rental sector, as a source of risk (rental increase, eviction, increased mobility, housing quality, spatial distribution of inequality), with housing equity a source of insurance (equity withdrawal).

Hulse and Saugeres (2008a, 2008b), Hulse, Milligan & Easthope (2011) and Hulse et al. (2012) have explored the experiences of private rental tenants to reveal extensive CLEs such as violence, high residential mobility (including homelessness) in childhood and then adulthood, early school-leaving and fractured work histories, highlighting a deep association between long-term private rental tenure and homelessness and adverse CLEs. These tenants experience what Hulse and Saugeres (2008b) describe as precarious living, reflecting an accumulation of CLE impact. Flatau et al. (2013) argue that these impacts are resulting in intergenerational precariousness and homelessness.

The characteristics of the contemporary private rental sector in Australia have been discussed at Chapter 2. The nature of the PRS itself is viewed as a significant factor in this precariousness, with housing-related adverse life events (housing shocks) triggering further events (Short et al. 2011). Particular groups of tenants who have experienced major adverse events have been found to be highly vulnerable in private rental: for example, refugees (Beer & Foley 2003), people with disabilities (Tually et al. 2011) and others including those with mental health issues who are filtered out of the mainstream PRS into marginal housing tenures (Wensing et al. 2003; Goodman et al. 2013) or homelessness (Robinson 2003). The affordability of private rental housing is a significant driver of residential mobility, with displacement a direct effect of gentrification (Atkinson et al. 2011; Weller & van Hulten 2012). Migration from metropolitan to non-metropolitan areas has also been shown to improve affordability and wellbeing (Marshall et al. 2003).

Housing researchers are increasingly interested in the contribution of CLEs in creating pathways into the PRS and marginal housing tenures, and the adverse and cumulative impacts of the PRS on vulnerable tenants. The role of housing in mitigating the adverse consequences of CLEs has also been a key research area, especially regarding housing assistance (e.g. social housing and private rental assistance) and private housing equity. Insurances are a key instrument for mitigation and take various forms. We discuss this in more detail in the next section.

A lack of social insurance mechanisms to soften adverse circumstances experienced by older people (and others) has been identified as contributing to the entry of older Australians into rental tenures (Jones et al. 2007). Similarly, the entry of former owner-occupiers into social housing has been directly related to adverse events such as housing shock and disability (McNelis 2007; Wiesel et al. 2012). Indeed, social insurances in the form of household resources, and the resources households can gain access to, are likely to mediate significantly the adverse effects of housing shocks in the context of CLEs, discussed next.

3.3 Critical life events: insurance nexus

The extent to which any CLE threatening the income and earnings capacity of a household, or other aspect of household functionality, results in an adverse effect is in many ways mediated by the resources available to the household. In our analysis these resources are referred to collectively as insurances.

In varying ways, and to varied degrees of success, individuals manage the risk of CLEs for themselves and their family and friends; however, many risks are also collectively managed. Individual risk management may take the form of private market insurances that are purchased, private self-insurance such as savings or credit, and the non-market ability to draw on assistance from family or friends. Socialised insurance includes government income support in situations of unemployment, ill health, permanent or temporary disability, retirement or parenting/care giving. Housing support is provided through subsidised housing. In the following

section we conceptualise insurances in relation to CLEs and outline how such insurances have been approached in the housing literature.

3.3.1 *Financial resources as insurance for housing tenants*

The first types of insurances of interest are savings and credit. As Harriss-White (2005) indicates, both savings and credit take a number of forms.

Non-productive precautionary savings (i.e., non-wealth generating savings) include savings for periodic expenses such as rent and service utilities; productive precautionary savings (i.e., saving intended to grow wealth) include superannuation and investments. Credit is key means by which wealth-generating assets can be obtained, but repayment of principle and interest reduces income available for other current purposes.

The use of productive savings for current consumption results in foregone future income. Productive savings can be liquid (cash) or illiquid, such as superannuation (Flatau et al. 2004), although hardship provisions exist that permit access to superannuation for current consumption needs. Housing equity was once regarded as illiquid, because it required the sale of real property, but financial reforms have enabled access to housing equity such as through mortgage redraw, without the need to sell housing assets.

The use of housing equity to smooth financial requirements and periods of limited income is a double-edged sword: retired households are increasingly utilising this form of now-liquid asset to support their needs, but in doing so they expose themselves to other potential risks if this action results in limited remaining equity. Problems arise where funds are too limited to assist in transition to a downsized or high-needs retirement form of housing.

Saving *per se* has attracted little housing research. A household's ability to accumulate funds for a house deposit is compromised by periods of unemployment and/or underemployment, which, leads to a drawdown on savings (Campbell et al. 2013). Home ownership is a special form of non-productive saving. Its insurance role is of increasing interest to housing researchers examining home equity withdrawal as a means of coping with income or consumption shocks (Benito 2007; Smith & Searle 2008; Bridge et al. 2010; Ong, Haffner et al. 2013; Ong, Parkinson et al. 2013; Wood et al. 2013), although research into the effects of assets and debt on housing pathways is in its infancy (Wood Colic-Peisker, Berry, Dalton & Nelson 2010; Christie 2000).

Jefferson and Ong (2010) note that CLEs such as partnering, assumption of majority child care and labour force participation result in gender differences in assets holdings and debt, with women holding fewer assets (predominantly their home). This may explain women's greater propensity to withdraw home equity in order to fund consumption. The temporal aspect of CLEs is evident in such cases, with a very long lag between event and impact often evident. Women have also been found to experience more difficulties with mortgage arrears in the aftermath of adverse events, and to adopt different coping strategies (Christie 2000).

Saunders, Naidoo and Griffiths (2008) suggest that loss of insurance is a key indicator of disadvantage and social exclusion. The loss of insurances in turn may be affected by increases in a run of shocks or uncertain events, or by terms and conditions imposed on access and use of insurances (Harriss-White 2005). An example is where credit is used to smooth income or consumption, but high interest rates payable on the debt mean repayment prevents current essential expenditure. The accumulative impact of events can be observed, according to Harriss-White (2005), in the sequencing of the insurance loss:

One such sequence would involve a loss of access to nonproductive precautionary savings, loss of access to reciprocal, interest-free borrowing, loss of access to commercial loans at interest, loss of access to high-interest money lenders, and exhaustion of productive precautionary savings. (Harriss-White 2005, p.883)

Housing equity remains the key strategy for saving for retirement but, as forms of deferred consumption, housing equity and superannuation are challenged by increasing longevity and declining rates of home purchase (Olsberg et al. 2004; Beer & Faulkner 2009; Wood et al. 2013). Wood, Colic-Peisker, Berry, Dalton and Nelson (2010) found that home owners who exited into private rental were more likely to require housing assistance than longer-term private tenants, suggesting the impact of traumatic event(s) and evidence of hysteresis:

Housing careers are scarred such that future interventions to support their housing circumstances become more likely. (Wood, Colic-Peisker, Berry, Dalton & Nelson 2010, p.1)

Households increasingly are retiring with housing debt (Wood Colic-Peisker, Berry et al. 2010). Loss of a partner may result in use of retirement savings to meet debt obligations, leaving individuals reliant on the Age Pension (Wood et al. 2008). Widows and female divorcees are less likely to replace housing equity withdrawn when a male partner leaves or dies (Babacan et al. 2006). In addition, illness and unemployment are key factors driving mortgagee repossession and resulting indebtedness, undermining subsequent private rental tenancies (Berry et al. 2010).

Employment is a key measure by which households can obtain income and generate savings. The ability to obtaining more hours of work when necessary is a type of insurance, with increased income able to mitigate the financial impacts of CLEs. Some households experience CLEs that prevent or reduce employment participation. Disability and poor health are triggers for loss or diminishing of employment, social exclusion and use of housing assistance (Bridge et al. 2002; Tually et al. 2011), and lack of secure housing (Dockery et al. 2008; Rowley & Ong 2012).

An adverse critical event does not need to be directly experienced to have an impact. Both a care recipient and carer have a reduced or complete incapacity to participate in paid work. Women at midlife find poor health and care obligations accumulate to reduce their ability to return to work (or to successfully compete for paid employment); it has been demonstrated that subsequent improvements to health or a reduction in care responsibilities do not increase their chances of re-entering employment (Austen et al. 2009). Unpaid care is a vital form of insurance primarily provided by families and mostly by women. In 2009–10 its imputed contribution to the Australian economy was valued at AUD\$650.1 billion (Hoenig & Page 2012). Gendered caring responsibilities are a barrier to employment participation for women (Hulse & Saugeres 2008a, 2008b; Austen & Ong 2009; Sharam 2011; McFerran 2010), suggesting the cumulative impacts of CLEs can be different for men and women.

3.3.2 *Financial management and values about money*

The CLE literature draws attention to coping strategies and control beliefs in reactions to stressful events, as these affect resilience. In particular, they determine tendencies towards profligacy or frugality. Profligacy is recognised as an aspect of some pathways into homelessness. Frugality is less understood, although home owners are not the only households downsizing as a means of improving income or minimising debt; tenants also trade down or move locality in order to secure cost savings (Judd et al. 2014). Frugality is closely tied to very tight management of household income and expenditure:

With all income tightly accounted for, there is no margin for unexpected costs, for bills, and very little capacity to accommodate any increases in housing costs. Indeed, even basic expenditure has to be prioritised in order to ensure there is enough to make it through fortnight by fortnight. Strategies for managing in such circumstances are often dictated by the immediate nature of those difficulties, leading to unsustainable responses to the need to meet rental costs. Among the lower-income quintiles from our renters survey sample, the most common responses were borrowing from family and friends (43%), selling or pawning possessions (33%) and approaching a welfare or

community agency (31%). While more sustainable strategies were also identified, such as finding a job, working overtime or getting a second job (8%), the ability to draw upon workforce responses among lower-income renters was inevitably more limited, indicating that a large cohort of our group have limited access to mechanisms that would help alleviate difficulties. (Burke et al. 2007, p.74)

3.3.3 Debt and formal or informal borrowing capacity

Burke, Neske & Ralston (2004) found that housing authorities do not assess the debt being carried by private tenants who enter into social housing, although such debt is a risk factor for future rent arrears. Burke et al. (2007) found low-income private renters rationed essential consumption and limited their participation in mainstream activities, and were more mobile as a result of housing stress.

Low-income private renters are far more likely to draw on family and friends for emergency funds (Morris 2009), and homeless families have been shown to exhaust these sources of emergency funds before seeking homelessness support and taking on expensive forms of debt (Hulse & Sharam 2013). Purchasers or owners, on the other hand, are more likely to access competitively priced market loans (Burke & Ralston 2003, p.28).

The ability to access credit on fair terms is an advantage to middle- and higher-income households. Debt is a means of absorbing shocks, but it poses risks and is recognised as an issue in sustaining tenancies (Jacobs et al. 2004; Natalier et al. 2008). Denial of credit can prevent investment to increase household wealth. For example, Indigenous employment can be hampered by the inability to obtain loans for vehicles that are essential to access jobs (Birdsall-Jones & Corunna 2008). Rental blacklists (Short et al. 2008) now prevent private tenants using rent arrears and arrears for utilities (e.g. electricity) as a means of managing cash flow (Sharam 2007). Both real estate agents and utility providers have adopted new practices that have sought to ensure payment thereby reducing the payment discretion of tenants (Sharam 2007; Short et al. 2008).

Low to moderate income households and, in particular, private renter households appear to have considerably different experiences of credit and debt, with credit used to fund essential consumption rather than to build assets or future income. Higher-income households can readily access cheaper credit and can afford to use debt as a means of bringing forward non-essential consumption. Credit is an important insurance mechanism for low-income households in the absence of savings, but it is expensive and a risky strategy. The taking on of debt appears closely related to CLEs and is established as a trigger for subsequent critical events.

The loss of savings and accumulation of debt is a known housing crisis pathway into homelessness (Chamberlain & MacKenzie 2006; Chamberlain & Johnson 2011; Sharam 2008; Westmore & Mallett 2011; Tually et al. 2011). It is closely associated with leaving families (Kolar 2004; Hulse & Sharam 2013) and family/domestic violence (Kolar 2004; Birdsall-Jones et al. 2010; Spinney 2012), with the care of children influencing housing decisions and a propensity to use credit. Less well understood is the experience of debt when homeless, and implications for successful rehousing (Sharam & Hulse 2014). Debt can be a response to stress. Sharam (2011) found hedonistic behaviour indicative of giving up amongst single women over 40 years of age whose aspirations for home ownership had been blocked: most were failing to save for retirement and many were indebted for non-essential consumption.

3.3.4 Formal insurance mechanisms

Market-based insurance products are a means by which households can protect assets (via building, household contents and car insurance) and mitigate income losses in some cases (income protection, health and life insurance). However, insurance is often costly and does not necessarily provide the protection policyholders assume they have purchased. Insurance addresses risk of loss and culpability (as with third-party property insurance for motor vehicles).

Wood, Colic-Peisker, Berry, Dalton and Nelson (2010) and Wood, Colic-Peisker, Ong et al. (2010) found the absence of adequate housing equity or other insurance increased the need for housing assistance where adverse events had occurred. It is estimated that less than 50 per cent of Australian households have each of the following common insurances—building, contents and motor vehicle insurance, with around 19 per cent of households having no insurance at all (Connolly 2013). However, there have been few independent major studies in this area (Good Shepherd Microfinance 2013) with the data derived primarily from industry sources.

Low-income households are far less likely to hold an insurance policy, but also have the least capacity to cope with losses arising from being uninsured (Good Shepherd Microfinance 2013). Whilst welfare agencies have focused on the impacts on low to moderate income households (Sheehan & Renouf 2006; Collins 2011; Good Shepherd Microfinance 2013), the number of major natural disasters over the past 15 years has focused industry and government on the large pool of uninsured and underinsured (COAG 2002; Tooth & Barker 2007; ASIC 2007; Mortimer et al. 2011; Productivity Commission 2014). There is a significant gap in the housing research literature on natural disasters, with the only major research exploring the role of social housing authorities in responding to need and their own asset protection (Jacobs & Williams 2009).

This non-housing-related research suggests that around one-fifth of households have not purchased any form of insurance, and with 54.6 per cent of the third party vehicle market uninsured, 33.6 per cent of the comprehensive vehicle market uninsured, 40.3 of the contents market uninsured, 81.1 per cent of the life insurance market uninsured and 87.6 per cent of the risk (trauma, accident, income protection) market uninsured (Connolly 2013, 26). This exclusion correlates with income and private rental.

The limited literature suggests that relatively non-critical events (e.g. a minor car accident) can have major consequences (e.g. liability for third party damages) for low to moderate-income households who are not insured. As we have already discussed, debt is a major risk, but the risk associated with lack of insurance coverage and its impacts for housing remain unknown.

3.3.5 Government support and housing assistance

The final insurances of interest here are the social insurances provided by government. For housing these include homelessness support and subsidised housing. Housing assistance includes crisis accommodation and refuges, social and transitional housing (with sub-market rents), and RA. Income support is the primary insurance available to individuals who experience CLEs that leave them unable to work sufficient hours to make ends meet, or who were uninsured or inadequately insured or lack independent means. Income support receipt is closely associated with use of housing assistance.

Housing assistance has been subject to a large amount of housing research (e.g. King 2001; Hulse & Randolph 2004), although little explicitly in relation to CLEs. Pathways into housing assistance nevertheless reflect our understanding of CLEs and the accretion of disadvantage resulting from the accumulative impacts associated with CLEs. The many adverse life events that low to moderate-income households typically experience that result in financial hardship are compounded by housing transitions (e.g. deposit bonds, rental increases) and are a major impediment to tenancy sustainment (Seelig et al. 2008).

3.3.6 Household resources as insurances: a typology

Drawing on the discussion above five key forms of household insurances can broadly be identified. These are: personal capabilities; social capital (personal networks); informal and formal mechanisms for accessing financial assistance; market-based formal insurance cover; and government and associated forms of assistance. These broad types, and examples of each, are set out in Table 9.

Table 9: Household resources: types of insurances

Insurance type	Example indicators
Personal attributes	Resilience, temperament, life-planning Education
Social capital/support	Assistance from informal networks (family and friends) Community relationships
Financial borrowing capacity	
<i>Informal</i>	Informal borrowing (family)
<i>Formal</i>	Regular banking sector Pay day loans
Market-based insurances	Unemployment insurance Health insurance Home/car insurance
Government supports	Income support Commonwealth Rent Assistance (CRA) Private rental assistance

Source: Original classification.

3.4 Summary

In summary, the framework outlined here draws extensively on evidence on CLEs, housing shocks and insurances, which have not previously been explicitly compiled into a holistic framework. Extending the utility of these concepts to our study of the experience of low to moderate-income tenants in the PRS is designed to provide a new mechanism for thinking about the nature of risk and vulnerability for these people and the associated demand for housing assistance. To a very large degree, a focus on the experiences that lead to difficulties for tenants aligns with the opportunity for a policy and practice shift from the provision of reactive crisis-based housing assistance to one of early intervention and support.

In the sections, which follow, the methodology used to explore tenant experiences based on this framework, and the quantitative and qualitative findings, are presented.

4 METHODOLOGY

This study utilises a mixed-methods approach to examine renting in the private sector for households with incomes of up to the Australian median household income. Accordingly, couple families were required to have a household gross weekly income of less than \$2200, and single-parent households and single-person households a gross household weekly income of less than \$1000. The analysis divides these into two groups: those in the lowest quintile of income (the bottom 20%) and those with moderate incomes (21–50% of income distribution). The primary research methodology is qualitative. The qualitative approach considers the voices, views and perspectives of tenants in relation to issues that might influence future housing assistance reform in the PRS. It also enables the perspectives and first-hand experiences of practitioners who support tenants to remain housed in the sector to be heard.

This section describes the qualitative and quantitative methods that inform the research, including study design, sample and area characteristics and preliminary observations (trends) from the Household, Income and Labour Dynamics in Australia (HILDA) survey dataset and qualitative research interviews. The findings of the quantitative component are included at Chapter 5; the findings of the qualitative study are detailed at Chapters 6 and 7. Supporting documentation for the qualitative survey of private renters and practitioners, including the interview schedules, is included at Appendices 1–8.

4.1 A housing pathways approach to understanding private rental tenancies

Research about the capacity of tenants to manage housing in the PRS has typically been undertaken in the negative: that is, research that has examined entry points for social housing and/or homelessness has informed understandings to date of how private renters manage (or fail to manage), and the types of housing-related difficulties they face (see Chapter 1). ABS Census and other large-scale quantitative data sources have been used effectively to determine key trends and structural aspects associated with the rental sector in Australia (see Chapter 2). As such they provide an important source of evidence about the nature of tenant experiences on average. Their limitation, of course, is that the experience of tenants at the individual or individual household level is absent in this picture.

A key aim of this study is to contribute a tenant perspective to current evidence bases that are likely to contribute to policy and practice development associated with the PRS and associated tenant support. To this end, the research has been framed by an approach that makes explicit the diversity of tenant experiences and circumstances, as well as varied drivers of behaviour, for private renters who are managing.

A housing pathways perspective (Clapham 2002, 2005) enables the housing experiences and circumstances of tenants to be understood in the context of other factors and events that affect tenants' lives and, in turn, shape the nature of their housing experience—a correlation that can become cyclical. Detailed study of the housing pathways of households in receipt of income support payments undertaken by Seelig et al. (2008), and related research (Wiesel et al. 2012; Wiesel et al. 2014), illustrates that the PRS plays a variety of roles for low to moderate-income households.

Two major private rental pathways include: (i) private rental as a *gateway* tenure between episodes of social housing and/or home ownership; (ii) private rental as what we might call a *mainstay* tenure, dominating the housing experiences of households for large numbers of tenants (Seelig et al. 2008). Around 10 per cent of low to moderate income households living in the PRS and in receipt of income support are highly stable, with households able to sustain PRS tenancy pathways (Seelig et al. 2008, p.26). However, for most households in receipt of income support, private rental is a gateway tenure which functions as a revolving door with

social renting, an escape tenure from homelessness or, for a small minority, a stepping stone into or out of home ownership.

The pathways approach is compatible with a CLE lens. Evidence indicates that in some cases life events trigger housing transitions, which in turn, will lead to entry/re-entry to social housing and/or homelessness. In others, a direct relationship between life events or housing-related problems, such as access, affordability, insecure tenure and poor housing quality or limited safety, leads to failure to sustain tenancies and subsequent pressures on the social housing sector (Seelig et al. 2008; Hulse & Saugeres 2008b). The high cost and relative insecurity of the PRS, characterised by short- to medium-term leases, rent increases and access issues, exacerbates this scenario (Hulse et al. 2011, 2012; Sharam & Hulse 2014).

4.2 Methods

The research was guided by the housing pathways approach and conceptual framework outlined at Chapter 3. The rationale for including low-income and moderate-income groups is to examine the extent to which difficulties in the private sector are prevalent for households in receipt of income support, as well as low-waged households.

The following is an outline of the methods underpinning the study. The supporting documentation for the surveys is included at Appendices 1–8.

- *Conceptualisation of private rental sector tenancies as housing pathways in the context of CLEs* framed the research and underpinned the development of an explicit framework, which describes the interplay between daily challenges, life events and housing shocks (Chapter 3).
- *Profiling using HILDA Survey data* was used to provide a baseline estimate of the extent of recent CLEs (economic, health, social) experienced by low to moderate-income private tenants, and identify some of the insurances utilised by these tenants.
- *In-depth interviews with 76 low to moderate-income private tenants in Melbourne (Vic), Sydney (NSW) and Perth (WA)* were undertaken to enable analysis of tenant perceptions, motivations and strategies around sustaining tenancies in the context of CLEs and housing transitions, and to explore views on the types and timing of housing and integrated housing and social support services which might improve tenancy sustainment. These interviews constitute the main dataset for the study. Recruitment of tenants was undertaken via letterbox drops, advertisements at local community centres and contact with key agencies in the study areas.
- *Select metropolitan sub-markets* within Melbourne, Sydney and Perth were included in this research to enable analysis of the impact of local sub-market variation in the ways tenants managed tenancies, as well as to identify any differences, due to jurisdictional variations, in the ways agency staff (practitioners) could support tenants to remain housed.
- *Interviews with 16 expert practitioners* (including but not limited to housing officers and homelessness sector workers) were undertaken to enable analysis of the interaction of housing dynamics, life events and interventions supporting sustained private tenancies based on *bottom up* perspectives from tenant interviews compared and contrasted with the *top down* perceptions of practitioners.

While the original sampling strategy did not include a focus on either migration or segmentation of the PRS, each became manifest within the sample in sufficient ways to enable the following:

- *Recently arrived migrants* are included in the qualitative sample in numbers that enable a comparison of the private rental experiences of recently arrived migrants, longer-term migrants and Australian-born tenants.

- *Formal and informal segments of the private rental sector* are included in reported tenant experiences to enable comparison between real estate managed tenancies with other segments of the PRS.

All interviews with tenants were recorded using digital audio equipment and transcribed in full. The qualitative analysis software NVivo was used to assist in the coding and analysis of themes, in an iterative process that was based on themes that guided the interview schedules, as well as issues and themes that were deduced from the interviews with tenants. To protect their anonymity, participants' names have been changed.

4.3 Household, Income and Labour Dynamics in Australia (HILDA) Survey data

The HILDA Survey is an annual, national panel study of select Australian households. Its unique feature is that individuals included in the original household survey (2002), along with their future immediate family/household members (i.e. their children, grandchildren etc.), are surveyed at each wave. HILDA data provide a rich and detailed source of information about housing circumstances and histories as well as individual economic, demographic and health events. The data include approximately 1790 households renting privately.

The most recent wave of the HILDA Survey (Wave 13) was used to provide a profile of low to moderate-income private rental tenants in Australia. The suite of HILDA life events data was examined to provide insights into housing circumstances, with select measures of household insurances analysed to examine the relationships between these concepts. These concepts were explored in depth through qualitative analysis of tenant and practitioner interview data.

4.4 Locational characteristics of sub-markets

The primary data collection undertaken for this research was centred around six main target locations (Lakemba and Liverpool (NSW); Pakenham and Werribee (Vic); Cannington and Armadale (WA)). These target localities for recruitment were chosen as suburbs identified in the 2011 ABS Census as having a high proportion of private renter households within the target income limits (couple families with a household gross weekly income of less than \$2200, and single-parent households and single-person households with a gross household weekly income of less than \$1000). Maps indicating proportions of low to moderate-income renters in the target suburbs in Melbourne (Vic), Sydney (NSW) and Perth (WA) are presented in Appendix 8. A mix of middle and outer suburban areas within these metropolitan centres were included to provide a representative sample of low to-moderate income private renters in these jurisdictions. A local-area summary of select characteristics and suburb descriptions is provided below.

4.4.1 Victoria

Werribee and surrounding growth suburbs

Werribee is an established suburb and regional centre approximately 32 kilometres south-west of Melbourne and 40 kilometres north-east of Geelong. New growth area suburbs have been established to the south (e.g. Point Cook), the north (e.g. Tarneit) and the north-west (e.g. Truganina). The Local Government Area (LGA) is the City of Wyndham, which incorporates Werribee and these new housing areas and is one of the fastest-growing municipalities in the State of Victoria. Werribee was established originally as a market garden area. It is well serviced by government agencies.

The M1 freeway provides road connection to Melbourne and Geelong, although peak-time congestion into the city centre is a significant problem. The suburban rail network services the suburb, and the journey to Melbourne's Central Business District (CBD) takes around 45 minutes. The country rail service to Geelong serviced Werribee at the time of the interviews,

but the new regional rail service from Melbourne to Geelong was anticipated to discontinue this direct rail link (and has since done so).

Werribee has some older detached housing, including some nineteenth-century and 1940s clinker brick housing. Most of the older housing, however, dates from the 1970s and 1980s. There are a substantial number of unit and flat developments alongside the traditional suburban three- and four-bedroom detached houses. In recent years there has been a substantial amount of infill development in Werribee itself, in addition to sub-division for new suburbs. Most of the Werribee interviewees were living in 1970s and 1980s housing stock (houses and flats) in need of renovation and renewal.

Pakenham

Pakenham is 63 kilometres from the Melbourne CBD. It sits in the south-eastern growth corridor and forms part of the Cardinia Shire LGA. The area is serviced by the suburban rail network, with the journey to Melbourne's CBD taking approximately 60 minutes. The M1 freeway and Princes Highway provide road connections to Dandenong and Melbourne, both constituting major employment centres. Pakenham was initially a small town, which serviced the agricultural industry, but has experienced substantial housing growth in recent years.

The Pakenham town centre retains some housing from the nineteenth century, although most is from the 1970s and 1980s and in need of renewal. New estates have been built around the old town centre. Most of those interviewed lived in the new estates in housing less than five years old and almost exclusively detached, single- or double-storey family housing on small blocks of land. While the housing was generally in good repair because of its newness, the interviewees reported that the houses were not well built.

Other Victorian locations

To obtain sufficient interviews four interviews were conducted with tenants living in Bayswater, Pascoe Vale, Preston and Northcote. The latter three are regarded as inner northern suburbs. Northcote and Preston have been subject to recent gentrification and have substantial quality nineteenth century housing in addition to mid-twentieth century housing and flats. Bayswater is a middle-ring suburb 29 kilometres from Melbourne's CBD in the eastern suburbs. It is a greyfield suburb with ageing housing stock in need of renewal.

4.4.2 New South Wales

Lakemba

The Sydney suburb of Lakemba is part of the City of Bankstown LGA. It has a strong public association with its Muslim community—the largest in Australia (51.8% of Lakemba residents). It is also home to one of the largest mosques in Australia. In addition to a relatively large Lebanese population, it includes large birthplace groups from Bangladesh, Pakistan, Vietnam, India, China, Indonesia and other Arab countries (Wise & Velayutham 2013).

The housing stock in Lakemba is dominated by medium-density, two- or three-storey walk-up apartment blocks of relatively poor standard. Lakemba's main street, Haldon Street, has an array of small ethnic supermarkets, clothing shops and restaurants. The suburban Bankstown rail line services Lakemba, stopping near Haldon Street, with the trip taking approximately 30 minutes from/to Central Station in Sydney's CBD.

Lakemba has been a focus of negative media attention over the last few years. Content analysis of media representations of Lakemba during 2001 undertaken by Dunn, Klocker and Salabay (2007) found that the most common themes of media representations were crime and violence (including gang violence), social disadvantage and victimisation, and an alleged association with Islamic terrorism.

Liverpool

Liverpool is a suburb located 32 kilometres south-west of Sydney's CBD in the City of Liverpool LGA. The commercial centre of Liverpool is organised as a town centre in a grid layout around its main shopping strip, Macquarie Street. It includes a Westfield shopping centre as well as many other government and private services and facilities, alongside a variety of cafes and restaurants. It is considered one of metropolitan Sydney's decentralised five key nodes, along with Sydney CBD, North Sydney, Parramatta and Penrith (Anderson et al. 2006). Liverpool is connected to three highways (Hume Highway, M5 motorway and Westlink M7 motorway), a suburban train service to central Sydney and a dedicated bus route to Parramatta.

Liverpool's population is highly multicultural, with the majority (68%) born overseas. Parts of Liverpool, particularly around its town centre, are dominated by high-density residential and commercial development. Other parts can be characterised as low-density residential streets dominated by single-family detached houses, a mix of older lower-value housing stock (much of it 1960s fibro-cement construction) and more modern dwellings including many two-storey single-family homes developed in recent years through knockdown-and-rebuild processes (Wiesel et al. 2013).

4.4.3 Western Australia

The Perth interviews were less localised, although most were with tenants living in the Armadale area, situated 28 kilometres from the Perth CBD. Smaller numbers of interviewees lived in Cannington, Gosnells and Thornlie (12 kilometres south-east of the Perth CBD), Woolbridge (20 kilometres from Perth CBD) and inner suburbs of Perth such as Victoria Park, Manning and Wembley. Each of these localities is well serviced by rail services to the Perth CBD and major road connections.

Areas such as Manning are characterised by 1950s housing commission homes and large areas of public green open space. The area has undergone significant gentrification over the last decade. Gosnells, similarly, has a legacy of 1960s public housing, much of which has been privatised and renovated. Outside of the inner suburbs the dominant housing type is detached single-storey dwellings. However, all of these areas have experienced considerable housing growth, particularly in medium-density housing and higher-density apartments, the latter primarily near major public transport nodes. Australian-born residents dominate the population of these areas, but the region has attracted a sizeable immigrant group from the United Kingdom with smaller numbers from Southern Europe and South-East Asia.

The Perth housing market has been greatly affected by the mining boom in Western Australia with demand for housing reflecting strong migration from Australia's eastern states and overseas. Supply of new housing has been well behind demand, resulting in inflated house prices and rents.

4.5 Interviews with low to moderate-income tenants

Seventy-six in-depth interviews, evenly split between Western Australia, New South Wales and Victoria, were conducted with private tenants living in areas identified by analysis of ABS Census data as having a high proportion of private renters on low to moderate incomes (Armadale and Canning in Western Australia; Lakemba and Liverpool in New South Wales; and Pakenham and Werribee in Victoria). A small number of interviews were conducted elsewhere in areas with similar characteristics. Recruitment involved letterbox drops and mail-outs to the identified areas, advertising via local community organisations and social marketing (an example recruitment flyer is appended).

Approximately half of the interviews were conducted face-to-face and half by telephone. All tenant interview participants received a \$50 shopping gift voucher as compensation for their time and as a means to increase participation rates (information provided to tenants about the study is appended).

Interviews with tenants covered: their housing histories and experience with obtaining their current tenancy; the condition of the property and its appropriateness for their needs; their employment, income, financial situation and experiences of bill shock; the provision of assistance and access to entitlements; the support of family or friends; and their housing aspirations and views on what would assist them in sustaining their tenancy or achieving their housing aims. Experiences of CLEs and their impacts were drawn out of these queries. The detailed interview schedule used in the tenant interviews is included at Appendix 6.

To be eligible to participate in the study the tenants needed to be:

- couple families with household gross weekly income of \$2200 or less; or
- single-parent households or single-person households with gross household weekly income of \$1000 or less; and
- between the ages of 24 and 65, reflecting households at working age.

The following presents a profile of select demographic characteristics of the sample.

4.5.1 Age

The study sought to capture households at working age in order to eliminate difficulties and life events that are frequently directly associated with ageing (notably health-related and loss of earnings, as well as loss of partner). Table 10 indicates a relatively younger profile, which can be explained by the inclusion of recent immigrant households. This relative youthfulness reduces the incidence of illness associated with ageing and increases the propensity to be engaged in full-time parenting.

Table 10: Ages of adults in interviewed households (including partners)

Age ranges	VIC	WA	NSW	Total
23–29	7	4	7	18
30–34	6	7	6	19
35–39	9	1	3	13
40–44	2	4	6	12
45–49	2	4	1	7
50–54	5	3	3	11
55–59	1	1	-	2
60–64	1	3	-	4

There were 21 children aged between newborn and 11 years in New South Wales; 34 children aged between newborn and adult in Victoria; and 36 children aged between three months and 17 years in Western Australia.

4.5.2 Birthplace

Of the 76 participants, approximately half (48%) were Australian born. Twenty-two were recent immigrants, defined as those who were likely to have arrived within the past 10 years, and a further 18 had either arrived in Australia as children or had immigrated much earlier than 10 years ago. Two households contained a foreign-born spouse who had married an Australian citizen. These are included as Australian-born households.

In addition to the immigrants, four tenants were refugees and another two (who did not explicitly state that they were refugees) appear likely to have been refugees based on their life event trajectories. Most of the recent immigrants arrived on student visas and subsequently applied for permanent residency. Others arrived as skilled immigrants or on 457 visas that

permitted them temporary work and residency in Australia. A number of New Zealand citizens had temporary residency status and were not in skill categories that meant they could seek permanent residency.

Reflecting the international student population, the majority of the recent immigrants were from Bangladesh, Pakistan and India. Other birth countries include Samoa, Burma, the United Kingdom, Germany, New Zealand, South Africa, Libya, Liberia, Somalia, Kosovo, Indonesia, Malaysia, France, Egypt, Serbia, Iraq and Fiji.

4.5.3 Household type

As Table 11 indicates, couples with children were the most numerous household type in the sample (26), with lone-person households (16) and single-parent households (15) the next largest household types. The two latter groups were mostly female-headed, with only one male single-parent and five male lone-person households. All couples with children in New South Wales were recent immigrants, and eight out of 11 couples with children in Western Australia were recent immigrants.

Group households were overrepresented (8) when compared to the general population, were mostly found in New South Wales and were predominantly male. This reflects the propensity of the former international students (especially the Bangladeshis) to share accommodation as a cost-saving measure. Couples with no children (8) featured strongly, perhaps counter-intuitively so given the purchasing power of double-income, no kids couples. However, in the main these were young couples in their early twenties in newly established households.

Table 11: Household types of private renter households, by state

Household type	Vic	WA	NSW	Total
Single with children living with you permanently	9	4	2	15
Male	1	0	0	1
Female	8	4	2	14
Couple with children	6	11	9	26
Single or sole person	5	7	4	16
Male	3	1	1	5
Female	2	6	3	11
Couple without children	3	1	3	7
Couple with lodger	0	1	0	1
Group household unrelated	1	1	6	8
Male	0	0	5	5
Female	1	1	1	3
Couple with adult child financially independent	1	0	0	1
Single person with adult relative	0	0	2	2
Male	0	0	1	1
Female	0	0	1	1

4.5.4 Dwelling type

The type of housing occupied reflected strongly the affordability and availability of housing in the target localities. Lakemba and Liverpool have a high proportion of flats, which are more readily obtained and cheaper than detached housing. Table 12 indicates that only one household had rented a house (a couple family with three children). However, there were three other families of five persons living in two-bedroom flats. The Victorian localities, on the other hand, included growth areas in which detached housing dominates.

Table 12: Housing types occupied by private renter households, by state

	Housing type	
	Detached house	Flat, unit or apartment
Vic	18	8
WA	12	13
NSW	1	24

4.5.5 Summary

The profile of the households is marked by the inclusion of recent immigrants who are younger, healthier and have (at least in theory) qualifications and skills that are in demand by employers. The immigration selection process eliminates serious CLEs that may result in the need for social services. This group of tenants (recent immigrant families) provides a useful comparison to the Australian-born and non-recent migrant groups, who carry a greater burden of disability and poor health and whose skill and education levels are not so uniformly high. Further, the Australian-born and non-recent immigrants have a greater propensity for separation or divorce and death of partner, which is a function both of age and the operation of different cultural norms in relation to divorce and separation. The non-recent migrant group, in short, is more indicative for CLEs occurring over time and the accumulative impacts of CLEs.

4.6 Interviews with practitioners

A target of five practitioner interviews was achieved in each of the study target areas in Perth, Sydney and Melbourne, with a total of 16 completed interviews. In the main, the agencies targeted were those operating within the study areas, although some were more specialist services, which operated at the state level. In most cases the participants agreed to be interviewed on the basis that neither they nor their organisation would be identified publicly. Interviews were conducted either in person at the agency or by telephone.

Table 13: Type of practitioner organisation by state

Type of organisation	NSW	Vic	WA
Housing/tenancy	1	2	–
Welfare/Emergency relief	2	1	4
Legal	2	1	1
Migrant	–	1	1
Total	5	5	6

As Table 13 indicates many of these agencies were general welfare organisations. However, they also include specialist tenancy advice and mediation services; general community legal services; housing support, emergency relief and financial counselling services; family and child support services; and migrant/refugee settlement services. Reflecting the increasing importance of the PRS, many of the non-housing practitioner organisations have dedicated

tenancy support services for their clients reflecting practice responses to changing support needs among clients, which is important to acknowledge and is addressed throughout the analysis.

Practitioners were asked general questions regarding: the services they offered; their geographical catchments and client profiles; the proportion of clients in private rental; and the types of referrals that were typically made. More specific questions were asked about the types of problems tenants presented with, underlying issues and the relationship between the two. Information was elicited about tenants obtaining and maintaining their tenancies, mobility, lease terms, bonds, property conditions, the practices of real estate agents and landlords, tenants' understandings of their rights and responsibilities as tenants, and their understandings of entitlements.

Practitioners were also asked their views on what made a tenant more or less vulnerable. Information was sought on programs run by agencies to support tenants in obtaining or maintaining their tenancies; and whether the practitioners were familiar with other programs or interventions, including those that may have been used by real estate agents or landlords. The interview guide is appended at Appendix 3.

5 A QUANTITATIVE PROFILE OF LIFE EVENTS AMONG LOW TO MODERATE-INCOME PRIVATE RENTERS

Various normative series of indicators have been developed, published and critiqued in the international literature to enable quantitative analysis of various aspects of CLEs, most frequently within psychology and health disciplines (see Chapter 3). For the purposes of the present research, we draw on these in a modified way to reflect the range of risks and experiences most likely to be of relevance to housing experience. Subsequently, we focus on the types of CLEs likely to affect the capacity of households to financially or personally manage their housing tenancies. These CLEs fit within four broad categories: economic/financial; family formation and dissolution; health/disability; and other types of events.

The HILDA Survey includes detail about household characteristics and housing experience, select measures of resources/insurances and a selection of CLE indicators. This enables a quantitative exploration of the ways these factors manifest in the lives of low to moderate-income households residing in the PRS. The profile analysis presented here uses data from Wave 13 of the HILDA Survey, collected in 2013.

Table 14: Critical life events, last 12 months: HILDA indicators

Indicator	Variables	Impact on finances/capability
<i>Economic/financial events</i>		
Finances	Major improvement in finances	Positive
	Finances worsening	Negative*
Labour market	Fired or made redundant	Negative*
	Changed jobs	Neutral/either
	Promoted at work	Positive
	Retired	Negative*
<i>Housing-related life event</i>		
Loss of home	Home destroyed in natural disaster	Negative*
Change of housing	Changed residence	Neutral/either
<i>Family formation and dissolution events</i>		
Family change—addition	Birth/adoption of child	Negative/neutral*
	Got married	Neutral/positive
	Pregnancy	Negative/neutral*
	Re-united/reconciled with spouse/partner	Positive
Family change—loss	Death of close relative/family member	Neutral/negative
	Death of spouse or child	Negative*
	Close family member gaoled	Negative*
	Separated from spouse/partner	Negative*
<i>Illness/disability events</i>		
Self	Serious injury/illness to self	Negative*
Family members	Serious injury to relative/family member	Negative*
<i>Other events/trauma</i>		
Trauma	Death of close friend	Neutral
	Self—incarceration	Negative*
	Victim of property crime	Neutral/negative
	Victim of violence	Neutral/negative

Notes. * indicates variables that are included as clearly adverse, critical life events, in the analysis presented in this section.

As Table 14 shows, it is often not possible to make a definitive judgement about the type of impact any given event has on an individual or household on the basis of these types of CLE indicators alone. While some events clearly impact in positive ways on finances or other capabilities (e.g. promotion at work), and others clearly have negative impact on these factors (e.g. serious injury/illness), many events are more ambiguous in their impact. The complexity associated with life events and their subsequent impacts on tenants underscores the need for the detailed qualitative component of the present research. For the purposes of the current analysis, we attempt to reduce ambiguity and potential error by only including events that have relatively unambiguous impact, and focus on those with negative, adverse consequences for households (indicated by an asterisk in Table 14).

The HILDA data also includes select housing transition and wellbeing variables, reflecting the range of housing-related problems associated with private rental tenancies. These are: housing stress (where those households in the lowest 40% of the income distribution pay more than 30% of their income on rent); residential mobility (dwelling changes); length of residency in the PRS and satisfaction with home. Locational variables include metropolitan/regional indicators and a measure of the level of disadvantage within the area in which households reside, based on ABS Socio-Economic Indexes for Areas (SEIFA) Index of Disadvantage.

Select indicators of household resources or insurances are also included in this preliminary exploration. These are focused on informal insurances and include the capacity of households to raise \$3000 in an emergency (an indicator of financial capacity as well as social capital and support), social support/sociability and community connectedness.

5.1 Critical life events experienced by private rental tenants

Table 15 shows the incidence of adverse CLEs among private tenants in comparison with households in other housing tenures, to examine the extent to which there are differences between low to moderate-income private tenants and other private renters experiences of a range of life events during the previous 12 months.

Table 15: Incidence of critical life events: private and social renter households

Major life events		Private renters			Social renters	All households
		Lowest 20%	Lowest 21–50%	All		
Finances	Major improvement in finances	1.5	2.6	2.8	2.9	4.0
	Major worsening in finances	6.9	6.7	5.3	7.2	4.3
Labour market	Fired or made redundant	4.4	7.0	6.0	2.6	5.2
	Changed jobs	15.7	24.4	22.7	5.7	16.4
	Promoted at work	4.1	8.3	10.7	3.6	8.0
	Retired from the workforce	5.0	0.9	1.9	7.2	4.2
Housing	Home destroyed	1.5	1.1	0.9	0.7	1.6
	Changed residence	29.3	29.0	30.9	8.8	15.7
Family addition	Birth/adoption of new child	4.3	5.8	3.8	2.6	3.2
	Got married	1.4	4.1	3.0	3.1	2.2
	Pregnancy	5.9	6.3	5.8	3.5	4.7
	Got back together with spouse	2.1	3.2	2.4	2.1	1.3
Family—loss	Death of close relative/family	12.0	14.0	12.7	17.1	13.8
	Death of spouse or child	0.8	0.6	0.6	1.2	1.0
	Close family member incarcerated	3.8	3.0	2.3	3.2	1.5
	Separated from spouse/partner	11.9	6.9	8.0	8.0	4.9
Illness/disability	Serious personal injury/illness	10.7	9.8	9.3	14.5	13.5
	Serious injury/illness to family	13.6	19.8	17.3	16.5	20.3
Other events/trauma	Death of a close friend	10.8	9.5	9.4	16.2	14.1
	Incarceration	1.0	0.4	0.5	0.7	0.3
	Victim of property crime	4.3	4.9	5.2	5.2	4.4
	Victim of violence	4.0	2.5	2.1	3.9	1.5
Households		457,733	786,091	2,274,849	316,987	8,667,934

Source: Wave 13 HILDA data 2013

As Table 15 indicates, critical life events occur within households regardless of housing tenure. However, on almost all of these measures we find higher rates of critical life events among low to moderate-income tenants than for households in other income or tenure circumstances. Most notably, there is significant indication of transition and insecurity in relation to labour market position, family formation and dissolution and housing transitions (residential mobility). Changing jobs, moving house and separating from a spouse/partner are all high among low income and moderate-income private tenants. Of course the tenure of respondents at the time of interview may reflect a shift from other housing circumstances (e.g. separated home owners now living in the private rental sector). For income support recipients and other households in the lowest income quintile, management of critical life events can be particularly difficult.

The extent of insecurity and transition found among low to moderate-income private tenants is reflected in the overrepresentation among private tenants with low to moderate incomes of the related 'significant worsening of financial circumstances' during the last 12 months, compared with other income and tenure groups and all households.

Other significant events that we find among private tenants relate to life stage, with numerous private tenants reporting having had a new baby/adoption in the past year, or being pregnant. The arrival of increased numbers of dependants for private renters also represents a significant issue associated with potential foregone earnings (especially for women in single-parent families), despite the generally positive event involved.

Table 16 presents the same information by clusters of types of CLEs. Here patterns described above become more apparent: notably, on average and in any given year low to moderate-income tenants are more likely to experience CLEs related to labour market change, housing mobility, family addition and family dissolution/loss than households in other income and tenure circumstances.

Table 16: Household income and experience of critical life events: private and public renter households, last 12 months, by event cluster

	Finances	Labour market	Housing	Family addition	Family loss	Illness	Other	No. of Households
Lowest 20% private renters	8.1	23.4	30.0	8.1	24.4	20.1	16.5	457,733
Lowest 21–50% of private renters	9.2	30.9	29.2	13.1	21.5	24.6	15.2	786,091
All private renters	8.0	31.5	31.2	10.6	21.0	22.4	15.0	2,274,849
All social housing tenants	9.8	16.1	9.5	8.8	24.4	24.9	22.3	316,987
Lowest 20% of all households	7.8	15.6	15.1	4.9	20.6	26.3	19.7	1,732,915
Lowest 21–50% of all households	8.1	21.4	15.8	7.2	20.0	26.9	19.4	4,333,808
All households	8.1	26.6	16.9	8.0	19.3	27.1	18.8	8,667,934

Source: Wave 13 HILDA data 2013

As noted in Chapter 2, the extent to which households have the resources, or access to resources, to manage foregone earnings associated with CLEs is likely to play a significant role in how well tenants can sustain private rental tenancies in the context of single or accumulated events.

Table 17 presents a summary count of the number of CLEs private tenants in the lowest income quintile (lowest 20% of private renter households) experienced in the previous 12

months, distinguishing between no CLE and one, two to three, and four or more CLEs. The table also presents the insurances available to these tenants. Table 18 presents the same information for moderate-income tenants (21–50% of income distribution). Consistent with our broad insurances framework, these include savings, the ability to seek help from family and friends (an indicator of social capital), private market insurances and the ability to raise funds in an emergency.

Table 17: Insurances available to private renter households in lowest income quintile (equivalised), showing incidence of critical life event

Lowest income quintile of private renter households		Major life events					No. of households
		Nil	One	2–3	4 & above	Total	
Drastic measures to raise emergency funds	No	51.4%	42.1%	43.9%	28.8%	42.5%	151,870
	Yes	48.6%	57.9%	56.1%	71.2%	57.5%	205,700
	Total	100%	100%	100%	100%	100%	357,570
Required financial help from friends or family	No	77.6%	77.0%	59.5%	35.8%	64.8%	233,314
	Yes	22.4%	23.0%	40.5%	64.2%	35.2%	126,915
	Total	100%	100%	100%	100%	100%	360,229
Could not pay rent on time	No	87.6%	77.2%	83.9%	63.0%	79.3%	284,699
	Yes	12.4%	22.8%	16.1%	37.0%	20.7%	74,449
	Total	100%	100%	100%	100%	100%	359,148
Adequate prosperity given current needs and responsibility	No	31.5%	39.0%	34.6%	15.2%	32.1%	116,258
	Yes	68.5%	61.0%	65.4%	84.8%	67.9%	245,478
	Total	100%	100%	100%	100%	100%	361,736
Health insurance	No	30.3%	10.2%	12.0%	11.6%	15.1%	48,517
	Yes	69.7%	89.8%	88.0%	88.4%	84.9%	272,859
	Total	100%	100%	100%	100%	100%	321,376
Home, contents or motor vehicle insurance	No	56.8%	55.1%	44.3%	48.0%	50.6%	163,405
	Yes	43.2%	44.9%	55.7%	52.0%	49.4%	159,314
	Total	100%	100%	100%	100%	100%	322,719
Can borrow funds from a relative who lives with you	No	99.0%	80.1%	93.7%	95.1%	90.8%	215,095
	Yes	1.0%	19.9%	6.3%	4.9%	9.2%	21,729
	Total	100%	100%	100%	100%	100%	236,824
Can borrow funds from a relative who lives elsewhere	No	73.1%	70.8%	59.9%	53.5%	65.3%	154,552
	Yes	26.9%	29.2%	40.1%	46.5%	34.7%	82,273
	Total	100%	100%	100%	100%	100%	236,824
Can borrow funds from a friend	No	90.4%	90.2%	84.4%	62.2%	84.1%	199,257
	Yes	9.6%	9.8%	15.6%	37.8%	15.9%	37,567
	Total	100%	100%	100%	100%	100%	236,824
Has some savings	No	48.7%	52.7%	49.7%	53.0%	50.9%	120,639
	Yes	51.3%	47.3%	50.3%	47.0%	49.1%	116,185
	Total	100%	100%	100%	100%	100%	236,824

Source: Wave 13 HILDA data 2013

Table 18: Insurances available to private rental tenants with household incomes in moderate-income quintile (equivalised), showing incidence of critical life event

21–50% Private renter households		Major life events					No. of households
		Nil	One	2–3	4 & above	Total	
Drastic measures to raise emergency funds	No	65.2%	68.5%	65.0%	50.7%	63.4%	403,632
	Yes	34.8%	31.5%	35.0%	49.3%	36.6%	233,480
	Total	100%	100%	100%	100%	100%	637,112
Required financial help from friends or family	No	80.6%	77.6%	75.8%	47.9%	72.1%	462,847
	Yes	19.4%	22.4%	24.2%	52.1%	27.9%	179,228
	Total	100%	100%	100%	100%	100%	642,075
Could not pay the mortgage or rent on time	No	91.5%	89.4%	86.4%	66.6%	84.5%	538,733
	Yes	8.5%	10.6%	13.6%	33.4%	15.5%	98,803
	Total	100%	100%	100%	100%	100%	637,536
Adequate prosperity given current needs and responsibility	No	53.2%	46.4%	59.5%	40.7%	51.4%	330,693
	Yes	46.8%	53.6%	40.5%	59.3%	48.6%	313,065
	Total	100%	100%	100%	100%	100%	643,758
Health insurance	No	26.1%	36.8%	26.7%	32.6%	30.4%	184,804
	Yes	73.9%	63.2%	73.3%	67.4%	69.6%	423,863
	Total	100%	100%	100%	100%	100%	608,667
Home, contents or motor vehicle insurance	No	63.0%	72.0%	70.9%	72.3%	69.9%	422,024
	Yes	37.0%	28.0%	29.1%	27.7%	30.1%	181,421
	Total	100%	100%	100%	100%	100%	603,444
Can borrow funds from a relative who lives with you	No	94.5%	97.1%	87.2%	88.8%	91.6%	471,318
	Yes	5.5%	2.9%	12.8%	11.2%	8.4%	43,075
	Total	100%	100%	100%	100%	100%	514,393
Can borrow funds from a relative who lives elsewhere	No	72.2%	65.0%	55.1%	56.4%	61.4%	315,739
	Yes	27.8%	35.0%	44.9%	43.6%	38.6%	198,654
	Total	100%	100%	100%	100%	100%	514,393
Can borrow funds from a friend	No	88.1%	88.8%	77.8%	74.4%	82.3%	423,164
	Yes	11.9%	11.2%	22.2%	25.6%	17.7%	91,229
	Total	100%	100%	100%	100%	100%	514,393
Has some savings	No	36.7%	45.0%	31.7%	60.7%	41.2%	211,887
	Yes	63.3%	55.0%	68.3%	39.3%	58.8%	302,506
	Total	100%	100%	100%	100%	100%	514,393

Source: Wave 13 HILDA data 2013

Notably, our research showed a negative relationship between the number of critical life events experienced by low to moderate income tenants, and the resources they have at hand to manage these. As the number of critical life events experienced rises, for example, larger proportions of tenants require drastic action to raise emergency funds, are more likely to

require assistance from friends or family, less likely to have savings of any kind, and more likelihood of not being able to pay their rental costs on time.

Regardless of the number of events experienced, around half of the private renters interviewed indicated some degree of difficulty in raising the funds, with 18.4 per cent indicating they would not have the capacity to raise these funds if required. Further, 71.2 per cent of private renters in the moderate household income group who had experienced four or more CLEs indicated that they would have to take drastic action to raise funds in an emergency (Table 18). This is consistent with the thesis that households in the private rental sector (Sharam & Hulse 2014) are more vulnerable to processes that lead to destitution relative to other tenure types. The types of processes, negotiations and navigation of the rental sector that lower income households experience are explored in greater detail in the following chapter.

6 TENANT EXPERIENCES: BEING AND REMAINING HOUSED IN THE PRIVATE RENTAL SECTOR

In this chapter the voices and views of 76 low to moderate-income tenants who reside in six suburban areas in three metropolitan rental markets in Australia, namely Melbourne, Sydney and Perth, are explored. Our analysis focuses on the types of challenges they face with regard to living in the PRS, how this relates to CLEs and challenges associated with living on a low to moderate income, and the role of resources and supports that we broadly describe as insurances, outlined in the conceptual framework developed at Chapter 3.

The chapter begins with an account of the ways CLEs feature in the housing pathways of low to moderate-income renters a pattern we suggest distinguishes one main group of renters from another. We then continue with a more detailed analysis of the intersection between CLEs and housing experiences. The role of insurances and the ways in which these are utilised or accessed by tenants to negotiate problems inherent in the private rental sector and remain housed is then examined. The analysis illustrates how these various aspects of tenants' lives are often deeply interwoven.

Throughout the section differences and commonalities between tenants and the divergent and common effects of the three metropolitan markets in which the tenants live are emphasised.

6.1 Critical life event trajectories among low to moderate-income tenants

This section responds to the research sub-questions:

- What is the relationship between life events and housing transitions among low to moderate-income private renters over time?
- How and under what conditions do low to moderate-income private renters manage life events and housing transitions and successfully sustain tenancies?
- What are low to moderate-income private renters' views about the types and timing of housing and integrated support services that will most effectively assist

Or put another way: How do CLEs feature in the lives of low to moderate-income private tenants?

Table 19 indicates the prevalence of key event types identified by tenants. Using the broad categories of the CLE thematic groups—labour market/financial; family/demographic; health/illness/disability—in addition to those which are specifically housing-related, we can see that there is a cluster of event types which feature prominently in the lives of many tenants and are likely to have profound and lasting effects.

Housing stress was shown to affect 66 of the 76 tenants interviewed in this study, a CLE identified in the literature (see discussion in Chapter 3), and confirmed in the quantitative analysis. Labour market difficulties, either in the form of precarious employment, underemployment or unemployment, also feature prominently in the lives of a majority of the tenants, with 39 tenants indicating that employment issues were centrally important to the types of trajectories they experienced, in ways we explore qualitatively below. Notably, housing precarity and labour market precarity acted to define the housing options of a sizeable number of the tenants interviewed and acted to undermining of both housing opportunity and engagement with the labour market in more positive ways.

A large proportion of the tenants we interviewed (36 of 76 tenants) had migrated to Australia from other countries. Again, this was a strongly defining feature in respect to the way these tenants experienced both the housing market and the labour market. Recent residential mobility also featured in the lives of a sizeable number (15) of the other tenants, which

suggests that 25 households had not experienced recent mobility. The experiences of these tenants are explored in detail below.

The loss of a partner or spouse through separation, divorce or death was a defining feature in the lives of 25 tenants interviewed. As with labour market issues, this type of event clearly had a major adverse financial impact and substantially affected the capacity of individuals to engage in paid employment, particularly where they had caring responsibilities. Fourteen of the tenants were *never married*, a CLE category that in itself does not necessarily constitute an adverse event but has implications associated with sole- and dual-income earning potential for the financial capacity of tenants, particularly in a cumulative sense, and subsequent housing options and opportunities.

Disability or illness was a factor for a large number of tenants. Twenty-five indicated that disability, injury or illness affected them personally and impacted on their engagement with the labour market. A further 14 tenants indicated that the care of children with a disability/illness or care of others (not children) was prominent in their lives. This also affected the capacity of tenants to be economically active and, in some cases, determined their housing requirements.

A range of other factors broadly described as life events were also identified in the research. Family/domestic violence, bankruptcy, asylum seeking, incarceration and the experience of natural disasters each featured in the lives of a small number of tenants. However, for those tenants who experienced these types of events, the significance was profound. In all cases, these CLEs could be related to a host of other events over time including limited capacity to engage in the labour market, loss of partner and, potentially, personal illness.

Table 19: Critical life events experienced by tenants (n=76)

Critical life event	Number of tenants who
Housing stress (rental affordability)	66
Labour market—unemployed/underemployed/low-waged	39
Migration	36
Loss of partner (separation, divorce or death)	28
Disability, injury or illness (adult)	25
Recent residential relocation (non-migration)	15
Never married	14
Disability or illness (child)	8
Family/Domestic violence	7
Bankruptcy	6
Non-parental caring responsibility	6
Asylum seeking	4
Incarceration	3
Natural disaster	2

6.1.1 *Critical life event trajectory types*

While all participants to this research have private rental experience in common, we found considerable and fundamental differences between the types of tenants included in the study. To a large degree this is due to the inclusion of low and moderate-income tenants in the sampling frame, rather than an emphasis on the lowest-income tenants alone. However, it also relates to the cross-sectional, point in time eligibility criteria for participation in the research. Key criteria based on income and housing tenure do not pick up the diverse and nuanced

differences evident through the interviews themselves, including the pathways tenants experienced prior to their housing circumstances at the time of interview.

Notably, there is a relatively clear distinction between two major tenant types within the income level we sampled. The first can be described as having experienced multiple housing shocks and typically numerous life events resulting in now limited resources and insurances. This group tends to be more chaotic and reactive. The second comprises tenants who have experienced one or more major life events and are managing with various degrees of success and comfort in the PRS.

Most notably, tenants who had migrated to Australia formed a large section of the latter group and were relatively free of adverse or other major life events apart from the experience of migration itself (which, of course, is significant in ways we will explore). Refugees and asylum seekers were the exception as they had experienced extreme CLEs, in most cases over a protracted period. The immigrant group (36) and disability group (31) are almost mutually exclusive as immigration policy effectively screens out applicants with serious health issues or disability.

The recent immigrants also experienced very low divorce and separation rates, reflecting their younger age and, perhaps cultural expectations (most were from the Indian subcontinent). The rate of disability, injury or illness amongst Australian-born non-recent migrants is high. For the purposes of the analysis, those who have a disability, injury or illness that prevents them working are not counted amongst those who identified themselves as being unemployed, underemployed or low-waged. A high number of recent immigrants were experiencing labour market disruptions despite this group primarily being in the skilled migration category and highly qualified.

The nature of problems tenants were managing differed considerably between the two groups. One was associated more with mobility/settlement and labour market security. The other tenant group had experienced a host of CLEs (with a relatively high incidence of disability and other health issues for a number of respondents), over a long period with problems having become entrenched. The case of John is an example of this clustering.

Box 1: John's story

John was a childhood victim of a crime that left him deeply traumatised. By his teenage years he was an alcoholic and getting into trouble with the law. He did not finish school. Nevertheless he established a successful small business, which initially cushioned the impact of repeated periods of incarceration. The serious health effects and limited capacity to work arising from his alcoholism eventually meant self-employment was no longer possible, and his criminal record and lack of basic qualifications were barriers to formal employment. With the support of his family, who provides him with a cheap place to live, he has been able to return to study, and he is optimistic that once qualified he will be able to obtain employment.

In effect, we identify two main types of tenants based on critical life event trajectories. The first group can be characterised as relatively healthy, often partnered and with good prospects of paid work based on skills and experience, but who are experiencing difficulties associated with migration, the PRS or both. The second is a group of tenants clearly in greater need of an integrated range of supports that have experienced a host of CLEs and ongoing circumstances that make managing difficulties experienced in the PRS highly challenging. These issues are examined below.

6.2 Housing shocks: in situ and in transition

Our analysis of the intersection between CLEs and housing shocks is framed by a fundamental distinction between types of housing shocks: those that occur *in situ*; and those that relate to housing *transitions* (either dwelling or tenure). This division is based on the risks to tenancies

involved in each scenario. In situ difficulties relate to the ability of tenants to manage their tenancies, and transitions to entry into and out of tenancies (or other tenures) and include for example the difficulties in obtaining a tenancy. The distinction also relates to the different types of responses that may be required either to support tenants where assistance is sought, or to develop targeted prevention/early intervention strategies that build resilience and empower vulnerable or at risk groups and, in doing so, mediate the impacts of CLEs and development of crisis housing trajectories at the outset.

6.2.1 Critical life events as drivers of mobility

Mobility across the sample was high, with 43 households recently relocating internationally, interstate or intrastate within the past 5 years although most had moved far more recently, and often had moved subsequently. When analysed, these shifts reveal push and pull factors that reflect a range of CLEs. Of the 33 households in the total sample who had not moved to a completely new locality, pull factors were absent and other factors promoted stasis (see Section 6.2.2).

As Table 20 indicates, of the 43 *mover* households interviewed, 28 moved as a result of a decision to migrate to Australia.

Table 20: Movers by household type

Household type	Recent immigrants	Other movers	Total
Couples	21	3	24
Single mothers	4 (all refugees)	4	8
Single females	1	5	6
Single males	2	3	5
Total	28	15	43

Migration can be viewed as a positive critical life event as, in most cases, it relates to the aspiration for economic and/or social betterment. These shifts may reflect push factors as well as pull factors. Two recent immigrant households, for example, experienced a major natural disaster in their country of origin. Natural disasters are a well-known adverse CLE that may have multiple and often long-lasting impacts, described recently by a disaster victim as ‘a cascade of sorrows’ (VCOSS, 2014, pp.2). One interview with a couple household revealed the following:

Q *Why did you decide to relocate here?*

Interviewee 1. *Because of the earthquakes in Christchurch, it was too much.*

Interviewee 2. *It was a bit too much for us. (WA, couple with children)*

Only two other recent immigrant households mentioned push factors, and only obliquely. The refugee households, on the other hand, migrated from war zones, so their moves resulted primarily from push rather than pull factors.

In addition to the recent immigrant and refugee households, 15 Australian-born or non-recent immigrant households had recently returned to Australia from overseas or had relocated from an interstate or regional area. In each case there were compelling push factors. These ranged from family/domestic violence, relationship breakdown, the need to provide care for another person, the need for health care, loss of employment opportunities, and a lack of educational opportunities in their previous location. These 15 movers were able to fund their moves, although in one case a single mother returned to Australia with no savings or possessions after separating from her husband.

Only four of the Melbourne households interviewed were recent movers. One was returning from interstate and was able to couch surf with a relative until she secured housing. This proved to be challenging because of the larger size of her family. Two were from rural areas, had local family support and were moving to outer suburban areas with relatively lower prices. The fourth came from Tasmania and had more difficulty in securing a property to rent.

Because we were in Hobart we couldn't fly up and have a look at properties every five minutes so we were trying to just rent sight unseen but most of the agencies are, 'Have you seen the property? Have you viewed it? Have you inspected it?' 'Well, no.' 'Oh then really we can't lease it to you.' (Vic, couple no children)

The Tasmanian couple eventually obtained housing by negotiating directly with a landlord who advertised the property privately on the Gumtree website. The property was taken sight unseen and proved to be in very poor condition and unclean.

A particular difficulty encountered by, though not exclusive to, recent immigrants was the requirement for local references and adequate personal identification. However, personal references, even from family members, were often deemed sufficient. The need to be in employment, however, was not necessarily an issue either for movers or stayers, subject to the housing market conditions in the area in which the tenancy was sought, an issue explored in more detail in subsequent sections.

Low to moderate-income movers with housing assets

Amongst the movers were a number of home owners. At least 10 of the recent immigrants held property in their country of origin. Sometimes these properties were part of family holdings, or were occupied by family members often on a subsidised basis. Their foreign assets therefore were neither liquid nor represented productive savings. In a number of cases, the decision to hold or invest in housing in their country of origin reflected the high price of housing in Australia, and the currency exchange rates.

Of the Australian-born and non-recent migrant movers, three owned homes in other Australian states. In each case they had moved from a relatively lower-value housing area into housing markets with low rental vacancy rates and, subsequently, higher rents. More affordable properties were therefore often sub-standard. As home owners they were ineligible for RA. Each moved for entirely different reasons, as discussed below.

The first, a couple with children, had moved from Melbourne in order to provide care for an ageing parent in another city. They rented out their home, which they owned outright, as they expected to return to Victoria in the future. The second, a couple with an adult child living at home, moved from Queensland when both unexpectedly lost their jobs. Their move coincided with a very substantial downturn in the Queensland property market. They chose to rent out their home until the market improved at which time they planned to sell it. The rent on their Melbourne home was greater than the rental returns they were receiving for their Queensland house. The sale of their Queensland home would not provide enough capital to purchase outright in Melbourne. The third, also from Victoria and had relocated to another city because of family/domestic violence. Her Melbourne home was mortgaged. The rent she was paying was far higher than the rent she was receiving.

A consequence of moving was those households needed to expend considerable sums on relocation and re-establishment costs for their household. A number of interviewees had moved again within a relatively short time due to having taken temporary accommodation options, rent increases or the sale of properties, making further calls upon savings or requiring debt. Many experienced *bill shock* for utilities reflecting the poor condition of properties, and inefficient heating/cooling and hot water appliances, further depleted their savings and often-necessitated debt.

While the movers fell into two distinct groups, reflecting positive and negative CLEs respectively, moving involved risks shared by both. These risks included difficulties with gaining sufficient paid employment and the (related) potential for housing crisis. Thus, the drawdown on savings and potential for adverse effects associated with CLEs leading to mobility for low to moderate-income households increasing vulnerability to future adverse events.

Refugees

Refugees are by definition international movers who have responded to adverse and frequently devastating CLEs. The impacts of these CLEs can be readily observed, can compound the difficulties faced in resettlement and can result in further accumulated CLEs. The accumulation of CLEs can relate in some circumstances to the inability to take economic opportunities because the foundations for employment were not laid, or because of health or disability issues.

There were only six refugee households in the sample and their histories and experiences varied greatly. Their collective experience of obtaining and sustaining tenancies, however, was not that different to those of other tenant groups. However, their experience of war zones and refugee camps necessarily resulted in extensive CLEs including trauma and health and disability issues, interrupted or no formal education or work experience, and limited or no experience of financial systems. One female refugee interviewed had never experienced living in a house.

The accumulation of CLEs can be unavoidable in some circumstances. A Victorian refugee who had spent her life violently persecuted by authorities in her country of origin was highly unsettled in her tenancy because her landlord illegally accessed the garage attached to her property.

... the landlord like are not using it but always coming for something over there and then she feel disturbed over this so—actually her children are sometimes frustrated for this and they want to say something so she had to refrain from them from telling them so don't tell anything. Yeah, in other people's country and they would find any problems and do what they want as long as we can live peacefully in our house. (Vic, refugee single mother, via interpreter)

Three refugee households lived in Perth, each from a different country of origin. One had originally been granted asylum in New Zealand but had migrated to Australia to join family members. One refugee had a disability and was unable to work. Their household's circumstance was complicated by a large number of children, which meant that obtaining a private or public tenancy to suit their family's needs proved difficult. Single parent families occupied the remaining two households.

6.2.2 *Critical life events in place*

Thirty-three stayer households were interviewed in the study (Table 21). These households did not have a compelling reason to relocate (e.g. CLE) and any moves were limited to within their local area. CLEs were still highly prevalent and some of these households sought to move from their current housing but felt they had no option but to stay where they were. These households were experiencing CLEs *in place*. This also often included the experience of housing crisis.

Ten of these households were couple families. Of these households, three were young couples establishing a home together for the first time, with one couple expecting their first child. Six couple households were families with more than one child. One couple household at midlife did not have children.

The largest group of relatively stable tenants interviewed was lone-person households (five men and eight women) with two further singles in group-housing arrangements. Of these 15

singles, eight had experienced divorce or separation. Eight single-parent families (seven females and one male) were interviewed.

Table 21: Households that experienced relative housing stability, by household type

Household type	Stayers
Couples	10
Single female	9
Single male	6
Female single parent	7
Male single parent	1
Total	33

The low number of couple families among movers, and higher number among stayers, suggests an unwillingness to disrupt children and attachment to routines, supports and networks. These attachments and evidence of control beliefs comprise insurances that are not relinquished unless there are compelling reasons to do so (i.e. CLEs). The high number of couples with children among the recent migrant movers suggests a preference for any disruptions to occur when children are young and parents of an optimal age for employment.

The 33 stayer households are notable for being mostly Australian-born, with just six of the 33 being non-recent immigrants, and these were mostly from the United Kingdom and New Zealand. The stayer households were also much older than the movers, had high levels of disability, injury and poor health and incidence of family/domestic violence. These factors affected their participation in employment with only 19 having paid work, which in many cases, was in conjunction with receipt of social security payments.

The single parents, in particular, were frustrated by the poverty trap they were in. Unable to work full time for either care or disability reasons the small income they earned by working was devalued by the loss of benefits.

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

A little under half of the stayers (16) were resident in Victoria and located in some of the more affordable and less competitive metropolitan areas. Conversely, there were only six stayers in Sydney, with two sharing accommodation to make ends meet. While this might reflect a lack of affordability, the Sydney target areas have a highly transitory population.

Conversely, while the lack of affordable housing in Perth should suggest a greater propensity to move, almost half (11) of the households in Western Australia were stayers. However, a number of WA households had considered shifting to the eastern states.

We have contemplated and we are thinking of, next week we're travelling to Melbourne and we're weighing up do we actually sell everything we have here and move to Melbourne and live with mum who's got, who lives in a relatively big house ... we'd look after mum ... but then that would be offset because I know it to be true in Victoria they're going through a lot of hardship just as New South Wales and South Australia, just announced last week through the closures of factories and Ford and closing down ... the prospects of being able to obtain work with a decent wage it would be offset ... So the rent goes down but our rent savings is enormous but then our wages go down so how have we benefit, and it's cost us a lot of money to sell everything here, all our

memories, everything, possessions and that and move over there to Melbourne. (WA, couple with children)

Four of these WA stayer households were in receipt of family support for their housing, with three living in houses owned by family members, which were either provided free or at less than market rental. Only half of these WA stayer households were working and all but one had disability, health and injury issues. Those who had been married and purchased housing and subsequently divorced had been left with little or no equity. Only one single person had acquired housing equity (who purchased with a friend); however, she made negligible profit when the property was later sold.

The stayers provide evidence of the accumulative impacts of CLEs, especially disability, poor health and injury. These act directly or indirectly (i.e. where care responsibilities exist) to prevent participation in employment or drastically reduce labour force participation and earnings. Most of these households had little in the way of savings and many had accumulated debt. In a number of cases they wanted to move (out of poor quality housing or from low employment areas) but were trapped by the comparatively lower rent in their existing property and lack of resources required for relocating. In other cases they were afraid of being forced to move having been previously required to relocate and having found obtaining a new tenancy difficult and expensive. Housing crisis, as a specific type of CLE, is the subject of the following section.

6.2.3 *Housing crisis*

A housing crisis may be experienced as a need to move or in place. At first glance a relatively small proportion of the households experienced a housing transition or move directly as a result of housing crisis (Table 22). Eviction when properties were sold, demolished or renovated occurred in five cases, with a sixth eviction occurring as a result of mortgagee foreclosure. At least one private renter who experienced eviction had had multiple evictions for these reasons. There had been no evictions as a result of rent arrears. Another tenant anticipated eviction when the landlord obtained finance and permits for redevelopment.

In two cases tenants moved because they could not afford rent increases and were able to find alternate accommodation. One tenant in a share housing arrangement moved several times as a result of threats and intimidation by other tenants. Another tenant left because the toilet had broken and the landlord would not fix it; and another because the property was sold and the new owner would only offer a six-month lease.

Table 22: Housing transitions associated with a housing crisis (n=11)

Housing crisis
Eviction—house demolished
Eviction—property sold (3)
Eviction—landlord mortgagee repossession
Eviction—renovation
Moved—rent increase (2)
Property condition inadequate
Property sold, only very short-term lease offered
Violence in share households

Being able to move in response to increased rents, however, requires that cheaper properties are available to rent, which was not generally the case for these tenants. A high number of the tenants (65) were struggling with their rental costs and thus were experiencing a housing crisis

in place. Another tenant anticipated problems when their adult child moved out; conversely, one tenant believed that their circumstances would improve when their partner moved in.

Three households indicated an aspiration to enter home ownership. One household was close to having a deposit but were no longer saving because of the impact of high rent. Another household reported that they would in due course purchase a house with the help of family; the third, a young couple starting out, were confident of saving for a deposit but planned to move further out to purchase cheaper housing.

In most cases rents were high and it appeared they were being increased every six months. A number of the households had investigated moving but recognised that cheaper housing was not available. Saving for a month's rent in advance and equivalent in bond was a very difficult proposition for some. Although their existing bond would eventually be returned, they still needed to pay the second bond in advance. This created a substantial cash flow problem that inhibited housing mobility.

Rental payments, however, were but one financial component of housing costs. The affordability of rental properties also encompasses the costs of space heating and cooling, the heating of hot water and water consumption. Energy and water are typically supplied separately from the rental charge and traditionally involve the use of credit: that is, invoicing and payment occurs cyclically after usage.

A number of tenants had declared themselves bankrupt for relatively small amounts of debt. This illustrates the impact that even a small amount of debt can have when household budgets are tight. One tenant had a Part 9 Agreement under the Commonwealth *Bankruptcy Act 1966*, meaning that her debts had been consolidated and an administrator appointed to deal with her creditors in order to avoid bankruptcy. Two of the bankrupts had since accumulated further debt, although in one case it was *sexually transmitted debt* incurred by a former partner. Other women also reported this type of financial burden, accumulated in similar ways via former partner relationships.

Housing standards and bill shock

A number of households reported that their properties were expensive to live in, having poor thermal efficiency, damp and/or inefficient space and hot water heating appliances. In one case the tenants in a property in Western Australia had attempted to move because of these high costs (which required repairs that the real estate agent had resisted), but had then found themselves blacklisted because of their complaints.

We are literally shackled, there's nothing we can do. The real estate agents, they can do whatever they want and we just have to cop it and there's nothing we can do. There's nobody we can go to. (WA, couple with children)

Some tenants successfully sought repairs, which took a considerable time to complete. Other tenants were afraid to seek repairs in case the rent was increased or they were evicted.

No and to make matters worse, like the taps in the shower were dripping for so long, my son fixed them, then it happened again and I told the real estate after an inspection and they did nothing; then also the toilet kept running and I put a brick in it to try to stop it from filling up so much, but now I just turn the water off to the toilet and you have to turn it on every time you want to flush because the water bill was just so ridiculously high. (Vic, couple with children)

Tenants often negotiated with utility companies to enter into instalment plans to repay debt or to get an extension of time to pay the bill.

Yeah sometimes I am behind yeah. Yeah electricity is killing now. Really hard, yeah, really hard. \$650. That's crazy, what's going on I said, I blame my wife all the time, I said what do you do at home? (NSW, couple with children)

Most avoided direct debit arrangements for payments for a combination of reasons including desire to maintain control (especially over cash flow), fear or distrust. Many, however, had electronic banking set up, while others used the post office to pay bills. Some bundled utilities and paid by direct debit in order to obtain savings. A number of tenants mentioned electronic payment methods used by real estate agents that added a further 2–3 per cent to the cost of their rent. A number also mentioned the cost of getting telephone/ADSL connections—infrastructure they believed landlords should fund—with alternate mobile broadband services often being slower and more expensive for usage charges.

Sharam et al. (2010) note that the poor thermal efficiency of properties and inappropriate and poor condition of appliances is a very significant cost burden on Victorian tenants. These tenants are not in a position to rectify problems but are not afforded any legal protection because the standard of habitation regulations lapsed in the 1990s. Lack of standards exacerbates the problem of split incentive in which landlords buy the cheapest appliances for rental properties as they do not pay the running costs. Tenants, however, are prevented from undertaking measures such as installing ceiling insulation because of the capital costs and requirement for landlord consent.

State energy concessions, utility relief and emergency relief budgets are each inflated by tenants living in properties in poor condition. Sharam (2007) suggests that since the mid-1990s real estate agents and utility providers have focused their credit policies on preventing arrears, thus removing the flexibility once available to tenants to manage their cash flow. This, ironically, leads to increased bad debt: that is, bills never paid rather than paid late.

Obtaining tenancies

The need for employment as a prerequisite for obtaining a tenancy varied. Where vacancy rates were very low, real estate agents were more risk adverse. As noted previously, the Perth housing market was very tight at the time of the survey. Many of the households interviewed obtained their tenancies via direct contact with landlords, often through the Gumtree website. These landlords appeared to be less concerned with credit worthiness. Adequate income from employment or other sources was, however, integrally linked with the capacity to pay rental costs and manage the ongoing costs of tenancies.

There were considerable differences between the states in respect to the experiences of tenants seeking a new tenancy. In Western Australia, prices were high and competition stiff. The condition of the properties on offer at the low price end was very poor. Rising prices and the tightness of the Sydney rental market were also issues. Both Perth and Sydney were characterised by new arrivals to each city. While households in Perth had enormous difficulty in obtaining new tenancies, those looking in Lakemba in New South Wales, and to a lesser extent Liverpool, found it relatively easy. This reflected the relative availability of stock and lower prices in these areas. Some cultural groups found community and family connections an important source of housing references and tenancies that could be transferred.

All connections! Because, you know, like the Bangladeshis are very well connected, extremely well connected. (NSW, couple with children)

In Victoria, the growth area of Pakenham appears to have gone through a stage where demand was high and housing supply short, resulting in robust competition between tenants. New subdivisions have eased this considerably with tenancies reasonably easy to secure unless the tenant presents as a credit risk. Similar ease in obtaining tenancies was experienced in the Werribee growth areas. Nevertheless rental prices have remained high in both these areas, although cheaper than areas closer to the city centre.

Supply demand balance played a key role in the ease of obtaining tenancies, with 15 households reporting no difficulty. In one case (Werribee area) a household was offered one month's free rent to move in, although it took a year and much advocacy before the rebate was

provided. In another case, a single mother of five children spent several months unsuccessfully seeking three-bedroom houses but was offered the first five-bedroom house she applied for, which was newly built. In the main, most tenants obtained their tenancy through social connections or through their existing agent (14). Another 10 tenants obtained their tenancy through family or friends. Two households offered to pay more rent than was being advertised. Of the 76 interviewees, only five felt they were materially disadvantaged by their lack of references, lack of credit history, or poor credit history.

Those tenants who were unable to compete for properties advertised by real estate agents often subsequently found housing through landlords directly, mostly via Gumtree. These properties tended to be in very poor condition and very unclean. In some cases there were issues with landlords entering properties at will.

Imprisonment

Within the Revised Social Readjustment Rating Scale (RSRRS) detention in prison or another institution is rated as amongst the most serious CLEs. While only three interviewees reported having been incarcerated, each case clearly demonstrated the accumulative impacts of imprisonment.

'John' as noted earlier had been a childhood victim of crime (recognised through victims of crime compensation), which had led to teenage addiction to alcohol, and ultimately a cycle of crime and imprisonment. His last period of incarceration, but without appropriate support and no housing John openly committed a crime in order to be returned to prison.

The last time it was a couple of months and that was actually due to the fact that I had nowhere to go. And I went to rehab and it just didn't last, I thought it was disgusting and it was for what, you know, it wasn't a very nice rehab, and I had nowhere to go. So I robbed a pharmacy and gave them their money back. So I actually robbed it, gave them their money back so I could get locked up so I had somewhere to stay while I sort of sorted myself out. That's how bad the situation was. (John)

John's criminal record, incomplete secondary education, and health are major barriers to employment, and his criminal record also poses problems for obtaining housing. Despite stabilising and recovering to some extent (demonstrating the impact of resilience and control beliefs) the accumulation of adverse impacts is a heavy legacy.

A second example also demonstrated experience of past trauma. While in prison and awaiting release, having technically served his term of sentence, 'Tom' was severely assaulted, resulting in permanent disability. He now receives a Disability Support Pension. Tom sued the prison but rejected the proposed out of court settlement which he viewed as grossly inadequate and 'unjust'. However, because the matter did not proceed to court no payment was ever made. His decision to reject the settlement offer indicates the influence of control beliefs. After leaving prison he experienced homelessness and lived intermittently in boarding houses. He partnered at one point and purchased housing through a rent-to-buy scheme, but this house was subsequently sold with the proceeds going to pay for the care of his then father-in-law. He was now caring for his own father in a live-in situation and was not in a relationship. His decision to live with his father, in his father's rental property rather than them moving together into more affordable housing resulted in higher rental costs, which were manageable via sharing but absorbed a substantial part of their pensions.

The third case was a migrant who had gained citizenship and had married but who had a CLE that resulted in joblessness, increasing debt and divorce. He was evicted for rent arrears and blacklisted. A criminal offence was committed that resulted in a gaol term followed by further offences and periods in prison, and periods of homelessness in between.

Each of these cases highlights the severe adverse impacts of incarceration and an accumulation of CLEs that contribute to this outcome. The combination of criminal record and

lack of employment poses a very significant barrier to obtaining and sustaining housing critical to a more stable lifestyle and opportunities for recovery.

6.3 Insurances

The ability to avoid negative impacts of an adverse event and/or mitigate the accumulative effects of multiple events relates to the risk of such events occurring and the resources (insurances) available to households. Insurances available to households within any housing tenure in Australia, including private rental tenancies, typically include combinations of: personal attributes such as resilience; human capital (formal and informal education); social capital (the informal, civic and formal relationships household members have with others, and the extent to which they can draw on these networks for support); financial capital (in the form of savings, housing equity or other access to funds); market-based insurances (e.g. contents insurance and vehicle insurance); and government and welfare support.

In this section, we examine the way various types of housing shocks act as risks to tenancies in the context of the insurances available to tenants to mediate their effects. Tenant vulnerabilities related to CLEs (explored above) are also discussed in the context of the relationship between housing shocks and insurances.

6.3.1 Personal attributes, skills and knowledge

The capacity of tenants to live frugally and manage finances well can place tenants in a situation of relative poverty but can be an essential strategy to maintaining a roof overhead. Tenants who rationed or forewent other essential expenditures when faced with rent increases they could not easily afford experienced housing crisis in place. Many of the tenants, especially those who were single, reported sharing flats if not bedrooms in order to adjust their costs. One tenant thought that if she could rent a four-bedroom house for the price of her current three-bedroom tenancy she could then think about taking in a lodger.

I could rent that out to a boarder but at the moment I've only got three bedrooms so the two girls have got their own rooms and I share my bedroom with the boys when I've got them. So I've got like two single beds set up in my bedroom with my queen size bed and it's a little bit cramped and overcrowded, not really practical for someone who's got four kids but I might see if they've got—yeah if I could I mean I don't mind living like this and if I had a fourth bedroom either the boys would be in there or I'd rent it out if that makes any sense? (Vic, single mother)

Rental increases result in increased vulnerability to further CLEs as savings are depleted. A key measure used by many of the households was to substitute quality fresh food for budget foodstuffs that were often high in carbohydrates. In some cases food intake was rationed.

Because you can't afford to have things cut off. ... Our diet has changed a lot in the last year. We buy much cheaper food and much plainer. There's less fresh food. So yeah, it really impacts our diet because that's the only place I can really cut. We try and save energy and that sort of thing but yeah, the food's the only place we can really cut costs to cover the other expenses. (Vic, single mother)

Some tenants described the strategies they could potentially adopt to minimise costs. Some had, and some were considering, sharing or taking in lodgers to reduce their rental costs, but only one family (described above) had considered it. Group households were most common in New South Wales, reflecting housing stress among single renters in Sydney. Friction was indicated in many cases where unwanted sharing was undertaken, even when this sharing occurred within networks of 'familiar' (friends and family members).

6.3.2 Savings and wealth holdings

Within the CLE literature savings are understood as the primary mechanism by which a household can self-insure to cover financial contingencies. Savings mitigate the possibility of

difficulties with short-term cash flow and can address financial crises. The propensity to cope with adverse events that impact on household income or expenditures is increased as savings accumulate. As adverse CLEs have a tendency to cascade, savings can be critical also in ameliorating subsequent adverse events.

The majority of tenants interviewed had little or no savings, although many had sufficient savings to meet anticipated cash flow contingencies and some had savings towards a house deposit (perhaps some tens of thousands). Clients of agencies mostly had no savings, reflecting the (successful) targeting of services to the most disadvantaged. Most tenants experienced extensive periods of low income, reflecting lack of paid work, incapacity to work or caring responsibilities. There was a minority who previously had good employment but who had experienced a severe health crisis and were no longer working and/or whose savings had been depleted through ongoing medical costs. Another group, exclusive to Perth, were mining industry employees who had been made redundant with little or no notice. This group tended to be indebted, reflecting their previous capacity to service borrowings.

Of the small number of households who reported current savings, most held small amounts, (around \$2000) which provided the capacity to manage cash flow and minor contingencies. A couple of tenants who were saving for anticipated future expenditures had larger amounts of up to \$40 000. Two others had a small inheritance and property settlement, respectively, that would enable them to purchase a very cheap property if they could also obtain a mortgage. A quarter of the recent migrants held housing assets overseas (noted previously) as did four Australian-born/non-recent migrants.

The immediate impact of decreasing affordability was that few households had discretionary income, which could be put towards savings. Indeed, it was common for tenants to report that they were unable to save. One family had changed their risk management strategy for contingencies because they had been required to live off their savings during a significant period of unemployment. The savings they had accumulated for a house deposit had prevented them from receiving unemployment benefits and subsequently were significantly depleted. They believed it would be wiser in the future for them to hide their savings so that any future periods of unemployment did not, as they saw it, remove all hope for their future.

The high cost of living in Australia was a shock to many of the recent migrants. Their planning had failed to take this into account and often put them under pressure.

Australia it's a very expensive country, very expensive country, the whole lot of money which we brought from [country of origin] was done in one month. (NSW, single)

Savings, especially those that are liquid or able to be accessed at short notice, are the main form of insurance held by a household. While the use of savings to cover a contingency might constitute a setback, additional costs associated with credit or the failure to deal with the circumstance adequately may then be avoided. Borrowing from family or friends creates an obligation, which can include the potential for reciprocation, strain social relationships and potentially put others at risk (e.g., where a parent mortgages their home at the behest of their adult children). Hence, it is typically the savings held by tenants, which are drawn down first, regardless of the perceived short-term costs for these households.

6.3.3 Access to credit and debt

Where saving becomes impossible, new shocks are more likely to result in the use of credit to address cash flow or act as deficit funding for essential expenditure. Debt repayment then exacerbates the underlying income shortfall by reducing available funds for current expenditure. The less viable the household, the less access it has to cheaper forms of credit. That is, households that lack adequate means are deemed less credit worthy and accordingly pay a risk premium on credit.

Housing crises in the form of unaffordable rents may be less visible than homelessness for example but the effects can nevertheless be considerable. The inability to hold and replenish savings leaves a household highly vulnerable to shocks which can then lead to indebtedness. Debt accumulated by those with inadequate incomes may be regarded as a CLE.

A large proportion of tenants (36) reported holding formal debt related to utilities, car loans, personal loans and credit cards, and informal debt to family or friends. In some cases debt was housing-related and associated with mortgages on properties elsewhere or, in at least one case, tied to a property, which subsequently had been sold. Mortgages represent the best value in terms of borrowings as they are held against an asset and offer relatively low interest rates compared with other forms of credit. However, such assets are often illiquid (especially where little equity is held) and forced sales do not always work to the advantage of the vendor.

Very few of those interviewed in the study held Australian assets. In one case a property was held as a tenant-in-common, but there had been no communication with the co-owner for more than 20 years. While the rental receipts were paying the mortgage, the house was in need of major renovation. The low to moderate-income tenant in this property paid well under market rent but regularly provided meals to one of the co-owners, who was in a similar financial position to tenant.

What we describe as *micro-aid* featured particularly among friends and neighbours. While important financially in times of crisis, its more significant value was in social inclusion and resilience. Personal loans featured strongly and were often associated with the purchase of cars. However, in at least one case the car had been repossessed. In another the car had been written off in an accident but the debt remained.

Credit card debt was common and often households held multiple cards. The positive value of credit cards to the consumer is the availability of instant credit. However, their negative value is high interest rates and compounding debt on outstanding balances. One household was deeply indebted and had delayed immediate crisis by obtaining new credit cards in order to fund repayments on the existing debt.

A number of households had consolidated their debts. In one case this was to avoid bankruptcy under Part 9 of the *Bankruptcy Act 1966*. Another had gained a court Judgement protecting their income from being garnished by debt collectors (income sources, e.g. Centrelink and Workcover are effectively quarantined).

Other debt consolidation appeared to be related to commercial arrangements, which, according to consumer advocates, typically add to the debt burden (Consumer Action Law Centre 2012). Practitioners observed that a number of the debtors would have been better off filing for bankruptcy but tenants often felt morally obliged to service their debts and were concerned about bankruptcy affecting future credit options, especially their potential to obtain a mortgage (although this is less likely than generally assumed) (Consumer Action Law Centre 2012).

Certainly if I declared bankruptcy, that would be a big relief in terms of things that I have to pay off, but that will always come back to haunt you. (Vic, lone person)

Five tenants were bankrupts. At least three of these households were currently struggling with new debt. Another, although on Newstart, was continuing to make debt repayments. In the main, the debts (excluding mortgages) were relatively small (less than \$10 000) but expensive to service. Initial debts over time could effectively double or triple the cost of the purchase.

The most common debt was for utilities, especially electricity. Tenants were often shocked by the size of their first electricity bill in a new tenancy, which was frequently attributed to the use of older or inefficient household utilities and the poor thermal aspects of the residence (associated with lack of insulation and age). Private rental properties are often characterised by appliances that were cheap for the landlord to buy but which are inefficient and costly to run.

A tenant's main strategy to address the risk of bill shock was to ration consumption. Rationing, however, is difficult where household members are frequently at home. High bills resulted in frequent requests to utility companies for payment extension and the use of instalment plans. Some tenants in Victoria accessed utility relief grants provided by the Victorian Government. Bill shock was often also a trigger for seeking emergency relief from charities.

6.3.4 Market-based insurances

Low-income households have the least capacity to cope with losses arising from being uninsured (Good Shepherd Microfinance 2013) (the accumulative impacts of CLEs). National industry data suggest that less than 50 per cent of Australian households have each of the following main insurances: building, contents and motor vehicle insurance (Connolly 2013), although the national data is patchy. Home owners who have a mortgaged are obliged to maintain building insurance as a condition of lending.

Less than a third of the households in the study held market-based insurances including private health cover (10), car or motorcycle insurance (14), home contents insurance (1) and income protection (2). Often only one form of market insurance was held. The tenants appeared to hold less insurance than the broader community; however, the issue of market insurances was not pursued in great detail in the interviews and this observation might be unreliable. Nine of the 10 interviewees who identified as holding private health policies were recent migrants and/or New Zealand citizens, reflecting a lack of access (at least initially) to public health care (social insurance). If these households are removed, the rate of insurance for all households will be lower. Three interviewees were receiving income related to income protection policies; however, it is possible that this income was associated with superannuation policies rather than other purposefully purchased policies.

The extent to which insurance reduced liabilities caused by insurable events was not addressed in detail in the interviews. There were many instances of health crises and injuries for which individuals were incurring considerable costs for medication and therapy. Without a forensic approach it is difficult to state whether private health insurance would be to the advantage to this cohort overall. What is clearer is that health and injury precluded many interviewees from full or part participation in employment, and that those in receipt of income associated with income protection products were substantially better off than if they had been reliant on government benefits for incapacity or unemployment.

Tort law also provides a form of insurance. In one case a subject had sued for damages and a settlement was offered but rejected with the litigant subsequently receiving no damages. This litigant had been incarcerated (a major CLE) and assaulted while in custody (another CLE). The decision to pursue and then decline compensation where the litigant has limited alternate resources demonstrates the importance of control beliefs and coping mechanisms.

Another interviewee reported being injured at work in the mines in Western Australia but dissuaded by his employer from making a WorkCover insurance claim and later sacked. His subsequent decision to pursue a claim was thwarted by legislative changes that took effect only days prior to lodging the claim. His injury has affected his ability to work, with the change in financial circumstance resulting, in his view, in the breakdown of his relationship—the inference being that he was no longer earning sufficiently to maintain the interest of his partner. As with the previous case, control beliefs (loyalty) determined his initial course of action with significant negative results.

6.3.5 Social capital

Families were the primary source of non-government assistance. Thirty households either gave or received assistance (beyond customary gift giving). Twenty of these households were givers and 21 recipients, with 10 households both giving and receiving. Of this 10, nine were new arrivals (recent migrants or refugees). The figures suggest that newly arrived households

require assistance to sustain their tenancies but are also an important resource for their extended families. Conversely, the cohort of Australian-born tenants was older and had higher levels of disability, poor health and injury resulting in a greater need for assistance and limited capacity to assist others. Many said that they had previously assisted others such their children but were no longer able to, and now that they were in need of support had either not asked their grown children to reciprocate or had been refused assistance.

The ability to seek assistance from families or friends is an important resource that was frequently drawn on only after savings were depleted (a CLE). Tenant interviews (supported by agency/practitioner interviews, explored below) indicate that family or friendship support was vital but often limited due to family breakdown or the constrained financial resources of extended family. The two most commonly cited forms of assistance were doubling up, that is the provision of accommodation, and loans for bonds. The tenant interviews confirm that families provide temporary accommodation and also cheap or free rent on properties.

Friendships and community connections were important for the immigrant communities and lending was common. Most of the recent immigrants in the study were from the Indian subcontinent and were supported by strong ethnic and religious community networks and family. The normalisation of living in group households in overcrowded conditions reduced rent liability for these single men and allowed them to save. Many new arrival households also reciprocated the assistance they received. Community connections therefore provided insurance for immigrants who otherwise would have been disadvantaged in the housing market. However, it was evident to one agency that older established migrants in some ethnic groups also exploited their newly arrived compatriots.

The study areas in Western Australia and Victoria were not characterised by equivalent cultural connections, which assisted the ethnic communities in Lakemba. Obtaining a rental property without references was thus considerably more difficult.

We got it through the real estate agent; initially we found it difficult because they were not ready to rent a house for a new people who came into the country. Like there was lack of trust whether we will be able to pay properly and things. But then it's okay after that we got through real estate people, we got this house. (Vic, couple with children)

The social networks (social capital) of the Bangladeshi, Pakistani and Indian communities, have tangible material and psychological benefit for new arrivals from their countries. This social capital mitigates the risks involved with migration and acts as a form of insurance.

While the refugee groups could not be expected to have equivalent insurances because of their migration histories, the ability to form social connections and develop social capital was significant in some cases. The two Sydney refugees interviewed in the study had extensive family, good English language skills and had acquired qualifications. They held an apparent deep understanding of their entitlements and the services available to them, which they were willing to use. Both had experienced recent adverse CLEs from which they were optimistic they would recover. One had recently experienced a relationship breakdown and become a single parent, with the other experiencing a period of unemployment.

Another refugee was working full time but had been unable to sustain her tenancy and had moved into a house owned by her brother for which she paid rent. She was unable to claim rent assistance but this familial support provided insurance. However, the housing was shared with another brother with a mental illness who required care, which was proving very difficult. This refugee felt a heavy burden of reciprocity.

In a third case, a single mother had spent 15 years in a refugee camp and talked about the steep learning curve she had encountered in managing her money. The skill she learned (sewing) enabled her to work full time until the birth of her third child who was premature and required a lengthy period of hospitalisation. This care was provided through the public health

system, an important social insurance. The woman gave up her job and looked for housing closer to the hospital. Several moves later her financial crisis but she learned to manage her money and felt empowered by the experience.

A number of strangers were moved by this interviewee's situation and provided considerable assistance, with some later becoming friends. Her employer indicated that she could return to work whenever she wished and her real estate agent was described as very helpful. In addition to her three children she had two older children (young adults) who were waiting for visas to come to Australia to whom she provided a level of financial aid. Her story highlights chains of care and insurances provided on the basis of altruism and reciprocity. Personal resilience and control beliefs can be challenged in such circumstances.

A kind of informal micro-lending in which cash flow difficulties were ameliorated either by small loans or in-kind support (e.g. food) existed among the Melbourne single-parent families. Lending in these circumstances tended to be on an interest-free basis with flexible repayment conditions, although repayments were generally expedited in recognition of the circumstances of the lender.

6.3.6 Social insurances and welfare assistance

Extensive use of socialised insurances was made. Common sources of income among the tenants interviewed in this study included disability support pensions, unemployment benefits, carer's payments and parenting payments. Some of the recipients of these payments also participated in paid employment, although generally for limited hours and remuneration.

A consequence of low to moderate-income and high rents was that many households sought emergency relief vouchers and/or food hampers from charities, some on a semi-regular basis. It appeared that there was less usage of charities by recent migrants. This may have resulted either from a lack of knowledge of relevant supports or cultural barriers, and is an issue worthy of future investigation to ensure that support is provided to migrants in need. Some recent migrants were also unaware of their eligibility for CRA.

At least one Australian-born, former high-income earner reported she had not accessed certain entitlements because she had not realised they were available. Others had not sought support.

I've never gone to get food vouchers. I used to volunteer for Community Health Services, and I've written food vouchers for people, so I know that I would be eligible for them, but I've never actually applied for one. I guess, if I get desperate I will, because I don't want my son to starve, but I've probably got too much pride to go, which is stupid really I know. (Vic, single mother)

Access to social insurances by recent immigrants, however, was mostly a function of eligibility. By the time of the interviews most of the household heads (generally male) had obtained permanent residency, with a number of their spouses still waiting for permanent residency to be granted. The interviewees referred to considerable periods as temporary residents in which access to entitlements was limited.

I came here as a skilled migrant and as a skilled migrant, I'm not eligible for any benefit for two years so it was very, very hard for us to apply for any benefit or anything. (NSW, couple with children)

While baby bonuses were being received not all households were claiming RA. The most disadvantage group were the New Zealand citizens who were able to reside and work in Australia but unable to access certain benefits. Those interviewed for this study were unable to seek permanent residency. This lack of social insurance increases reliance on market insurances (e.g. private health cover) and results in a higher cost of living.

And because we're New Zealanders we don't get a lot of government support apart from the family allowance and baby bonus. They used to about 10 years ago but people

were coming here and going on the dole, the unemployment benefit straight away, and they ruined it for everybody else. So we're not entitled to a hell of a lot of help but we're given what we can get. (WA, couple with children)

The children of one family from New Zealand now living in Western Australia could only attend university in Australia as foreign students. The fees for this family were being paid by a relative in New Zealand. This example highlights how assistance often takes the form of investment in the future, and how investment is a type of insurance.

One social insurance program, housing bond assistance, did not appear to have wide take up, which suggested that awareness was not high. Those who had used it indicated practical issues that negated much of the purported benefit of the scheme. The need to have a bond returned before bond assistance could be made failed to take account of disputes and the frequent tardiness of landlords and real estate agents in returning bonds.

So I didn't even go [to the housing authority to obtain a bond loan] because I didn't have a lot of time and the owner just said, 'I need it to be rent (sic)' so and you know I think they take a lot of time. (NSW, lone person)

In many cases tenants received help from family to meet the cost of the bond. A tenant in Victoria had the commitment of an agency with brokerage funds to pay her new bond but the support worker was sick when an offer of a property was made so her mother paid the bond and she was repaying her mother in instalments. Another tenant believed she would not be eligible in the future because she had left a previous property after experiencing family/domestic violence and the real estate agent had not returned the bond.

Social insurances and welfare agencies were critical also to managing running costs of dwellings for some tenants. One Victorian single mother said that 12 per cent of her parenting payment was paid directly to her electricity provider via Centrepay, although this still meant she accumulated a debt. She explained that every two years she was eligible for a utility relief grant.

So basically the government's paying for half of my electricity by allowing [electricity companies] to charge these ridiculous prices. I'm paying what I can afford, the maximum of what I can afford and the government eventually chips in the rest and if that's what they want to do that's fine because I don't actually have the cash to do it. (Vic, single mother)

This household rationed heavily and believed they were on the best plan, attributing their high energy bills to the fact that it is an old house.

Social insurance was widely used and critical to the survival of many households who had no other income. Understanding of government entitlements was generally high. Many households had contact with welfare or housing support agencies, and for the latter there was generally a degree of dissatisfaction because the support offered was generally inadequate. Welfare agencies mostly provided emergency relief which some tenants chose not to access.

6.3.7 Investing in children

Six families were sending their child/children to private religious schools. Four recent immigrant families were sending their children to Islamic schools for religious reasons. Another immigrant family sent their children to a Catholic school, but did not indicate why.

Yeah, she's in a Catholic College. The fees for that a year is probably about \$5500 but they give a 39 per cent discount on hardship and probably brings the account down to about \$2600 a year or just a bit over. So I pay \$100 a fortnight, that's ongoing. My son, his one last year was \$848 for the year, I think, but I've already met that payment. That's been paid \$77.09 a month. (WA, couple with children)

The Australian-born family with children at private school identified as Christians. Their school also offered significant fee relief.

Yes I'm a Christian I want my children to go to a Christian school, and again in government schools there's lots of swearing and there can be antisocial behaviour and I don't want that to influence my children. I don't want them to be in that environment.
(WA, couple with children)

One family was paying off a considerable debt to a Catholic school interstate long after they moved away.

In Western Australia, in particular, private schooling also meant long travel times as affordable rentals were not available near the schools. Where children were unable to get themselves to school independently on public transport, parental time was diverted from paid employment. In Victoria, two households in Werribee were considering a local private school because they were zoned out of the nearest public primary school.

Even with fee relief private school education was a heavy impost on the household budget of these families and a major contributor to hardship. However, it appears that private education was motivated by religious, moral and cultural concerns rather than educational outcomes. Two other families had withdrawn their children from public schools in order to home school them, primarily because their children had been bullied at the schools they had been attending, but for one of the families because their view that the children were not receiving a good education. Home schooling meant working night shifts for the single-parent family and no second income for the couple family.

Hardship meant that one recent immigrant family had withdrawn their son from preschool, prompting the administrator to offer fee relief.

We didn't send him for three four months, but they were so concerned about him, they said it's not good for him to stay at home the whole week, so they said we'll pay the fee, would you please send him to the school. We didn't send him to school for three, four months initially, because they charge us so much we were not able to pay \$135 every week. (NSW, couple with children)

Families with children at public schools struggled with the costs of education. Families juggled household bills with school costs such as fees, uniforms, and books. One family were determined not to deny their children the opportunity of going to school camp.

If we have to have tinned soup for week, we will. That's kind of where we're at. Or I'll make a soup and I'll freeze it. We'll do whatever we have to do. (Vic, couple with children)

6.3.8 Summary

The households in the study provided many examples of family and friends providing and being the recipients of care and financial support. It was evident that personal know-how, networking and resilience had provided advantages to some, whereas poor social connections and lack of knowledge resulted in resources and/or opportunities for support going unexploited. A low number of households held market-based insurances such as private health, car/bike, home contents and income protection. The primary source of insurance for households, financial capital such as liquid savings, was similarly low, whilst indebtedness was common. Debt indicated historical and ongoing use of credit to meet emergencies and living costs; sexual or familial transmitted liabilities; and for a few investments in assets.

Non-market insurance is also a function of personal resilience and social capital. Social capital informs capacity to manage household budgets and finances, and understanding and knowledge of self and the systems in which transactions take place. Control beliefs and coping mechanisms were central to the narratives provided by the tenants. Most of the households

were highly disciplined in regard to their expenditures. At least a third held no debt, mostly as a matter of policy. Very few had experienced rent arrears, and the vast majority reported that rent was their payment priority. There was awareness that rent arrears might result in a poor reference which could adversely impact on future attempts to secure private rental properties.

7 PRESENTING VERSUS UNDERLYING ISSUES

In this section we supplement the analysis of tenant experience and perspectives with analysis of the views of 16 housing and housing-related practitioners who work closely with private rental tenants. The agencies included tenancy advice and mediation, general legal services, housing support, emergency relief and financial counselling, family and child support, and migrant resource centres that assisted tenants living in real estate management and informal segments of the PRS. Client experiences were largely uniform across Sydney, Melbourne and Perth, although the severe shortage of affordable private rental in Perth exacerbated the dynamics noted in the other two capitals. In each state the agencies cited high rents and low income as the factors driving a crisis.

Importantly, practitioners were well aware of key differences between presenting problems—those in which they could immediately intervene and for which they were generally equipped—and underlying problems—namely, the types of relationships between housing shocks, CLEs and insurance shortfalls that we have conceptualised and explored throughout this research. The agencies' typical tenant/client was a low to moderate-income household, often with multiple issues. Tenants commonly presented with financial hardship issues such as rent arrears, utility debt and other bills, which they could not meet. Clients presenting with eviction notices was reported as common, as were problems with real estate agents/landlords regarding the condition of properties, repairs and harassment.

Underlying these presenting problems were a range of CLEs relating, for example, to health and disability, family/domestic violence, relationship breakdown, drug and alcohol abuse, mental health, unemployment and casualised/precarious work. One practitioner suggested:

Perhaps they have been referred ... [or] they find their way directly ... because they have a plethora of other problems. (NSW, practitioner)

Asked about the relationship between underlying issues and the presenting problem, most agencies stated that the presenting problem was symptomatic of underlying issues but that housing problems, and especially housing stress, rent arrears and evictions, were particularly destabilising. They noted that while caused by underlying problems, the housing issues acted to cause further problems.

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

As most clients were already in the cheapest rental properties available, the primary focus of most of the agencies was to prevent eviction in order to prevent the client becoming homeless. Agencies indicated that a lack of crisis and social housing frequently meant there was no alternative other than households doubling up, a terminology used to indicate multiple households sharing a dwelling. However, overcrowding and sharing had other adverse impacts.

In summary, the types of presenting problems agencies typically dealt with related to managing cash flow (due to high rent) and utilities bills (sometimes in conjunction debt management), the condition of properties (including appliance failure), harassment, discrimination and difficulties associated with exit from properties including forced mobility and evictions. Assisting clients to secure a tenancy in major metropolitan centres was a key challenge, as discussed below.

7.1 Obtaining tenancies

Agencies identified a range of barriers to low to moderate-income households obtaining a tenancy. The first was that landlords and real estate agents perceived this client group to be of greater credit risk than double-income households in full employment. This was a particularly severe issue for prospective tenants in Perth and Sydney where the private rental market was characterised by high rents and low vacancy rates. In the Melbourne growth area suburbs like Pakenham and the Werribee region, new supply had made obtaining a tenancy far easier.

Five problem areas for tenants were identified in a majority of the practitioner interviews: rent arrears (related to housing histories and credit worthiness); discrimination (associated with family/household characteristics and historic debt); presentation (tenant presentation, knowledge and capacity); rental bonds (related also to credit worthiness); and references (related to housing histories and credit worthiness). These are discussed below.

7.1.1 Rent arrears

The requirement to provide evidence of a rental history and references presented significant problems for many tenants. Those who had adverse housing or criminal history were at a particular disadvantage.

Tenants with a history of rent arrears were perceived by agency staff to be very unlikely to be accepted by real estate agents who were able to access tenancy databases on which arrears were often listed, or who made inquiries with other real estate agents. However, exceptions associated with vacancy rates illustrate the ways in which market conditions can impact on perceptions of credit worthiness. Practitioners reported, for instance, the relative ease with which tenants could obtain rental properties in Pakenham in Melbourne's outer south-east, with arrears on previous properties not presenting as a major barrier to new tenancies.

However, accumulation of arrears could present a risk to vulnerable tenants. In one example, a local agency indicated that it had assisted people into new tenancies on the proviso that the client committed to an instalment plan to pay off their old arrears. Once the debt was repaid the credit reference would be removed and the tenant would then have a clean slate. Landlords who managed their own properties tended to be less risk averse but were problematic for other reasons (discussed below).

7.1.2 Discrimination

Agencies identified specific barriers for large families (typically families from the African sub-continent) and for Indigenous people. They noted that larger families were not favoured as tenants because of the perception that overcrowding would lead to higher maintenance. In some instances this had led to applicants understating the size of their household on residential tenancy applications. However, this put the tenancy at risk through eviction where the household was later found to comprise more people than stated.

A Perth agency also indicated that the discrimination faced by African families had made them highly vulnerable to exploitation by unscrupulous landlords.

There are people who prey upon Africans ... foreign owners, offshore owners are the biggest bastards. And I don't know what ethnicity they are, but they can be really hard ball, heartless. (WA, practitioner)

According to more than one agency, these predatory landlords would increase the rents, make claims for property damage and keep bonds. In effect the agency staff indicated that landlords could act as *standover merchants*.

Practitioners observed that it could be difficult to establish racial discrimination where other justifications for not accepting an application might exist. Their Aboriginal clients commonly cited rejections for tenancies that referenced arrears or property damage bills from public

tenancies. Practitioners were particularly critical of the effect of these debts in preventing new bond loans for single mothers who were attempting to establish a new home and a fresh start.

On the other hand, some agencies had developed relationships with real estate agents that had resulted in tenancies being established and which resulted in positive and ongoing housing for potentially vulnerable tenants.

Such cases illustrate the discretionary power held by real estate agents and landlords and the ways in which this can adversely or positively affect the housing pathways of vulnerable population groups including their ability to find housing and remain housed. They also illustrate how this power shifts according to the market characteristics of specific rental markets, such as those we have investigated in this study.

7.1.3 Presentation

Another area of concern raised by multiple practitioners was how the applicants presented themselves to landlords and real estate agencies. They noted that in many cases the competition was not between their client and wealthier applicants, but with other less well-off households. One real estate agent, for example, rejected an application, which was smeared in food, arguing that the applicant would not maintain property. Families with children were therefore frequently advised not to take their children to the real estate office unless they could be guaranteed to be on their best behaviour.

What you'll find quite often, we have a group of clients who on paper can afford to find a rental but actually just can't find a private rental, and when you look at it you'll often sort of realise that they actually just don't present very well or don't have those skills to really secure a rental and convince a real estate or landlord that they should choose them over someone else. (Vic, Practitioner)

Practitioners also indicated that some tenants did not know how a written application could be improved or how they could engage in the rental process more effectively. Some agencies subsequently supported their clients by assisting with cover letters, noting that the provision of additional information often reassured the real estate agent. It was also clear that real estate agents saw benefit in tenants who had the support of a welfare agency. A couple of practitioners indicated that if their agency had the resources they would accompany clients to property inspections. They viewed this as a critical part of the letting process for their clients, noting that many would-be tenants had little understanding of what was involved.

Agency staff indicated that while tenancy difficulties were structural and not caused by the tenants themselves, better knowledge of how to manage tenancy processes and relationships could be a fruitful form of intervention for some tenants. This is a point we return to in our discussion of policy and practice implications in the concluding section of this report (Chapter 8).

7.1.4 Rental bonds

The fourth critical issue was bonds, which could become a barrier to tenancies. Rental bonds are payable in advance by tenants to landlords as a security against breach of agreement and typically are calculated as equivalent to four weeks' rent (the amount of bond payable is subject to state regulation in most jurisdictions). A tenant entering into a new agreement with a landlord must therefore raise an amount equivalent in many cases to a minimum of six weeks' rent, reflecting the rental bond and typically two or four week's rent in advance (as stipulated by the tenancy agreement). For low to moderate-income households this is a significant impost.

The inability of low to moderate-income households to save for a bond and rent in advance was identified as a key issue by numerous practitioners.

Interviewee 1. *Save up to get your bond and your two weeks rent in advance, so you're looking around two grand.*

Interviewee 2. *Minimum, yeah absolutely.* (WA, Practitioner)

Most clients obtained a bond loan from their respective state government. In Western Australia and New South Wales, bond loan repayment commences with the tenancy, and the bond is returned to the tenant at the end of the tenancy, assuming that the condition of the property is not disputed by the landlord. In Victoria, the loan is for the period of the tenancy, and when the bond is returned to the tenant, the tenant repays the loan to the Office of Housing.

However, many tenants were ineligible for bond loans because they had outstanding public housing debts. In Victoria this extended to a failure to repay a previous loan. One practitioner indicated, however, that Victorian policy had softened recently with debt repayment plans being negotiated.

Both the Perth and Melbourne agencies interviewed contended that real estate agents and landlords were illegally withholding bond monies by claiming unsubstantiated cleaning costs or damage. They indicated that tenants were extremely reluctant to challenge such claims for fear of an adverse reference or being blacklisted.

This is where issues of tenants' rights become problematic ... a lot of property managers will guilt tenants into signing over their bond because of damage or because of rental arrears, therefore meaning that the landlord can access the entire bond without having to go to VCAT [Victorian Civil and Administrative Tribunal]. (Vic, Practitioner)

However, practitioners in Sydney and Melbourne reported that where landlords had been perceived by tenants as having violated their right to reasonable comfort, privacy and quiet enjoyment of the premises (e.g., by harassment, frequently coming onto the property without appropriate notice or failing to undertake repairs), some tenants would withhold payment of their last months' rent as a form of compensation or to counteract the impact of their bond potentially being withheld when they exited the properties. However, as a breach of contract this had risks in respect to possible adverse consequences such as blacklisting.

A further issue with government bond assistance was the impact on market rents. A Melbourne practitioner argued that local rent setting reflected the conditions for obtaining an Victorian Government bond loan (the scheme requires the tenant to pay no more than 55 per cent of income in rent).

[the bond loan] was there as a failsafe before ... now it's become a target for [landlords] to actually try and raise their rents to the 55 per cent criteria. (Vic, Practitioner)

The associated implication is that the only tenants willing to live in the locality were low to moderate-income households (which ABS Census data supports).

A final issue with bonds was the demand by real estate agents that rent in advance and bonds be paid within 24 hours of an offer being made, a practice reported by multiple practitioners. In some cases this meant that obtaining a government bond loan was impossible (though real estate agents would generally relent if an agency intervened). A key related concern was that tenants were often panicked and would resort to payday lenders who marketed Bond Assist services if they could not obtain the funds from friends or family. The high interest rates charged for such loans meant that scarce household funds are diverted to debt repayment rather than rent.

We've got this place called Bond Assist ... the repayments are a bit frightening actually ... we always advise against it ... because that ongoing debt there is just going to set them back. (Vic, Practitioner)

While real estate agents assessed potential tenants for creditworthiness, and in markets with low vacancy rates were able to be highly selective, landlords who managed their own properties were an important source of accommodation for those tenants unable to provide

references, provide rental histories or establish prerequisite income. Ease of entry, however, has its costs, which we will discuss further below.

7.1.5 References

For newly arrived migrants and refugees, obtaining a tenancy could be exceedingly difficult. Staff at one support agency suggested that the established ethnic communities were an important source of temporary accommodation and loans for new arrivals. One agency encouraged clients to live in doubling up arrangements to obtain references and/or receipts from the lead tenant (or whoever they were paying rent to) in order to establish a rental history and references. They suggested also that access by new arrivals from specific ethnic groups to tenancies had been improved by an increasing number of real estate agencies run by members of their communities and/or acting as landlords. However, such support was also used as an opportunity for exploitation (according to tenants as well as agency staff).

7.2 Maintaining tenancies

The primary concern of agencies and practitioners was to avoid eviction. Clients typically attended services at the point of crisis where there was either a real threat of formal eviction or quitting the tenancy with arrears and being at risk of entering into homelessness. Housing crisis was driven primarily by a lack of affordability, and sometimes by a lack of housing, with agency staff in each city repeatedly highlighting the gap between income and high rents.

Around here we call it the 'H' word. (Vic, Practitioner)

While disadvantaged groups reliant on pensions and benefits continued to seek assistance, agencies indicated that working households were increasingly affected by high rents.

We're getting a lot more people these days to say 10 or 12 years ago. We're getting a lot more people who have a job and they're working in a full-time job or a part-time job but because of the level of the rent, everything else doesn't get paid. So they end up in trouble with their credit cards and their personal loans and things like that. (NSW, Practitioner)

While agency intervention can stave off an eviction, the agencies recognised that many tenancies were not affordable and failure was inevitable. In cases of relationship breakdown, the reduction in household income often necessitated a move to a cheaper property, which was often smaller and in poorer condition. A common strategy for tenants struggling to maintain rental payments was to share accommodation. However, this meant that clients with drug and alcohol addictions could only find people with similar problems and cohabitation could make it difficult to avoid relapsing.

Overcrowding was often severe among recent migrant communities with conflict reported by practitioners to be high in a number of cases due to the stressors involved. They noted that doubling up was economically logical but fraught, with arrangements frequently long term rather than temporary and leading to further crises.

7.2.1 Tenant knowledge and empowerment

Of critical importance for policy responses and the provision of relevant support to tenants, is that all agencies interviewed claimed that their clients had little or no understanding of their rights and responsibilities as tenants (but understood their entitlement to income support, concessions, emergency relief and so forth).

From a consumer perspective, tenancy agreements were identified as being out of step with national consumer rights legislation. This is an important potential area of policy/practice development that we return to in our discussion of policy implications. The issue of lack of knowledge was pronounced for migrant households as well as for tenants with little history in

the PRS (including younger tenants and households who had exited from home ownership due to CLEs and associated financial hardship or transition).

Saving a tenancy mainly involved addressing rent arrears and getting a stay on evictions. Agencies expressed frustration that tenants frequently only sought or found assistance when evictions were imminent. They were confident that in most cases evictions could be averted where instalment plans for repayment of arrears could be negotiated, as maintaining the tenancy was the landlord's best chance to recoup the debt. Where real estate agents and landlords initiated contact immediately for non-payment or expedited proceedings for evictions (at 14 days in Victoria, for example), this, somewhat counter-intuitively, tended to result in a better outcome for the tenant as the amount of accrued debt was contained.

Generally [real estate] agents are a bit more on the ball at getting the notice to vacate straight out and keeping on top of things a little bit more usually. (Vic, Practitioner)

7.2.2 Housing standards and repairs

Lack of repairs was a major grievance for low to moderate-income tenants and was a source of conflict between tenants and real estate agents/landlords that drove mobility in Sydney and Melbourne. In areas of high demand and low vacancy rates tenants tended to access the most depreciated dwellings. In Perth the scarcity of affordable housing meant that they had little option but to remain in substandard and sometimes very poor housing conditions. In outer growth areas where supply constraints were less severe tenants tended to have more choice.

Landlord managed dwellings, while easier to obtain, were more likely to be in poorer condition than stock managed by real estate agents. This then resulted in conflict between tenants and landlords over repairs, which were rarely carried out. The agencies were united in their view that these landlords were far less aware of tenancy law and more difficult to negotiate with. In areas of Melbourne and Sydney lack of repairs was a major reason for rent arrears and tenants quitting leases.

Or repairs, repairs generally, you know, they go hand in hand a lot of the time. We have clients that decide that they're going to stop paying rent because their landlord might be harassing them ... the house standards are—house is just inadequate. (Vic, Practitioner)

Tenants frustrated by the failure of landlords or real estate agents to undertake repairs felt justified in withholding rental payments and quitting the tenancy with arrears. However, this could result in a negative credit reference. Conversely, tenants who pursued their rights through formal channels were often subject to retaliation.

Box 2: Maria's story

Maria is a widowed refugee with four young children. The three-bedroom house Maria lived in was in need of serious maintenance and repair. Although the house had major mould and ventilation issues Maria was most concerned about the broken locks and doors that prevented her from being able to secure the house at night. Maria asked the landlord to fix the locks and doors five times and in response had been served with a notice to vacate five times. Each time she had been served a notice she negotiated with the landlord to stay in the property. Maria was terrified of her landlord.

Maria approached a tenancy lawyer with the help of her community leader. The community leader informed the lawyer that Maria's house was way below an acceptable standard and it had been suggested by the family doctor that the breathing difficulties the children suffered were probably related to the poor living conditions. The community leader further noted that the landlord was bully and knew that Maria would not exercise her rights. With Maria's consent the lawyer served the landlord with a repairs request. Two days Later Maria received her sixth notice to vacate. Maria was too scared to attend VCAT and elected to move out of the property. (Maria's story was kindly provided by the Wyndham Legal Service, and formed part of the Service's submission to the Senate Inquiry into Affordable Housing).

Inadequate thermal efficiency and inadequate or inefficient appliances, such as heaters and hot services, meant that tenants had little means of rationing energy and water consumption in order to reduce living costs. Practitioners cited utility bills as a major problem for tenants and a key debt issue.

7.2.3 Debt

The agencies identified declining rental affordability and lack of supply of affordable rental dwellings as *the key issue* for their clients. They indicated that tenants were struggling with rapid rent increases and were increasingly experiencing rent arrears. Agencies observed tenants moving to cheaper rental areas, although this generally meant to areas with grossly inadequate public transport, which either resulted in them being extremely isolated or necessitated a car, an expense that was generally not affordable. As one practitioner noted, the decision to move in response to rent increases was fraught, as the cost of moving was significant and there was no guarantee that the new property would remain affordable.

Practitioners concluded that, faced with inadequate income to cover essential expenditure, tenants could not readily avoid indebtedness. The pattern across each state in the study was consistent. Tenants unable to meet basic expenses were reported by practitioners as going into debt. Where services were provided on the basis of credit, such as for utilities, failure to pay on time meant tenants would need to negotiate instalment plans that included repayment of debt and a contribution to current consumption. Credit cards were used to pay some of these accounts or other expenditure such as food or vehicle registration. Debts were sometimes consolidated and converted into a personal loan.

The issue of debt for vulnerable households is important. Debt repayments reduce the funds available to meet current expenditure and necessitate further loans. As credit cards reach their credit limits and any informal sources for cash are exhausted, tenants will then turn to payday lenders, leading to further recurrent debt. Some tenants will have already used payday lenders to fund their bonds and have significant outstanding debts. Practitioners reported that many migrants and refugees also carried debt associated with their migration and entry to Australia, which could compound the financial difficulties they faced in the private rental market.

Practitioners advised that once a tenant failed to meet scheduled repayments, letters of demand for the amount owed would be sent out by collections agencies. These demands were typically legalistic and threatening and intended to panic the recipient into payment. They observed that their clients were generally ignorant of their consumer rights (an observation

borne out in the interviews) and failed to understand that they were not in any immediate danger of court proceedings when such letters of demand arrived.

Public utilities, on the other hand, had to recourse to disconnection. In many cases such demands forced tenants into rent arrears. Rent arrears in the past could be used as a form of overdraft facility for tenants to cover cash flow contingencies (Sharam 2007). However, low vacancy rates (and concomitant risk of eviction) and the introduction of tenancy databases meant that this was now a risky strategy. A number of practitioners said tenants with arrears rarely challenged eviction orders and that many quit their tenancies before notices to vacate were issued.

All of the agencies, which participated in the study had taken on the role of tenancy/homelessness support, regardless of whether they were funded to do so. Faced with clients who had multiple creditors, the agencies' mantra to clients was: 'rent must come first' (Vic, Practitioner). A major issue for these agencies, however, was that tenants were increasingly in a *debt trap*: they simply did not have sufficient income to meet their current expenses and repay debt. Indeed, many did not have income sufficient to meet their basic expenses. While agencies regularly negotiated access to consumer debt waivers, utility relief grants (available from state governments), private rental brokerage funds (to address arrears) and emergency relief for tenants, such funding would often only offer a temporary reprieve.

Faced with unmanageable debts tenants could consider bankruptcy. A NSW practitioner noted that public tenants could have rent arrears, declare bankruptcy and remain in their tenancy, but private tenants could generally not avoid eviction. This practitioner believed that the number of tenants with arrears bankrupting had increased; however, data published by the Australian Financial Security Authority (AFSA) did not enable tenancy arrears to be tracked.

Inadequate income, high rents and, prior to major consumer rights reform, poor lending practices, were cited as the primary cause of the debt trap rather than profligacy. One practitioner noted that there had long been a group of poor tenants, for debt was an ever-present issue and bankruptcy was inevitable for some. They observed further that inescapable rising rents had enlarged this group considerably, and that the solution subsequently had to be a housing one.

7.3 Market segmentation: real estate agents and private landlords

The PRS is characterised by the segment managed by real estate agents and that managed directly by landlords themselves. Landlords who managed their own properties directly were reported to be generally less informed about tenancy laws than real estate agents. Practitioners reported real estate agents were better to negotiate with than private landlords as they were conversant with tenancy law. These landlords regularly failed to provide their tenants with *quiet enjoyment* of the property as required by law. The majority of practitioners unequivocally stated that tenants were unaware of their legal rights and obligations as tenants.

[Landlords] think they can do what they like and just knock on the door at all hours of the day and night and do some quite confronting things and they feel very threatened (Vic, practitioner).

Agency staff reported that, in some cases, where tenants were in arrears the landlord or his relatives would telephone every day. Regarded by tenants and their advocates as harassment, these types of behaviours were a major driver of tenants leaving their tenancies, and hence of increased mobility.

Landlord managed properties were also often the most dilapidated and requests for repairs were often ignored. The poor condition of properties was cited by agencies as contributing to high utility costs, with gas, electricity and water bills causing the greatest financial (dis)stress for tenants and frequently leading to rent arrears. The condition of properties was also a major push factor in the decision by tenants to exit tenancies before their leases had concluded.

One practitioner suggested that there were predatory landlords operating who would target especially vulnerable tenants.

Foreign owners, offshore owners are the biggest bastards. And I don't know what ethnicity they are, but they can be really hard ball, heartless. I don't know whether it's because they're not in the country and they're not so invested, but they can be real bastards. (WA, Practitioner)

Some of the forced mobility experienced by tenants, however, resulted from landlords who had overextended themselves financially. One agency had both tenants and landlords as clients. Agencies often dealt with landlords for whom rent arrears jeopardised mortgage repayments: 'they might have their own mortgage or their own housing that's threatened so I understand that they're not charity' (Vic, practitioner). One practitioner reported that it was common for tenants to be given a 60-day notice because the landlord wanted to move back into their property.

With the tightening of everyone's belts, sometimes people with a rental property might sell a property off and move back in or get rid of the one that they were renting. (Vic, Practitioner)

While there were mixed experiences regarding their behaviour, all agencies noted that real estate agents were generally willing to negotiate repayment plans for arrears, as it was in their interest to keep the tenant and recover debt rather than evict and lose what was owed. Practitioners maintained that the immediate issuing of 14 day (eviction) notices when tenants were late with rent were, despite eliciting some distress and grievance, effective in prompting tenants to seek help, enabling repayment plans to be negotiated. Conversely eviction notices for arrears, meant tenants were inclined to quit their tenancy without repayment, which resulted in a poor reference and subsequent difficulties in obtaining a new tenancy.

Tenants typically failed to attend court hearings for eviction matters. Practitioners noted that once a tenant missed a rental payment it was common for them to give up on their situation and for arrears to accumulate even where it was likely that the situation could be retrieved. These tenants rarely contacted the real estate agent when they knew they would have a problem making the rental payment by the due date.

Requests to real estate agents for repairs appeared to elicit a more mixed response than for landlords, but the properties in poor condition were less likely to receive attention. Legislation requiring a property condition report as part of the Tenancy Agreement was very recent in WA, and practitioners reported the lack of such legislation had previously made repairs and return of bond a problematic issue for tenants.

Real estate agent tenant selection processes favour the least risky tenant groups (in terms of payment and property damage) such as dual income households with no children. However, these are a minority of households. In some areas the low to moderate-income socio-demographic group is a large majority and real estate agents adjust their expectations and practices accordingly—so much so that one Victorian agency suggested that rents were being set to the maximum threshold for household eligibility for the Victorian Government's bond loan scheme. This scheme will only provide a loan where the rent is less than 55 per cent of household income. Local real estate agents are reliant on households with moderate incomes who are often in receipt of Centrelink payments and Family Tax Benefits A. This suggests real estate agents understand that the bond loan is a subsidy they cannot ignore.

Perth, the tightest of the sub-markets explored, shows a supply/demand constraint that sees low to moderate-income groups facing intense competition from higher-income groups. However, in the other case study areas selection processes reflected greater competition within lower socio-economic groups.

Agencies reported significant difficulties for groups such as large families in obtaining a tenancy. This was generally regarded as a real estate practice for avoiding overcrowding and potential property damage. Although such families were commonly of African background, the agencies were reluctant to describe their failure to obtain tenancies as resulting from discrimination. However, with a practitioner recounted that one real estate agent rejected a prospective tenant on the basis that their paper application was smeared with/smelt of food, arguing that the curtains would similarly be impregnated with the smell. Single-parent families were identified by agencies as being disadvantaged in the selection process on the basis of inadequate income.

Other than where a tenant had an adverse credit history or inadequate income, much of the issue of obtaining tenancies involved presentation. Even where a tenant had an adverse credit history, agencies were able to negotiate repayment plans with real estate agents for old arrears to wipe out debts and thus provide a clean credit reference. This evidence suggests that real estate agents' practices are reasonable and can be actively assistive of tenants, given the extent of risk.

The issue of tenants signing over their bonds to prevent retaliation (see Section 7.1.4) however means those tenants who had been provided with the bond through a bond loan scheme would be disqualified from obtaining a new bond loan. The implication of this practice moreover is that real estate agents are, in effect, able to charge an additional month's rent.

A number of practitioners stated that many of their clients were inevitably going to fail in their tenancies because of their low and/or intermittent incomes and high rents. However, they viewed real estate agents and landlords as having too much power, and tenants as being very vulnerable to abuse. In their view this related to inadequate tenancy legislation and prevailing market conditions. One practitioner also suggested that there was a lack of professionalism.

Within the real estate sort of world ... if you're a property manager you're sort of on the lower end of the rung of the ladder ... the attitude [of some real estate agents] is, 'I'm just doing a bit of tenants here and tenants in property management before I can go up to sales or something', so I think it's ... sort of disrespectful ... it doesn't really mean anything to them so they don't give it a lot of respect and time from what I've seen.
(NSW, Practitioner)

7.4 Summary

In summary, the perspectives of practitioners closely align with the experiences of tenants and provide additional insight into the way CLEs and housing shocks interact for tenants with limited insurances/resources to manage them. It is notable that tenants only approached agencies at times close to last resort, or only when difficulties had reached a crisis point. The distinction drawn by practitioners between presenting and underlying problems also aligns closely with the approach taken in this research of examining what leads to risks to tenancies. Insights discussed in a more holistic way in the final section of this report in relation to implications for policy and practice, clearly identify types of vulnerable tenant groups as well as key risk points in rental housing transitions at which various types of supports or interventions are necessary to support tenants to sustain their tenancies.

8 CONCLUSIONS AND IMPLICATIONS

This report sought to answer the following research question:

Under what conditions can low to moderate-income private tenants successfully sustain tenancies across life events and housing transitions, and what policy interventions can most effectively support this?

This report presents findings from a study that:

- Develops a conceptual framework linking CLEs, housing shocks and insurances as a means of understanding tenant vulnerabilities in the context of the contemporary PRS.
- Provides a quantitative profile of the extent of CLEs and the resources available to low to moderate-income tenants to manage these.
- Presents the voices, views and perceptions of 76 low to moderate-income tenants living in three metropolitan sub-markets about risks associated with their tenancies as well as the means by which they manage their tenancy arrangements.
- Presents practitioner perspectives on the emerging types of supports needed by tenants to gain and retain private rental housing successfully in a highly pressurised housing market.

The rationale for the research relates to fundamental changes that have reshaped not only the size of the Australian PRS in recent decades, but also the demographic profile of private tenants and the functionality of the sector for a range of diverse household types. Specifically, given that the PRS is now home to large numbers of low and moderate-income households, it is imperative to understand the experiences of tenant households in relation to the management of tenancies in order to gain insight into how best to support successful tenancies within a housing sector that is characterised by relative insecurity.

The insights gained in this report are designed to directly complement existing and current research that can inform policy and practice development relevant to the Australian PRS. The contribution of this research is a deeper understanding, within one framework, of the types of factors and relationships between them that lead households to require housing assistance. It also enhances understandings of the types of assistance that might be optimal for early intervention in housing-related difficulties and the prevention of worsening housing circumstances and homelessness. By illuminating what occurs below the surface for households in need of housing assistance, it is possible to better target and tailor service intervention.

8.1 Risks and vulnerabilities affecting private rental tenancies

The findings presented in this report have important implications for the way we think about:

1. The capacity of tenants living in the PRS to gain access to and to maintain their rental tenancies.
2. The types of housing assistance and related supports that tenants require to do so, in a range of housing market contexts.

To a large degree, the ability of tenants to sustain tenancies relates to the interplay between a variety of forms of risk and vulnerability. For analytic purposes these can usefully be considered in terms of demand and supply side conditions—each of which affects the viability of tenancies. The CLEs—housing shocks—insurances conceptualisation of tenant experiences provides insights into the up stream experience of private tenants, who may require housing support in the context of housing policy reform as well as household experiences related to the need for support that is not normally visible: a demand-side perspective. Qualitative narratives about tenant experiences of accessing, coping with and transitioning within the PRS, as well as

the perspective of housing and related professional officers on these aspects of rental experience, illustrate key vulnerability and risk points in relation to tenancies.

8.1.1 A critical life events vulnerability profile

A conceptual framework that includes analysis of the experience and/or accumulation of CLEs, in the context of housing experience and insurances, has enabled the identification of:

- Distinct (but potentially related) types of private rental tenants based on the extent of life events experienced by tenants.
- Differential patterns of housing experience and occupancy that directly relate to these critical life event types (particularly with regard to mobility and stability).
- Household income segments in the private rental sector with more and less capacity to manage the intersection of life events and housing shocks.

Several key findings have emerged. First, among the low to moderate-income group of tenants we studied, it is possible to distinguish between those with relatively few CLEs that affect income, and those who have experienced and/or accumulated numerous CLEs that create highly difficult social and economic circumstances for tenants and result in a range of hardships. The first of these groups are managing, whereas the second are found to experience considerable difficulty and are, in many ways, similar to social housing tenants in terms of support needs yet receive a considerably different housing assistance response.

Relatively recent migrants to Australia, with the exception of refugee and humanitarian entrant households, live in the PRS in increasing numbers and tend to form part of the group of households with relatively few CLEs (in part due to visa restrictions that favour migration of younger, healthier and skilled migration). Despite this, recent migrants face significant difficulties in the PRS including lack of references, lack of knowledge/skills/literacy about the rental sector and difficulties accessing tenancies in the formal real estate managed segment of the market. They are also highly vulnerable to exploitative/predatory landlords and letting practices. These findings indicate a clear role for brokers/regulatory reform to safeguard access to tenancies among migrant groups.

Labour market conditions and access to stable, well paid and regular employment are significantly related to the ability of tenants to manage tenancies well, including household-based management of cash flow and budget prioritisation in expenditure. Unemployment, casual employment and underemployment are found to substantially undermine the ability of tenants to live well in the PRS. Precarious labour market attachment can affect the ability of households to attain a lease and to manage cash flow and rental payments, as well as the ability to move to employment opportunities when these arise (due to bond costs) or to more affordable/suitable dwellings. The lack of secure employment is a considerable difficulty that would-be tenants manage, and is an area of potential intervention, such as in the form of brokerage, bond assistance and similar. Despite the assumed flexibility of the PRS, we have found that bond payments can be an impediment to the capacity of low to moderate-income tenants to relocate for employment opportunity.

Family events affecting the earning capacity of households that are felt in both positive and negative ways (e.g., birth of child compared with incarceration of partner) also significantly affect the ability of households to manage these same aspects of tenancies. Families with children can also be exposed to systemic discrimination and forced into rental properties that are more costly, in order to secure adequate dwelling size for their family needs. Families with children are a growing population within the PRS (Stone et al. 2013) and are found in this research to require support in accessing appropriate, affordable housing in the PRS.

Poor health, illness, disability and/or caring for family members is strongly associated with accumulated CLEs among low-income and moderate-income private tenants. This is not surprising, where health and related issues affect earning capacity as well as household

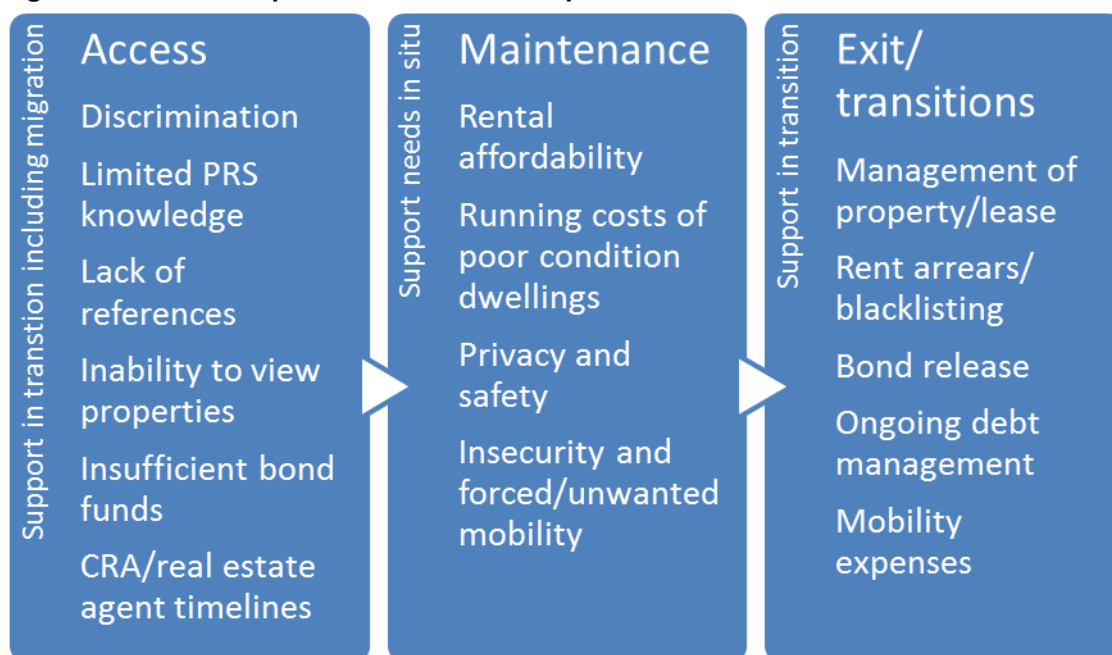
dynamics. Tenants experiencing these types of life events appear to require additional, integrated support (discussed below), as well as interventions to enable households to live with relative stability in appropriate dwellings.

While renting privately from family or informal networks is shown to provide some households (notably particular sub-populations of newly arrived migrants) with access to the rental sector, overwhelming the informal sector is associated with risk. Findings indicate that where households are unable to rent with formal tenancy agreements, they are potentially exposed to a range of illegal, invasive and predatory practices on the part of landlords. The gatekeeping role real estate agents play in these situations is itself an area that warrants greater scrutiny. Where households are unable to rent in the formal segments of the market there is a clear need for assisted pathways into other safe housing forms, such as community managed or brokered housing options. Additionally, findings indicate need for closer regulation of the informal segments of the market, and specialised packages of assistance for informal renting.

8.1.2 The private rental sector risk cycle

Interviews with tenants and professional officers involved in the provision of housing assistance, or in related supports, indicate that three key risk points exist around private rental tenancies in a temporal, process sense, although at each point a range of housing shocks—or risks—can be evident. Risks at the point of accessing leases differ from those, which are related to the maintenance of existing tenancies, which differ again from risks associated with exiting tenancies and transitions that ensue. Figure 3 presents key housing shock or risk points diagrammatically.

Figure 3: Tenant risk points associated with private rental tenancies



8.1.3 Housing assistance

The findings indicate that assisting tenants to access and sustain tenancies requires up-front support for many low to moderate-income households. To sustain tenancies in a highly pressured, relatively lightly regulated and sometimes precarious PRS, tenants require support with the following.

Points of access to tenancies. Access points involve risks identified by tenants such as: discrimination; limited knowledge of the PRS/tenancies; inability to view properties when moving from another locality (including interstate/overseas); bond payments (in the form of

either not having sufficient funds or missing the short window in which to sometimes make bond payments); and a misalignment between the time taken to access various forms of bond assistance and the rapid turnover of properties undertaken by real estate agents (in some cases 24 hours).

While not sufficient in and of itself to address the raft of housing-related problems tenants face, it is nonetheless clear that tenants have unequal information in relation to tenancy administration, processes, legislation, responsibilities and, critically, housing market knowledge (e.g. vacancy rates in a given locale), relative to landlords and real estate agents. Knowledge/education about the rental sector, particularly for tenants who are inexperienced in the Australian housing market (e.g. newly arrived migrants, young adults and those entering or re-entering the PRS from other tenure forms during adult housing pathways) is essential.

Practical measures such as bond assistance must be readily available to tenants in need of financial support to secure housing, with due regard to levels of debt already carried by tenants and genuine capacity to pay. Findings indicate support for interest-free loans, or bond payments (non-loans) in some cases, to support tenants access tenancies and/or transition between tenancies including reducing costs and/or taking up employment or related opportunities. The extent of systemic discrimination for some tenants (e.g. families, aged, migrants, underemployed) and vulnerability of tenants to predatory landlordism indicates the need for brokerage schemes to enhance the capacity of tenants to take up tenancy leases. As with other forms of support, such schemes are clearly required in markets with low vacancy rates in which the most vulnerable tenants are disadvantaged.

Risks to tenancy maintenance in the form of housing shocks continued throughout tenancies for a majority of the tenants interviewed in this research. Notably, the major problem underpinning the majority of other issues, is the high cost of private rental both in terms of bond costs as well as ongoing rental payments. This condition exposed tenants to a host of other risks associated with maintenance of tenancies such as: high financial costs of living in poor quality dwellings, which often included poor energy saving/old/inadequate appliances; being exposed to breaches of privacy by landlords, including cases in which tenants were or felt unsafe, due to the lack of affordable alternative PRS accommodation; and limited security of tenure in which tenants could be asked to leave the property for a host of reasons, including many that were unrelated to their care of the property or timely payment of rent.

Housing assistance types for tenants that enable tenant management of cash flow difficulties that are caused by a combination of (i) inadequate resources available to tenants to manage foregone earnings resulting from CLEs and (ii) very high rent and bond costs, is one of the most important implications of the present research. This is over and above regular rental assistance in the form of cash payments, and may include intermittent additional payments, including interest-free loans, as well as the possibility of brokerage for tenants to negotiate payments with utilities and other providers to ensure that tenants remain housed.

The cost of heating and cooling in dwellings that are poorly constructed, poorly maintained or a combination of these, can be crippling for tenants and itself become a cost burden that can lead to rent arrears and tenancy failure. This research indicates a clear need for a greater role for government in regulating and enforcing adequate minimum standards for rental dwellings. Incentive schemes for landlords and real estate agents that enable access to negative gearing and related taxation incentives where environmentally sustainable modifications are made, and dwellings maintained to a standard level of liveability, are likely to assist tenants to (i) live in dwellings that do not impose undue running costs and (ii) remain healthy rather than exposed to building-related poor health and an inability to engage in the labour market.

There is a clear need for greater regulation and scrutiny of the informal part of the PRS in relation to costs, standards, tenant privacy and safety and exploitation in these and other ways where tenants can be exposed to increased risk.

Risk at exit points are also high for tenants, particularly in very low vacancy sub-markets in which rental costs are high and alternative options highly limited (discussed below). Exit points in leases introduce risks for tenants associated with ending leases in ways that undermine future leases, such as completion of all administrative processes, rental inspections and the like, and problems of rent arrears that can lead to unwanted and premature departure from a lease. Associated with these two risks is a risk around the conditions of bond release, in which tenants report a high degree of discretion used on the part of some real estate agents/landlords. Risks associated with ongoing management of debt can become apparent at exit (and entry) transition points and in the difficulties tenants face in managing the sometimes high costs of mobility, even where this occurs locally.

Taking a CLE and housing pathways approach in this research clearly illuminates the relationship between debt/limited cash flow during tenancies and early/unwanted exit from private rental tenancies for some tenant population groups. In some senses, addressing the financial problems tenants experience in relation to maintaining tenancies can be considered low hanging fruit. The potential to support tenants with financial assistance at early stages of payment problems, increased payments as required, interest-free loans to smooth financial problems, and brokerage/advocacy in addressing potential rent arrears, is likely to result in significant housing assistance savings, when compared with the potential costs of (i) homelessness and/or (ii) social housing.

Our findings indicate also a clear role for government in regulation and closer scrutiny of the types of tenancy data bases that are used to gate keep access and exit points of private rental leases which potentially adversely affect the most disadvantaged tenants.

8.2 Opportunities for housing assistance: continuity and innovation

Taking a household rather than administrative approach to explore the types of housing pathways that lead tenants to require housing and related support—or be vulnerable to doing so—exposes, in most cases, the numerous difficulties tenants face prior to reaching housing crisis points. Each represents opportunities for prevention and early intervention strategies, and includes housing as well as non-housing types of potential interventions. Evaluation of the means to secure the occupancy of tenants in order to reduce forced and unwanted mobility, which can result in exacerbated problems for tenants in all sub-markets and in all segments of the market, is essential (see Hulse, Milligan & Easthope 2011).

8.2.1 A suite of private rental assistance types

Perhaps the most significant finding of this research is that there are discrete tenant types living in the contemporary PRS, each with quite distinct support and housing assistance needs, yet each only in receipt (typically) of cash payments to assist with housing costs in the form of Rent Assistance (RA). The needs of tenants with complex, integrated and ongoing needs warrant greater assistance than financial support alone. In addition, tenants who are just managing have clear needs in relation to particular types of assistance that could support them to achieve optimal housing outcomes in a difficult rental environment. It must be noted that in a large majority of cases, cash payments to offset housing affordability costs did not manage to alleviate the financial strain currently facing tenants in the PRS in any of the sub-markets explored here, nor in formalised or informal segments of the sector (the exception being those cases where families supported one another, conditions that can introduce a range of other difficulties and compromises).

The extent of housing-related problems experienced by tenants in the low to moderate income spectrum, indicate the need for a wide ranging inquiry and consolidated, inter-jurisdictional approach to researching, evaluating and delivering the most optimal forms of flexible support to tenants, in order that they remain housed. Clearly, this is in addition to the cash transfers of rental assistance that act to reduce, but not eliminate, the housing stress and stressors experienced by large proportions of low and moderate-income households.

8.2.2 Integrated and related points of support

Integrated assistance for early intervention and prevention could act to offset the housing precarity many low to moderate-income households face in the PRS. Taking a CLEs approach in this study highlights the possibility that housing assistance can readily be linked to a range of administrative assistance points and supports used by tenants that relate, in some ways, to their housing circumstances and support needs. These include: medical centres, health organisations, disability support services, carer associations and similar; legal centres and family law courts/mediation centres in which family dissolution or conflict matters are routinely handled and supported; and migrant support services in addition to migration services and agencies that have contact with migrants upon arrival to Australia.

8.2.3 Towards a more socialised private rental sector

The extent of housing-related shocks or insecurity in the PRS among low to moderate-income tenants indicates a clear and ongoing role for government in securing adequate housing for vulnerable tenants. The findings of this research have illuminated important aspects of housing experience that can render managing and sustaining tenancies difficult for private renters, as well as key risk points in the private rental cycle at which these vulnerabilities can become even more exposed. We have also highlighted the relative dearth of resources held by or available to low to moderate-income households to address CLEs and housing shocks in the context of housing precarity, and the relationship of these to broader structural issues such as labour market precarity, migration and family formation and dissolution.

The distinction found in this research between households with limited exposure to life events that undermine their capacity to manage tenancies, and those with extensive accumulation of life events that limit their capability to manage, indicate a range of support types is essential in the PRS. Assistance with accessing tenancies, bond payments, cash flow and exit transitions are essential for households who are just managing. The extent of difficulty experienced by households living in the PRS that are in more difficult circumstances suggests a need for greater intervention for some households. Akin to a more socialised form of private rental, this might include pathways into community housing/public housing arrangements and other forms of more highly supported housing options.

The inadequacy of current forms of housing assistance and relatively underprovided forms of available private rental assistance across state and territory jurisdictions suggests the need for regulatory and institutional support for innovation that can bridge the gap between tenant need and available assistance. Hybrid tenures such as shared equity arrangements, and a morphing of organisational roles across not-for-profit agencies (e.g. in taking out real estate licences) may provide fruitful pathways to a more integrated and responsive means of supporting vulnerable tenants in the absence of either larger scale regulatory reform of the PRS, or the revival of publicly provided housing.

8.3 Final remarks

The research presented here illustrates the importance of understanding the threats to tenancies experienced by households in terms of CLEs, insecurities associated with private rental housing and the lack of resources low to moderate-income households typically have to manage these range of circumstances. Findings of this study can be supplemented in future work in order to continue to provide a broader evidence base for policy and practice development.

Several aspects of the relationships explored here warrant attention in subsequent work. One of these is to examine in depth the interaction of different segments of the rental sector and their respective responses to tenant needs. The present research has touched on these issues, illustrating the advantages and disadvantages in some cases of renting either via a real estate agent (in which prior financial and housing problems can be highly problematic for

gaining leases, among other issues) yet in which tenant rights are best understood, compared with renting directly from a private landlord (which can be a strategy to overcome access issues but in some cases can result in highly undesirable practices according to the tenants and agency staff in this study). The role, incentives and potential of real estate agents and private landlords to assist tenants to remain housed at times of financial and/or other difficulty is a topic that warrants greater exploration and policy consideration.

The analysis of household access to a raft of what we have called insurances in this research illustrates:

1. The limited resources available to low to moderate-income tenants.
2. The inadequacy of these household resources to offset the difficulties associated with issues of upfront bond payments, cash flow in unaffordable housing, buffers from costs and foregone earnings associated with CLEs.
3. The exposure of tenants to a potential spiral of disadvantage that is exacerbated by housing costs and restrictions within the private rental sector.

This paucity of insurance types indicates a clear and ongoing role for government support of low to moderate-income tenants in the private rental sector to offset high rental costs, as well as the need for supports for tenants to develop buffers for future events and shocks. This is in addition to, rather than being replaced by, innovation in housing assistance delivery models being developed in the not-for-profit sector and private market.

The present study has focused on tenants in metropolitan markets. Fruitful lines of future inquiry are likely to involve expansion of this style of analysis to regional, rural and outer metropolitan sub-markets, as well as to examine in greater depth the particular circumstances of key vulnerable demographic groups (e.g. women with children, recently arrived migrants).

Given the pace of current change around practice and policy responses to tenant needs, a clear line of future inquiry is to identify and evaluate the types of agency and/or other responses that are being utilised to support tenants. Currently, as shown in this research, organisations with, in some cases, relatively little housing experience, are stepping up to assist tenants where rental problems have been identified when tenants seek other forms of assistance (e.g. financial, legal, health-related). Specific studies about the interaction of respective sectors (e.g. finance, health and so on) in relation to housing need will also be informative for policy development. Capturing key learning from current innovations in housing assistance that are developing in response to tenant needs, represents a worthwhile line of future inquiry.

Finally, it is imperative to reiterate that to a very large degree, the vulnerabilities experienced by tenants and the risks they face in the PRS of the housing system cannot be addressed by housing assistance or private rental assistance interventions alone. The CLEs, housing shocks and insurances framework we use here illustrates household experience and negotiation of *structural* and *institutional* conditions that require institutional and regulatory reform if they are to be addressed adequately. Interventions to assist tenants to sustain tenancies are necessary *but not sufficient* to remedy the raft of forms of housing-related disadvantage that now characterise the Australian PRS.

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APPENDICES

Appendix 1: Information statement for practitioners



Sustaining private rental tenancies

You are invited to participate in research conducted by the Institute for Social Research at Swinburne University of Technology in Melbourne on *Sustaining private rental tenancies*.

Background to the project

While much is known about people's experiences of home ownership and social housing there is a dearth of comparable knowledge about low income private tenants. Critically, this includes how and under what conditions they manage life events (income and jobs, relationships and family, health etc.) and housing transitions (moving, rent increases), while successfully sustaining tenancies. The significance of this issue is increasing, not only in that the private rental system is encompassing an ever-growing proportion of low income households, but also because of the increased risk of homelessness.

The research is funded by the Australian Housing and Urban Research Institute (AHURI), an independent national research organisation.

About this project

We are interviewing expert housing & homelessness practitioners regarding the interaction of housing dynamics, life events and interventions for low-income private rental tenants. The tenant cohort of interest is the 25 to 65 year old age group whose income is for

- couple headed families: household gross (before tax) weekly income is \$2200 or less; or
- single parent headed households or single person household: gross (before tax) household weekly income is \$1000 or less.

If you agree to be part of this project one of our researchers will contact you to arrange an interview with you. Interviews will be at a place agreed upon by you and the researcher such as your workplace or at the University. The interview will take between 45 minutes to an hour to complete.

Participation in this project is entirely voluntary. If you are asked a question you do not wish to answer just let the interviewer know. If you change your mind about participating in the study, you are free to withdraw from the research project at any time.

Privacy

Your privacy is assured. We are not seeking your name or any contact information other than to arrange the interviews. The participating universities will not keep, or make available, any personal information or individual responses to a third party (i.e. any individual, organisation,

agency or researcher not directly involved in this project). The information gathered will only be used for research purposes. Swinburne's Institute for Social Research will de-identify the workshop notes and securely store your information until it is destroyed in line with privacy laws. De-identified data will be shared between the project researchers at Swinburne, Curtin and UNSW. No publicly available results (i.e. reports or journal articles) from the project will contain information that could identify either you or your household.

We will be electronically recording the interview so that our records of what you say are more accurate. However, *any information you provide will be completely confidential, we will use a pseudonym (pretend name) instead of your real name* when writing reports from the results of the research and *we will take out any other information that could identify you or your family*. This means that *no organisation will have knowledge of what you have personally told us*. All the information collected will be held by the University in a locked and secure room until it is destroyed.

As a condition of our funding for the project we are also required to submit the de-identified data to the Australian Data Archive (www.ada.edu.au), a national service for the collection and preservation of digital research data and to make these data available for secondary analysis by academic researchers and other users. Your identity is not provided to the ADA.

If you agree to take part in this research under the conditions outlined here, we need you to sign this form to say that you agree to participate in the interview.

The anonymous information we find out from the research will be used in a variety of ways. These will include:

- conference papers and presentations
- progress and a final report for AHURI to be published in written form and electronically
- published academic journal articles
- published practitioner journal articles
- newspaper articles

The data will not be supplied in any form (other than published or publicly presented papers) to any other researcher, individual, organisation or agency.

Further information about the project

For further information about the project, please contact

Dr Wendy Stone Institute for Social Research Swinburne University of Technology wmstone@swin.edu.au 03 9214 8109	Dr Ilan Vizek City Futures Research Centre University of NSW i.vizek@unsw.edu.au 02-9385 6037	Dr Sanna Markkanen School of Economics and Finance Curtin University sanna.markkanen@curtin.edu.au 08 9266 7866
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Concerns or complaints

This project has been approved by or on behalf of Swinburne's Human Research Ethics Committee (SUHREC) in line with the *National Statement on Ethical Conduct in Human Research*. If you have any concerns or complaints about the conduct of this project, you can contact:

Research Ethics Officer, Swinburne Research (H68),
Swinburne University of Technology, PO Box 218, HAWTHORN Vic 3122.
Tel (03) 9214 5218 or +61 3 9214 5218 or resethics@swin.edu.au

Appendix 2: Consent form—practitioners and tenants



Consent Form

Project Title: Sustaining private rental tenancies

Principal Investigator(s):

Dr Wendy Stone and Dr Ilan Vizek

1. I consent to participate in the project named above. I have been provided a copy of the project consent information statement to which this consent form relates and any questions I have asked have been answered to my satisfaction.

2. ***In relation to this project, please circle your response to the following:***
 1. I agree to be interviewed by the researcher **Yes No**
 2. I agree to allow the interview to be recorded by electronic device **Yes No**
 3. I agree to make myself available for further information if required **Yes No**

3. I acknowledge that:
 - (a) my participation is voluntary and that I am free to withdraw from the project at any time without explanation;
 - (b) the project is for the purpose of research and not for profit;
 - (c) any identifiable information about me which is gathered in the course of and as the result of my participating in this project will be (i) collected and retained for the purpose of this project and (ii) accessed and analysed only by the researcher(s) for the purpose of conducting this project;
 4. my anonymity is preserved and I will not be identified in publications or otherwise without my express written consent.
 - (e) my employer has given permission for my participation.

By signing this document I agree to participate in this project.

Name of Participant:

Signature & Date:

Appendix 3: Interview guide—practitioners

Sustaining private rental tenancies—organisations

Check that clients are renting privately and low income

- couple headed families: household gross (before tax) weekly income is \$2200 or less; or
- single parent headed households or single person household: gross (before tax) household weekly income is \$1000 or less.

Organisation

Q1. Can you describe what kind of services you provide?

[tenancy advice, brokerage, health, legal, consumer, emergency relief, local govt, migrant support etc.]

Q2. Can you describe what type of client groups you see? (typical profile)

E.g. Refugees, migrants, homeless, single parents, D&A, couples with children

Q3. Are you able to estimate what proportion of your clients are private tenants?

Q4. Do you have a defined geographical catchment? What areas or suburbs do your private tenants come from?

Q5. Have the areas where the tenants come from changed in recent years?

Q6. In thinking about the private tenants you work with, what kinds of problems lead them to attend your agency or require your service?

Prompt: housing issues; accident; health problems; legal problem; debt; divorce/separation, violence; unemployment; natural disaster. Etc.

Q7. Thinking about these problems what issues contribute to the problem they present with?

Prompt: relationship breakdown, single parenthood, fines, health, bill shock, job loss, need to care for someone else, migration, gambling

Q8. What kind of referrals do you typically make? What solutions are you able to offer to private renters coming for assistance?

Q9. Do you usually feel that you are able to offer the type of support tenants need at the time they need it?

Turning to tenancy and housing

Q10. Are your tenants having difficulties maintaining their tenancies? If so what kind of problems do they face?

Prompt: arrears; rent increases; lack of income; condition of property—hard to heat; bill shock (electricity)

Q11: In terms of leaving a tenancy, to what extent are tenants being required to move when they do not want to? What are the causes?

Q12: Is it common for tenants to break their lease, and if so what are the causes? What problems do they encounter when doing this?

Q13. Are your tenants having difficulties obtaining new tenancies? If so what kinds of problems do they face?

Prompt: discrimination (what kind); getting bond and month's rent together; references; blacklisting; affordable properties not available

Q14: What kind of lease periods are being offered or sought? Do tenants have preferences for longer or shorter lease terms?

Q15. Thinking about how tenants manage, do housing problems create other problems or do other problems create issues for their housing?

Thinking further about how tenants manage and their vulnerabilities

Q16. Would you say that some tenants have more capacity to manage their tenancies than others? If so, who and why?

Prompt: attitudes, beliefs, networks, resources, debt/lack of deb'

Q17. What would say makes a tenant more vulnerable?

Prompt: lack of savings, no family or friends, low income, debts, age, ethnicity, increased mobility

Q18. What kind of strategies do you see tenants utilising to improve their position?

Prompt: social capital—knowledge of services, rights, determination, investing in education

Q19. To what extent does debt help or hinder tenants improve their position?

Q20. How well do you think tenants understand their rights and obligations as tenants?

Q21. How knowledgeable do you think tenants are in regard to entitlements such as rental assistance, bond assistance, brokerage, housing support, eligibility for social housing?

Service providers

Q22. In your experience of contact with landlords and real estate agents

a) are there practices or trends that concern you?

b) are there practices or trends that improve outcomes for tenants?

Q23. Are there types of services in the rental sector that tend to work better for vulnerable tenants? E.g. real estate agents vs direct landlord—why?

Q24. What kind of interventions or changes do you think could assist vulnerable tenants remain viable in their tenancies?

Prompt: bond assistance, brokerage, better information, better tenancy laws, debt forgiveness, habitation standards, integration of services

Q24a. Do you have direct experience of how these could work or be improved?

Q25. Are there any further comments you would like to make in regard to private tenancy?

Appendix 4: Information statement—tenants



Sustaining private rental tenancies

You are invited to participate in research conducted by the Institute for Social Research at Swinburne University of Technology in Melbourne, Curtin University in Perth and University of NSW in Sydney on Sustaining private rental tenancies.

Background to the project

While much is known about people's experiences of home ownership and social housing there is a dearth of comparable knowledge about low income private tenants. Critically, this includes how and under what conditions they manage life events (income and jobs, relationships and family, health etc.) and housing transitions (moving, rent increases), while successfully sustaining tenancies. The significance of this issue is increasing, not only in that the private rental system is encompassing an ever-growing proportion of low income households, but also because of the increased risk of homelessness.

The research is funded by the Australian Housing and Urban Research Institute (AHURI), an independent national research organisation.

About this project

We are interviewing people who are 25 to 65 years of age who privately rent their home through either a real estate agent or directly from a landlord within [name suburb]. And whose income is for

- couple headed families: household gross (before tax) weekly income is \$2200 or less; or
- single parent headed households or single person household: gross (before tax) household weekly income is \$1000 or less.

If you volunteer to be part of this project one of our researchers will contact you to arrange an interview with you. This will be in a conversational style and take between 45 minutes to an hour to complete. You can choose to be interviewed either in a meeting place agreed with the researcher, or in your own home. Both men and women can volunteer to be interviewed. In recognition of the time contributed to the research, you will receive a shopping voucher to the value of \$50.

Participation in this project is entirely voluntary. If you are asked a question you do not wish to answer just let the interviewer know. If you change your mind about participating in the study, you are free to withdraw from the research project at any time.

Privacy

Your privacy is assured. We are not seeking your name or any contact information other than to arrange the interviews. The participating universities will not keep, or make available, any personal information or individual responses to a third party (i.e. any individual, organisation,

agency or researcher not directly involved in this project). The information gathered will only be used for research purposes. Each participating university will send your information to Swinburne's Institute for Social Research for de-identification and transcription and to securely store your information until it is destroyed in line with privacy laws. De-identified data will be shared between the project researchers at Swinburne, Curtin and UNSW. No publicly available results (i.e. reports or journal articles) from the project will contain information that could identify either you or your household. We will be electronically recording the interview so that our records of what you say are more accurate. However, *any information you provide will be completely confidential, we will use a pseudonym (pretend name) instead of your real name* when writing reports from the results of the research and *we will take out any other information that could identify you or your family*. This means that *no organisation will have knowledge of what you have personally told us*. All the information collected will be held by the University in a locked and secure room until it is destroyed.

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- progress and a final report for AHURI to be published in written form and electronically
- published academic journal articles
- published practitioner journal articles
- newspaper articles.

The data will not be supplied in any form (other than published or publicly presented papers) to any other researcher, individual, organisation or agency.

Further information about the project

For further information about the project, please contact:

Dr Wendy Stone Institute for Social Research Swinburne University of Technology wmstone@swin.edu.au 03 9214 8109	Dr Ilan Vizek City Futures Research Centre University of NSW i.vizek@unsw.edu.au 02-9385 6037	Dr Sanna Markkanen School of Economics & Finance Curtin University sanna.markkanen@curtin.edu.au 08 9266 7866
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Concerns or complaints

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Research Ethics Officer, Swinburne Research (H68),

Swinburne University of Technology, PO Box 218, HAWTHORN Vic 3122.

Tel (03) 9214 5218 or +61 3 9214 5218 or resethics@swin.edu.au

Appendix 5: Demographic questionnaire for tenants

Finally, if we could just get some basic information about you this will help when we analyse the information in the interviews

1. AGE

Years: _____

2. Place of birth

Australia..... 1

Born Overseas 2

What country?

3. Marital status?

Never married 1

Separated or divorced 2

Widowed 3

Married or De facto 4

4. Household type

Single or sole person 1

Couple without children..... 2

Couple with children..... 3

Single parent with children living with you
permanently 4

Single parent with children living with you
sometimes..... 5

Other (please specify) _____ 6

5. Children living at the home

Number of children (permanently): _____

Number of children (sometimes): _____

Are they preschoolers, school age or a mix _

6. Employment situation (respondent and partner)

Permanent full-time..... 1

Permanent part-time 2

Casual full-time 3

Casual part-time..... 4

Unemployed looking for work 5

Unemployed not looking for work 6

Retired 7

Disabled and unable to work 8

CONTINUED NEXT PAGE

Full-time parenting 9

Student 10

7. Type of dwelling

Detached house 1

Semi-detached house, terrace
house or townhouse 2

Flat, unit or apartment 3

Other (please specify) _____ 4

Appendix 6: Interview guide—tenants

Sustaining private rental tenancies

Interview themes

[Check that person is renting privately and low income]

- couple headed families: household gross (before tax) weekly income is \$2200 or less; or
- single parent headed households or single person household: gross (before tax) household weekly income is \$1000 or less.

I want to start by talking about where you currently live, and where you lived previously going back about 5 years. Then I would like to ask you about your financial situation

Can you tell me who lives here?

partner/children/siblings/parent/border

Who is working, at school, parenting, parenting, unemployed?

About the housing & tenancy

How long have you been in this tenancy/dwelling?

Did you get the property through a real estate agent or direct through the landlord? (If not renting from a real estate agent, who is your landlord?)

How easy or difficult was it for you to get this tenancy? (applying/bond/rent in advance/references/credit check/discrimination)

Did you get any assistance from govt. or community agencies? e.g. bond (loan), rent in advance, brokerage

Is the rent cheap/affordable or expensive?

How suited to your needs is this house/unit and location? Did you have to compromise in any way? (e.g. How close is your house to your work? And to your partner's work? The kid's Schools?)

Is the house in poor/reasonable condition/bad condition? Does this affect you?

How long would you like to live here for?

Do you feel your tenancy here is secure? (will want property back, demolition)

Housing and other circumstances

Did renting here have an effect on the amount or type of work you and your partner do?

If health or disability issues—How does your housing impact on these?

Times of difficulty

So far we have been talking about day to day living. I would like to turn now to whether in the last couple of years there were times when you found it really difficult to manage your housing and what may have been happening for you then?

Could you tell me if you had any trouble with any of the following in the last couple of years?

- Finding a new tenancy
- Paying the rent or rental increase
- Eviction/ non-renewal of tenancy/ termination of tenancy
- Getting important repairs done (e.g. mould, leaking roof, heater/stove/hot water not working)

Thinking about when these happened were other things happening for you—important or notable things—good or bad? E.g. had a baby. Promotion/Lost job/ illness/ new relationship/ child moved out/received an inheritance/ robbed/ death of household member or relative who supported you; acquired disability

Can you tell me what

Previous housing situations

So to recap that -

Over the past five years would you say you have mostly been a private renter or a public renter or a home owner/purchaser?

Have you ever owned/purchased your housing or been in public housing?

Have you applied for public/social housing? (why/why not?)

If, yes do you expect to be offered this housing soon? How does this affect your current housing decisions?

Have you experienced homelessness, including couch surfing or doubling up?

Financial experiences

Can you tell me where your household income comes from? (Centrelink benefit, Family tax A/B, working, compo, child support, CRA)

Do any of these restrict how much you can work/earn?

Would you say this income allows you to manage: well/only just/ not at all?

Would you manage better if you had more time/ more flexibility to pay bills? (cash flow)

Are you able to save?

Do you prioritise any particular expenses? Why?

Do you use instalment plans, direct debit, Centrepay to pay bills?

Do you ever receive help from friends or family (e.g. money, meals, baby sitting, bills)

Debt—personal loan/hire purchase/ credit card/ store card, payday lender (cash converters)/ utilities/rent arrears/ mechanics/child care/ friends or family?

Do you have unexpected bills?

Do you ever got a financial counsellor or seek emergency relief/food vouchers? occasionally/frequently?

Do you have a child/children in child care? –are you out of pocket after the government rebate?
Is the rebate paid directly to you or to the (child care centre)?

Who contributes to the household budget? partner, kids? Is it enough?

Do you and your partner pay for different things?

Do you and your partner manage your money separately or together?

Are you supporting someone else who does not live here? E.g. (adult child/parent)

If any significant health/disability issues? How do these affect you financially?

Housing & employment aspirations for the future

What do you expect your housing situation to be like in 5 or so years? And 10 years?

Do you expect your financial and/or housing circumstances to improve significantly?

Do you think for may purchase a home in the future?

Do you see any barriers to achieving what you want to do with your housing? (What are these; do you have plans to overcome these?)

Types of support that might help

In general, would you say you would seek help from welfare agencies or the government when your finances and housing are difficult to manage?

Would you say you would seek help from family and friends?

Thinking about your experiences and people in a similar situation to you *and* about both the day to day issues and these kind of life events are there things that the government or perhaps community agencies could do to help people have successful tenancies?

For example, short-term loans, advocacy/help to find rental housing when you need to; advocacy/help with eviction or unwanted moves; advocacy/help with repairs.

Appendix 7: Recruitment flyer



WANTED

Private renters with low to moderate income in your suburb 25 to 65 years of age

The Institute for Social Research at Swinburne University of Technology, Curtin University and the University of NSW are undertaking research *on sustaining private rental tenancies on a low income*.

This research explores how low income private rental tenants can be better supported to successfully maintain their tenancies.

The only way we can find out about this is to ask low income households who rent. The information from these interviews will inform governments and hopefully lead to new or better policies to deal with the problems of renting on a low income.

We are therefore interested in interviewing low income private rental tenants to tell us about their experiences of sustaining their tenancies.

What does your household income need to be?

- Couple families: household gross (before tax) weekly income is \$2200 or less; or
- Single parent households or single person household: gross (before tax) household weekly income is \$1000 or less.

Interviewees will receive a Coles/Myer gift voucher valued at \$50 in recognition of their time.

If you are interested in being interviewed please contact

Dr Andrea Sharam
Institute for Social Research, Swinburne University of Technology
Email: asharam@swin.edu.au
Telephone: 03 9214 5465 Mobile 0413 465 413

All interviews will be strictly confidential.

Appendix 8: Maps of main target localities for recruitment of households

Figure A1: Werribee—overview map

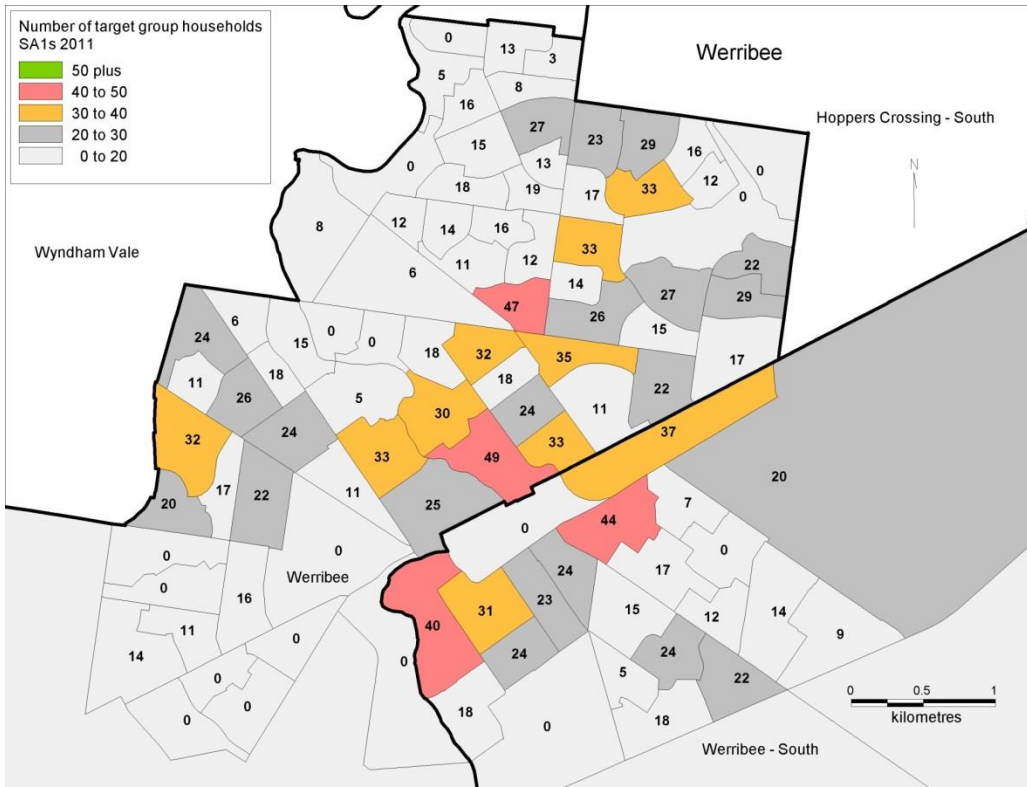


Figure A2: Thornlie—overview map

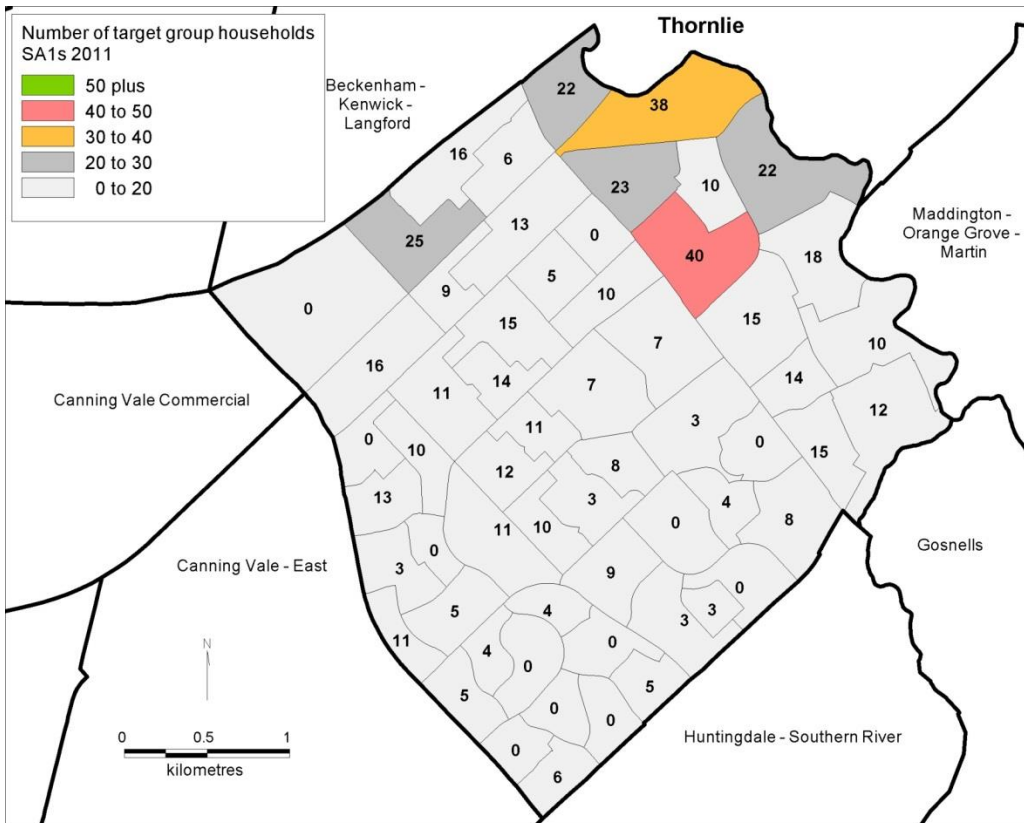


Figure A3: Pakenham—overview map

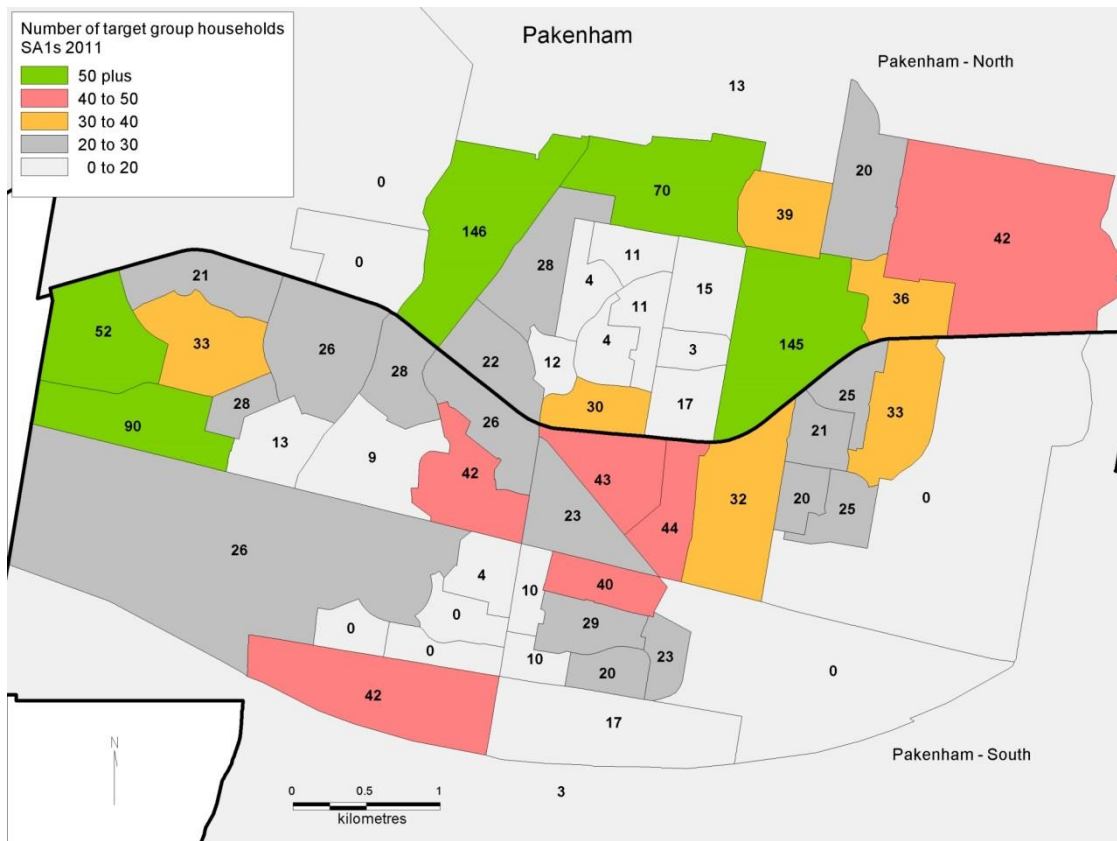


Figure A4: Liverpool—overview map

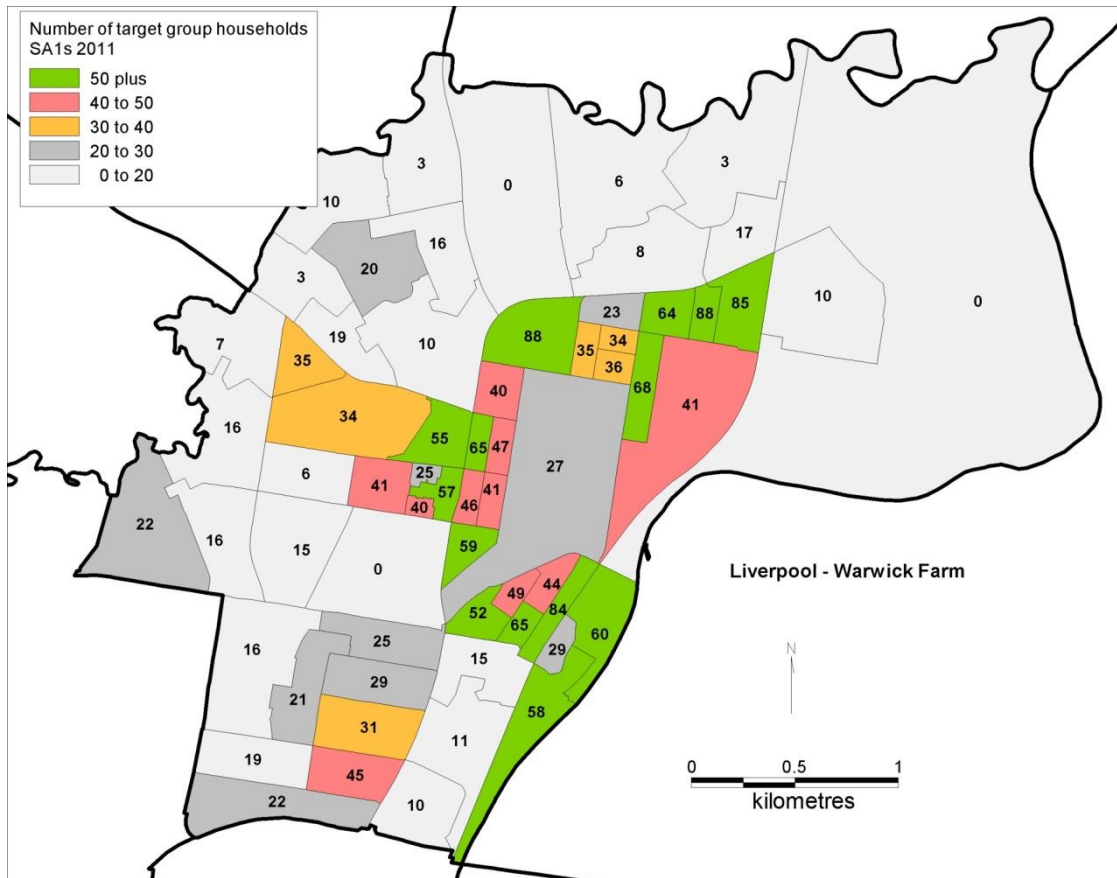


Figure A5: Armadale—overview map

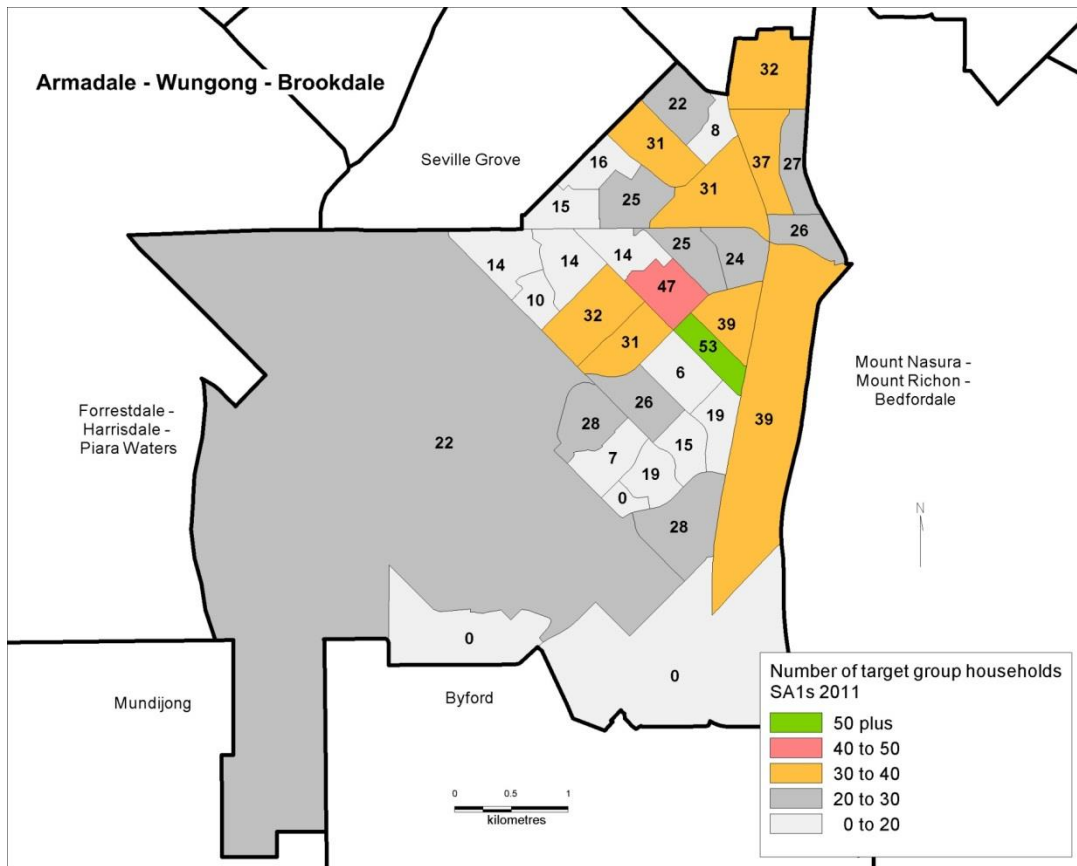


Figure A6: Cannington—overview map

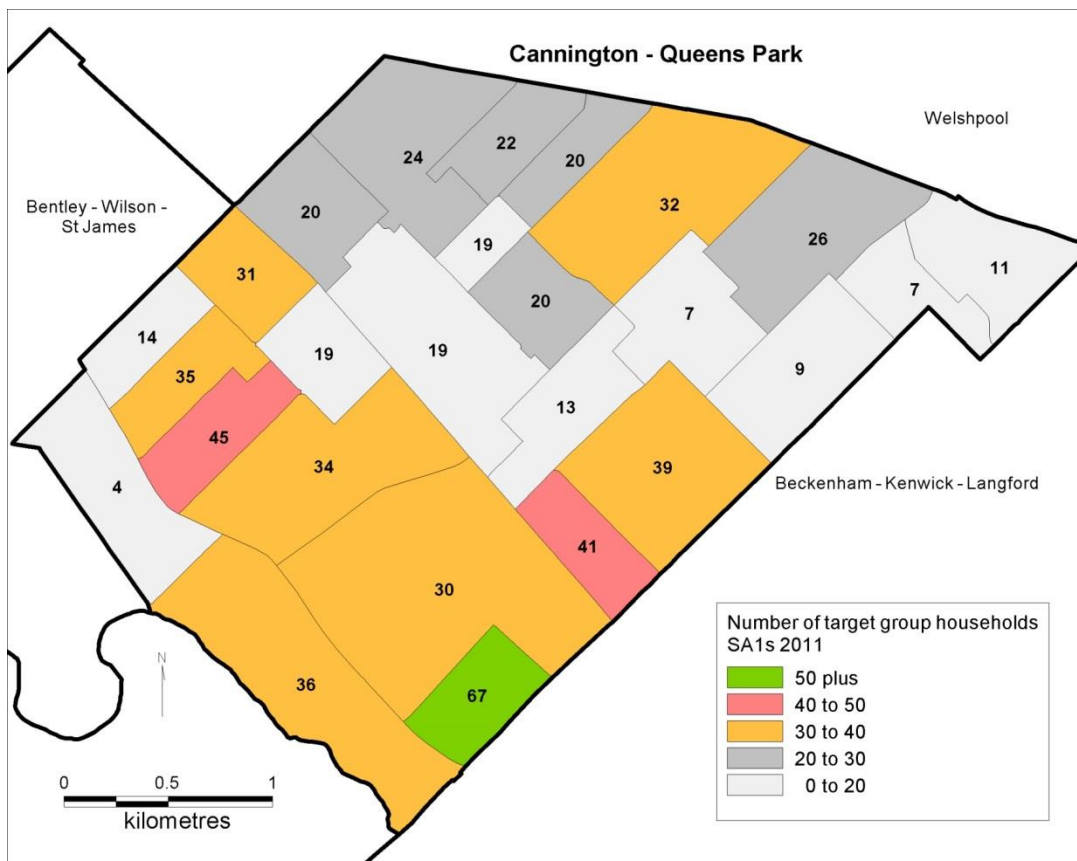
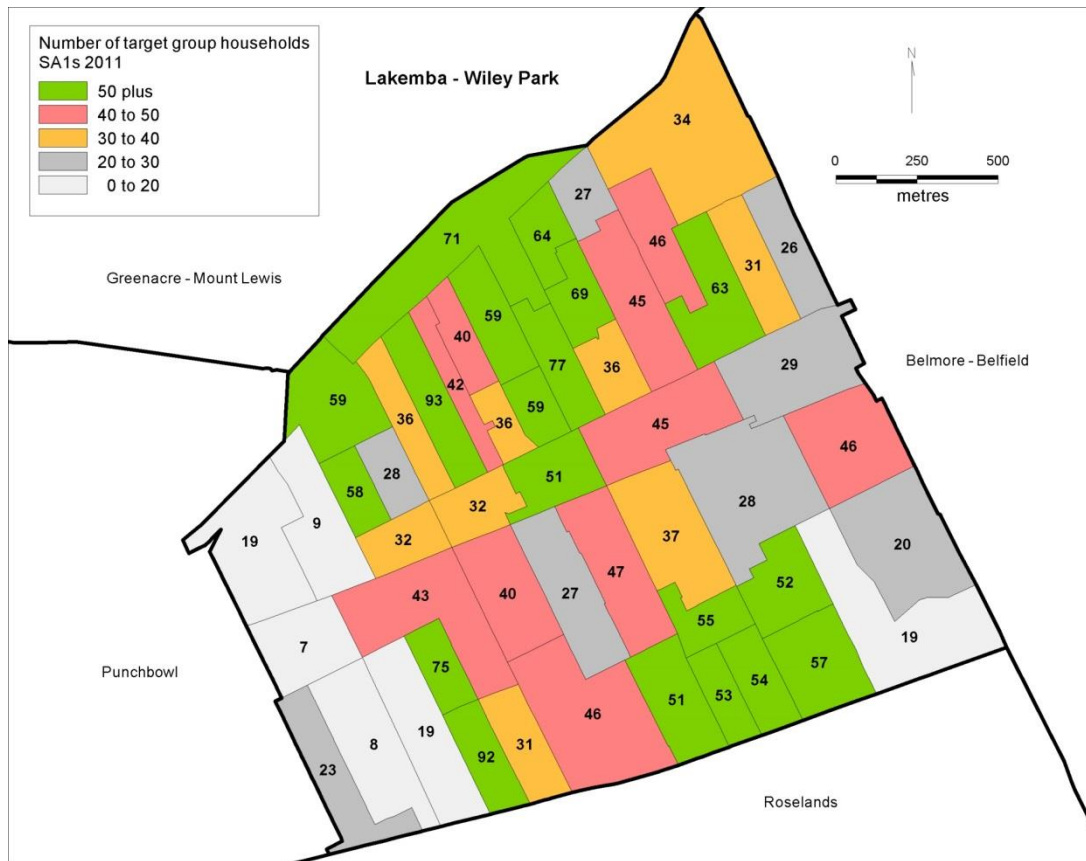


Figure A7: Lakemba—overview map



AHURI Research Centres

AHURI Research Centre—Curtin University

AHURI Research Centre—RMIT University

AHURI Research Centre—Swinburne University of Technology

AHURI Research Centre—The University of Adelaide

AHURI Research Centre—The University of New South Wales

AHURI Research Centre—The University of Sydney

AHURI Research Centre—The University of Western Australia

AHURI Research Centre—University of Tasmania

Australian Housing and Urban Research Institute Limited

Level 1, 114 Flinders Street, Melbourne Victoria 3000

Phone +61 3 9660 2300

Email information@ahuri.edu.au

Web www.ahuri.edu.au