Private rental tenancies in a changing private rental sector

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Swinburne think forward

Structure of presentation

- Part 1: The ‘new’ private rental sector (PRS)
  - → Characteristics
  - → Tenants
  - → The ‘problem’
- Part 2: ‘New’ ways of thinking about tenancies
  - → Conceptualising PRS pathways in the context of ‘daily hassles’, housing shocks &‘critical life events’
- Part 3: From current to possible policy and practice support & interventions

Older private tenants

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- Increasing numbers of older Australians will be housed in the private rental sector as they age.

Tenure	2001	2011
Owned Outright	78.5%	74.9%
Purchaser	3.5%	7.3%
Private renter	6.0%	7.2%
Public Renter	7.2%	6.7%
Other renter	2.2%	1.4%
Other tenure	2.6%	2.6%

Findings: 5 key stories

1. Since the 1980s there has been sustained growth in the size & significance of the PRS; this is unevenly distributed demographically, economically & spatially

Increased significance of the private rental sector

	1981		2011	
	Households	Per cent	Households	Per cent
New South Wales	339,061	21.1%	584,020	24.0%
Victoria	228,706	19.0%	431,520	22.6%
Queensland	151,523	22.4%	415,588	26.9%
South Australia	67,603	15.9%	117,282	19.2%
Western Australia	87,318	22.1%	175,046	22.0%
Tasmania	23,900	18.1%	35,584	18.7%
Northern Territory	8,854	33.9%	14,469	22.6%
Australian Capital Territory	11,285	16.7%	27,955	21.6%
Australia	918,250	20.3%	1,801,464	23.4%

Source: Based on ABS *Census of Population and Housing*, 1981, 2011.

Ageing effect emerging in the private rental sector

	1981	2011
Median age of household head		
All households (all tenures)	47 years	49 years
Private rental households	32 years	37 years
Age ranges (private rental households)		
0–14	24.8%	22.4%
15–24	25.7%	17.9%
25–34	23.9%	23.9%
35–54	16.6%	25.8%
55–64	4.5%	5.9%
65 & above	4.4%	4.1%
Total	100%	100%
Persons	2,273,140	4,547,000

Source: Based on ABS *Census of Population and Housing,* 1981, 2011.
Notes: data from 1981 are based on 'other renter', data from 2011 are based on 'occupied private dwellings'.
For this table, national figures only (includes states but excludes territories).

Rapid growth in single parent families renting privately

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	1981		2011	
	Households	% of total rental stock	Households	% of total rental stock
Couple only	147,403	16.1%	365,353	20.3%
Couple with children	205,492	22.4%	439,602	24.4%
One-parent family	58,236	6.3%	287,410	16.0%
Other family	70,114	7.6%	36,566	2.0%
Group household	38,692	4.2%	188,501	10.5%
Lone person	371,012	40.4%	451,231	25.0%
Not classifiable/other	27,301	3.0%	32,804	1.8%
Total	918,250	100%	1,801,467	100%

Source: Based on ABS *Census of Population and Housing,* 1981, 2011.
Note: Incudes visitor only households.

40% of households in the PRS include dependent children

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2. The ‘new’ PRS is characterised by intensified competition between investment and residency logics

Disjuncture between role & performance of 'new' PRS and its policy settings

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Private Rental Sector

Housing & home

- Housing stress
- Dwelling and locational appropriateness
- Insecurity and mobility
- Access and costs

Investment & wealth

- Profit maximisation
- High degree of flexibility around buying/selling
- Limited contribution to new supply
- Risk

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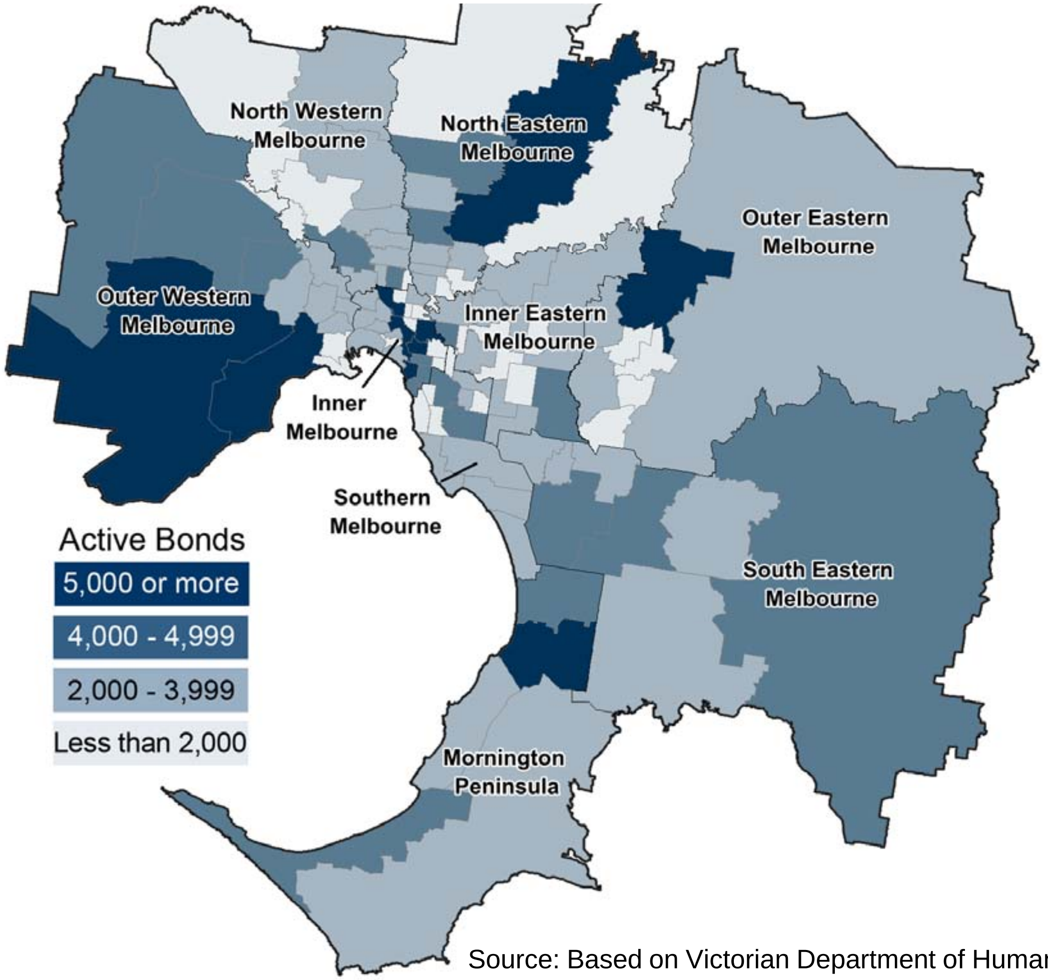
3. This compounds poor housing outcomes for tenants

Housing-related disadvantage in the PRS

- Decline in overall private rental affordability: median rent to median income ratio changed from 19% in 1981 to 26.9% in 2011;
- Heightened rates of residential mobility among private rental tenants relative to all tenures: 39.5% private tenants moved 3 or more times in previous 5 years compared with 7.8 % among other tenures;
- 'Forced housing moves' including evictions & affordability accounted for 22.6% of these PRS moves.

Investment growth is related to worsening amenity



Source: Based on Victorian Department of Human Services Rental Report June Quarter 2012.

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4. New PRS housing pathways and norms have emerged, including a growth in long-term renting

New pathways & norms: long-term private renters

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The percentage of households renting 10+ years increased from 27% in 1994 to **33% in 2007/8**

Tenure		Households	%
Owner without a mortgage		2,672,719	33.1%
Owner with a mortgage		2,840,164	35.1%
Private renter	Short-term private renter	736,336	9.1%
	Medium-term private renter	422,598	5.2%
	Long-term private renter	596,605	7.4%
	NA*	32,073	0.4%
	Private renters	1,787,612	22.1%
Public renter		365,057	4.5%
Other renter		251,157	3.1%
Other		163,963	2.0%
Total		8,080,672	100%

Source: ABS *SIH 2007–08* (original analysis).
* Undefined type of landlord in survey data.
Note: Table uses weighted data.

Long-term private renters

- A third of all long-term private renters are single person households; 30% of long-term renter households include dependent children (20% couple,10% sole parent);
- Close to half of all long-term renters are aged 30-44, with 30 per cent aged 45-64 years;
- Households with main source of income pension or benefit are over-represented among long-term renters;
- Income quintiles 2 and 3 over-represented among long-term private renters, indicating low-income waged also rent long-term.

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4. New PRS housing pathways and norms have emerged, including a growth in long-term renting
5. Long-term renting is precarious, under-regulated and associated with poor shelter & non-shelter outcomes

Housing stress: long-term private renters

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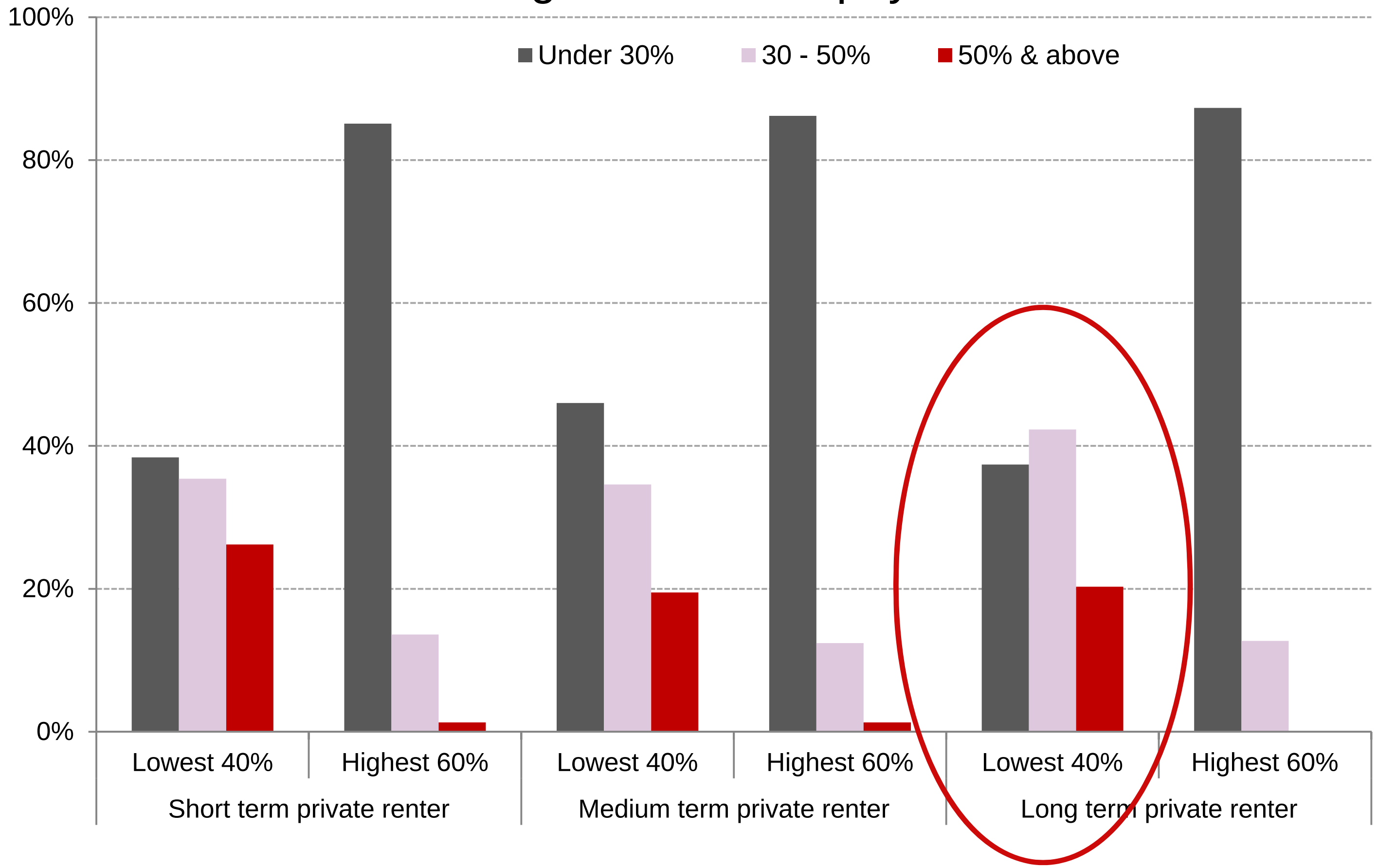
More than 60% of low income long-term renters pay >30% income on rent



Source: Based on ABS Income and Housing Survey 2007–08.

Housing mobility: long-term private renters

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		Private renters				All households
		Short	Medium	Long	All*	
Number of times moved in last 5 years	Hasn't moved	0.5%	13.9%	28.8%	10.4%	56.6%
	1–2 times	54.1%	35.1%	36.3%	47.2%	27.0%
	3 times or more	41.5%	47.7%	32.3%	23.8%	14.8%
	Unsure	3.9%	3.4%	2.6%	18.5%	1.6%
	Total	100%	100%	100%	100%	100%
Number of years lived in current dwelling	Less than 1 year	54.9%	38.7%	29.8%	63.5%	15.9%
	1–4 years	44.6%	47.4%	41.4%	26.1%	27.5%
	5 years & above	0.5%	13.9%	28.8%	10.4%	56.6%
Total		100%	100%	100%	100%	100%
Likely to move in next 12 months		41.7%	38.1%	30.0%	50.1%	14.9%
Don't want to move in next 12 months		41.5%	43.2%	52.0%	48.3%	72.3%

Source: Based on ABS Income and Housing Survey 2007–08.

In summary: The 'new' private rental sector

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- The private rental sector now houses a larger proportion of households than in recent decades;
- Increasing numbers of households with dependent children reside in the PRS, and it is likely there will be a significant ageing effect in future years;
- Housing-related problems of 'housing stress', mobility and locational disadvantage are experienced by large proportions of tenants.

➢ *The private rental sector is no longer a transitional tenure for increasing numbers of households, from a widening population base.*

Findings: 5 key stories

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➢ There is urgent need for PRS *social policy* catch-up

Draw on existing evidence: A tenure of ‘wear & tear’

Social housing: *maintenance*

Private rental: *wear & tear*

Home ownership: *strengthening*

- Strong body of AHURI and related evidence has emerged that outlines housing-related problems for tenants in the PRS
- In policy terms, some evidence has focused on need for secure occupancy reforms
- ***In addition*** is the need to assess the ways tenants are supported to sustain their tenancies in an increasingly difficult housing market

Re-conceptualising tenancies

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Daily hassles, housing shocks & critical life events

Daily hassles	**Limited resource reserves**	**Weekly struggle/ financial strain**
Housing shocks	• Access problems • Affordability stress • Limited security • Forced/unwanted mobility • Spatial disadvantage	• Non-improving, costly housing churn • Inappropriate home conditions • Unnecessary exits •Highly disruptive
Critical life events	•Birth of children •Separation/divorce •Loss of job/income •Illness/disability •Carer responsibilities	•Time limited/ongoing •Anticipated/ unanticipated •Wanted/unwanted •Require support/not

Policy response based on PRS as transitional tenure

- Rent assistance in the form of income subsidy is by far the largest form of support provided to low income tenants in the PRS.
- At 3 June 2011, 1,138,000 households were recorded by Centrelink as entitled to rent assistance;
- The average rent paid by CRA recipients was $410 per fortnight, while the average rent assistance received was $101 per fortnight (ABS, 2012).
- CRA payments do not offset the rate of rental price increase over last decade in Australia.

Possible supports (PRA)

- State Housing Authorities (SHAs) in different states and territories offer **a range of support packages** for private renters. In 2010–11, states and territories provided $152.1 million in private rent assistance to about 94,500 households (AIHW, 2012, p. 115).
- Most SHA programs **focus on entry into a new private rental tenancy**, by assisting low-income households cover the costs of establishing a new private rental tenancy and manage the process of finding and negotiating a new tenancy.
- The most common forms of PRA are bond loans, followed by rental grants/subsidy relief.

Available yet limited in delivery & evaluation

	Financial assistance				Access support			Ongoing support
	Bond loan/s	Advance rent/ relocation assistance	Arrears assistance	Private rental subsidy	Private tenancy facilitation or brokerage	Tenancy guarantee	Tenant reference letter	Tenancy support while in private rental
New South Wales	x	x	x	x	x	x	x	x
South Australia	x	x	x	x	x		x	
Queensland	x	x		x	x			
Western Australia	x	x	x	x	x	x	x	x
Victoria	x							

Source: review of SHA websites and information sheets on private rental assistance

Future directions

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IMPROVING CURRENT PRACTICE

Targeting: How can we capture and utilise knowledge about ***when***, ***how*** and for ***whom*** current support responses facilitate tenancy success?

Integration: How can/should PRS housing supports be integrated with other services? (health, employment, financial education)

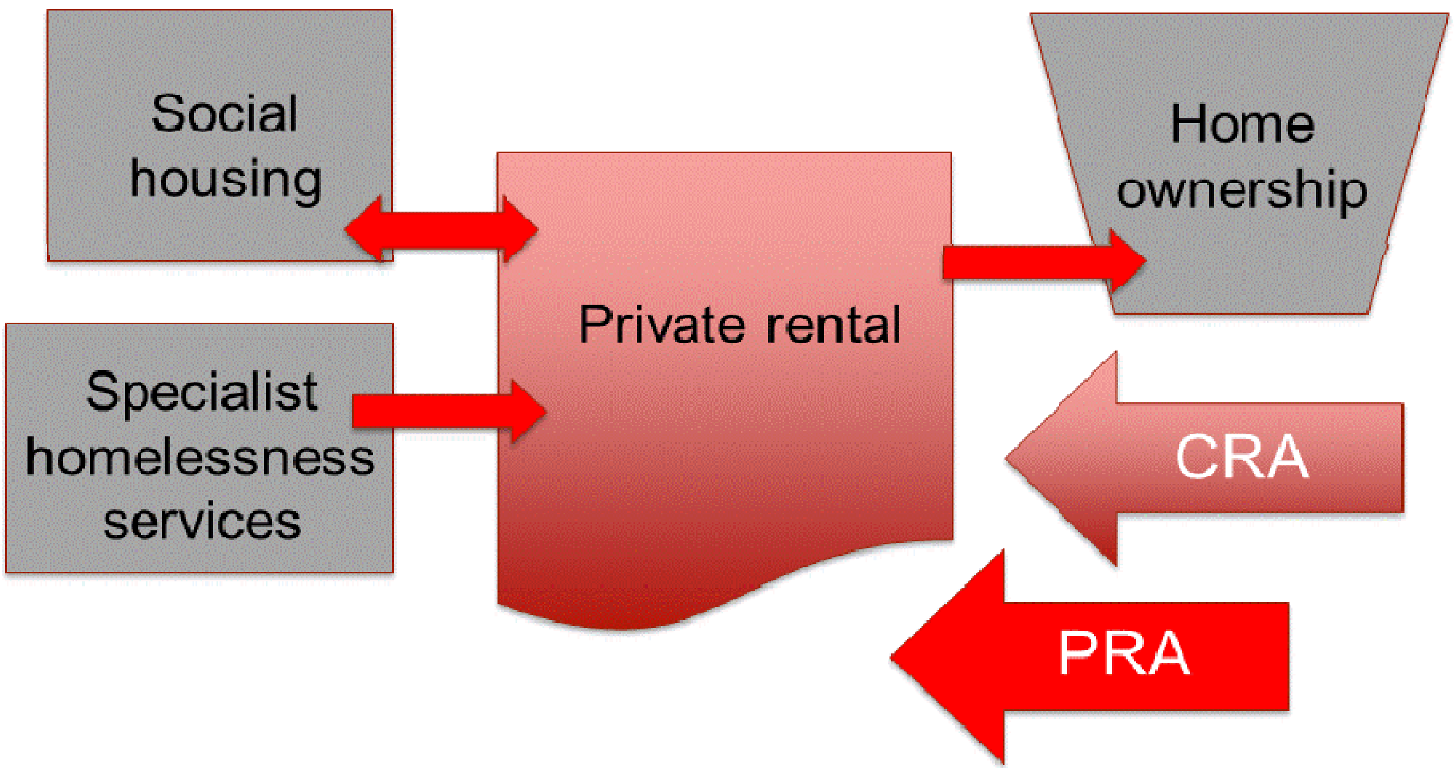
DEVELOPING PRACTICE INNOVATION

Tenure transitions: Can cross-sector support for tenants be provided in ways that promote successful tenancies & housing pathway transitions?

Stakeholder Integration: Which ***major stakeholders*** can play a role in supporting private rental tenants to sustain housing and ***how***? (Australian Gov't; States/Territories; Community Housing; other NGOs; Real Estate Agents)

Policy responses for 'new' private rental sector

- Toward targeted and integrated tenant supports



- For secure, affordable, appropriate housing

For information about this and related research, see the Australian Housing and Research Institute (AHURI) web site at: www.ahuri.edu.au

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Thank you.

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