

The role of private rental brokerage programs in housing outcomes for vulnerable Australians

PRIVATE RENTAL BROKERAGE PROGRAMS HELP CLIENTS TO NAVIGATE THE COMPLEX ENTRY PROCESSES INTO THE PRIVATE RENTAL MARKET. SUCH PROGRAMS ARE CRUCIAL TO MANY DISADVANTAGED HOUSEHOLDS ACCESSING AND SUSTAINING TENANCIES.

KEY POINTS

- Along with measures such as Commonwealth Rent Assistance (CRA) and bond loans, governments and non-government organisations (NGOs) have set up programs to directly assist low-income clients to access and maintain private tenancies. This research uses the term Private Rental Brokerage Program (PRBP) to describe the many and varied types of activities in this field.
- There remains a lack of common identity and vocabulary to describe these programs. However, common activities include information and referral, flexible individual support, promotion of self-reliance and resilience, working with landlords and real estate agents to broker tenancies, practical and material assistance, and post-housing support.
- PRBPs assist many disadvantaged households to access private rental accommodation and improve the effectiveness of other private rental assistance measures. However, there is no consistent data collection to track medium to longer term outcomes.

*This bulletin is based on research conducted by **Dr Selina Tually, Associate Professor Michele Slatter, Dr Debbie Faulkner and Associate Professor Susan Oakley** at the AHURI Research Centre—The University of Adelaide. The research examined private rental brokerage and its role in supporting housing outcomes for disadvantaged Australians in the private rental market.*

- 'Rental readiness' is crucial for the success of PRBP activities. Tenants with high and complex needs cannot generally be assisted through such programs and require appropriate social housing to ensure successful housing outcomes.
- Policy-makers and PRBP stakeholders have a role to play in overcoming the limitations around private rental brokerage activity, including improving public recognition of their contribution and impact, ensuring a strong professional identity for programs and workers, thereby assisting to develop the workforce, and by compiling better evaluative data. They also need to address situations of market failure that private rental brokerage activities are not designed to remedy, such as lack of housing supply, restricted choice of built form and poorly regulated marginal housing.

CONTEXT

In the last two decades, Australia's rental market has grown but has also become increasingly competitive, particularly in the low-cost segment. The lack of affordable ownership options in many local housing markets and the contraction of public housing mean that many households with low or moderate means must now look to the private rental sector for housing over the longer term.

This tenure shift has been supported by measures including:

- Federal government provided assistance to offset the cost of rent through CRA.
- State and territory government provided assistance (known as Private Rent Assistance), which centres around the provision of loans or guarantees to cover rental bonds.
- Supplementing the supply of properties available for eligible tenants at a discounted rent as was done with the National Rental Affordability Scheme (NRAS).
- PRBPs or activities, which have emerged over the last decade in most jurisdictions and are designed to assist disadvantaged households to

gain access and sustain private rental. Program workers broker access to private rental housing on behalf of clients, working to build self-reliance and tenancy capacity, and avoid homelessness.

RESEARCH METHOD

A mix of research methods was used, including a desktop review of the relevant literature and 72 semi-structured interviews with representatives of PRBPs and real estate industry stakeholders such as property managers and private landlords. Fieldwork for the project was carried out across New South Wales, South Australia and Victoria.

KEY FINDINGS

What is private rental brokerage?

Private rental brokerage is delivered in some jurisdictions through formal programs and, in others, is an activity within an agency's broader housing support services. Some are state and territory governments' services but most are found in the non-government sector. They take diverse forms, under many titles such as 'tenancy liaison', 'private rental liaison', 'tenancy facilitation', 'tenancy support' and 'private rental assistance'. This is a result of having been established separately in response to local needs and operating at the local level.

This research uses the term PRBP to describe *the many and varied types of private rental brokerage activities being undertaken in the jurisdictions studied. The term 'brokerage' is used to describe the forms of support offered by PRBPs, whose role is to 'broker' the specific assistance needed by individual clients.*

PRBPs work with vulnerable households to help them access and sustain private rental tenancies. They do this by providing targeted early intervention assistance designed to build tenancy capacity and by building links with the local private rental industry.

How do PRBPs work?

1. Provision of flexible and individual client assistance

PRBP workers assist individual clients to navigate application processes and secure tenancies. Brokering support is highly targeted to the individual, being both tailored to and driven by, the needs of each client. When necessary, they connect clients with state and territory government-funded Private Rent Assistance, together with other social or practical help. For example, a client might be helped to access a computer and printer for property searching, given bus tickets for property inspections, or be helped to arrange automatic rent payments. Within the limitations of each program, their aim is to locate, broker and 'patch together' a package of necessary supports.

2. Promotion of self-reliance and resilience

PRBP workers emphasised the importance of developing clients' resilience, self-reliance and independence. The length of time often required to find a suitable property and the number of applications rejected can be discouraging and one agency in Sydney commented that 'building resilience and coping strategies could help with the [house] sharing option, given costs of private rental in Sydney'.

Workers highlighted that a frequent (and time consuming) part of their job was to manage client expectations around the housing market generally, and, in particular, unrealistic optimism about being able to obtain public housing quickly or at all.

3. Partnerships with the private rental industry

Promoting and utilising links with the real estate sector is a highly distinctive feature of most PRBPs. By forging these links, PRBPs aim to extend opportunities for clients through introductions and recommendations.

Successful links are built on trust and honesty. PRBPs have to work *with* the market and *within* the parameters of its expectations, risk tolerance and risk aversion. PRBP workers need clients to understand and meet the market's definition of a 'suitable tenant'; that is to be 'rental ready'. In

practice, this means that a client must be able to demonstrate that they need no, or little, support to manage a tenancy. The closer the client is to the market's 'most suitable tenant' ideal, the stronger their chance of success.

Are PRBPs successful?

In relation to accessing tenancies, all the PRBP workers interviewed for this study agreed they were able to assist many rental ready clients into private rental. However, no agency claimed to be able to assist all clients into private rental.

It was harder to tell whether PRBPs were successful in sustaining clients in tenancies due to the absence of data and a lack of an agreed understanding or shared metric among PRBPs for the phrase 'successfully maintaining private rental tenancies'. Even so, many agencies recorded 'successful' outcomes for tenants when they secured a tenancy and remained housed for the term of their lease, usually six or 12 months. Early intervention practice and the use of untied brokerage funds were both identified as major features of PRBP assistance important for sustaining tenancies.

The diverse and tailored brokerage activities of PRBPs appear to help secure the effectiveness of other private rental assistance measures such as CRA and bond loans. They enable disadvantaged Australians to successfully negotiate requirements around these measures to find and make their home in the private rental market.

Limitations on success

A number of market barriers were identified by PRBP workers as limiting program effectiveness:

- The absence of adequate affordable rental housing supply, seeing many clients housed in, often unregulated, marginal housing.
- Stigma, stereotyping and discrimination against Indigenous Australians, clients with a refugee background, survivors of domestic violence and clients with disability (in particular a mental health condition) and exclusion from the private rental market.

- A lack of appropriate housing type to cater for large family groups, cultural or disability needs.
- That PRBP clients must be 'rental ready' as programs were not resourced to provide wrap-around services, meaning that clients with high and/or complex needs cannot generally be helped, with this group requiring access to appropriate social housing.

POLICY IMPLICATIONS

An agreed terminology to describe PRBPs and their work would promote a recognisable identity, help with the recruitment and development of a sustainable workforce and clarify misconceptions about the role of private rental brokerage. Establishing a common terminology will also help to familiarise potential clients, the housing sector broadly and the community at large with their remit, capabilities and scope of work.

Currently, much of the work of private rental brokerage is not identified as a housing assistance measure in national data or research collections. Consistent data collection is needed across all PRBPs to capture the breadth of supports provided and to track immediate and longer term outcomes for clients.

A number of actions by market providers and governments could be undertaken to improve the outcomes for people accessing private rental accommodation:

- Legislative and regulatory support to ensure people accessing marginal housing have appropriate rights and security akin to those in other tenures.
- Maintaining a supply of affordable rental properties in areas of high demand.
- Making social housing available for situations of market failure, such as groups facing consistent discrimination or people living with high and complex needs who are unlikely to be considered 'rental ready'.
- Establishing a sustainable workforce through appropriate training and recognition of the PRBP worker role and to recruit for retention and succession. Many stakeholders identified problems of succession planning since the relationships and expertise on which PRBPs are based require time and energy.

FURTHER INFORMATION

This bulletin is based on AHURI Project 31036, *The role of private rental support programs in the housing outcomes of vulnerable Australians*.

Reports from this project can be found on the AHURI website: www.ahuri.edu.au or by contacting AHURI Limited on +61 3 9660 2300.

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