

Entering rental housing

Authored by
Terry Burke

for the
**Australian Housing
and Urban Research Institute**
Swinburne-Monash Research Centre

February 2002

AHURI Positioning Paper No. 25

ISSN: 1834-9250
ISSN: 1 920758 11 9

ACKNOWLEDGEMENTS

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

DISCLAIMER

AHURI Ltd is an independent, non-political body which has supported this project as part of its programme of research into housing and urban development, which it hopes will be of value to policy-makers, researchers, industry and communities. The opinions in this publication reflect the views of the authors and do not necessarily reflect those of AHURI Ltd, its Board or its funding organisations. No responsibility is accepted by AHURI Ltd or its Board or its funders for the accuracy or omission of any statement, opinion, advice or information in this publication.

AHURI POSITIONING PAPER SERIES

AHURI Positioning Papers is a refereed series presenting the preliminary findings of original research to a diverse readership of policy makers, researchers and practitioners.

TABLE OF CONTENTS

EXECUTIVE SUMMARY	i
1. INTRODUCTION	1
1.1 Aims in Relation to Policy and Practice.....	1
2. THE POLICY CONTEXT AND POLICY ISSUES.....	3
2.1 Wait Lists and Need	5
2.2 Managing the Wait List.....	7
2.3 Wait Times.....	8
2.4 Relationship with Housing Managed by Other Organisations.....	8
2.5 Segmentation of the Wait List.....	9
3. A MODEL OF RESIDENTIAL HOUSEHOLD DECISION MAKING	15
3.1 Stage 1: Pressures to Seek a New Home.....	18
3.2 Stage 2: Choosing a Tenure.....	18
3.3 Stage 3: Choosing a Location	19
3.4 Stage 4: Finding a Specific Dwelling	20
3.5 Stage 5: Finalising the Choice.....	20
3.6 Stage 6: Using the Dwelling Over Time	21
4. METHODS.....	22
4.1 Task 1: Social Housing Entry Survey	22
4.2 Task 2: Post-Occupancy Survey	23
4.3 Task 3: Background Data	23
5 AUSTRALIAN WAIT LIST RESEARCH	24
6 CONCLUSION.....	25
7 REFERENCES	26

EXECUTIVE SUMMARY

This Positioning Paper reviews the issues and problems associated with entering assisted rental housing, both social and private. While we know a good deal about who is in social and private rental housing, we know little about the motivations, expectations and problems that encourage or constrain households to choose one or the other of these sectors or what the unmet need for social housing is, i.e. to what degree do private renters value public housing and, if they are not on the wait list, why they have not applied. We know even less about turnover or churning in these sectors, or whether potential tenants' perceptions of the role of social housing agencies vary from jurisdiction to jurisdiction, and if so, why.

Given that the perceived form and quality of housing assistance is likely to be one of the factors affecting demand for the two rental sectors, it is important to know something of these perceptions and the balance between the positive and negative qualities of the respective sectors.

The study methodology behind this Positioning Paper is one of client surveys. The main method is the survey of 12,500 wait-listed households and the same number of households on rent assistance, supplemented by a small post-occupancy survey of those who have recently accessed social housing. The study is in effect a consumer study.

This research project is designed to:

- Undertake a national survey of households on social housing wait lists;
- Undertake a parallel national survey of rent assisted private renters to determine motivations for choice of private rental over public or community housing and to measure unmet need for social housing;
- Undertake a pilot post-occupancy survey in the social housing sector in order to evaluate the usefulness and feasibility of such surveys;
- Determine the extent of 'churning' in rental housing, awareness of alternatives (e.g. community housing) and the degree of multiple listing in public and community housing.

Through the achievement of these tasks, the study will provide new data on clients' aspirations and needs for the two major forms of housing assistance in Australia: social housing and rent assisted private rental. In the process, it will hopefully highlight certain problems and issues in social housing management requiring policy or program attention, as well as providing some assessment of unmet need for social housing from those currently in the private sector.

While this study is about clients' perceptions and practices of entering social housing and private rental, it has a particular orientation towards understanding the decision to enter social housing and whether there is unmet need for social housing in the private rental sector. In terms of policy, the emphasis is therefore on issues of queuing in social housing (i.e. wait lists and times) and on managing wait lists in a context of stock scarcity. The discussion of the policy context and policy issues in Section 2 therefore largely concentrates on the analysis of the meaning of wait lists (what do they tell us about performance?) and how they are managed, which may in turn affect how many and who apply for social housing.

Section 2 includes an analysis of what wait lists tell us about need, locating that analysis in a conceptual framework of different notions of need and limitations of wait lists in terms of actually measuring need. This review suggests something of the problems of using wait lists as a measure of need:

- Wait lists are a measure of the operative eligibility criteria. Change the criteria, which makes more or less people eligible, and the level of need as defined by these criteria alters;
- An inability for potential clients to express need may be because of the constraints of eligibility, lack of information (are all those who are potentially eligible aware of the various housing assistance options?), or an assumption that there is no point because wait lists are so long;
- Measured need may also be greater if social housing met potential applicants' contemporary notions of relative or comparative need, particularly in some locations or building types;
- Wait lists disguise any ability to draw out subjective need as defined by personal experience or culture.

Section 2 discusses the politics of wait lists and the constraints this imposes on housing agencies, and reviews wait list management issues under headings of wait times, relationship with housing managed by other organisations (e.g. common wait lists) and segmentation of the wait list (including recent United States initiatives to pilot segmentation by willingness to participate in mutual obligation programs).

Some form of framework was necessary to organise the consumer information required of this study. Section 3 thus outlines a framework for understanding household decision making around residential choices, analysing the various decision making stages a potential public or private renter is likely to go through, with each stage providing ideas for the questions that will guide the survey. Section 4 then presents a brief outline of the main research methods to be used in the project.

Section 5 reviews and summarises two studies of wait list clients, by the Queensland Department of Housing (2000) and the New South Wales Department of Housing (2001). The major findings of the Queensland study of some 856 respondents were:

- Affordability and security of tenure are the main reasons respondents applied for public housing (p. 3);
- Respondents perceived that there are a range of negatives associated with public housing, including the size and amenity of the stock and the perceived stigma; however, they appear willing to accept these negatives as a trade-off for the perceived advantages of affordability and tenure security (p. 10);
- While waiting to be allocated a public rental dwelling, the majority of respondents live in the private rental sector. The data confirms high rates of mobility within this tenure form, with lessors' decisions to withdraw the property from the rental market, affordability and relationship breakdown as the reasons most commonly cited by respondents for their relocation decisions (pp. 7-8);
- The majority of respondents expect that, once allocated public housing, they will become long-term tenants (p. 11).

The New South Wales study of 800 respondents had a different focus, with much greater attention given to assessing whether those on the wait list were still eligible or not (79.6 per cent were). Perhaps reflecting different wording of the questions, affordability and security of tenure were not major concerns, as in Queensland, but overcrowding and condition of stock were important. The study also found that 42 per cent of respondents believed that they or another household member needed at least one form of support. It will be of interest to see whether the same findings hold across all jurisdictions and to what degree.

1. INTRODUCTION

This Positioning Paper reviews the issues and problems associated with entering assisted rental housing, both social and private. There have been a number of studies providing information as to who enters and resides in social or private rental housing (Wulff, Yates and Burke 2001; Maher et al. 1997). However, we know little about the motivations, expectations and problems that encourage or constrain households to choose one or the other of these sectors or what the unmet need for social housing is, i.e. to what degree do private renters value public housing and, if they are not on the wait list, why they have not applied. We know even less about turnover or churning in these sectors, or whether potential tenants' perceptions of the role of social housing agencies vary from jurisdiction to jurisdiction, and if so, why.

Acquiring such knowledge is important, given that the perceived form and quality of housing assistance is likely to be one of the factors affecting demand for the two rental sectors. The perceived positive qualities of the respective sectors and of different housing jurisdictions may be what explains their relative attraction, but the negatives such as poor stock, locational constraints, problem neighbours, perceptions of insecurity and insensitive management may be factors that deter entry and encourage exit from the respective sectors, and perhaps at different rates for social housing jurisdictions across the country. There are costs to the individual households, housing providers, workers and the community of unnecessary churning through the rental housing system and of housing needs being unmet.

The study methodology behind this Positioning Paper is one of client surveys. The main method is the survey of 12,500 wait-listed households and the same number on rent assistance, supplemented by a small post-occupancy survey of those who have recently accessed social housing. The study is in effect a consumer study. Parallel with this is another AHURI study (Burke and Hulse 2002) which examines the administrative and management issues in the allocation of social housing from the viewpoint of management and housing workers (effectively an organisational perspective). Many of the issues and problems that clients and housing agencies face are the same – meeting needs, achieving choice, minimising resource costs etc. – but they are typically viewed from different perspectives. The consumer and organisational studies should be seen in some respects as different approaches to the problem of rationing social housing.

1.1 Aims in Relation to Policy and Practice

This research project is designed to:

- Undertake a national survey of households on social housing wait lists;
- Undertake a parallel national survey of rent assisted private renters to determine motivations for choice of private rental over public or community housing and to measure unmet need for social housing;
- Undertake a pilot post-occupancy survey in the social housing sector in order to evaluate the usefulness and feasibility of such surveys;
- Determine the extent of 'churning' in rental housing, awareness of alternatives (e.g. community housing) and the degree of multiple listing in public and community housing.

Through the achievement of these tasks, the study will provide new data on clients' aspirations and needs for the two major forms of housing assistance in Australia: social housing and rent assisted private rental.

Low income/high housing needs groups in Australia potentially have three broad options for housing assistance: public housing, community housing and rent assisted private rental. The reasons for their choice are likely to be some combination of past

experience, current knowledge (or lack thereof), housing availability, and assistance in decision making by information and referral agencies or support groups. Between state and territory jurisdictions, it might be shaped by perceptions of policy (e.g. degree of priority allocation), perceived stigma, or just difference in the size of stock (e.g. South Australia's high stock availability vis-à-vis Queensland's low). However, the reality is that we simply do not know who goes into what sector and why, and the degree to which their decision is one of choice or constraint. Acquiring such information could have important policy and practice implications for:

- Determining the degree to which client choice versus security and affordability are factors shaping housing assistance decision making. This is important in the design of housing assistance programs and in attempting to provide better client service in management practices, e.g. allocations;
- Determining differences between clients demanding social housing compared to private rental, and identifying the factors shaping that difference. This is important for both allocation practices and policy and asset management decisions, as well as for a better understanding of the roles of public versus community housing: to what degree are they attracting the same client base, and what is shaping applications to one or the other?;
- Determining the role of dwelling versus location in housing assistance decision making (also issues of tenancy management). This is of importance in terms of issues such as the scale of the areas in which households are offered a dwelling, i.e. the degree of broadbanding. It is also of importance in terms of asset management decisions, e.g. what stock should be built, renovated or demolished;
- Identifying interest or lack of interest in tenant participation, and the reasons for this;
- Determining the relevance of existing information and referral processes for social housing. Where do people obtain information to enable an informed choice? Do those who access support services get into the system more easily (and perhaps unfairly) than those who do not?;
- Evaluating the importance of allocations and reapplications in affecting the sustainability of a tenancy. Churning of tenants through the systems has costs to the tenant and the affected agencies;
- Identifying whether there are differences in the perceived roles of social housing jurisdictions across the country. Do different client groups apply for public housing in one state compared to another because of different public perceptions about stigma, targeting, location or stock problems?;
- Determining capacity for policy and management reforms for different types of client. A wait list survey can be used to get information on attitudes to reforms of management practices by asking potential tenants their views, e.g. willingness to pay rent premiums for certain properties or locations, to accept shorter tenancies under certain conditions, the need for more or less targeting etc.

The study is, in short, a method for identifying problems and issues in social housing management, and getting some assessment of unmet housing need for social housing from those currently in the private sector.

2. THE POLICY CONTEXT AND POLICY ISSUES

The Australian public housing sector is relatively small (around 5 per cent of stock) with eligibility tightly targeted; applications are confined to those receiving social security benefits, while for priority allocation a range of other criteria (e.g. homelessness, domestic violence) are necessary (Burke and Hulse 2002). Once accepted, applicants go onto a general wait list or priority list and are allocated via a system which will vary subtly from one jurisdiction to another. They apply for a specified area with the knowledge that, once allocated a property, they will pay a rent of the order of 23 to 25 per cent of income.

By virtue of the small size of this public sector, most low income and poor households cannot live in public sector housing and thus live in the private rental sector, which accounts for around 23 per cent of the Australian stock (ABS 2002). Rent assistance (RA) is paid to private renters who receive a social security benefit and are paying more than a certain amount for rent, lodging or fees for a caravan site or other accommodation that is the principal home. In September 2002 the maximum RA payment was as per Tables 1 and 2. No RA was payable if fortnightly rent was less than \$81.60 (no dependent children) or \$107.52 (with dependent children). Above this threshold it was paid at a rate of 75 cents for each dollar of rent paid per fortnight up to the maximum payment. These conditions mean there is no variation for different housing market circumstances, thus responses to questions on affordability in the survey may differ depending on the state or territory and the nature of the housing markets therein. RA is only available to private renters, not to public tenants or home owners.

Table 1: RA Rates with No Dependent Children

Situation	Maximum payment per fortnight	No payment if fortnightly rent is less than	Maximum payment if fortnightly rent is more than
Single, no dependent children	\$92.00	\$81.60	\$204.27
Single, sharer, no dependent children	\$61.33	\$81.60	\$163.37
Couple, no dependent children	\$86.80	\$133.00	\$248.73
One of a couple who are separated due to illness, no dependent children	\$92.00	\$81.60	\$204.27
One of a couple who are temporarily separated, no dependent children	\$86.80	\$81.60	\$197.33

Table 2: RA Rates with Dependent Children

Family situation	Maximum payment per fortnight	No payment if fortnightly rent is less than	Maximum payment if fortnightly rent is more than
Single, 1 or 2 children	\$107.94	\$107.52	\$251.44
Single, 3 or more children	\$122.08	\$107.52	\$270.29
Couple, 1 or 2 children	\$107.94	\$159.18	\$303.10
Couple, 3 or more children	\$122.08	\$159.18	\$321.95

Source: <http://www.centrelink.gov.au/internet/internet.nsf/payments/rent_assistance.htm>

RA is not paid to anyone who:

- Pays rent to a government housing authority (although in some situations sub-tenants may qualify);
- Resides in a Commonwealth funded nursing home or hostel;
- Is a single disability support pensioner under 21, without dependents, living with parents;
- Is under 25, single and living with parents;
- Receives Austudy and have no dependent children.

Special rules apply to single sharers, people who pay board and lodging, and residents of retirement villages. Where both members of a couple without children receive a Centrelink payment, RA is shared. Where there is no formal written tenancy, rent certificates are required as verification (see <http://www.centrelink.gov.au/internet/internet.nsf/payments/rent_assistance.htm>).

For clients weighing up the relative attraction of each of the two rental sectors where assistance is available, there is a very different set of perceived advantages, as outlined in Table 3. This has been compiled from a number of documents and reports that have canvassed the respective qualities of the two forms of assistance, including Industry Commission (1993), Maher et al. (1997), Ecumenical Housing (1997), Yates (1996, 1997) and Hulse and Burke (2000). Part of the objective of the client surveys is to get some assessment of which of these have greater importance, and which type of clients may value some factors more than others.

Table 3: Public Housing Versus Private Rental: The Advantages for Potential Clients

Public rental	Private rental
Affordability More affordable than private rental, even with RA, because of the income related subsidy.	Choice Greater choice of dwelling (size, quality, location). Clients can choose their own standards and make their own trade-offs between, say, price and quality, or price and location.
Location and need Public housing is provided where there is need (albeit in small numbers), whereas low cost private rental is only available in certain locations.	Flexibility Assistance is not tied to housing and is therefore flexible to changing circumstances, e.g. tenants are not trapped in declining areas.
Security Greater security of tenure – cannot be evicted at landlord's discretion.	Addresses lack of income RA directly confronts the main problem facing low income households, i.e. lack of income.
Non-discriminatory Better controls against discrimination by indigenous status, gender, household type, ethnicity or disability.	Non-bureaucratic management Frees tenants from controls of public landlordism.
Support Clients may be more easily able to get support to maintain tenancy.	Fewer entry hurdles Clients do not have to meet a whole range of eligibility criteria to gain housing.

While this study is about clients' perceptions and practices of entering social housing and private rental, it has a particular orientation towards understanding the decision to enter social housing and whether there is unmet need for public housing in the private rental sector. In terms of policy, the emphasis is therefore on issues of queuing in social housing (i.e. wait lists and times) and on managing wait lists in a context of stock

scarcity. This policy section therefore largely concentrates on the analysis of the meaning of wait lists (what do they tell us about performance?) and how they are managed, which may in turn affect how many and who applies for social housing. The ideas and information for the following section derive from the limited literature, but mostly from the author's involvement with some seven hundred housing workers over the last decade as part of the teaching of Swinburne's Graduate Certificate in Housing Management and Policy, as well as running professional development programs for a number of SHAs on allocations principles and policy. For a number of years, as part of the course assessment, students had to write a critical and applied evaluation of the problems of managing wait lists and of appropriate allocation policies.

2.1 Wait Lists and Need

What do wait lists tell us about need? This requires some discussion of the concept of need and inevitably this takes us back to Bradshaw's (1972) now classic taxonomy. Bradshaw distinguished between four types of need, all of which have relevance to understanding social housing wait lists. His first type of need is normative, i.e. that defined by some normative standard, e.g. that housing costs should not exceed, say, 25 per cent of income, or that persons are entitled to a certain minimum amount of bedroom space. Eligibility criteria are a form of normative need as they suggest that anyone who does not meet them is either not in need or has a lesser need. His second type is felt need, i.e. what the individual subjectively sees their needs are. These will differ greatly and will in effect be 'wants', i.e. what people want. The third type is expressed need as measured via demand for a service, whether in the market or client application to a public service. Here the problems are that a client's demand or need is actually shaped by the availability and the attributes of the services available. If there is no service and nobody can express a demand, is there no need? The fourth type is a comparative one where need is defined in relation to what other people have or are entitled to. Both this definition and the second (subjective need) emphasise personally and culturally defined meanings, whereby the picture an individual or group has of themselves in relation to others moulds their image of need. Thus, if housing standards in the market keep increasing, then people's awareness of these standards, however poor the people may be, means changing expectations of what is acceptable housing. Public housing built to contemporary standards in the 1950s or 1960s may not meet people's comparative notion of need today.

This review of different notions of need and the problems with them suggests something of the problems of using wait lists as a measure of need:

- Wait lists are a measure of the operative eligibility criteria. Change the criteria, which makes more or less people eligible, and the level of need as defined by these criteria alters. But judged by other normative criteria, e.g. some measures of affordability or appropriateness, there might be considerable unmet need for social housing that cannot be expressed;
- An inability for potential clients to express need may be because of the constraints of eligibility, lack of information (are all those who are potentially eligible aware of the various housing assistance options?), or an assumption that there is no point because wait lists are so long. Conversely, the sheer length of time taken to house many applicants means their circumstances may change in the meantime, but they neglect or forget to remove themselves from the wait list, and expressed need is thus overstated;
- Measured need may also be greater if social housing met potential applicants' contemporary notions of relative or comparative need, particularly in some locations or building types. Certain areas, neighbourhoods and buildings (e.g. walk-up flats) develop reputations which do not fit most people's ideas of a quality living environment. Wait lists for such housing may be low, not because

of any lack of need as defined by a normative standard, but simply because people will not apply for housing which is perceived to be below comparative standards;

- Wait lists disguise any ability to draw out subjective need as defined by personal experience or culture. This was not seen as a great problem in the early years of public housing, nor even to any real degree at the time when Bradshaw was developing his taxonomy. But, since then, major social changes have created greater diversity of household types and of cultural background of clients, and of society's willingness, tolerance and desire to accommodate diversity of needs. Wait lists tell us something about numbers (but to what degree of accuracy is questionable), but nothing about the subjective housing needs of people on these lists. Such knowledge is important to good client service, whether that is simply at the worker/client interface or in the actual provision of a dwelling.

Wait lists and wait times in the public sector are not just a measurement and administrative issue but also a political one. Opposition political parties, irrespective of ideology, often seize on long wait lists or wait times for public services in order to make a point about failures of government policy. They are used as a symbol that either the government is not providing enough assistance (not enough is being spent on public housing) or the assistance that is being provided should be better managed (assistance should be better targeted). Whatever the reason, wait lists are a politically sensitive issue. Yet, as the discussion above would suggest, the reality is that long wait lists or wait times are not accurate indicators of the adequacy of spending on social housing or how well the system is managed. They could be measures of either of these problems, or alternatively they could be measures of the opposite. A generous and well managed public system might attract more clients and therefore have longer wait lists. For example, a study in the United Kingdom found that regular updating on the wait list (seen as good practice by the study) resulted in an increased flow of applicants (Bramley 1989: 25). A mean and badly administered system might have fewer new clients and short wait lists.

Thus a larger social housing system will not necessarily address the problem of large wait lists overall, although it may have effects for particular estates and areas because it may enable greater locational choice. A 1994 Scottish study on housing association and public authority wait lists revealed that the aggregate wait list was in excess of 50 per cent of total housing stock, with only a 14 per cent probability of applicants being housed within a year (Kearns and Malcolm 1994). By contrast, as Table 4 shows, Australia has an aggregate wait list equivalent to 58 per cent of all stock, not greatly different considering the huge differences in relative stock sizes (24 per cent in England, 5 per cent in Australia). Taking into account annual vacancies in Australia compared to wait list size, the probability of being housed within a year would be around 20 per cent, actually better than the United Kingdom situation. Thus a larger social housing system in itself may not affect wait length or times.

Table 4 shows the absolute and relative size of the public housing wait list in Australia. New South Wales has the largest in total size and the largest relative to total stock (77 per cent). But illustrating something of the problems in interpreting the meaning of wait lists, South Australia – with the largest public housing system relative to all tenures of all the states – nevertheless has the third largest wait list, both absolutely and relative to stock size. Tasmania and the ACT, with similar stock sizes, have very different wait list outcomes. The Final Report to this study will document wait lists and wait times (where available) for the last decade. Table 4 also shows the proportion of 'greatest need' allocations, identifying the very different situations. South Australia, New South Wales and Victoria, with segmented priority wait lists, have the highest proportion of 'greatest need' allocations, while Queensland and the Northern Territory have the lowest.

Table 4: Social Housing Systems in Australia, by State, 1999-2000

	NSW	Vic	Qld	SA	WA	Tas	ACT	NT	Aust.
Public housing stock	127,357	65,996	50,662	53,485	32,697	13,405	11,758	7,451	362,967
Households on public wait list	98,337	40,969	23,924	30,991	11,869	1,536	3,360	2,055	213,041
Wait list as proportion of stock	77.2	62.0	47.2	57.9	36.2	11.4	28.5	27.5	58.6
'Greatest need' allocations as proportion of all	39.1	38.9	3.7	44.9	16.8	22.8	26.2	10.1	27.0

Source: Steering Committee for the Review of Commonwealth/State Service Provision (2001)

Table 5 shows the wait list for the last decade or so and shows that the list is higher than in 1991 despite greater targeting and some restrictions on eligibility occurring in the mid to late 1990s. The wait list peaked at 236,667 in 1996, the year in which changes to eligibility began to occur as a result of targeting requirements in the 1996 Commonwealth State Housing Agreement. This had the effect of making more households ineligible but also may have encouraged others to leave the wait list as with an emphasis on priority application wait turn applicant in many state effectively had no chance of being allocated within reasonable time frames.

Table 5: Applicants for Public Housing Who Are Waiting to Be Housed

End of financial year	Total number on state and territory public housing wait lists
1991	202,300
1992	216,340
1993	232,200
1994	235,370
1995	234,670
1996	236,240
1997	221,400
1998	217,180
1999	213,930
2000	213,040
2001	221,310

Source: Housing Assistance Act 1996, *Annual Reports*, 1997-98, 1998-99; SHA annual reports

2.2 Managing the Wait List

As this study is largely one of households on the wait list for public housing, it is important to review the wait list management issues that may have relevance for how potential clients perceive social housing, and the different eligibility and wait list processes of jurisdictions and agencies. Problems with this process may be a factor why some people do not apply for social housing, why some only apply in particular locations, why some remain on the wait list when their housing need has changed, and why some jurisdictions have more applicants than others.

Some of the observations made in the following section derive from the experience of one of the authors as a senior manager in two SHAs, including as the author of various internal reviews on client service. Some derive from the other author's experience in running over a dozen professional development workshops for client service officers in the Victorian Office of Housing in 1997-98, designed to identify officers' experiences with wait list management and allocations processes.

2.3 Wait Times

Having established their eligibility and having been allocated a place on the wait list, households normally have to wait for an offer of housing, given the shortage of stock in relation to need. This waiting time may vary from a few days (particularly in the case of a priority applicant) to several years, depending on their position on the list, the availability of housing and the claims of other applicants. For those states with high proportion of 'greatest need' allocations, it can mean very long wait times for 'wait turn' applicants; conversely, 'wait turn' only can mean major housing problems and stress for 'greatest need' applicants as they effectively have no priority status. A Queensland Department of Housing (2000: 10) study of a sample of its clients suggests that they are certainly aware of the wait list times in different locations, although whether this had any impact on applications was not explored. It is one of the foci of this study, however.

The long wait times in some areas raise a number of problems for those on the wait list and also for housing agencies. To have a large number on the list with only a remote chance of allocation may be seen as poor client service; on the other hand, a 'non-active' wait list is important for getting some assessment of need in a region or area vis-à-vis others. In similar contexts in the United Kingdom, it has been recommended that the wait list be closed to applicants whose probable year of offer was beyond some nominated period, e.g. seven years (Kearns and Malcolm 1994: 7). Alternatively, the wait list could be closed to anyone who was not prepared to accept some restrictions on choice, e.g. location or type of dwelling. Estimates in the United Kingdom suggested that the former practice would reduce wait lists by over one-third, and the latter by over a quarter (Kearns and Malcolm 1994: 8). Whether perceptions of wait time are a factor in affecting demand for social housing generally or for specific locations is explored in the client survey.

2.4 Relationship with Housing Managed by Other Organisations

Another issue, which can both reflect and shape households' social housing choices, is the existence or non-existence of common wait lists. Parallel with the growing diversity of clients over the last decade, there has been a growing diversity of housing providers or managers. Thus, whereas the first four decades of social housing in Australia were essentially an era of public housing provision, with one source for housing application and one wait list, today there are many providers that a household could potentially apply to and therefore multiple housing agency wait lists. With some exceptions, e.g. New South Wales, there has been little attempt to look at the linkages between these arrangements from the point of view of potential clients and the streamlining of wait list systems. The resulting complexity may lead to confusion and bewilderment at the time of housing search for clients and housing agency staff alike, or it may mean that some clients are only aware of the largest provider, i.e. the State Housing Authorities (SHAs). Potential clients may have to register with a number of organisations; they may have inadequate information about their choice between different types of housing provision and management and there may also be equity considerations, as different arrangements in different agencies may mean households in similar situations are treated in quite different ways.

One solution is a common housing register (CHR) for social housing providers. This is a list of all those registering their housing need, usually in a defined geographical area.

Ideally it should comprise a database with access for as many landlords in a geographical area as deemed appropriate. Appropriateness could mean only social landlords, but it could also mean not-for-profit private providers if so interested.

Probably the major user of CHRs is the province of Ontario in Canada. Toronto Social Housing Connections, for example, manages a wait list for the Toronto housing authority and over two hundred community housing agencies and private non-profit providers (letter from Hierlihy, D., project manager, Toronto Social Housing Connections, 31 Aug. 1998; Ontario Ministry of Municipal Affairs and Housing 2000). The register was developed in response to a provincial government directive to housing agencies to create a coordinated access system for social housing in the province. Attributes of each of the agencies and available stock, the locations of stock, bedroom sizes for each dwelling and wheelchair accessibility are logged on a centralised database, giving potential clients a 'one stop shop' for all social housing provision. Applicants can go on a wait list for a specific building, and thus there is no single wait list but a multiplicity of building-specific wait lists. In Toronto, however, a specific building is typically an apartment block or high rise development, not a detached house. The wait list is for a dwelling within a specific apartment, not an individual dwelling.

The housing provider who manages the property for which a person is on the wait list handles the actual allocation; normally a date order list is used, although some have a priority system. In addition to details on individual properties, the register also subdivides Toronto into fifteen zones and provides information about each zone in terms of such things as support services, vacancy trends, average range of time people have to wait for a unit, approximate market rents (where charged) and other neighbourhood services.

There are also CHRs in many local government areas in the United Kingdom. This can be a wait list for everyone within the area who wants social housing, whether managed by a housing association or the local authority, or it can be a list of just housing associations not necessarily bound by a local government area (Scottish Executive 2002). The CHR contains applicants who may qualify for all or just some of the social housing providers, because each provider may have different eligibility criteria. It operates alongside the normal register for local authorities, and does not mean that everybody is chosen from the list.

Typically, a CHR has three core elements:

- A common application form;
- A centrally maintained database of applications;
- A facility for some or all participating landlords to access the database remotely.

It may also have:

- A facility for applicants to submit applications through all participating agencies;
- A facility for reordering the central data according to different allocations policies;
- A common needs assessment process;
- Common home visit arrangements;
- Central provision of performance information.

2.5 Segmentation of the Wait List

In practical terms, housing agencies – particularly the larger ones, such as SHAs – do not have one wait list, but many (Burke and Hulse 2002). After eligibility has been determined, applications are categorised by household type, preference for housing

type and preference for locality. These categorisations are needed to ensure the most efficient use of rental properties and to best match available housing to clients' preferences. Segmented wait lists in Victoria, South Australia, New South Wales and the ACT effectively divide a priority system into four different priority segments, requiring decisions as to how many dwellings are to be allocated to each, while Tasmania has a priority points system without segments. Other states and territories still have a straight wait list system. It will be interesting to see whether the different systems affect potential tenants' responses in any way.

A housing agency segments its wait list in order to match the household with an appropriate dwelling type and location. The individual household needs to know more than just that they are on the wait list. They want more specific information so that they can make plans, for example, about the schools their children will attend, employment opportunities or relationships with friends. The categorisation of type and size of accommodation and area of choice are outlined in more detail below.

Size and Type of Accommodation

Eligibility for size and type of accommodation has usually been determined by the housing agency, with the household having little or no choice. In applying these guidelines, agencies may have to make judgements about details of people's lives, such as whether boys and girls up to a certain age can be expected to share bedrooms, or the age at which a child requires their own room. Assumptions have also been made about suitability of accommodation for some households, particularly those with children, and about the size of household that should occupy a certain housing type. Some agencies have had detailed 'practices' concerning the allocation of children, elderly persons and people with disabilities to flats, including the level of accommodation seen as appropriate in multi-storey flats.

Sometimes housing agencies have stuck literally to allocation entitlements, rather than using them as a tool in rationing. For example, staff may be reluctant to allocate accommodation larger than a household's entitlement for fear of so-called under-utilisation, even when the wait list for this type of accommodation has been significantly shorter. In this case, smaller households have been disadvantaged by an unduly rigid interpretation of allocations guidelines. Often the only opportunity a client has for indicating preference for accommodation type or size is on an application form. Housing agencies may use words to describe their accommodation which have a specific meaning to them (for example, villa, town house, attached house) but may not be readily understandable by applicants. In fact, from the client's point of view, there may be particular reasons for exercising some choice in accommodation type and size, for example:

- Need for flexibility in housing size (non-custodial parents with visiting children under access arrangements, visiting grandchildren, parent fighting for custody of children);
- Medical reasons affected by building layout or materials, heating type etc. (capacity to deal with stairs, chronic illnesses such as asthma, phobias);
- Pet ownership (companionship, security);
- Security of accommodation (threats from ex-partner).

Decisions at the housing officer's discretion on whether to see any of these client concerns as legitimate form part of the informal allocations process of wait list management. Where there has been no attempt to assess circumstances in detail at the time of application, as happens under some date order systems, relevant client concerns may not arise until an offer of accommodation is made. Client preferences for housing type or size may first emerge as a refusal of an offer of housing, and this is one of the reasons for including in this study a post-occupancy survey. This will enable

comparison of expectations of factors such as dwelling and location with the reality of the offer.

There are strong reasons for establishing client needs for particular accommodation types and sizes as soon as possible, to avoid households waiting for long periods and then discovering that they have been placed in an inappropriate segment of the wait list. This can be done by phone or personal contact after application or by subsequent questionnaire. Whatever means is used, applicants should be reassured that, in answering questions about their need for particular accommodation type or size, they are not being tested on their eligibility for housing.

Choice of Area

Housing agencies give clients some choice about the area in which they will be housed. From the clients' point of view, this is a critical determinant of many aspects of their lives, just as it is for private sector clients, in terms of access to employment, transport, schools, health care, family and friends etc. An applicant's choice of area is important to housing agencies in two main ways:

- Housing planners want to know where applicants would like to live, as it provides information for decision making on the acquisition of housing and disposal of older housing;

Housing managers want to know in which of the areas where there is currently public housing (or new housing in the next year or so) applicants want to live.

Both types of information are important to the housing agency and need to be elicited with care. The dual use of this information leads to dilemmas, including whether applications can be registered for areas where there is currently no housing and, if housing is provided in a new area (not previously available as a choice), who should get it.

Clients need to make an informed choice of the area(s) in which they will accept housing. Good information is required for them to make their own trade-offs between acceptability of area, often associated with accommodation type, and likely waiting time.

Segmentation of the wait list by nominated area is a critical determinant of waiting time and needs to be clarified early to avoid unreal expectations, unnecessary waiting or refusals. A reoccurring concern in social housing management is the effect of providing information on likely waiting times. These are estimates only, and depend on a number of factors including the rate at which existing clients leave public housing. There is often a reluctance to give an estimate in case this proves to be inaccurate. There are also more specific concerns. For example, there may be fears that small country towns surrounding major metropolitan centres will be 'flooded' with metropolitan applicants if waiting times are seen to be much shorter or if there is a prospect of better housing. These fears may stem from a combination of parochialism ('their' housing going to 'out of towners'), stereotypes about public housing clients, and concerns about the capacity of smaller communities to cope with additional demands on their services. In the private market, however, households make such decisions for themselves, based on available information.

Housing agencies have long struggled with the definition of areas seen as legitimate for choice. From the client's point of view, they may wish to live in a particular street, neighbourhood, estate, suburb/town, group of suburbs/region or wider area, depending on their circumstances. Definition of areas of choice has both administrative and political dimensions. As housing agency performance is usually measured by demand not met (wait list or waiting time) rather than demand met, there may well be pressures for applicants to select within a wider (broadbanded) rather than narrower area. The tighter the area of segmentation, the more clients can avoid perceived problem areas, for example, where housing may not be in good condition, may not be as modern or

where there are problem households or poor service accessibility. The problem may exist in the context that, while one part of a municipality or town has a long wait list, another has empty dwellings. The narrow definition of area of allocation prevents an agency from allocating households to the latter area. Recognition of this problem has made broadbanding – widening of the area of choice – a more popular policy procedure in recent years, with the objective of getting more people into housing quickly and filling less popular housing and locations (an asset efficiency issue). However, the procedure potentially comes at a cost of client choice, and the survey for this study hope to test whether this is perceived to be the case.

Some housing managers in some areas may fear that ‘allowing people to be too choosy’ will inflate wait lists and waiting times unduly. This may be allied with concerns about the cost and practicality of providing housing in certain areas where only a narrow choice is permitted. In the operation of priority access schemes, there may be even less choice of area. Whilst this may reflect realities of stock availability, there may also be an underlying attitude that those whose circumstances mean that they are unable to wait should have further restrictions placed on their choice. At its most extreme, this has sometimes meant that willingness to accept highly restricted choice for priority access clients is a test of how genuine their urgency of need really is. People who accept such housing under stress may subsequently find that there is no kin or friend support, no access to services, and they are stigmatised in the local community. There is then a risk that they will move within months and accentuate, rather than become the solution to, a problem area.

Sustainable Communities and Ghettos

The concept of ‘sustainable communities’ acknowledges that an estate or development must have certain qualities for it to be sustained as a functioning and livable area. These include relative stability of population, demand for local housing, low levels of crime and violence, and mix of housing tenure and household types. It is not hard to see how allocations can affect this if their outcomes mean a concentration of multiply disadvantaged households, high turnover of population as many tenants are unable to maintain their tenancy, and lack of demand as potential tenants refuse to go to areas that are perceived to be problematic. Areas with the latter attributes often get a stigma, and their public visibility – particularly when given media coverage, e.g. the ‘60 Minutes’ expose – can stigmatise public housing more generally. In turn, this may deter some potentially eligible households from applying for social housing. The survey accompanying this study explores issues of stigma and perceptions thereof.

In recognition of the role that targeted allocations systems have played in creating ghettos, a number of United States housing agencies are now piloting site-based wait lists (HUD 2002). These are not for general public housing, but for housing which has used both public and other funding sources, i.e. public/private partnerships. The major objective is to ensure that there is a wider range of income groups and household types on the wait list than conventional public housing applicants. The system varies for each community and local circumstances, as well as the goals of the public housing agencies. Some of the systems, which may be used alone or in combination, are:

- Sorting by income tiers. The agency may establish a goal of renting 30 per cent of the units at a particular development to households with between 60 and 80 per cent of average income for the area, 30 per cent to households with between 30 and 60 per cent of average income, and the remaining 40 per cent of the units to households with below 30 per cent of average income. It establishes a site-based wait list in which applicants are sorted by the same income tiers to increase the likelihood of achieving the desired income mix;

- Preferences. This allows the agency to prioritise residents who have particular characteristics, for example, heads of household who are employed or in job training may move forward on the wait list ahead of others;
- Sorting by ranking, not in terms of need as in Australia, but by demonstrated capacity for self-sufficiency. The agency may rank applicants by assigning weighted preferences based on a variety of characteristics such as employment history, being in a job training program, or being enrolled in an education program. Here the objective is to send a signal to those potentially entering public housing that there may be options if they are willing and able to participate in what we would call in Australia some form of mutual obligation activity. It should be stressed that this is a pilot being used for a relatively small number of dwellings, and alternative entry points to public housing are available to others who cannot fulfil the above criteria.

Changes in Household Circumstances

Households' composition and needs may well change while they are waiting for public housing, particularly if there is a long wait. Some of the common changes are:

- Additional children;
- Death of family member;
- Family breakdown;
- Two families combining;
- Changes in custody and access arrangements for children;
- Illness or disability of family member;
- Change in income (for example, through unemployment);
- Change in housing situation (for example, notice to vacate private rental housing or mortgage sale);
- Move to another area.

This may require either reassessment of urgency of need or a change in the housing type or area requested. Housing agencies may have regular means of picking up such changes (for example, through questionnaires) or they may wait until an offer is imminent. They may rely on contact by applicants, who may not understand the significance of household changes to position in a segment of the wait list and may not notify changes to the agency. In order to be fair to tenants, it would seem important to provide a systematic way of giving households the opportunity to update information held about themselves which may affect their housing chances, for example, change in household circumstances. The Queensland Department of Housing (2000: 12) study found that over 70 per cent of wait list clients had some contact with the department while on the wait list, although the bulk of contacts were client initiated.

There is considerable potential for informal rationing occurring in relation to applicant changes while waiting to be housed. Many judgements may be made about changing the status of applications, penalties for 'non-contact' and decisions on reviving applications. For example, when a household separates while waiting for housing, do both new households retain their place on the wait list, or only one? Where there is a court battle for custody of children, how do housing agencies treat the applications of one or both partners? If households do not contact a housing agency about a decision to remain in private rental or move to ownership, then, in the absence of some form of monitoring, wait lists will always exaggerate the degree of need.

Rehousing of Previous Tenants

This is often a contentious area. While previous tenants usually meet eligibility criteria, their acceptance for rehousing may be made conditional on prepayment of debts such

as rental payments, excess water payments, maintenance/damage charges and legal fees. In some cases, previous tenancy history may also informally be taken into account, including behaviour of visitors rather than tenants themselves. These issues are likely to come to a head when there is urgency of need for rehousing, but conditions and informal assessments may also determine the progress of date order applications. Housing agencies may need to clearly articulate the link they see between debt and need, and to develop clear guidelines so that previous tenants know what can be expected. They must work through the practical implications if they see themselves as 'last resort' housing.

There is a trend overseas to have exclusion principles for the types of behaviour suggested above (Papps 1998; Nixon, Hunter and Shayer 2000; Gray 2002). However, such policies create the potential for problems somewhere else. A person excluded from public housing may become an applicant for community housing and, if excluded from there, may end up in the SAAP system, soon to be presenting as a priority case.

There is also evidence from a small Queensland pilot study of people entering public housing that a good minority are former public tenants who left because they could not be reallocated a better property under the current system (Queensland Department of Housing 2000). Rather than live unhappily in the current property, they exited and reapplied, which is a costly churning process for both housing agencies and clients. The survey part of this study will attempt to measure the incidence of this problem.

3. A MODEL OF RESIDENTIAL HOUSEHOLD DECISION MAKING

Some form of framework was necessary to organise the consumer information required of this study. This section outlines such a framework and relevant literature. The research on the decision making process about entering public rental housing and the choices households make between public and private rental can be located in a long tradition of economic and geographical-demographic research on household choice about tenure and location, typically categorised as residential mobility research. Housing economics has largely concentrated on price and income elasticity (responsiveness of consumers to changes in incomes or relative prices as affecting choice), while geographers/demographers have placed greater emphasis on actual behaviours as shaped by lifecycle stage, household structure and environmental conditions, e.g. awareness of space and local community (see Dieleman and Everaers (1994) and Clark and Dieleman (1996) for a summary of United States literature on housing choice theory and analysis).

United States residential mobility literature tends to have different attributes to much British and European literature (Strassman 2001), with Australia tending to draw on both. United States literature is much more market economics based (even in non-economic disciplines such as geography or demography) and concentrates on consumer choice largely as unconstrained except by market processes, mainly price. European literature concentrates much more on institutional constraints, including government regulation, as factors shaping consumer choice.

As time has gone on, the United States literature has become ever more premised on a faith in the consumer/market interaction, unfazed by other processes. Indeed, as one United States economist wrote, institutional processes such as government interventions of various kinds could be ignored as 'to a policy maker interested in broad trend over time and space such detail is unnecessary...but also distracting' (Arnott 1987: 985, quoted in Strassman 2001: 13). However, not all United States residential mobility literature has degenerated into abstract neoclassical analysis, and a number of useful studies, like much of the British literature, look at institutional factors such as race, poverty and social exclusion as factors constraining and directing residential choice (see Kingsley and Turner 1993).

Most studies, irrespective of discipline, have focused on the choice between ownership and private rental or between different locations (mobility analysis), and tend to have two common and related underlying assumptions. The first is that choice is the dominant behavioural motivation, meaning that constraint factors are given relatively less attention although, as indicated, European literature does acknowledge institutional barriers of poverty and social exclusion. The second is that household decision making is largely played out in the private market, and therefore the role of bureaucratic rules and procedures of social housing agencies in affecting and constraining decision making is relatively neglected. The incorporation of institutional factors into the equation does not alter this observation as these are typically applied to private market decision making of owner-occupiers and private renters, not those seeking public or community housing. Research on the decision making of social housing tenants is limited, but has not been completely neglected. A major contribution to the residential mobility and public housing literature by Pawson and Bramley (2000) examined the stock turnover of public housing in England over a twenty year period to get a better understanding of the motivations of those entering and exiting the system. The study was particularly interested in rising relet rates in public housing, finding a number of explanations, some of which could have relevance to Australia. Others were, however, British specific. The former included that those entering social housing were getting younger, and this group was more mobile and willing to move though public housing, while at the other end of the age spectrum many were getting older and exiting more rapidly by virtue of death or

illness. Many households were, however, choosing to not enter public housing and to go into, or remain in, private rental (or exit into private rental), but this was only because the nature of British housing benefit meant that financially there was no difference in affordability after the receipt of the benefit between the two sectors (Pawson and Bramley 2000: 14).

As such studies illustrate, those entering social housing still make choices despite eligibility rules and the constraints of allocations policy and practices, and it is interesting to understand the reasons and the implications. The obvious point to make is that they are income driven, i.e. being poor, they cannot afford private market housing, but in reality not all poor people apply for social housing, and some who cease to be poor choose to remain in social housing. Similarly, a sizeable minority of social housing tenants, for whatever reason, despite remaining poor, choose to drift back into the private rental sector. Entry into social housing is thus more complex than it may appear on the surface.

As suggested above, entering public or private rental has not attracted a great deal of research, the publications of Maher et al. (1997) and DSS (1996) being exceptions. The Australian Housing Survey (ABS 1999) reveals that there are somewhat different patterns of household occupancy for the two tenures (see Table 6). For both groups, sole persons are the largest household type, with public housing having a much higher proportion (39.9 per cent) than private rental (27.8 per cent). Public housing has almost twice the proportion of sole parents (24.9 per cent, c.f. 12.0 per cent), while private rental has larger proportions of couples only, couples with children and group households. However, who is demanding private rental generally and who is on RA (the foci of this study) are not necessarily the same. As the Steering Committee for the Review of Commonwealth/State Service Provision (2001) documents, some 50.1 per cent of RA recipients are singles (with 16 per cent in some shared arrangement), and 21 per cent are sole parents. These percentages are almost twice as high as in private rental generally. Other household types are thus proportionately lower.

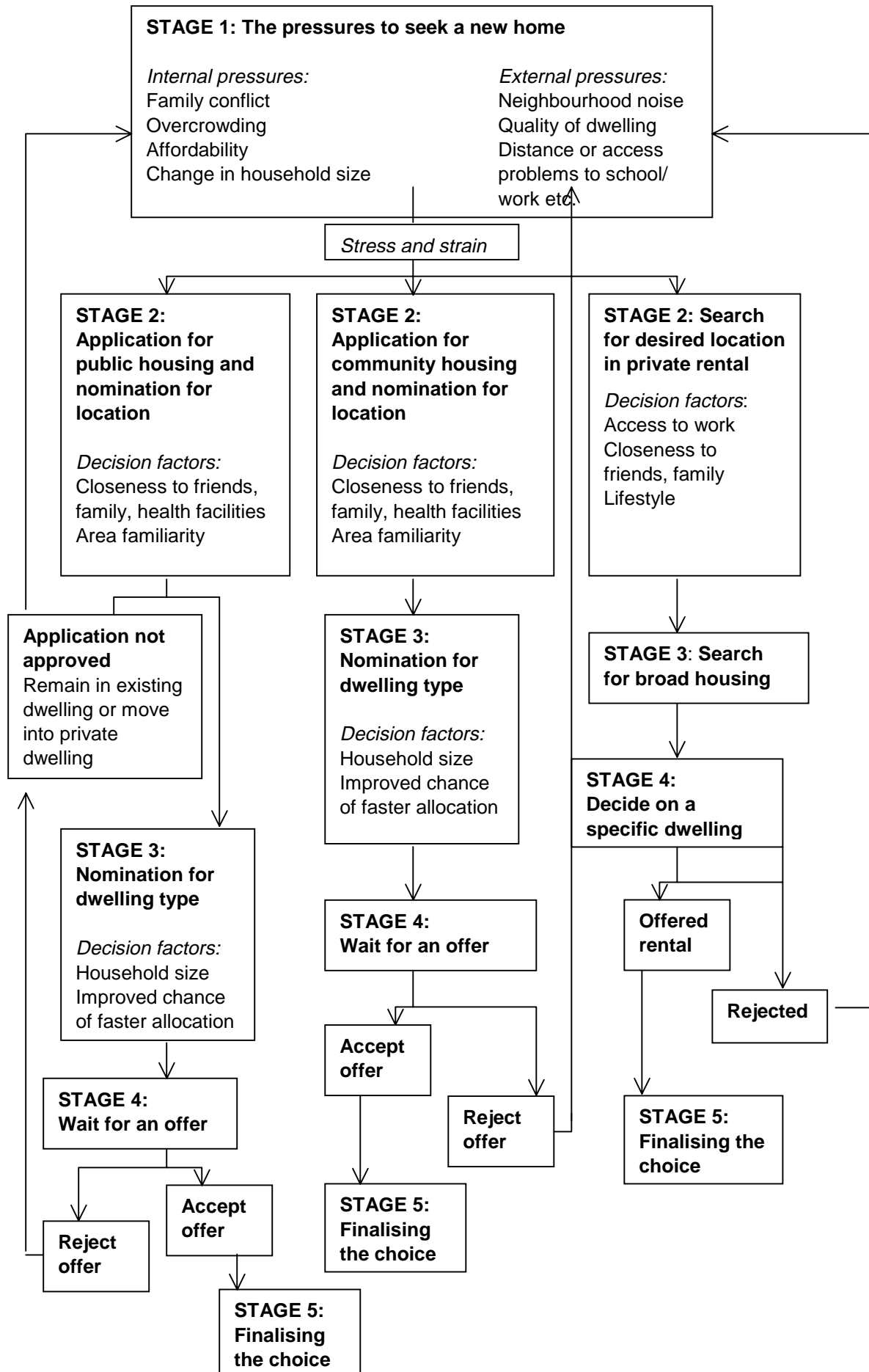
Table 6: Household Type by Public and Private Rental, 1999

	Private renters	% private renters	Public renters	% public renters
Couple only	232,546	17.1	49,605	11.0
Couple with family	306,990	22.5	76,296	17.0
Sole parent	163,837	12.0	112,228	24.9
Other family	99,767	7.3	21,557	4.8
Sole person	378,298	27.8	179,263	39.9
Group household	181,929	13.3	10,635	2.4
Total	1,363,367	100.0	449,584	100.0

Source: ABS (1999)

Getting behind these trends and evaluating what they might mean for housing need and housing assistance policy is a much more fraught exercise. Despite the limitation of choice models of social housing allocations, the questionnaire that is the basis for the survey of households on the wait list and those in the private rental sector in receipt of RA was partly constructed using concepts from a consumer choice model. For the purpose of this research, we have very broadly adapted a decision making model that was originally applied to the tenure choice between rental and purchase. Figure 1 illustrates the decision making process of a household contemplating a change of rental dwelling.

Figure 1: The Housing Decision Making Process



3.1 Stage 1: Pressures to Seek a New Home

Typically, what starts the decision to rent a new dwelling or move into independent living for the first time is a feeling that the current dwelling is not appropriate. This could be a result of conditions *internal* to the family or individual, e.g. family conflict, or a response to the current living situation, such as a perception that the dwelling is too expensive, the quality is too poor, there is no sense of security of tenure, or there is not enough space. Alternatively, it could be a response to conditions *external* to the family or individual, for example, traffic noise, pollution, difficult neighbours, absence of employment prospects, or need for family support. These 'stress and strain' factors ultimately trigger a need to move.

Given the typical factors listed above, a family or individual will go through some form of process of weighing the costs and benefits of remaining in their present house against moving to another. For many households of the type that are the focus of this research, these 'stress and strain' factors can be immediate and crisis ones, e.g. eviction, escape from domestic violence, marital breakdown or loss of employment; the decision making process cannot be a leisured one around the costs and benefits of alternative choices. For these households, the costs are so great and immediate that they have to seek a new home. Other households may make a more protracted decision and some, after weighing up the costs and benefits, will choose to remain in their present dwelling. However, this decision to remain does not mean that housing consumption ceases. For owner-occupiers in particular, many households will then attempt to adapt their existing house to their changed circumstances by building an extension, renovating, redecorating or taking in another person to share costs. This is one of the problems with the private and public rental sectors in Australia. There is little ability to adapt rental housing to changing needs (unless by taking in another person), which can be a source of frustration and stress to tenants and may mean episodic bouts of desire to seek a new home. We cannot presume therefore that those who do not move are satisfied; they may be there under sufferance because of constraints such as poverty, perceived lack of stock, fear and uncertainty about change, lack of awareness of alternatives, search costs, or constraints of health and disability.

The 'stress and strain' relationship prompts general questions about satisfaction or dissatisfaction with tenants' current dwelling, location and tenure, and specific questions on the housing problems triggering dissatisfaction. Questions in the survey are also targeted at identifying constraints on the rental housing search process.

3.2 Stage 2: Choosing a Tenure

Assuming that, for whatever reason, the decision to move has been made, we need to ask what subsequent chain of decisions does this set in process. The first decision a low income household is likely to make is about tenure: will they become or remain purchasers, will they move to or remain in private rental, or will they apply for public or community rental?

A major problem in analysis of housing consumption decisions is separating preferences from what they would *actually* choose, under a set of constraints including budgets. The types of studies that provide information as to what Australians prefer to consume, as distinct from what they actually consume, are called *housing preference studies*. These typically consist of asking a representative collection of Australians what type and tenure of dwelling they would prefer to live in. Rarely are the questions asked in such a way that people have to consider the constraints of a given budget. Preference studies are therefore statements of wants and aspirations, i.e. felt needs, rather than a commentary on real housing decisions. Thus, in Australia, while not everybody can be a home owner or live in a single detached dwelling, preference studies indicate that most people aspire to these housing conditions and would resent policies that were seen to deny or stifle their aspirations (see Wulff 1993 for a review of housing preference literature).

There are two ways of overcoming some of the problems of preference studies. One is revealed preference (RP) analysis whereby people's actual choices under real world conditions are documented. The housing questions on tenure and type in the ABS Housing Surveys or Census of Population and Households are key data sources for revealed preferences. However, they normally only reveal conditions about the present and cannot tell us how individuals or households might act in an alternative policy or market environment, and they also have potential correlation problems because they typically document one

preference or variable (e.g. detached housing) at a time. It is therefore difficult to avoid correlation whereby one variable (e.g. detached housing) is associated with another (e.g. home ownership). Which is the dominant preference in Australia, ownership or the detached house? To what degree would households give up ownership for the right dwelling, and vice-versa?

A second way of dealing with the constraints to housing choice is to include stated preference (SP) questions in any survey, with the methodology deriving from mathematical psychology (Luce and Tukey 1964) and then popularised by market researchers (Louviere and Timmermans 1990). This approach asks survey participants to answer a set of hypothetical alternatives in such a way as they might be forced to do in real life. This could involve ranking choices or placing a monetary value over alternatives as is sometimes done in cost benefit analysis. In housing there have been a few studies using this method to analyse locational choice (Timmermans et al. 1996; Cooper, Ryley and Smith 2001), but apparently very little on social housing. The one study found for this project was by Walker et al. (2002) and focused on identifying how responsive tenants might be to rent increases if it meant an improvement in location or quality. Interestingly, it suggested that tenants may not be very responsive to rent changes as a means of encouraging mobility or better stock utilisation (Walker et al. 2002: 685). Questions in the surveys that make up this study include both those of a stated preference type and unconstrained preference type.

3.3 Stage 3: Choosing a Location

The complementary component of the second stage of the decision making process is to choose a *location* in which to search for a new home, triggering questions about what households want by way of location and what factors structure these locational objectives.

As various mobility studies have found, most locational decisions are for housing within the same general region. Typically, people consume housing in areas with which they are familiar: where they grew up, where they work, or an area in between the two if they live and work in different locations. This is, in effect, an *awareness space* in which people have the knowledge and confidence to make a consumption decision. For private tenants, particularly as we move down the income scale, the choice of location becomes increasingly constrained, and the attributes that they value require major trade-offs to achieve them. Young people may trade off housing quality to live in a location which suits their lifestyle or provides access to tertiary facilities (Burke, Pinkney and Ewing 2001), while sole parents may choose a location which restricts job opportunities but provides better child rearing outcomes, e.g. certain outer urban areas.

In 1992, as part of the National Housing Strategy undertaken by the Commonwealth government, a large survey of households (the Housing and Locational Choice Study) was conducted in Melbourne, Sydney and Adelaide. For *private* renters, the major factor in choice of location was handiness to work. Other major factors for both renters were closeness to friends and family, the attractiveness of the area and its familiarity (awareness space). A sizeable proportion of renters said that they had no choice in location. Less important factors were safety and access to schools, shops and services (National Housing Strategy 1992: 21-2). The implication is that consumers were willing to trade these factors for the achievement of other desired objectives. Unfortunately, public tenants were neglected in this survey, so we know little about their locational choices either in the abstract (what they would prefer based on felt need) or when shaped by bureaucratic reality (the areas which households can apply for, with associated differences in wait times and stock attributes). As indicated earlier, potential public housing applicants still have choices (whether to apply at all, what locations and housing types to go on the wait list for) and, as Clapham and Kintrea (1984) found in a United Kingdom study, applicants are not passive: they adopt choices that might improve their preferred outcome.

3.4 Stage 4: Finding a Specific Dwelling

Having narrowed down the type and tenure required, households have to find an appropriate dwelling. In social housing, under current Australian allocations processes, the choice is almost zero; households can nominate for a preferred housing type at the time of application, and that is about it. In Europe and the United Kingdom, social housing agencies have been using or piloting schemes which provide greater choice (Burke and Hulse 2002), but to date we have not adopted any such schemes. By contrast – and this highlights the advantage of choice that private rental and RA can provide – the private renter may have quite substantial choice, although always subject to a budget constraint. Narrowing down the choice requires a search process. The formal sources are those explicitly established to help people in their search. These include:

- Estate agents;
- Information and referral services;
- Newspaper classified advertisements;
- Crisis accommodation units.

Informal services predominantly comprise family and friends, but also include community networks, particularly for ethnic groups. Housing consumers will rely on a combination of formal and informal sources, with the form and focus of the search structured by such factors as past experience, knowledge, access issues, income, the degree of crisis or need confronting a household, and language skills. Some of the issues around the search process that could be explored in any survey of who enters rental housing include:

- Whether there was any perceived discrimination by ‘housing search agents’ whereby certain groups feel they cannot obtain information because those they approached did not want them as clients or only for certain stock;
- Whether there was greater trust in, and reliance on, family and friends than formal institutions;
- Whether the actual request for information and assistance was handled well from the client perspective.

3.5 Stage 5: Finalising the Choice

Whether public or private, the landlord or their representative (estate agents) will get back to the applicant when or if a property is available. For low income private renters, this can mean a process of many applications and many rejections, with the degree of rejections to a large extent affected by the prevailing vacancy rate. This process in itself may be a factor for some households to put their name on a social housing wait list. For the wait list household, the process means deciding on whether to accept the offered dwelling. Different jurisdictions, agencies and area offices have different policies on the number of offers (normally between one and three); if the number of rejections exceeds this number, the household will move back down the wait list.

Once the offer of a dwelling has been accepted in either sector, a whole range of subsequent decisions must be made. Tenants typically sign a residential tenancy agreement outlining the terms and conditions of use of the dwelling. While social housing and private rental landlords operate under the same Residential Tenancy Act, the attitude to tenancy and continuing use is seen differently. Social housing agencies tend to see tenancy as one of continuing tenancy and the dwelling as the household’s home, with the initiative to end the lease normally coming from the tenant unless they infringe a condition of the act. Private landlords see the dwelling as theirs, and the tenants as temporary occupants subject to the landlord’s discretion about when the lease is terminated. This means that the turnover in private rental for reasons of termination of lease or eviction is very high (Queensland Department of Housing 2000; Burke and Hulse 2002) and is a potentially important factor in why many private renters apply for public housing.

3.6 Stage 6: Using the Dwelling Over Time

Having acquired a dwelling, consumption then becomes an issue of how it is used over time. For renters, the ability to adapt a dwelling to one's personal needs is more limited than for owner-occupiers, and a rental dwelling in Australia has other limitations including no investment qualities and, in the private rental sector, limited security of tenure. On the other hand, rental property has a degree of flexibility not available to owner-occupiers, as it is easy to move if circumstances change, or if the new dwelling does not meet needs and the 'stress and strain' factors that trigger a search for new housing are released. These qualities mean that many households enter and consume private and public rental housing on a short-term basis. It is therefore useful to know households' expectations, and their sense of long-term versus short-term needs.

4. METHODS

The research methods for this study are multi-layered, but generally operating within the consumer behaviour framework outlines above. The main research method is the survey of 12,500 wait-listed households and the same number on RA. Many of these may be the same households, and the RA questionnaire will have a skip section to avoid duplication. The two separate questionnaires are necessary as we need to know who and how many among RA recipients do not apply for public housing, the attributes of those who do or do not apply, and the degree of unmet demand for social housing. It is difficult to see how the aims of the study could be met by other than some form of survey. Analysis of client records is the only real alternative, and the small number of questions asked for determining eligibility limits this. These are really designed for administrative purposes, not for research. Nevertheless, the survey has its limitations, not least the number of non-respondents. It is intended that the survey process be designed in such a way that we can set up a tracing system of respondents (without infringing privacy conditions) which we can link back to the client base to be able to make some judgements about the attributes of non-respondents, e.g. are they unrepresented in terms of certain household types, age cohort, position on wait list or location. One of the factors affecting non-response, particularly for public housing, is the nature of many of the applicants, particularly in the highly targeted states or territories, A number of those surveyed will not be able to read English and therefore cannot respond, while others will have disabilities, notably psychiatric or mental illness problems, which would create an obstacle to them replying. Resource constraints mean that these problems cannot be addressed.

4.1 Task 1: Social Housing Entry Survey

For those on the wait list, a national stratified mail survey will be used, drawn from public housing agencies in all states and territories. In each jurisdiction, the addresses of 1,500 households on the wait list (stratified for some near the top and others near the bottom of the list) will be provided, giving a total sample size of around 12,000. Households in each jurisdiction will be chosen to include certain profiles, e.g. urban, regional, normal wait list, priority wait list, singles and families. These profiles are required to get some understanding of whether there are differences in client expectations and needs, depending on where they are located, household type, and how long they have been waiting for housing. As with all surveys, the question is raised as to who the non-respondents are.

The survey will be conducted by mail-out questionnaire. This will require a preliminary letter requesting consent, followed by a cover letter and questionnaire. A reminder card will be sent after twelve days, and another letter and questionnaire another two weeks after the reminder card. A prize will be offered as an incentive to participate. Past experiences of the ISR with survey research using this method has yielded a response rate of 40 per cent. This is likely to be a more difficult client group than normal, and a response rate of 30 to 35 per cent is assumed, creating an outcome of 4,000 responses from a mail-out of 12,000. Problems we envisage are high mobility and loss of sample, literacy problems and numbers of non-English speaking persons. The annual Donovan public housing client survey has succeeded, however, in the face of the same problems, and our recent survey of public housing sole parents returned a 30 per cent response rate.

Parallel with the social housing wait list survey will be one of households in the private rental sector receiving RA. The survey method is to use Centrelink RA client records to provide a sample frame of 1,500 households in each state and territory, with a mail-out survey asking questions which essentially get at the housing choice and unmet social housing need issues: did they search for any form of social housing?; if not, why not?; if yes, what happened?; are they already on the wait list?; do they prefer private rental (choice) or would they prefer social housing (private renters by constraint)?; what are the reasons for their choice? The objective would be around 3,000 completed responses nationally which could be compared with the responses from social housing clients. Some of the RA households will also be recipients of the wait list survey, and the questionnaire will be designed in recognition of this.

4.2 Task 2: Post-Occupancy Survey

The degree to which people's expectations of public housing are realised may be heavily conditioned by the actual allocation decision, i.e. what house, location and neighbours they end up in or with. We envisage a smaller post-occupancy survey of a sample of clients who have entered social housing in the last three months, to determine the effect of actual allocations on their expectations and behaviours. This will be a mail-out (or telephone) survey of around 200 households in total, in Victoria only. The objective here is more to test the potential usefulness of post-occupancy surveys. To supplement the quantitative data and provide a qualitative check on its findings, we would run two focus group workshops with recently allocated tenants.

4.3 Task 3: Background Data

Client records on size of wait lists and wait times by jurisdiction will be needed as context and will be analysed over time. Most of this data is in the DSS/DFaCs Housing Assistance Annual Report or the Productivity Commission Blue Book. Hopefully the SHAs will provide any missing data.

All these methods do not explicitly pick up entry into indigenous specific housing but, because of the size of the samples, will certainly pick up issues of choice and constraint, aspirations and needs, etc. for indigenous households seeking mainstream social housing or private rental.

5 AUSTRALIAN WAIT LIST RESEARCH

There is very little literature published explicitly about public housing wait lists or their management. References are made to the problems of wait list management as part of a number of more substantial studies of allocations (see Burke and Hulse 2002), but these are rarely elaborated on or documented by research. Those that do so have already been referenced in Section 2. There have been two explicit studies by the Queensland Department of Housing (2000) and the New South Wales Department of Housing (2001). Neither are public documents.

The major findings of the Queensland study of some 856 respondents on the wait list were:

- Affordability and security of tenure are the main reasons respondents applied for public housing (p. 3);
- Respondents perceived that there are a range of negatives associated with public housing, including the size and amenity of the stock and the perceived stigma; however, they appear willing to accept these negatives as a trade-off for the perceived advantages of affordability and tenure security (p. 10);
- While waiting to be allocated a public rental dwelling, the majority of respondents live in the private rental sector. The data confirms high rates of mobility within this tenure form, with lessors' decisions to withdraw the property from the rental market, affordability and relationship breakdown as the reasons most commonly cited by respondents for their relocation decisions (pp. 7-8);
- The majority of respondents expect that, once allocated public housing, they will become long-term tenants (p. 11).

The New South Wales study of 800 respondents had a different focus, with much greater attention given to assessing whether those on the wait list were still eligible or not (79.6 per cent were). Perhaps reflecting different wording of the questions, affordability and security of tenure were not major concerns, as in Queensland, but overcrowding and condition of stock were important. The study also found that 42 per cent of respondents believed that they or another household member needed at least one form of support.

It will be of interest to see whether the same findings hold across all jurisdictions and to what degree.

6 CONCLUSION

This Positioning Paper reviewed the issues and problems associated with entering assisted rental housing, both social and private. It outlined the need for a research study of why people do and do not apply for public and community housing, and expectations of, and opinions on, public housing. The paper also overviewed the administrative and political problems of dealing with wait lists and identified some of the reforms and issues of wait list management in Australia and internationally. The paper concluded with an outline of the methodology, notably the framework that is to guide the design of the client survey which forms the major data gathering method of the study. The Final Report will document the findings from the client survey and from a post-occupancy survey, and will provide detailed data on the nature of wait lists in SHAs at present and historically.

REFERENCES

- ABS 1999, *Australian Housing Survey*, Australian Bureau of Statistics, Canberra
- 2002 Census of Population and Housing Australian Bureau of Statistics, Canberra
- Arnott, R. 1987, 'Economic theory and housing' in Mills, E. S. (ed.) *Urban Economics, vol. 2: Handbook of Regional and Urban Economics*, Elsevier, Amsterdam
- Bradshaw, J. 1972, 'The concept of social need', *New Society*, vol. 19, no. 496, pp. 640-3
- Bramley, G. 1989, 'The demand for social housing in England in the 1980s', *Housing Studies*, vol. 4, no. 1, pp. 18-35
- Burke, T. and Hulse, K. 2002, *Allocating Social Housing*, AHURI, <<http://www.ahuri.edu.au/pubs/positioning/>>
- Burke, T., Pinkney, S. and Ewing, S. 2001, *Rent Assistance and Young People's Decision Making*, AHURI, <http://www.ahuri.edu.au/pubs/finalreports/final_rentassist.pdf>
- Clapham, D. and Kintrea, K. 1984, 'Allocation systems and housing choice', *Urban Studies*, vol. 21, no. 3, pp. 261-9
- Clark, W. and Dieleman, F. 1996, *Households and Housing Choice and Outcomes in the Housing Market*, CUPR Press, Center for Urban Policy Research, Rutgers University, New Brunswick, NJ
- Cooper, J., Ryley, T. and Smyth, A. 2001, 'Energy trade-offs and market responses in transport and residential land-use patterns: Promoting sustainable development policy', *Urban Studies*, vol. 38, no. 9, pp. 1573-88
- Dieleman, F. and Everaers, C. 1994, 'From renting to owning: Life course and housing market circumstances', *Housing Studies*, vol. 9, no. 1, pp. 11-25
- DSS 1996, *Overview of the Private Rental Market Policy*, Research Paper no. 72, Housing Access Branch, Department of Social Security, Canberra
- Ecumenical Housing 1997, *National Housing Policy Reform and Social Justice*, Ecumenical Housing, Melbourne
- Gray, J. 2002, *Responding to Community Conflict: A Review of Neighbourhood Mediation*, Joseph Rowntree Foundation, York
- HUD 2002, *Policy Alert: Site Based Waiting Lists*, Department of Housing and Urban Development, Washington, <http://www.hud.gov/offices/pih/programs/ph/hope6/mfph/policy_alerts/waiting_list.cfm>
- Hulse, K. and Burke, T. 2000, Social exclusion and the private rental sector: The experiences of three market liberal countries, paper presented to European Network for Housing Research conference, Gävle, Sweden, 26-30 June
- Industry Commission 1993, *Public Housing*, Australian Government Publishing Service, Canberra
- Kearns, A. and Malcolm, J. 1994, *Housing Management Among Scottish Housing Associations*, Scottish Homes, Glasgow
- Kingsley, G. and Turner, M. (eds) 1993, *Housing Markets and Residential Mobility*, Urban Institute, Washington
- Louviere, J. and Timmermans, H. 1990, 'Stated preference and choice models applied to recreation research: A review', *Leisure Sciences*, vol. 12, no. 1, pp. 9-32
- Luce, R. and Tukey, J. 1964, 'Simultaneous conjoint measurement: A new type of fundamental measurement', *Journal of Mathematical Psychology*, vol. 1, pp. 1-27
- Maher, C. et al. 1997, *Australia's Private Rental Housing Market: Policies and Processes*, AHURI, <http://www.ahuri.edu.au/pubs/work_paps/workpap9.html>
- National Housing Strategy 1992, *The Findings from the Housing and Location Choice Study: An Overview*, Australian Government Publishing Service, Canberra
- New South Wales Department of Housing 2001, Survey of public housing applicants, Sydney
- Nixon, J., Hunter, C. and Shayer, S. 2000, *The Use of Legal Remedies by Social Landlords to Deal with Neighbourhood Nuisance*, Centre for Regional Economic and Social Research, Sheffield Hallam University, Sheffield
- Ontario Ministry of Municipal Affairs and Housing 2000, *Coordinated Access to Housing*, Toronto, <<http://www.mah.gov.on.ca/inthnews/background/20001012-6e.asp>>
- Papps, P. 1998, 'Anti-social behaviour strategies: Individualistic or holistic?', *Housing Studies*, vol. 13, no. 5, pp. 639-56
- Pawson, H. and Bramley, G. 2000, 'Understanding recent trends in residential mobility in council housing in England', *Urban Studies*, vol. 37, no. 8, pp. 1231-59
- Queensland Department of Housing 2000, 1999 survey of public housing applicants: A summary of results, Brisbane

- Scottish Executive 2002, *Common Housing Registers Factsheet*, nos 1-4, Edinburgh, <<http://www.scotland.gov.uk/housing/chr/>>
- Steering Committee for the Review of Commonwealth/State Service Provision 2001, *Report on Government Services 2001*, AusInfo, Canberra
- Strassman, W. 2001, 'Residential mobility: Contrasting approaches in Europe and the United States', *Housing Studies*, vol. 16, no. 1, pp. 7-20
- Timmermans, H., van Noortwijk, L., Oppewal, H. and van den Waerden, P. 1996, 'Modelling constrained choice behaviour in regulated housing markets by means of discrete choice experiments and universal logit models', *Environment and Planning A*, vol. 28, pp. 1095-1112
- Walker, B., Marsh, A., Wardman, M. and Niner, P. 2002, 'Modelling tenants' choices in the public rented sector: A stated preference approach', *Urban Studies*, vol. 39, no. 4, pp. 665-8
- Wulff, M. 1993, 'An overview of Australian housing and locational preference studies: Choices and constraints on the housing market', *Urban Policy and Research*, vol. 11, no. 4, pp. 230-7
- Wulff, M., Yates, J. and Burke, T. 2001, *Who Does the Private Market Work Well for and Who Does It Fail?*, Australian Housing Research Fund, Canberra
- Yates, J. 1996, 'Towards a reassessment of the private rental market', *Housing Studies*, vol. 11, no. 1, pp. 35-50
- 1997, 'Changing directions in Australian housing policies: The end of muddling through?', *Housing Studies*, vol. 12, no. 2, pp. 265-77

AHURI Research Centres

Sydney Research Centre
UNSW-UWS Research Centre
RMIT-NATSEM Research Centre
Swinburne-Monash Research Centre
Queensland Research Centre
Western Australia Research Centre
Southern Research Centre

Affiliates

Northern Territory University
National Community Housing Forum



Australian Housing and Urban Research Institute
Level 7 20 Queen Street, Melbourne Victoria 3000
Phone +61 3 9613 5400 Fax +61 3 9629 8536
Email information@ahuri.edu.au Web www.ahuri.edu.au