



**Consumer  
Policy Research  
Centre**

## The Renter's Journey

A consumer-centred approach to understanding  
the dynamics of Australia's private rental market

Dr Steven Curry



Glossary

**Australian Bureau of Statistics (ABS)** Australia’s national statistical agency, responsible for conducting the national census and other data-gathering exercises, and various publications.

**Australian Housing and Urban Research Institute (AHURI)** A network of housing research centres across eight Australian universities, with a not-for-profit company at its core, largely funded by Australian governments, to conduct extensive, long-term inquiries into housing systems and policies.

**Build-to-Rent (BtR)** Known as “multi-family housing” in the USA, a business model in which developers create purpose-built multi-dwelling properties (increasingly large apartment towers and complexes) on behalf of property management companies owned by institutional investors. The model turns rental housing into an asset class that is both a passive income asset and a tradeable equity. Proponents of BtR in Australia claim it can create more rental housing in desirable areas at prices workers and young people can afford, and will provide a more professional service to consumers.

**Built Form** Refers to the type of building, for example free-standing houses, apartments, attached units, etc.

**Consumer** In this report we use the term “consumer” to refer to people who rent housing or live in rented housing. The term is used because we are considering the way people interact with other participants in the housing market to secure accommodation, and what rights they have as market participants. The use of the term is not meant to preclude renters being conceived of in other ways, for example as people exercising rights to housing or as claimants of welfare rights.

**Consumer Journey Map** We use this term instead of the more usual “customer journey map”, as we look at journeys through the system rather than engagement with a single product or business. Consumer and customer journey maps are graphical representations of a single sequence of events that occur as a person uses a service, intended to provide insights into the challenges users face that can be addressed by commercial providers, and in the case of the housing system, by policymakers and other actors.

**Consumer Price Index (CPI)** The most-often cited measure of inflation. It measures price rises across a set of representative goods and services, and so is a general macroeconomic measure of inflation as experienced by consumers (e.g. cost of living). It includes rent and the cost of purchasing housing, but not the cost of land.

**Council of Australian Governments (COAG)** A key instrument of Australian federalism, in which leaders of all Australian governments, including the Commonwealth, States and Territories meet to coordinate policy and make agreements on areas of shared responsibility. There are 9 ministerial councils responsible for coordinating key areas of policy, but none for housing. The Building Ministers’ Forum is responsible for harmonising planning regulations and building standards, which effects new constructions, but there is no national coordination of policy regarding the private rental housing system.

**Data Cube** Collections of two-dimensional tables collected into sets to allow for multi-dimensional data presentations, published by the ABS.

**Efficient Market** A market is said to be “efficient” when market participants have full access to information they need to price products or equities accurately. This report is partly concerned with the inefficiencies of the rental housing market caused by extreme information asymmetry affecting renters, and also the inability of other market actors to assess what renters would pay for preferred products and so respond to consumer preferences, because of a lack of consumer agency in a “take it or leave it” market.

**Dynamic Efficiency** When a market allocates products efficiently, so that no segment is under- or over-serviced, and produces products at the lowest possible cost given the quality and other requirements of customers. A dynamically-efficient housing system would ensure everyone had the housing they need but not more than they need, and produce housing that is of high quality at the lowest necessary cost.

**Energy Efficiency Rating (EER)** A numerical or star rating of the thermal efficiency of a dwelling. The rating measures the extent to which a property can keep heat in or out, rather than the energy use of appliances. Thermal efficiency impacts on running costs because effective insulation, passive solar design and other features will reduce the energy inputs required to heat or cool the property. In combination with installing efficient appliances, thermal efficiency can have a large impact on the running costs of a home. The main scheme in use in Australia is the Nationwide House Energy Rating Scheme (NatHERS), that awards an EER to a dwelling on a ten star scale.

**Family** The term “family” has a specific meaning when used by the ABS, referring to “two or more persons, one of whom is at least 15 years of age, who are related by blood, marriage (regular or de facto), adoption, step or fostering, and who are usually resident in the same household”. Two or more families may form a single household.

**Generation Rent** A term popularised by the media, referring to the current generation of young people who may be unable or unwilling to purchase housing during their whole lifetime. The extent to which current young adults may be “locked out” of the housing market is uncertain, but recent trends across generations suggest that people are increasingly likely to reach retirement without owning a home.

**Household** The ABS’ main unit of measure for housing statistics. It refers to “one or more persons, at least one of whom is at least 15 years of age, usually residing in the same private dwelling”. The System of National Accounts (SNA) has a more restrictive definition, which requires a household to be a group of people who share resources and consume at least some goods together, but we follow the ABS in referring only to one or more people sharing a dwelling.

**Household Equivalised Disposable Income (HEID)** A measure of income used for statistical purposes, and intended to account for differences in real economic spending power caused by household size and composition. It is reached by looking at total available (disposable) income after taxes and other deductions actually available for spending and saving, divided by the number of people in the household, and “equivalised” by weighting them according to age (so that a child is not counted the same as an adult).

**Housing Stress** Most often defined as when a household in the lowest two income quintiles (i.e. in the lowest 40% of household incomes) spends 30% or more of its income on housing (so-called 30:40 “rule”). This is a rule of thumb, and no hard evidence exists to define this as the boundary of stress. A family with many other unavoidable expenses could be in stress even if spending less than 30%, while a family in a higher income quintile could be stressed if their housing costs are much higher than the 30% threshold. The usual definition is widely used and for purposes of overall statistical analysis we use it too. It can provide a litmus test over time of change in the dynamics of the market. Elsewhere in the report we treat “housing stress” as a more imprecise measure, occurring when housing costs push a household into poverty, or make its tenure in the housing market less stable.

The Renter’s Journey: consumer-centred reform and innovation

**Inclusionary Planning** Using planning rules to make private sector housing developments more diverse, in terms of built form and affordability. Inclusive planning schemes usually impose requirements on developments above a certain scale (a certain size or number of units) to include housing defined by a certain affordability measure. Some approaches also offer concessions to developers willing to include affordable or social housing, such as extra additional height or floorspace in high rise developments.

**Income Quintile** For the purposes of statistical analysis and identifying socio-economic trends, the ABS and other authorities divide households into five income bands, so that one-fifth of households are in each band. Each income band is known as a “quintile”. We refer to the lowest-income quintile and so forth, as different analysts apply the term “1st quintile” and “5th quintile” (etc.) to either the highest or lowest without consistency. The ABS excludes the lowest two percentiles from the data used to define the lowest income quintile, as these are considered outliers that would distort the overall trend analyses, because these percentiles are often people without reported income because they are experiencing temporary economic difficulties or have savings to draw on.

**Marginalised Consumer** We use this term throughout the report to refer to a renter who has difficulty accessing the PRS, either because they cannot afford private rental housing or because of biases against them in the supply of housing. One measure of marginalisation is the Rental Affordability Index published by SGS Economics in collaboration with the Brotherhood of St. Lawrence, Community Sector Banking and National Shelter, which identifies the proportion of housing income support recipients such as unemployed workers, single parents and pensioners can afford in a given market without entering housing stress. Since very little housing is affordable on this measure in large markets, low income renters are effectively marginalised.

**Microdata** Individual data within a large data set, usually aggregated in published data (such as by the ABS).

**Minimum Standards** Product quality standards for rental dwellings that may include minimum design specifications, requirements for various fittings and amenities such as minimum standards for appliances, meeting national minimal accessibility standards for persons with a disability, structural soundness and health requirements and/or thermal efficiency standards.

**Pain Point** A point in a journey map where a consumer encounters an obstacle or difficulty that makes their continuing more difficult or more expensive, or where they may be excluded from the market or denied access to a particular option.

**Persona** A fictional case study used in journey mapping to help groups of people provide shared experiences or insights to a single map. In our case, this is a fictional case study chosen by a workshop group as “representative” of shared experiences. Using a single persona will generally group insights around one type of experience, and exclude outlier experiences that may nevertheless occur for other market participants.

**Private Rental System (PRS)** Used throughout the report to refer to the market for privately rented housing. Excludes social housing, as well as emergency, crisis and transitional housing, and owner-occupied housing. Also refers to the processes, systems and market actors that exist to create, deliver and service private rental housing.

**Rental Agreement** Alternative term for a lease, now the preferred term used in the Victorian RTA.

**Rental Provider** A term introduced in the Victorian RTA reforms instead of the older term “landlord”. At times used interchangeably with landlord in this report, except where referring specifically to the terms of the Victorian laws. Sometimes preferred because “landlord” suggests a retail investor, where a rental provider may in the future also be a large commercial operator in the BtR market.

**Residential Tenancies Act (RTA)** The preferred term in all Australian jurisdictions for the main legislation regulating the PRS. It is complemented in each jurisdiction by laws regulating real estate agents, disability services and building.

**Retail Investor** A small scale or “amateur” investor in real estate to let. Known as a “buy to let” investor in the UK, and often referred to as “mum and dad investors” by the media. Most have only one property in the PRS, and rely on real estate agents to manage their business. The majority have purchased their rental property specifically as an investment and rely on capital gains and negative gearing to make a return.

**Rogue Landlord** Used in this report to refer to rental providers who operate outside the mainstream PRS, and do not comply with tenancy laws. Many operate unregistered boarding houses.

**Segment** A sub-group of consumers within a market, defined by social, economic and demographic factors they have in common, and which make their goals, behaviours, needs and/or vulnerabilities in that market distinct from other consumers. Because segments are defined by these features, an individual may be assignable to more than one segment. The purpose of using defined segments in the journey mapping process is to identify features of the market that if changed would change outcomes for identifiable groups of consumers, and to ensure that key differences in experiences and outcomes are not obscured by market-level analysis.

**Tenure** Refers both to “tenure type” and “tenure length”. Tenure length is how long a person is permitted to remain in a property (e.g. a fixed term or continuing tenancy). Tenure type refers to the right to occupy, based for example on having a rental agreement, owning a freehold, a Crown lease, etc.

**Touchpoint** A point in a consumer journey map where a consumer engages with a service or uses a product.

**Vulnerable Consumer** A consumer experiencing vulnerability(ies) which may be emotional, physical, financial, mental or health-related who is at risk of non-payment for their service (in our case, non-payment of rent) and who may lose their housing as a result.

**Vulnerable Consumer Program** An industry program, common in utilities, and often required by regulators, in which industry participants in a market accept the cost of supporting vulnerable consumers to manage their payments, ensure they do not lose their service, and can overcome their vulnerability. May also involve addressing systemic factors that create vulnerabilities.



#### **ABOUT CONSUMER POLICY RESEARCH CENTRE (CPRC)**

An independent think-tank established by the Victorian Government in 2016, CPRC produces evidence-based research to inform government policy and business practice reform. We work collaboratively across the government, regulatory, business and community sectors. We also conduct, support and promote interdisciplinary consumer research. Our goal is to deliver a fair outcome for all consumers. To find out more, visit: [cprc.org.au](http://cprc.org.au)

#### **Acknowledgements**

Rental Reference Group Members and Partners (Appendix A)

Workshop Participants (Appendix B)

<b>Glossary</b>	<b>ii</b>
<b>Executive summary</b>	<b>3</b>
<b>Key findings and policy implications</b>	<b>4</b>
<b>Introduction</b>	<b>6</b>
<b>Private renting in Australia</b>	<b>8</b>
<b>Creating the journey maps</b>	<b>17</b>
<b>The many housing pathways</b>	<b>26</b>
<b>Women aged 55 and over</b>	<b>28</b>
<b>Young renters under 30</b>	<b>34</b>
<b>Low income families</b>	<b>40</b>
<b>Newly arrived migrants</b>	<b>45</b>
<b>The Renter's Journey</b>	<b>51</b>
<b>Research findings and policy implications</b>	<b>60</b>
<b>Summary table</b>	<b>80</b>
<b>Future directions for research</b>	<b>81</b>
<b>Conclusion</b>	<b>82</b>
<b>References</b>	<b>83</b>
<b>Appendices</b>	<b>87</b>





## Executive summary

---

Australia's private rental system is undergoing continuing, often disruptive change. This has been occurring in a difficult economic context characterised by housing prices rising faster than typical earnings, incomes effectively stagnating (or falling behind housing and other costs), and growing income inequality.

After a long-term focus on house prices, political and media attention has turned to the cost of rental housing and risks facing people with marginal tenures. However, the voice of renters has largely been missing from policy debates, perhaps because renters are not recognised as economically significant and capable of affecting larger outcomes, or because they have not historically been mobilised as voters.

Our goal is to bring renter perspectives into the centre of the policy debate, utilising a tool called consumer journey mapping, well known in the private sector as a way to improve service processes and user experience, but to date not widely used in policy analysis. By creating journey maps for renters passing through the renting process we have identified several critical pain points amenable to policy interventions.

In The Renter's Journey we combine journey mapping of the lived renter experience with desktop research, wide consultation with community, industry and government partners, and key informant interviews to create a framework for continuing research and policy development in the housing space, and a substantial meta-study of the state of the rental housing market in 2019.

Our work has identified several key issues in the private rental system:

- A lack of suitable and affordable supply of rental stock with the features renters need and value, signifying the lack of operation of an effective and efficient rental market. The preferences and needs of renters in turn, have little impact on the provision of housing types, in terms of built form, location, tenure and other features.
- This lack of supply responsiveness not only limits renter choice, but also the capacity of policymakers and industry to provide the kinds of homes that renters want.
- A significant information asymmetry with renters lacking access to property and service information to make effective choices.
- A persistent power imbalance between renters who are constrained in their access to a fundamental service, and those who provide the service.
- Significant and prohibitive transaction costs associated with moving.
- Poor access to and awareness of available support and consumer rights. Ongoing distrust in dispute resolution processes also acts as a barrier.
- An inadequate safety net for marginalised or distressed renters needing support to maintain a private tenancy, with a growing risk of homelessness.

The report is a major milestone in CPRC's housing research program, creating the basis for continuing collaborative research and policy analysis. Offering a fresh approach to undertaking consumer research in the rental market, this report aims to reshape how stakeholders in the private rental system, including government, industry, academia and the community sector, think about the further development of the sector, by putting renters' perspectives at the centre of change.



# Key findings and policy implications

Analysing the private rental system from the renter's perspective highlights several common experiences and important pain points, which can be addressed by policymakers and others to make private rental housing fairer, more efficient and more inclusive.



**Renters are not finding properties that suit their needs**

## Provision of housing needs to be adequate and diverse

- Inclusionary planning is an important tool to deliver diversity of housing tenure and property types
- Minimum building and essential service standards are key

## Improving information disclosure of quality and price

- Increased disclosure requirements of quality and living costs at search stage
- Greater regulatory oversight and advertising requirements for rental increases
- Publishing Rental Non-Compliance Registers of landlords and agents, and exploring opportunities to provide consumer-facing information



**Complex, repetitive, costly application processes**

## Reducing the information burden during the application process

- Standardising information required from renters
- Exploring and supporting innovation in streamlined application processes
- Extending Australian Privacy Principles to rental market industry participants to build trust in online solutions

## Reducing potential for bias or discrimination in renter selection

- Standardising application forms to complement standardised rental agreements to increase efficiency and transparency
- Minimising information required to establish identity and capacity to pay
- Further researching "blind application processes"
- Investigating emerging issues of data collection, sharing and use, in renter selection, including renter's "right to explanation"



**Transaction costs of moving are high**

## Easing cost pressures during the securing and moving stages

- Limiting rent in advance and bond amounts
- Greater scrutiny of moving and connection service companies to ensure renters are not defaulted onto high cost services by third parties
- Exploring government and industry support to smooth moving costs, including outstanding debts or new connections

## Providing support at the securing stage to alleviate risks of homelessness

- Speeding up the refund of bonds and investigating the effectiveness of bond loans
- Closely examining the benefits and risks of fee-for-service bond guarantee or insurance products, particularly for low income and vulnerable households



**Exercising consumer rights is too hard**

## Improving consumer protections and access to redress

- More resourcing for - and expansion of - dispute resolution and conciliation approaches
- Better information about protections through alternative channels and active outreach
- Protection from "informal" blacklisting

## Improving service quality through accountability

- Greater disclosure of the service quality and performance of real estate agents to improve trust, increase transparency and accountability
- Real estate industry is actively pursuing professionalisation agenda <sup>1</sup>
- Steps towards creating a professional registration system, including codes of conduct or additional licensing requirements



**Inadequate safety net for consumers**

## Creating a national system

- National approach to housing policy, including private rental
- Integrating property and service data to improve insights required for new infrastructure, encouraging competition in service delivery and ensure renter preferences and needs are met

## Improving redress, compensation and support programs

- Greater integration as an industry, with licensing and regulator regimes imposing obligations on operators
- Considering better funding of support programs for vulnerable renters; potential to take a shared responsibility across industry, government and the community sector to fund programs through licence fees or bonds levied on rental providers, interest from trust funds, or other sources





# Introduction

In 2019, Australia's private rental market is undergoing continuing disruption, even revolutionary change. More Australians are living in rented accommodation, at levels not seen since the beginning of the post-War home ownership boom, and fewer are reaching retirement age fully owning their own home.

Rapid population growth is creating urban sprawl, in which an emerging geographic divide is entrenching growing socio-economic divisions. Home affordability and the emergence of "generation rent" have become key issues of political debate.

Despite the importance of renting in the public discussion of Australia's housing system, the perspectives of renters have often been absent from policy discussions.

Instead, debate is usually dominated by developers and investors, governments and community organisations that are often only sufficiently resourced to represent people in the direst need and excluded from the mainstream rental system. As a result, the crucial differences between groups of renters can be obscured.

At times, renters are presented as a relatively homogenous group of consumers with straightforward needs and the capacity to choose what product they will use.

At other times, renters are presented as a small group of marginalised people with little or no capacity to make housing choices. Neither picture is wholly true (nor wholly false), but crucial policy debates and attempts to innovate in the rental market cannot reach satisfactory conclusions without a proper understanding of the diverse aspirations, needs and capacities of renters.

This report seeks to address this gap in the evidence base by introducing a new approach in housing policy analysis. Borrowed from standard practice in the business sector, consumer journey mapping is a systematic approach to using qualitative data which allows us to understand the similarities and differences in renter experiences, from the renter's own perspective.

We created a series of journey maps through consultation with subject matter experts, researchers, frontline service providers and renters themselves. These maps identified the commonalities and differences in the rental experiences of some key demographic groups, including:

- Women aged 55 and over
- Young renters aged under 30
- Low income families
- Newly arrived migrants

The commonalities in experiences of these renter segments also informed the development of an overall renter's journey map, enabling deeper analysis of the experiences, actions and interactions of renters at key problem or 'pain points'.

Rapid population growth is creating urban sprawl, in which an emerging geographic divide is entrenching growing socio-economic divisions. Home affordability and the emergence of "generation rent" have become key issues of political debate.

Five key commonalities in experiences that we have analysed in greater depth, considering interactions with policy implications include:

1. Renters not finding properties that suit their needs
2. Application processes are complex, repetitive and costly, with renters experiencing perceived and/or actual discrimination or unfairness
3. High transaction costs of moving
4. Difficulty exercising consumer rights
5. Renters often having an inadequate safety net

We have also discovered important differences in renter experiences. Acknowledging and addressing these differences ensures that innovation can deliver the types of housing people need, and policy reform can ensure renters are provided the right balance of empowerment and protection.

Three important areas of difference include:

1. Preferences regarding the length and security of their tenure
2. Needs regarding built form, amenity and location of housing
3. Renter capacity, in particular the capacity to exercise choice or agency in the market

The provision of private rental housing in Australia often falls short of operating as a fair and efficient market. Ultimately one of the best ways policymakers can improve the agency of renters, drive down prices and make rental housing more secure is to increase supply so that rental housing is no longer a "take it or leave it" proposition. However, supply alone will not address many of the issues we identified. The consumer-centred research conducted in this report offers insights into how policymakers can make private renting a better market and ensure renters have greater agency and protection within it.

Because housing is one of the most basic human needs, it is imperative that the housing market be responsive, efficient and inclusive. If the rental market is unable to deliver these attributes, then all sectors need to acknowledge the need for increased government intervention in housing provision on a far larger scale.

Significant new policy reforms such as the 130 changes introduced by the Victorian Government in 2018 following a three-year review of the Residential Tenancies Act offer renters some of the strongest protections to date. Innovation may also work towards solving current challenges. What is certain however, is that a more advanced understanding of the consumer experience in the rental market will lead to solutions that better meet renter needs.

We would like to thank everyone involved in the preparation of this report including CPRC researcher Damian Bye and our CPRC Rental Reference Group (Appendix A) for their ongoing guidance and insights and most importantly those who shared their experiences with us directly during journey mapping workshops (Appendix B). We could not have completed this work without these collective inputs and are very grateful for the time and effort invested.



# Private renting in Australia - a dynamic and changing system

The Renter's Journey takes place against a backdrop of significant stress and change in the Australian housing system. Before delving into the rental lifecycle, it is important to understand the context of the research, including the importance of housing costs as a part of household budgets, the way the rental system operates, and the economic and regulatory frameworks in which policy change is occurring.

## Our biggest and (perhaps) riskiest expense

Housing is the largest single budget item for Australian households. Whether buying a home or renting, householders spend on average 19.6% of their total income on housing. This slightly exceeds food and drink (17%) and transport (15%). Together these three types of spending account for over half of all outgoings. When the category of fuel and power is added to housing costs, the cost of keeping and running a home rises to 22.5% of the total budget.<sup>2</sup>

Spending on housing is not uniform. The share of Household Equivalised Disposable Income (HEID<sup>3</sup>) spent on housing falls steadily from the lowest income to the highest. In 2015-16 households in the lowest income quintile spent, on average, 23.4% of their income on housing (or 27.8% if household fuel and power is included).<sup>4</sup>

The overall share of household income spent on housing and other non-discretionary costs has been increasing. The ABS divides household expenditure into “basic” and “discretionary” items. Basic items include housing, food, fuel and power, medical and health care, and transport. The share of household expenditure on these essential items has risen steadily if only slightly from 56% in 1984 to 58% in the 2009-2010 to 59% in 2015-16. Importantly however, between the 2010 and 2016 results, the cost of transport, on average, fell 7.1%; food and non-alcoholic beverages rose just 0.6%; medical costs rose 9.4%; the cost of housing rose 8.9%; and, domestic fuel and power rose 11.5%. Australians have less discretionary spending power than they have enjoyed in the previous three decades, and the biggest contributors to the growing cost burden of essential expenditure are housing, and the cost of running a home.<sup>5</sup>

In contrast with many other essential goods, housing (and particularly rental housing) regulations tend to have less of a focus on consistent standards and disclosure requirements. There are numerous laws, agencies and regulatory regimes in place, but they do not amount to a national housing system in the same way that we have a national food system or a unified system of national health regulation.

There is a national approach to building standards, overseen by the Australian Building Codes Board, which relates for the most part to minimum standards for new construction.<sup>6</sup> There is also a National Regulatory System for social housing, established in 2011 and delivered collaboratively by all Australian governments, which regulates asset management and service delivery standards.<sup>7</sup> In relation to the sale or renting of homes, however, there is no nationally-coordinated approach.

Australians have less discretionary spending power than they have enjoyed in the previous three decades, and the biggest contributors to the growing cost burden of essential expenditure are housing, and the cost of running a home.<sup>5</sup>

Despite the enormous range of legislation (not to mention responsible agencies and regulations arising from them), the predominant message to renters in residential housing markets seems to be buyer beware.

As a result of the complexity and lack of coordination of property laws, and the gaps in residential building standards and disclosure requirements, renting is a vital market in which renters must make long-term and highly important financial commitments without the information in other markets. They also make these commitments with many fewer inherent protections. With less resources and bargaining power, renters are generally at a greater disadvantage than purchasers, in regards both to improving the information asymmetry involved in the transaction and in seeking redress.

Throughout the report we will look in greater depth at these issues, and the ways they impact on renters' housing pathways.

## Structure of the rental system

As of the last Australian census (2016) nearly 31% of Australians are housed in rented accommodation of various types. Almost exactly the same number of people live in homes that are owned outright. The largest proportion of people live in houses owned with a mortgage.<sup>8</sup>

The rental sector is very complex and consists of multiple housing (built form) types, tenure types and household types. These principal ways of dividing up rental housing also interact with each other, so that different landlord types own different built form types that are rented in different ways to different kinds of households. This diversity means when we talk about a PRS we are talking about a mosaic of housing experiences, which in turn are part of a larger system in which private renting, social housing, home ownership, homelessness, crisis and transitional accommodation and other housing arrangements interact.

From a renter perspective, various forms of housing create a complex and often confusing “housing career”<sup>9</sup> in which hard decisions often have to be made, involving trading off various needs, preferences and longer-term housing goals.<sup>10</sup>

The ABS breaks down tenure into the following main categories in Graph 1 (p11). Of the 31% or 2,522,91 of Australians housed in rented accommodation in 2016, the majority but not all are living in the PRS.

The “rented” category includes social and public housing, so when we are talking about the PRS we are referring to a sub-set of all rented housing. There is no formal, generally accepted definition of what defines the PRS. In fact it is better to understand the PRS as a useful category for analysis, but one which does not have a strict boundary.

2. Bureau of Statistics 6530.0 - Household Expenditure Survey, Australia: Summary of Results, 2015-16: Average Household Spending (<http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/6530.0Main%20Features32015-16>)

3. The Australian Bureau of Statistics typically analyses household income and expenditure data in terms of five income “quintiles”, defined by what is called “equivalised disposable household incomes” or HEID (a complex weighting measure that takes account of household size, taxes and other factors so that comparisons between households are more accurate). Throughout this report we follow this practice, as do most other researchers.

4. Australian Bureau of Statistics 6530.0 – op. cit. (via downloaded Table 3.1)

5. ABS, *ibid.* See explanatory notes on main page. While health care costs rose more than housing, it rose from a share of 5.3% of total income to 5.8%. Housing rose from 18 to 19.6%

6. Australian Building Codes Board <https://www.abcb.gov.au/>

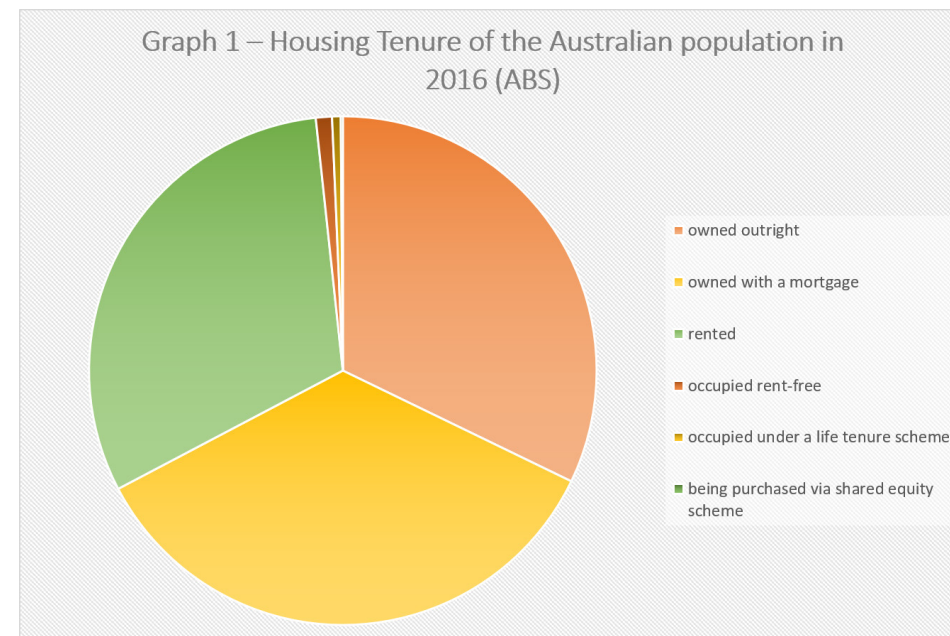
7. National Regulatory System for social housing: <http://www.nrsch.gov.au/>

8. ABS “Snapshot of Australia: 2016 Census data summary” (<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/2071.0~2016~Main%20Features~Snapshot%20of%20Australia,%202016-2>)

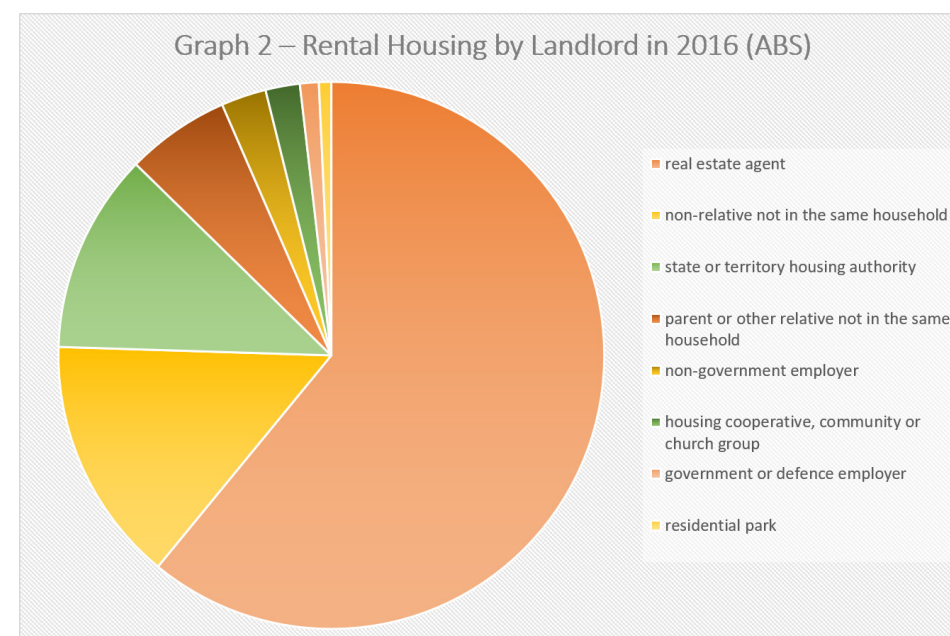
9. The concept of a housing career was popularised by Prof. Hal Kendig in an article entitled “Housing Careers, Life Cycle and Residential Mobility: Implications for the Housing Market” (Urban Studies, 1984, Vol.21(3), pp271-283). More recently the idea of a “career”, with its implication of a linear progression, has been problematised by scholars such as Andrew Beer and Debbie Faulkner, who argue for a complex view of housing as a series of life transitions (relating to both life stage transitions and more unpredictable alterations of circumstance). See for example Beer, A. & Faulkner, D. with Paris, C. & Clower, T. (2011) Housing Transitions Through the Life Course: Aspirations, needs and policy, Bristol: The Policy Press. The journey mapping project is designed to reveal the complexity of housing experience that validates the transitions approach, but we continue to use the term “housing career” both because of continuing currency, and because it reflects the values and expectations of consumers, many of whom aspire to a traditional linear career even if it is not readily available to them, which we explore in detail in the major section of the report.

10. Beer, A., Faulkner, D. & Gabriel, M. (2006) 21st Century housing careers and Australia's housing future: literature review, Australian Housing and Urban Research Institute, pp3-5





Graph 2 provides a breakdown of renting households by landlord type derived from 2016 ABS census figures.



Taking together all those renting from a real estate agent, renting from a relative or non-relative not in the same household, and those in residential parks, private rentals account for 84.6% of renting households. To this group of 2,108,290 households we also add an unknown number of people who are not included in the major ABS statistics quoted in Graph 2 who pay rent or board to someone they live with (perhaps a relative, or a home owner who has let them a room). While the number of these renters is hard to quantify, it is important to include their experiences where possible, as other forms of rented accommodation are a part of the mosaic of housing that makes up the system.

69% of all rental properties are leased through real estate agents acting as letting agents and property managers, who continue to play a major role. 83% of Australia's privately-held rental stock is owned by "retail investors"<sup>11</sup> (or as defined by media, Australia's "mum and dad investors"), amateur investors who directly own the housing units they offer for let, typically on a small scale (71% have just one property to let).<sup>12</sup>

11. Yanotti, M. (2017) "Three charts on: who is the typical investor in the Australian property market?" The Conversation (<https://theconversation.com/three-charts-on-who-is-the-typical-investor-in-the-australian-property-market-81319>)

12. Yardeny, M. (2017) "How many properties does the average investor own?" (<https://propertyupdate.com.au/how-many-properties-does-the-average-investor-own/>)



With little time and expertise to apply to their housing business, these investors continue to rely on agents to manage their properties and ensure they are complying with various laws. These investors are drawn to rental property by several factors, including the perceived security of “bricks and mortar”, the speculative value of capital gains, and tax incentives, including negative gearing rules and capital gains tax discounts.<sup>13</sup>

Outside of the formal system, largely mediated by agents, there are several alternative pathways into rental housing, some well-established within the less formal market, and others created by digital disruption. These include a variety of different housing models that Parkinson, James and Liu<sup>14</sup> classify as:

- Student and short term housing, including purpose-built student apartments, and often sub-optimal accommodation (such as granny flats) attached to other dwellings (which are often rented to low income people such as disability support pension recipients at high unit costs relative to incomes);
- Collaborative consumption models (share houses and rooms let to lodgers who live with owner-occupiers);
- Self-managed rentals in which landlords let properties, which may or may not have a rental agreement; and,
- The “rogue pathway of last resort”.

The “rogue pathway” is often the only option for low income people with irregular housing histories who cannot access more formal elements of the PRS, and tends to be more exploitative. It includes unregistered rooming houses and landlords who do not employ agents and do not comply with the law. People most prone to falling into this pathway are newly arrived migrants, older singles, people exiting homelessness, and people moving to a new area. They can enter the rogue housing sector by accident, which may include unregistered rooming houses and private landlords who don’t use agents and don’t comply with law.<sup>15</sup>

Renters live in a different mix of dwelling types compared to owner-occupiers (with or without a mortgage). Comparing the property size of those who live in owned and rented homes, while rented homes house more people on average, they tend to be smaller. 83% of owner-occupied homes were free-standing houses, against just over 50% of rented. By comparison 10.2% of owner-occupied homes are semi-detached dwellings, townhouses, terraces, flats or apartments, against 36.6% of rented.<sup>16</sup> Given rented homes house more people than owned, but tend be smaller, this suggests renters may be prone to overcrowding.

Mercy Foundation analysis of ABS figures shows that over 51,000 people were living in severely crowded housing at the 2016 census.<sup>17</sup> This is a category of hidden homeless who have a roof over their head but live in such marginal conditions they are “unable to pursue social relations, or have personal (i.e. family or small group) living space, or maintain privacy”.<sup>18</sup>

Severe crowding is defined as housing that would need at least four extra bedrooms to comfortably house the people who live there.<sup>19</sup> According to the ABS another 80,000 were in crowded dwellings (needing an extra three bedrooms).<sup>20</sup> While not all people in crowded or severely crowded dwellings are necessarily renting those homes, it is fair to assume most do. This means that about 1 in every 250 Australians lives in marginal housing, some so bad as to count as a form of homelessness.

The PRS is vital to most Australians, not just those who live in it, and a key to understanding the complex dynamics of housing policy overall.

The PRS is vital to most Australians, not just those who live in it, and a key to understanding the complex dynamics of housing policy overall.

## The changing political and policy environment

The political and policy environment in Australia in 2019 is dynamic. Housing affordability has been an important political issue receiving significant media attention since the height of the so-called housing boom. Several policy settings that have been uncontroversial, or at least been subject to broad political consensus since 1987<sup>21</sup> have become highly contested. Negative gearing and capital gains tax concessions for “mum and dad investors” have become a political battleground as house prices, especially in capital cities, have risen sharply when measured as a ratio of household income.<sup>22</sup> This has led in particular to concern first home buyers are priced out of the market, and consequently have become a generation of permanent renters. The issue of affordability of home ownership is positioned as a question of inter-generational equity, but also an issue of immigration policy, so that it plays into several controversial debates.<sup>23</sup>

The interconnectedness of the elements of the housing system is on display in this debate, as “generation rent” is often described as doubly-disenfranchised. There is a strong implication that being forced to rent means being obliged to accept a less desirable form of housing, reinforcing attitudes to renting with both positive and negative impacts on policy formation. More explicitly, the cost of renting, which it is usually claimed is too high, is seen as a factor locking young people out of home ownership. While struggling to keep a roof over their heads they cannot save a deposit.

Concern for rental affordability and its flow-on effect on home ownership has led to increased public and political interest in regulating the PRS. Since 1980, private rentals in Victoria have been governed by the Residential Tenancies Act, which replaced the Landlord and Tenant Act (1958). A similar process of evolution has occurred in other States and Territories over the last century, in which the rights and obligations of each party in a residential tenancy have been revised and rebalanced.

The process is one of according greater rights to renters, especially regarding responsibility for maintenance and repairs, grounds for eviction, and the principle that a place offered for let must be a dwelling (as defined for example in planning laws) and be of a basic habitable standard. However, the long history of Australian tenancy law also reflects a gradual retreat from controlling rents, so it is commonly accepted that government should not interfere with the market’s capacity to set prices.<sup>24</sup>

Victoria has taken a leading role in tenancy reform, with amendments to the Residential Tenancies Act passed in 2018 which have, among other changes, eliminated the “no specified reason” clause for evictions, updated and expanded the range of minimum standards rented properties must adhere to, and provided renters with more rights in regard to use (such as having a pet and making small, non-structural changes).<sup>25</sup>

13. Seelig, T., Burke, T and Morris, A. (2006) “Motivations of investors in the private rental market” AHURI Positioning Paper no87, pp28-31

14. Parkinson, S., James, A. and Liu, E. (2018) Navigating a changing Private Rental Sector: opportunities and challenges for low-income renters, AHURI Final Report No. 302, Australian Housing and Urban Research Institute, Melbourne, <http://www.ahuri.edu.au/research/final-reports/302>, doi: 10.18408/ahuri-5112301, pp54-60

15. Parkinson, et al, *ibid*, p.59

16. Figures derived from custom tables created using ABS TableBuilder software, drawing on 2016 census data.

17. Mercy Foundation (2018) 2016 ABS Census Estimating Homelessness statistics released ([https://www.mercyfoundation.com.au/latest\\_news/2016-census-estimating-homelessness-statistics-released/](https://www.mercyfoundation.com.au/latest_news/2016-census-estimating-homelessness-statistics-released/))

18. ABS definition of “Crowding”, relating to the 2016 census (<http://www.abs.gov.au/ausstats/abs@.nsf/7d12b0f6763c78caca257061001cc588/54e0338cb1f6c896ca257a7500148dfe1?OpenDocument>)

19. *Ibid*.

20. Australian Bureau of Statistics (ABS) 2018. Census of Population and Housing: Estimating homelessness, 2016. ABS cat.no. 2049.0. Canberra: ABS

21. In 1985 the Hawke Labor government introduced new rules to quarantine negative gearing losses, so that landlords would not be able to offset losses against other income. In 1987 it reintroduced the negative gearing rules that have shaped the PRS ever since. The effects of this experiment have been contested, but the preponderance of evidence suggests that removing the tax incentive for retail investors did not have a significant effect on rental availability or cost: see ABC Factcheck 2016) Did abolishing negative gearing push up rents? (<https://www.abc.net.au/news/2015-05-06/hockey-negative-gearing/6431100>)

22. Daley, J., Coates, B., and Wiltshire, T. (2018) Housing affordability: re-imagining the Australian dream, Melbourne: Grattan Institute

23. Media reporting on the housing market in recent years has popularised the idea of “generation rent”, linking the supposed problem both to government tax policies favouring existing owner-occupiers and landlords, and to high rates of net immigration placing strain on housing supply. For example: Schipp, D. (2018) “Locked Out: It’s all gone horribly wrong for generation rent” (<https://www.news.com.au/finance/real-estate/renting/locked-out-its-all-gone-horribly-wrong-for-generation-rent/news-story/5f8f620daa541c1d424b34018941bbcf>)

24. For example, the Landlord and Tenant Act (1958) Victoria established a Fair Rent Board empowered to set rents by order (ss51, 57-64), while the Residential Tenancies Act (1980 and 1997) merely provide for a renter who believes their rent to be “excessive” to make an application for review to the Director of Consumer Affairs.

25. Consumer Affairs Victoria (2018) New renting laws pass through Parliament – Legislation update (<https://www.consumer.vic.gov.au/latest-news/new-renting-laws-pass-through-parliament-legislation-update>)

Other jurisdictions are now considering following, with reforms under discussion nationally.

New South Wales passed amendments in 2018 to the Residential Tenancies Act 2010 that introduce minimum building standards, limit the frequency of rent increases, and implement nationally-agreed responses to domestic violence.<sup>26</sup> The Queensland Government announced a process of consultations on potential tenancy law reform in September 2018, and at the time of writing was still considering the responses it received.<sup>27</sup> Tasmania undertook a review of its Residential Tenancies Act from 2009 to 2012, leading to the passing of an amendment bill in 2013. Amendments to the Act came into force in 2014, and since 2015 a series of minimum standards including the provision of toilets, cooking facilities, heating and electricity have been gradually introduced, being fully enacted by 2018.<sup>28</sup> No further amendments are currently under active consideration.

Most political interest has focused on directing investment to new construction, which is largely intended to reduce demand side pressure on home ownership affordability but is also intended to increase rental supply. With vacancy rates at historic lows of around 1-2% in capital cities during the previous five years, competition for housing was high and rents rose.<sup>29</sup>

Research by the Grattan Institute showed overall rents did not trend upwards compared to incomes as purchase prices did during the boom, suggesting tax incentives for retail investors successfully decoupled rents from prices.<sup>30</sup> However while prices may not have risen, price pressures on low income families have. Perceptions of rental affordability have however driven policy responses to some extent, and changes in incentives and regulations for investors may have led to increase of supply and increasing vacancy rates, with an associated easing of cost.<sup>30</sup>

Changing economic conditions have led to pressure from industry for changes to tax and planning regimes to support the emergence of new development and residential rental models, in particular the “build-to-rent” sector, in which large institutional investors own multi-unit rental properties as long-term passive income assets.<sup>31</sup>

Finance, real estate and development industry representatives have opposed changes to negative gearing and capital gains tax incentives on the grounds they may dampen investment in real estate, harming rather than helping renters and first home buyers (or at best, harming the retirement plans of existing retail investors without significantly helping others).<sup>32</sup> Governments face competing, and at times contradictory demands for reform, making the political environment a challenging one.

## Shifting economic context

The cost of housing as a share of household incomes has been increasing in recent years, and the least well-off households are paying a greater share of income.

Since the mining slowdown in about 2016, the effects of labour market deregulation that commenced in the early 1990s with the Industrial Relations Reform Act have become more apparent. Reserve Bank of Australia statistics indicate that in 2012, average hourly earnings grew by less than the wage-price index for the first time since dips in 2008-9, and have trended below cost of living increases since.<sup>33</sup> As a result, household incomes are more impacted by essential spending, discretionary spending and household savings have reduced, and the cost of housing has become more burdensome and politically important.

During this period some renters began experiencing greater hardship. While Grattan Institute research cited earlier shows the share of household income spent on rent has remained stable, ABS figures suggest a growing inequality between renters and buyers, with renters (in both private and public/social housing) paying on average 21% of household income on housing, and buyers servicing a mortgage spending 16%. The gap has widened since about 2006, with renters’ costs for housing rising slightly while buyers’ costs have fallen.<sup>34</sup>

Costs have risen faster than average for low income renters, with renters in the private system in the bottom two income quintiles paying on average 32% of income on housing. Over half of families in the lowest income quintile are in rental stress.<sup>35</sup>

According to a Deloitte Access Economics report published in 2018, Newstart recipients receive just over half the net full time minimum wage.<sup>36</sup> As a result, 55% of households reliant on Newstart payments live in poverty.<sup>37</sup> For older Australians reliant on pensions rather than Newstart and other working age payments, things are a little easier, as pensions are indexed to wages. However, home ownership is a key determinant of wellbeing in old age. According to ACOSS research, 52% of pensioners who rent are living in poverty, compared to just 15% of retired home owners.<sup>38</sup>

As a result of falling relative earnings for those on minimum incomes and the stagnating value of income support payments, rental housing in major cities has become all-but unaffordable for people on low incomes.

***According to the latest SGS Economics Rental Affordability Index from November 2018, low income households pay between 50-90% of their incomes on typical rental housing in major cities.<sup>39</sup>***



**Over half of families in the lowest income quintile are in rental stress.<sup>35</sup>**

26. Fair Trading NSW (2018) New Residential Tenancy Laws – The NSW Parliament has passed the Residential Tenancies Amendment (Review) Bill 2018 (<https://www.fairtrading.nsw.gov.au/news-and-updates/news/new-residential-tenancy-laws>)

27. See the Queensland Government consultation on the Residential tenancies Act review via the Open Doors to renting reform website: <https://www.yoursayhpw.engagementhq.com/rentinginqld>

28. Tenants’ Union of Tasmania, summary timeline of the Residential Tenancy Act Review process in Tasmania: <http://tutas.org.au/campaigns/residential-tenancy-act-review/>

29. Scutt, D (2018) “It’s getting cheaper to rent a home in Sydney as vacancy rates hit a 13-year high” Business Insider (<https://www.businessinsider.com.au/australia-property-market-sydney-rents-tenant-agreement-2018-7>)

30. Daley, J., Coates, B., and Wiltshire, T. op. cit. p25

31. Palm, M. (2017) “Build to rent’ could be the missing piece of the affordable housing puzzle” The Conversation (<https://theconversation.com/build-to-rent-could-be-the-missing-piece-of-the-affordable-housing-puzzle-82320>)

32. Schlesinger, L. (2016) “What negative gearing changes could mean to you” Australian Financial Review (<https://www.afr.com/personal-finance/what-negative-gearing-changes-could-mean-to-you-20160218-gmxe7v>)

33. ABS (2017) “4130.0 - Housing Occupancy and Costs, 2015-16: Housing Affordability” (<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/4130.0~2015-16~Main%20Features~Housing%20Affordability~10001>)

34. Australian Bureau of Statistics (2017) “4130.0 - Housing Occupancy and Costs, 2015-16: Key Findings” (<http://www.abs.gov.au/ausstats/abs@.nsf/mf/4130.0>)

35. Australian Bureau of Statistics (2017) “4130.0 - Housing Occupancy and Costs, 2015-16: Housing Affordability” op. cit.)

36. Deloitte Access Economics (2018) Analysis of the impact of raising benefit rates, Australian Council of Social Service, p3

37. Davidson, P., Saunders, P., Bradbury, B. and Wong, M. (2018), Poverty in Australia, 2018. ACOSS/UNSW Poverty and Inequality Partnership Report No. 2, Sydney: ACOSS, p12

38. Ibid

39. The Rental Affordability Index is a collaboration between SGS Economics, Brotherhood of St. Lawrence, Community Sector Banking and National Shelter. The latest summary is here: [https://www.sgsep.com.au/application/files/8015/4336/9561/RAI\\_Nov\\_2018\\_-\\_high\\_quality.pdf](https://www.sgsep.com.au/application/files/8015/4336/9561/RAI_Nov_2018_-_high_quality.pdf)





# Creating the journey maps

While the preceding section provides a traditional economic, social and largely supply-side analysis of the rental market, in this section we propose a new consumer-centred approach to assessing the effectiveness of the rental market.

By systematically analysing and assessing the experiences of renters, we aim to shine a more detailed light on some of the barriers, challenges and opportunities to be addressed by policymakers engaged in this new wave of rental market reform both in Victoria and nationally.

Customer journey mapping is a well-established technique most commonly used by businesses to understand how customers find and choose products, and elements of the experience that keep them coming back.

Traditionally, journey maps were used to structure acquisition funnels and refine sales systems. Increasingly businesses are recognising the importance of customer retention, especially in mature markets, and are creating “customer experience maps” that focus on a lifecycle of continual re-purchase.

While journey mapping evolved as a way for businesses to engage customers, improve experiences and drive sales, it is surprisingly useful as a policy tool. The value of this approach is that it repositions renters from passive subjects of policy development to agents, whose values, goals, needs and capabilities are central to understanding how a market works, and how it delivers value. This is especially important for policymakers regulating essential markets, as the consumer focus redefines important concepts such as efficiency and inclusion.

## A short history of customer journey mapping

Journey mapping goes back to 1981 with Swedish management consultant Richard Normann<sup>40</sup>, and the applications of his work in the management philosophies of his client Jan Carlzon, CEO of SAS Group. Carlzon introduced a program called Putting People First, focused on identifying points of contact between customers and business, empowering frontline staff to act on their own initiative to solve problems and improve experiences.

Borrowing a term from Normann, he called these interactions “moments of truth”. Carlzon improved performance and customer experience by delegating authority to frontline staff to make real-time decisions, and as a result returned the business to profit within a year.

This customer-first approach became the basis for a broad movement and SAS later delivered training to businesses across Scandinavia.<sup>41</sup> Carlzon’s philosophy was popularised in a book called *Riv pyramiderna!* (published in English as *Moments of Truth* in 1987).<sup>42</sup> The individualised moments of customer interaction with a business at the centre of Carlzon’s approach are now known as “touchpoints”.

40. In the early 1980s Normann was a visiting scholar at the Harvard Business School and founder of Service Management Group, in which role he was a strategy consultant for SAS ([https://en.wikipedia.org/wiki/Richard\\_Normann](https://en.wikipedia.org/wiki/Richard_Normann)). His ideas on the unique challenges of service- as opposed to product-oriented manufacturing businesses were presented in Normann, R. (1984) *Service Management: Strategy and Leadership in Service Businesses*, New York: Wiley.

41. TMI, where Normann worked as a consultant, developed the Scandinavian Service School in partnership with SAS. See TMI Australia’s case study on the growth of the service movement (2007) *Scandinavian Airlines System* ([http://www.tmiaust.com.au/track\\_record/case\\_studies/scandinavian\\_airlines.htm](http://www.tmiaust.com.au/track_record/case_studies/scandinavian_airlines.htm))

42. Carlzon, J. (1987) *Moments of Truth*, Cambridge, Mass.: Ballinger Pub. Co.



In the wake of this emerging customer service movement, attention turned to placing touchpoints within a structure to enable managers to institute systemic reform. In 1989, Susan Whittle and Morris Foster of the Sheffield Business School published a paper in the journal *Management Decision* entitled “Customer Profiling: Getting into your Customer’s Shoes”, proposing a new approach to “expose and monitor [the] customer perspective rather than continuing to rely solely on tools that measure conformance to internal standards”.<sup>43</sup>

Their innovation, they argued, was to develop a new way to understand quality in service industries, in contrast to established methods better suited to manufacturing. Rather than focus on the product, they believed that in service industries quality lies in the customer’s experience and proposed what they called a “customer profile model ... which charts the customer through a ‘service journey’ and systematically generates a picture of your service from the customer’s point of view”.

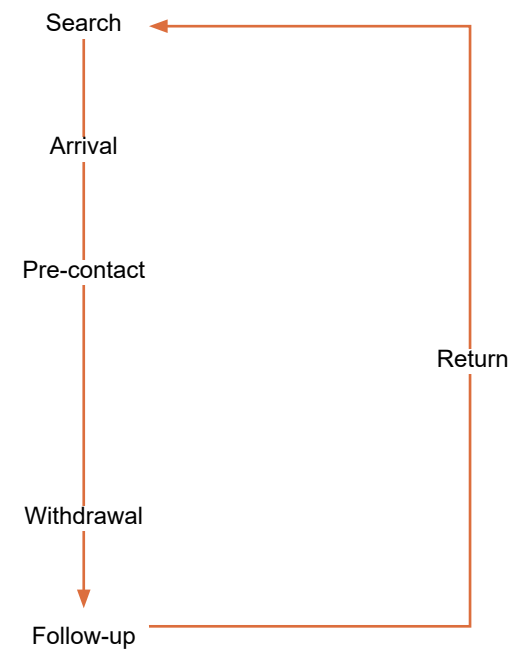


Figure 1: Whittle and Foster’s Customer Service Model

Modern journey (or experience) maps retain the core of Whittle and Foster’s model but add a variety of supporting detail such as goals, emotions and touchpoints at each stage, so they can guide practice for businesses.

The map may identify specific “friction points” (pain points) where the customer’s goals and attempted actions are frustrated by the company’s processes, along with “moments of truth” where the company can reduce friction and improve outcomes.

43. Whittle, S. and Foster, M. (1989) “Customer Profiling: Getting into your Customer’s Shoes” *Management Decision*, Vol.27(6), pp27-30 (<https://doi.org/10.1108/00251748910132575>)





## Journey mapping for public policy analysis

There clearly exists significant scope for journey maps to become complex, which may suit a business engaging in deep analysis to achieve competitive advantage. However, as a tool to be shared and applied by government, industry and consumer stakeholders in a policy process, this level of complexity may be excessive.

To address the complexity problem in our analysis, we started by reframing the purpose of the traditional journey map. For a policy audience, what becomes important is not sales conversion rates, but consumer agency in exercising choice and consumer rights, along with access to available support, interactions with tools, platforms and people, and the regulations that govern them.

In designing the key stages and journey mapping template, we relied on CPRC's conceptual framework for consumer engagement, known as the Five Preconditions.<sup>44</sup>

1. Barriers for customers with reduced capacity are removed
2. Key information is disclosed, clear and accessible
3. Comparison tools are simple and effective
4. Switching costs (financial and non-financial) are low
5. Consumers are aware of how to access, assess and act on information

These five factors enable consumers to make informed choices and acquire goods and services that meet their needs. If one or more of these preconditions are inhibited, this can result in reduced consumer agency and poor outcomes from decision-making processes.

Focusing on common pain points in the rental journey, and how they interact with these preconditions, allows us to develop maps to guide business practice and regulatory reform in a consistent way, ensuring reform is designed to improve renter agency. Using the consumer journey mapping approach enables policy analysis to take account of what renters are trying to achieve as agents in the housing system and with who, what and how they are engaging.

Our objective is to identify opportunities for policy reform and practice change that addresses these key pain points and will ensure the private rental system is efficient, inclusive and delivers core public policy objectives.

Taking these factors into account, we have elected to adapt the journey planning methodology as a tool for policy analysis by recasting it as a consumer lifecycle mapping approach not seeking to identify every touchpoint in each segment's journey. Instead, we identify critical touchpoints where consumer goals and values conflict with the functioning of the system, defined as attempted actions that are frustrated by pain points. We then identify those pain points and connect them to processes, policies or practices influenced by public policy design. We consider efficiency, inclusion and policy goals, and where policy actors (including government and industry) have practical opportunities for reform to address these pain points (turning them into moments of truth).

## Our approach

Ambiguity and gaps in housing data<sup>45</sup> make the use of a qualitative, consumer-centred approach particularly important, since reliance on statistics alone will not provide a complete picture of what renters experience or what assistance they require.

In developing the consumer journey maps, we aimed to use direct, in-depth engagement with a small number of research partners and participants to validate our approach and initial findings. We caution that our results do not represent a consumer survey outcome or other large-scale qualitative study. We present an approach to understanding consumer experiences in the rental market, in the absence of established methods or reliable data.

We believe this approach to assessing outcomes in the housing market provides new insights as to how consumer research can be better drawn on to inform policy design.

This method is heavily informed by Most Significant Change Technique, which offers a way to gather shared insights by inviting research participants to select narratives reflective of shared experiences.<sup>46</sup> We have drawn on the success of journey mapping in the commercial sphere, where it has been tested by the need to provide reliable business outcomes, and where a validation approach is typically used instead of mass surveying.

The cyclical and varied ways renters engage with the PRS is important in the current Australian context because tenancies are typically so short. According to research by CHOICE, National Shelter and the National Association of Tenant Organisations, 83% of renters have a fixed lease of one year or less, or no fixed term at all. 51% of renters have moved three times or more. Almost one in ten renters have moved 11 times or more.<sup>47</sup>

Developing The Renter's Journey map was an iterative cycle of development and validation, in which a range of statistical and qualitative sources was employed, and an array of subject matter experts, including renters themselves, engaged to critique and inform the model.

## Defining the key stages in the rental journey

While the easiest way to represent a consumer journey is a single trip from A to Z, the reality of renters' experiences is a complex lifecycle. At its simplest, this cycle is shaped by the need to leave one tenancy and find another. In most cases these overlap, with renters needing to find a new place in the short timeframe provided by a notice to vacate.

Many renters enter the PRS first as young adults leaving the family home. For some, their first experience of private renting comes later, when changing health, economic circumstances or relationships mean they leave public housing or home ownership. Other factors include the inability to sustain a tenancy, life-stage considerations, or renters transitioning to home ownership.

44. Martin-Hobbs, B. and Solomon, L. (2018) Five preconditions of effective consumer engagement – a conceptual framework, Melbourne, Australia: Consumer Policy Research Centre

45. These include in particular the ways that individual and household data are collected, and cannot be easily compared, so that it is often hard to know precisely how many people live in rented houses without detailed microdata analysis. There are also terminological ambiguities. We note for example that people can be both housed and homeless, because one definition of homelessness is living in a severely crowded dwelling.

46. Kelaher, M., et al. (2008) "Structured storytelling in community arts and health program evaluations" Lewis, A. & Doyle, D. Proving the practice: Evidencing the effects of community arts programs on mental health Fremantle, WA: DADAA, pp148-164

47. Unsettled: life in Australia's private rental market (2017), CHOICE, National Shelter & the National Association of Tenant Organisations, p9





According to analysis of ABS social survey data by Michael Yardney, in 2012 82% of private renters had moved at least once in the preceding five years.<sup>48</sup> A survey conducted by finder.com.au found average tenure for an Australian renter is 4.4 years. For millennials this falls to just 2.7 years.<sup>49</sup> The impacts of this short “renting lifecycle” are significant.

**The Renter’s Journey is divided into eight stages:**

1. Values and Goals
2. Need Arises
3. Searching
4. Applying
5. Securing
6. Moving In
7. Living
8. Change

Of these stages, the first and last are unusual, compared to standard customer journey maps. They have been included because our collaborators, Reference Group and workshop participants felt the map was incomplete without them.

**Values and Goals** refers to the stage of forming, and re-forming, beliefs about what a good home will be, and using these to establish broad goals before searching for a new dwelling. The terms “home” and “dwelling” are both used in the housing policy debate, at times as if they are interchangeable. But for many of our participants, and for many others in the housing literature, they are distinct in crucial ways. This is very important for understanding how people interact with the rental system as consumers. A dwelling or house is a commodity, a physical product that a renter uses to achieve other goals. Those goals are bound up with the concept of a “home”, that has a dwelling at its core, but is about the form of life the dwelling, used in a particular way, enables those who live there to have.

How people imagine “home” is complex, and bound up with cultural, social and economic drivers.<sup>50</sup> Individual and shared ideas about how and where people should live, what a suitable home looks like, and what values a home provides shape the goals people have when seeking housing and even more importantly, choices made under various constraints. People with limited choices often face serious dilemmas and make trade-offs that can seem irrational when measured by other people’s unexamined expectations. Constraints people face in the rental system often lead to aspiration gaps, significant differences between what people seek and what they settle for. Studying these gaps shows how the housing system may be failing people, since housing aspirations do not just reflect values, but also practical decisions people make to achieve forms of life important for security, welfare and happiness.

The other end of the rental journey is the **Change** stage, the point where tenancy ends. Important to our analyses, this is where people enter a new journey, either back into the PRS or into another kind of housing, and where we identified significant risks for marginalised renters. Lack of supply, and identified challenges in finding and securing housing, puts people at greater risk of homelessness. In between, we identified important stages that follow the major process of finding and moving into a home, and challenges of living in a rented property and maintaining a tenancy. Most stages occur at the beginning of the journey, simply because most housing-related challenges occur here.

48. Yardney, M. (2012) “How often do we move? And some other property stats” (<https://propertyupdate.com.au/how-often-do-we-move-and-some-other-property-investment-stats/>)

49. Goddard, H. (2017) “Victorian renters stay in the same home longer than the national average” realestate.com.au (<https://www.realestate.com.au/news/victorian-renters-stay-in-the-same-home-longer-than-the-national-average/>)

50. Flanders, J. (2014) *The Making of Home*, Great Britain: Atlantic Books



### Developing the rental journey template

After identifying key stages in the rental lifecycle, a template was developed incorporating initial stages and elements common to journey mapping, including what renters are ‘experiencing’, ‘thinking’, and ‘doing’ at each stage of the rental journey. We also added the element of ‘policy implications’ to directly connect the consumer experience to relevant policy mechanisms.

### Desktop research of four key segments

We focused on four key segments experiencing material changes in terms of their representation in the rental market and concerns that have been raised by stakeholders: Women aged 55 and over; Young renters under 30; Low income families and Newly arrived migrants.

Desktop research was conducted to develop a greater quantitative understanding of how these demographic segments are changing in their experience of the rental market.

### Workshops of four key segment journey maps

Assisted by Erin Grant of AGL, a customer journey mapping expert who worked with us as part of AGL’s volunteering program, we developed a workshop structure that was a combination of training seminar and content co-creation.

Workshops were conducted with the four renter segments, with small groups of no more than six. Over two hours we introduced participants to the method and invited them to create their own personas based on direct experience.

Helping to focus attention on the journeys, these personas are fictional characters combining shared experiences and those of people they know. In the maps we have, where available, combined these personas, and insights shared by our participants with other focus groups to create a synthesis. These maps are not individual case studies, or based on simple statistical profiling. They are robust representations of lived experience, with enough structure and validation to make them more reliable than simple case studies to identify systemic issues.

Between December 2018 and February 2019, we conducted five workshops with research staff, renters and frontline workers with insights into our four chosen segments. Their insights combined with key person interviews and feedback from the Rental Reference Group form the core of the four journey maps presented in the next chapter. A full list of workshop participants can be found in Appendix B.

### Developing the overarching The Renter’s Journey map

The resulting generalised The Renter’s Journey map is an overarching tool, capturing the commonalities and differences of the renter experience to provide a framework for further in-depth research. It is intended to provide a starting point for on-going collaboration with our research partners, presented here as a way to analyse the rental system from the renter perspective and as a proof of concept for the use of journey mapping in future consumer policy and housing research.



*Women Aged 55 and Over Workshop*



*Young Renters Workshop*



# The many housing pathways

In the section on journey mapping we discussed the importance of segmenting consumers within a market. There are many important segments and sub-segments in the private renting population, and our analysis of the complexity of the PRS indicates why it is vital their differences are properly understood.

At the foundational stage of our inquiry it is impossible to cover all the identifiable segments in the market, and to some extent the divisions we identify are arbitrary. Many individuals can be identified as a part of several segments. A person could be both a low income earner, a student, a single parent and a member of an Indigenous community, and exploring their journey as an individual is just as important as our understanding of the challenges shared by members of any of these segments.

The analysis and mapping undertaken in this section is in many ways indicative. However the four segments chosen provide important insights into how many renters are affected by market conditions, laws and systems to enable continuing policy development and practice change.

## Four key segments

In this section we define four segments of interest to policymakers, industry and community advocates in the rental housing system. These segments have been selected because each group is statistically-significant within the renting population overall, is growing disproportionately as a segment, or faces unique challenges susceptible to policy interventions and industry innovation.

Each of the segments allows us to explore one of four important themes which cast light on the dynamics of the Australian PRS.

### The segments are:

- Women aged 55 and over, reflecting the changing nature of many renters' "housing careers"
- Young renters aged under 30, reflecting growing diversity in the types of housing (including tenure and built form) demanded from the PRS
- Low income families, reflecting the increasingly entrenched nature and complexity of the affordability challenge
- Newly arrived migrants, especially first-generation heads of household from Culturally and Linguistically Diverse (CALD) backgrounds with children, reflecting challenges some renters have accessing and acting on crucial information





# Women aged 55 and over

Women approaching or after retirement - aged 55 and over<sup>51</sup> - are a growing proportion of the PRS, and of the homeless population. They are a key segment of interest because they are a group of especially vulnerable renters.

Hard longitudinal statistical data on Australia’s housing system is difficult to come by, particularly when trying to understand the position of older women in the PRS. According to a report by the National Older Women’s Housing and Homelessness Working Group, between the 2006 to the 2016 censuses, the number of women aged 55 and over in private rentals increased from 91,549 to 180,617, a 97% increase.<sup>52</sup> By comparison the number of households renting their homes increased by 22.64% in the same period, from 18.4% to 23.79% of total dwellings.<sup>53</sup>

Women aged 55 and over in total make up a small proportion of private renters and are less likely to be renters than other Australians. Using households as a crude proxy for population, in 2006 women aged 55 and over made up 12.47% of the Australian population, and 1.63% of the renter population. By 2016, this group comprised 13.95% of the Australian population, and 2.41% of renters. Only 3.55% of older women rented their homes in 2006, rising to 5.35% in 2016.

While in total number, women aged 55 and over may not seem a significant segment, a great deal of change appears to be underway. During the ten years up to the last census, not only did the number of older women renters increase, the proportion who rent went up enormously. Those who rent privately rose 33.67%, 50% faster than the rental population as a whole, indicating that private rental is rapidly becoming more crucial to later-life outcomes for women.<sup>54</sup>

Our attention was drawn to the situation of women aged 55 and over in the PRS by the broader interest of the community sector and government in the plight of older homeless women revealed by the 2016 census.

The number of women aged 55 and over recorded as homeless jumped by 31% from the 2011 to the 2016 census (from 5,234 in 2011 to 6,866). Older women’s homelessness numbers are of interest not because they form a large part of the population, but because their representation is rising disproportionately. Homelessness is also rising among older men, by 26% in the same period.<sup>55</sup> While the rate of homelessness suggests risks for people who approach retirement without adequate resources, we chose to focus on women because their situation is changing rapidly and has been under-researched.

Historically, women’s homelessness, and especially older women’s homelessness, has been under-recorded, because they are less likely to sleep rough or access traditional homeless services like shelters. Women also experience situational or temporary homelessness, making them less likely to be counted during a point in time survey like the census.<sup>56</sup> It is claimed that instead women rely more heavily on their stock of “social capital”, especially during periods of situational homelessness, or when transitioning between life stages. Research referenced by the Council to Homeless Persons shows that between 2012 and 2016 the number of women presenting to homelessness services while couch surfing increased 83%, and the number sleeping in cars increased by 75%.<sup>57</sup>

The causes of homelessness for older women are complex and difficult to fully quantify. However, an exhaustive survey of reports from frontline housing services and available research literature by the Australian Association of Gerontology (AAG) indicates that factors driving the growth in older female homelessness are both age- and gender-related. Among factors the AAG identify as general causes of homelessness are cumulative lifetime impacts (such as low socio-economic status, mental ill-health and physical or sexual abuse), a lack of suitable, affordable housing (including social housing), and a lack of information and support. The report indicates that for older women gender-specific factors also compound the risk of becoming homeless, including:

- Lower earnings and employment opportunities than male counterparts
- Living alone (including after losing a partner)
- Relationship breakdown and intimate partner violence
- Exhausting social networks and a reluctance to seek formal assistance
- Expectations to provide housing to kin and friends, which especially impact on Indigenous women (who therefore become technically homeless when their houses become severely crowded)<sup>58</sup>

Women who become homeless when older are far more likely than men of the same age to be homeless for the first time.<sup>59</sup> Older homeless men often experience chronic or episodic homelessness for a long time. The rapid increases in older women entering the PRS and becoming homeless suggest that women approaching retirement age are especially vulnerable to disruptions in the traditional Australian “housing career”.<sup>60</sup>

In the case of older Australian women, economic and social changes, changing social policy and shifts in urban geography have disrupted the traditional housing career they might have expected. StreetSmart labels this “conventional lives”, characterised by marriage, child rearing, unpaid domestic and other labour, and caring for elders as well as children.<sup>61</sup> Whereas women are reaching retirement age with many of the economic deficits that go along with their traditional gender role, such as much lower savings, earning potential and workforce participation,<sup>62</sup> the structures traditionally expected to offset this (such as a home that is wholly owned, a partner with more substantial savings and a pension adequate to meet living costs) no longer ensure late life housing outcomes that older women might have expected.

51. COTA and Housing for the Aged Action Group target their services at people aged 50 and over, although HAAG does not generally advertise this to avoid putting off younger people it might help. At the other extreme My Aged Care (the Commonwealth funding program for home care for older people) is only available to persons 65 years or older (or 50+ years for Indigenous people), which is also the current pension eligibility age for women. We chose 55 as a somewhat arbitrary cut off, chosen as it marks a common boundary between age ranges used in many of our statistical data sources, and some of the literature reviewed for this research.

52. National Older Women’s Housing and Homelessness Working Group (2018) Retiring into Poverty: A National Plan for Change: Increasing Housing Security for Older Women, p6. ([https://www.oldertenants.org.au/sites/default/files/a\\_national\\_plan\\_for\\_change\\_report\\_final\\_2.pdf](https://www.oldertenants.org.au/sites/default/files/a_national_plan_for_change_report_final_2.pdf))

53. Figures derived from customised tables compiled using ABS TableBuilder software. This figure includes only those Landlord types in our narrow definition of the PRS, including real estate agents, residential parks and non-resident private landlords.

54. These figures are based on a combination of sources, including ABS 3101.0 Australian Demographic Statistics: TABLE 59. Estimated Resident Population By Single Year Of Age, Australia; the older female renter figures provided in the Retiring Into Poverty report op. cit., figures derived directly from ABS TableBuilder, and general percentages of rented dwellings provided in the ABS statistical summaries for the 2006 and 2016 censuses ([http://quickstats.censusdata.abs.gov.au/census\\_services/getproduct/census/2006/quickstat/0](http://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2006/quickstat/0) and <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/2071.0~2016~Main%20Features~Snapshot%20of%20Australia,%202016~2>). The base data was used to calculate total populations by sex, and for the group 55+ in both comparison years. National Older Women’s Housing and Homelessness Working Group figures were used to provide a numerical value for the older female renter population. Crude measures of total renter population were derived from TableBuilder for both comparison years using our narrow definition of “private renters” and general rental population using percentage statistics provided in the ABS summaries. In each case the percentage of rented dwellings was applied to the total population to generate an estimate of the renter population.

55. Australian Bureau of Statistics (ABS) 2018. Census of Population and Housing: Estimating homelessness, op. cit. Australian Association of Gerontology (2018) Background paper: Older women experiencing, or at risk of, homelessness, Melbourne, p6

56. Australian Association of Gerontology (2018) Background paper: Older women experiencing, or at risk of, homelessness, Melbourne, p6

57. Council to Homeless Persons: “More Older Women Couch Surfing as Private Rental Squeezes Them Out”, press release, 6 August, 2017. Couch surfing refers to a transitory form of homelessness in which people sleep in the homes of friends as house guests (not always actually on a couch). The release cites analysis conducted by Homelessness Australia, using data provided by the Australian Institute of Health and Welfare.

58. Ibid, p14

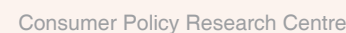
59. Australian Association of Gerontology (2018), op. cit. pp11-15

60. The concept of a housing career gained currency in the early 1980s, used by housing researchers, sociologists and others to describe the process by which housing consumers move through types of tenure, built form and location that correspond to their needs during distinct life stages. The concept of a career, with its implications of orderly, predictable progress, has often been problematised, including by the same authors who popularised it. Ray Forrest, for example, argued that while a “housing career” is a useful concept for understanding housing systems, other elements such as “housing experiences” and “housing pathways” are of equal importance. While the complexity of individual experiences in the housing system is difficult to capture with a single term, in common with many researchers we persist in using “housing career” as shorthand for the whole housing journey.

61. de Lacy, S. (2018) “70 and Homeless for the First Time: The Rise of Older Women’s Homelessness” StreetSmart (<https://streetsmartaustralia.org/seventy-and-homeless-for-the-first-time-the-rise-of-older-womens-homelessness/>)

62. Industry Super Funds (2017) “The Gender Super Gap” (<https://www.industrysuper.com/about/features-and-articles/the-gender-super-gap/>)





Our research looks at whether women aged 55 and over have access to housing they can afford and meets their needs. For example, with many older women living alone, a question arises about whether there is enough single bedroom housing stock to suit this emerging demographic. We also examine whether older women experience discrimination when competing for housing in the PRS.

The journey map created for women aged 55 and over demonstrates the need for women approaching or at retirement age to find housing they can maintain for the long term within social and other networks created during their working, caring and other careers.

For this group of renters, problems are closely associated with significant change of life stage events, including loss of a partner or the breakdown of a marriage. These events also include retirement or job loss at an age when finding new employment can be especially difficult.<sup>63</sup> Changes in income can be significant if older people must move from wage earning to income support, with many obliged to go onto Newstart payments before they can retire. If rents rise, as they have been doing at a rapid rate, even women working on low incomes may be unable to sustain a tenancy.

Participants in our workshop spoke of push factors driving older women into insecure housing and homelessness, such as the lack of adequate housing supply, cost and low wages. They identified a particular problem with finding new housing within areas they know, and of housing options narrowing due to changes in the rental market. For those seeking to downsize, options are particularly hard to find.

Their experiences reflect the changing nature of housing careers, in particular the fact that so many more people are arriving in older age without owning their own home or owning it outright. Women are approaching retirement with fewer savings than men and life stage events can quickly turn into major transitions in housing too. Among women aged 55 and over the largest concern in trying to find suitable housing is fear of age- and gender-based discrimination. Like other groups, they did not report being explicitly rejected on these grounds. They noted the number of younger applicants who got selected ahead of them and drew their own conclusions.

Within our group, and in the larger body of research from which we drew, it was apparent that the challenge of getting and maintaining a private tenancy relates to a lack of knowledge about and willingness to access support services. Many draw on both cash reserves and social capital to maintain tenancies, meaning by the time they present at a social service they are already homeless and don't have the resources to establish another private rental. Many draw heavily on their network of friends and family, joining the large number of hidden homeless who consider themselves house guests as they look for other options.

***“It’s about stoicism ... and is not always gendered. It’s about a lack of past experience and knowledge of the service sector.”***

– **Gemma, community worker**

63. Keast, J. (2015) "The Age Paradox: Older people want to work, but age discrimination stands in their way" Australian Aging Agenda (<https://www.australianagingagenda.com.au/2015/08/05/the-age-paradox-older-people-want-to-work-but-age-discrimination-stands-in-their-way/>)



Lack of awareness of available support is a result of the often abrupt change women face as their housing career and life shift around them. If you have lived in your own home, with a partner and raising children, suddenly finding yourself alone and needing to rent perhaps for the first time in decades can be disorientating. Needing welfare after a lifetime of looking after others can be dispiriting and lead to feelings of shame. The importance of early access to services is especially important for older, single women as many who do seek help can access social housing as they often qualify for priority waiting lists and their applications can be expedited.<sup>64</sup>

As a result, older women talk about the need for security, defined as a place of their own with privacy. They also talk about the need for somewhere that feels like home, where they can maintain social and familial connections and live with dignity. Housing aspirations for older women are often modest, as they accept the need to downsize and are willing to accept small and even irregular housing options. One participant talked about renting what amounted to a shed in someone's backyard, so that they could stay in their community and have a garden.

Transitions to small, perhaps uncertain housing, comes with grief as well as stoic acceptance. There are inevitable feelings of loss associated with losing an established home and the sense of self that goes with it, and the loss of possessions that may be sacrificed in order to secure a smaller home.

In addressing the housing experiences of women in later life it is essential to recognise that the transition is made difficult by the lack of suitable housing and insecurity from loss of income. Future housing stock need to be varied enough to accommodate people such single women, but also located in places that allow people in later life stages to maintain vital social networks.

64. Housing for the Aged Action Group's annual report 2017-2018 indicates that half their housing clients approached them only when in "housing crisis", and of those who were rehoused 53% went into public housing (<https://www.oldtenants.org.au/sites/default/files/2017-2018-annual-report-web.pdf>)





# Young renters under 30

People 18-35 years old have made up most Australian private renters for decades.<sup>65</sup> The established view of private rental housing as a transitional life stage relies on the idea that most renters are in their twenties, probably students, apprentices or workers in first jobs, often sharing with others, and waiting to partner and save a deposit.

While in some ways this traditional view of the role of renting in Australian life cycles retains some essential validity, the role of renting in the lives of young Australians is changing, as is their experience of renting during this life stage.

Young renters remain an important segment for analysis of the PRS. The proportion of young people in the renter population is falling but renting remains an important housing option. This is falling slowly due to young people staying in their parents' homes longer.<sup>66</sup> Nevertheless, renters under 35 make up more than 60% of the rental population.<sup>67</sup>

The continuing role of renting in young adults' lives and their predominance in the rental system both suggest that established patterns of housing consumption are continuing to define the housing careers of new generations of Australians. Two potentially inter-related issues have been raised by analysts and commentators about the validity of the traditional model of housing consumption for understanding the needs and experiences of young people.

Firstly, does renting remain a predominantly transitional stage in housing careers that proceed to partnering, family formation and home ownership in a predictable way? Or are we now seeing the emergence of “generation rent”, a generation that will be obliged to rent permanently, or else purchase much later than their parents, and reach retirement age with a large mortgage?

Secondly, are young renters changing how they consume housing? Is the once-ubiquitous share house becoming outdated, in favour of apartment living and other built forms that are better suited to longer-term occupancy? Are renters now consuming housing differently, and does the housing stock available to them, or the terms under which it is provided, meet their needs?

The claim that a generation of permanent renters is emerging in Australia is based on extrapolations from two types of data. One is the growing number of renters relative to homeowners overall, and the changing demographics of renters. HILDA data from 2006-2016 suggests the number of renters in all older age brackets has grown steadily, particularly among the 45-54 age bracket.

The overall trend is for more people to rent, and for renters to be getting older. Those now in middle-age appear permanently in the rental system, and so may reach older age without a home of their own.<sup>68</sup> The argument is that if older generations are now showing signs of being more likely to rent for life, those entering the market now are also more likely to. This is bolstered by data on home buying costs and its impact on young adults, much of which is collated in the Grattan Institute's report *Housing Affordability: re-imaging the Australian Dream*.<sup>69</sup>

Overall housing costs have risen, but the cost of purchasing a home have risen far more than rents. Rents have almost doubled compared to costs in 1997, roughly in line with wages. House prices have increased 350% in the same period.<sup>70</sup>

With stagnating wages and fast-rising house prices, it is harder than ever for young people to save for a home. If this trend continues, it appears likely many will be in the rental market indefinitely.

Falling rates of ownership among young people do not mean they will never own their home. Instead, a greater disparity is emerging in the tenures of younger Australians, and the built forms and geographies of housing consumption. In this segment, which overall represents a large portion of the PRS, care must be taken to use the greater detail offered by persona analysis to avoid over-generalisations that mask important differences.

The diversity of young renters includes their aspirations. For some, especially those with parents in higher income brackets, renting is likely to remain a transitional stage in a career dominated by home ownership as a form of wealth creation.<sup>71</sup> For others the home ownership pathway will be more challenging, and they are likely to make several compromises to achieve their preferred outcome. The most important of these is location, leading to a situation in which young home owners reliant on their own earning power are clustered on the fringes of what Daley, Coates and Wiltshire call “geographically divided” cities.<sup>72</sup> Meanwhile others, especially those who have accepted long-term renting as their best housing option, or who cannot bear the great cost of travel associated with living on the fringe but working in the city, are increasingly turning to apartment living.<sup>73</sup>

Members of our project reference group raised the possibility these differences in aspiration and outlook will impact on the behaviour of young renters as market actors in important ways. For example, it is likely that young but relatively well-off renters will seek low cost rentals, which will help save money, with the lower amenity being tolerable as a short term inconvenience. The result is they may not take up greater supply of better quality but more expensive inner-city build-to-rent apartments, but instead out-compete poorer households for the same stock of established housing. If this hypothesis is confirmed by further research, it has important implications for policy responses to housing affordability challenges, and for industry as it explores alternative business models.

These drivers of change and increasing diversity in the young renter segment are also driving changes in the built form of the rented homes they occupy. The traditional conception of young renters is they live in share houses. The proportion of group households has increased between the last two censuses from 3.9% to 4% of all households, which is small overall, but represents a larger portion of rental housing.<sup>74</sup> With the increase in severely crowded and crowded dwellings, it is likely that the growth in group housing relates more to extended families and low income groups, rather than young people just out of home. The greatest growth in rental housing for young people is apartments, with the majority of residents being young – 29% aged 25-34. One in five of all people in this age bracket live in an apartment, double the rate for the population as a whole. Another 13% are aged 15-24.<sup>75</sup>

The complexity of the young renter segment suggests that meeting their housing needs is going to present a significant challenge for industry and policymakers. Enabling creation of affordable homes to rent and buy closer to concentrations of economic and social opportunity as major capital cities continues to grow will be crucial. This challenge involves rethinking the built form of future housing, and how it is planned, funded and managed. More apartments are critical, but will need to be purpose built for the needs of young people both in their current life stage and as they begin to contemplate family formation and home buying. Otherwise the geographical division of cities will increase, socio-economic differences in lifecycle opportunity will become more entrenched, and the competition between different distinct parts of “generation rent” for a shrinking pool of affordable houses will worsen.

65. Until the end of World War Two working people with and without families were far more likely to rent, in keeping with established patterns of housing tenure in British industrial cities. In the 1940s nearly half of all households rented, a figure that fell rapidly with government policies that encouraged home ownership, with owner occupancy reaching 70% by 1961, a level to which it has now returned. Since the post-war boom in suburban home ownership we have become accustomed to the idea of renting as largely a transitional form for young people. See Troy, P. N. (1991) "The benefits of owner occupation", Australian National University: Urban Research Program Working Paper no.29, p5 (<https://core.ac.uk/download/pdf/156717679.pdf>)

66. Matusik, M. (2014) "The demographics shaping Australia's housing future" The Property Observer (<https://www.propertyobserver.com.au/forward-planning/investment-strategy/economy-and-demographics/32245-the-demographics-shaping-australia-s-housing-future.html>)

67. Rent.com.au (2018) "Meet the average Australian renter, how does your state/territory compare?" (<https://www.rent.com.au/blog/are-you-australias-average-renter>)

68. The Melbourne Institute (2018) The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 16 ([https://melbourneinstitute.unimelb.edu.au/\\_data/assets/pdf\\_file/0009/2874177/HILDA-report\\_Low-Res\\_10.10.18.pdf](https://melbourneinstitute.unimelb.edu.au/_data/assets/pdf_file/0009/2874177/HILDA-report_Low-Res_10.10.18.pdf)), pp127-8

69. Daley, J., Coates, B., and Wiltshire, T. (2018), op. cit.

70. Daley, J. et al, ibid., p25

Consumer Policy Research Centre

71. Daley, et al, ibid, p11. They point out that 35 years ago young people from most socio-economic groups enjoyed similar rates of home ownership. Today the impact of parental incomes is a significant determinant of home ownership.

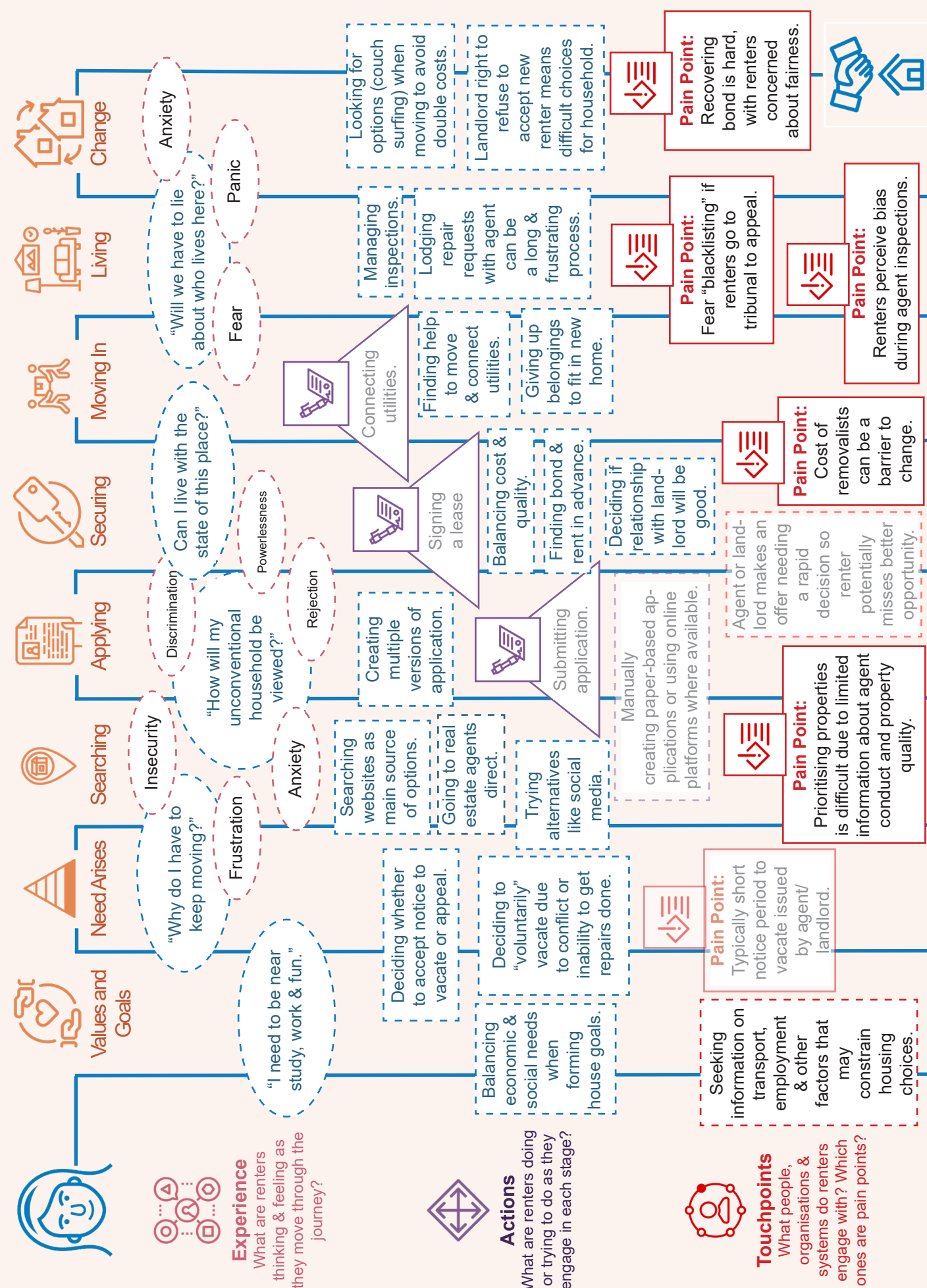
72. Ibid, p3

73. ABS (2017) Census of Population and Housing: Reflecting Australia - Stories from the Census, 2016: "Apartment Living" (<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/2071.0~2016~Main%20Features~Apartment%20Living~20>)

74. id Australia Household type, website (<https://profile.id.com.au/australia/households>)

75. Australian Bureau of Statistics (2017) "Apartment Living" op. cit.





## The Journey for Young Renters Under 30

Our cohort of young renters was scathing about the housing system. For them it was largely a series of frustrating encounters with disconnected pieces of a puzzle in which the outcome was always uncertain. All renters expressed a sense of powerlessness in the system, but for young renters the sense is they cannot expect to get decent housing and have no real way to change the result.

This partly reflects their relatively low incomes, and constrained supply. For them the market is truly a "take it or leave" one. A consistent complaint is that housing available to them is of poor quality and far too expensive. There is not even a clear distinction between low cost but poor quality houses, and more expensive but better ones. For young renters housing is always of low quality, and that price exclusively reflects location. This peculiarity arises, in their minds, from being at the end of a long housing queue where they will be consistently outperformed by people who are older and have better jobs. As a result of low vacancy rates, landlords are not obliged to lower prices to attract applicants for old and poorly maintained stock. Instead, for young renters, housing prices are stable, but they accept "lemons" for the same price because more attractive applicants take the better housing first. Examples offered by our participants included houses with visible gaps between walls and floors (in one tragic case the gap allowed a snake to enter the house and kill their cat), broken fences, and non-existent insulation.

They face considerable geographic challenges in pursuit of affordable housing, as location is often the sole variable they can control. This appears in the map at the initial stage of forming goals, because they usually decide before they start looking for housing what they are willing to trade off, and how this relates to their other needs. They make clear decisions about access to transport, work, study, family and social outlets, however are not attached to specific locations so much as types of locations, with decisions based on lifestyle and other requirements.

Few regard living near the city centre as a viable option and so discount it early, although other young renters may be willing to pay more for an apartment closer to the city, and accept alternative quality trade-offs such as size, noise and amenity. They often choose between suburban and regional locations, those close to family or friends who may form an alternative economic support network. The "geographically divided city" described by the Grattan Institute is particularly evident in younger people's housing choices.

Among young renters, the biggest source of complaint related to managing perceived social stigmas arising from their household structures and age.

They talked about the need to write and re-write applications to find a formula that worked. This need to carefully manage how they present themselves to agents is especially pronounced among young renters, even though it does appear elsewhere. One example offered in our workshop was of a group household that trialled several applications, leaving various names off the application and changing how relationships were described within the group, because of a perception that shared households are not preferred by landlords, and that ones in which some household members are financially supported by others even less so.

As a result, they talked about ethical dilemmas based on how much information to give landlords. Should applicants necessarily list the names of everyone who lives at the address for example, even though this could lead to eviction later? Similarly, renters consider carefully if they should ask to have new tenants added to a lease as the household composition changes, because of a fear that landlords will refuse a request. They felt that reasons were rarely forthcoming for such refusals.

Key journey-mapping participants included:  
Five young renters between the ages of 18 and 29



They also talked about the challenge of compiling the necessary data to apply for houses, and the logistical challenge of getting to inspections, a factor that has more impact on narrowing their geographic preferences than anything else.

A source of great angst among young renters is a sense that trying to maintain a tenancy is made more difficult by a lack of accountability among agents and landlords. They complain of inspections that are overly intrusive and being bullied to comply with the cleanliness and other preferences of those entering their homes, even when these have nothing to do with the requirements of their leases.

***“You have to clean the walls with sugar soap before an inspection or they have a go at you!” - Britty***

This feeling of a lack of accountability flows to the challenge of recovering bonds. Young renters complain that landlords are “looking for reasons to keep our money” and that legal requirements are not followed, even when landlords are taken to a tribunal.

It also affects the capacity of young renters to exercise their rights. They reported difficulties getting repairs done, even when urgent, and a fear that if they complained they would lose their tenancy. Unlike other cohorts, they did not fear taking a case to a tribunal such as VCAT. Rather they felt it was unlikely to work or would take too long.

They also feared rent increases and further harassment or bullying, leading to the phenomenon of voluntary exit, where people give up a tenancy because it has become too uncomfortable or expensive. This phenomenon, which was also mentioned by various key interviewees during the research, may tend to mask the scale of vulnerability and failed tenancies in the market, and should be studied in greater depth.

Constrained supply and the operation of hidden biases are especially important to resolving the housing challenges of young people. Their need to form households different to social norms is not wholly new, many readers of this report will have lived in a share house at some time, but these households are becoming more important to sustaining young people on low incomes.

While more young people are moving into apartments than ever before, this type of housing will clearly not be suitable for everyone, due in part to cost and in part to the need for new household units to provide economic support. For those who do live in apartments, the location/quality trade-off persists, and will need to be addressed through regulations that ensure small dwellings are still adequate.





# Low income families

Low income households are an important segment because they suffer disproportionately from housing stress and are more likely to stay in the rental system permanently. Families in the lowest income quintile are also candidates for community and public housing, meaning that stress in the private system increases demands on the social system. This group is therefore an important focus for consumer experience research.

It informs discussion of public policy, including the ways the tax and transfer system works or doesn't work to support families to maintain their tenancies. It also offers the opportunity to examine how and if changes in the RTS would improve housing outcomes for these families. Affordability remains a critical issue for low income families, and their experiences in the PRS will help stakeholders in the policy debate better understand what challenges they face in a constrained market.

For purposes of trend analysis, the ABS uses five income "quintiles" and compares the position of the lowest quintile with those in the middle and top. Therefore, families in the fourth (i.e. second poorest) quintile receive less attention in the literature, although it is to be expected that their experiences in the rental system will be of considerable interest and importance to policy development. While for practical reasons we focus on lowest quintile of income families, we also take an interest in fourth quintile households, which are often at the lower end of wage and salary earners, still reliant on government payments of various types, and are rarely eligible for public housing. The fifth quintile of incomes comprises households in the 3rd to 20th percentiles of income, on a spectrum of equivalised household disposable incomes.<sup>76</sup> Low income is a relative category. The incomes of all groups measured by the ABS have risen since 1995, with a marked increase during the first decade of the millennium. However, the growth in real incomes measured by the ABS shows a widening income gap, with middle quintile households growing 36% as against 35% for the lowest quintile, while the highest quintile grew 41%.<sup>77</sup>

In 2016, the lowest quintile income households were those with an equivalised disposable income of up to \$503 per week (or \$26,156 a year), and the fourth income quintile those with up to \$714 (or \$37,128 per year).<sup>78</sup> By comparison, the average Australian wage earner earned \$1,164 per week in 2016 (\$60,528).<sup>79</sup> In Australia, over 70% of lowest income households rely on government payments as their primary source of income. A little under 20% of low income households rely on wages or salaries as their primary source of income, indicating that for some people employment is not a guarantee of an improvement in their standard of living.<sup>80</sup> Housing is a major outgoing for lower income households, and the burden of housing costs is rising in absolute and relevant terms. In the 1990s, housing costs as a proportion of total household income rose sharply, from 8.5% for lowest income households in 1985 to 14.2% in 1993, and from 10.2% to 16% for the second lowest income group. From there costs trended downwards until 2003 when they rose abruptly back to 1993 levels. Since then housing costs as a share of household income have trended at around these levels. However, the burden of housing costs has been felt much more by renters.

ABS Survey of Income and Housing, Household Expenditure Survey data shows the proportion of lowest and second lowest quintile renter households experiencing housing stress rose from 15% in 1985 to 24.6% in 2015.<sup>81</sup>

76. The first and second income percentile are excluded as people with zero reported income tend to be outliers whose other measurable characteristics distort comparisons. The ABS notes that this effectively incomeless group includes those experiencing temporary economic setbacks and those with accumulated wealth to draw on.

77. As measured by Equivalised Disposable Household Income (EDHI), the best method for comparing household disposable incomes on a like for like basis. It should not be confused with dollar earnings, which do not take account of economies of scale in larger households, or the impacts on disposable incomes of the tax and transfer system.

78. ABS publication 6523.0 - Household Income and Wealth, Australia, 2015-16 (via data cube download)

79. ABS publication 6302.0 - Average Weekly Earnings, Australia, Nov 2016

80. ABS (2017) "Defining low, middle and high income and wealth households" (<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/6523.0~2015-16~Main%20Features~Characteristics%20of%20Low,%20Middle%20and%20High%20Income%20Households~8>)

81. Housing stress is defined by the ABS (and most other analysts) as when households in the bottom 40% of incomes spend 30% or more of their income on housing (the "30/40 rule"). Data in this paragraph all drawn from Phillips, B. (2018) "Housing costs are actually the same as in 1993, but renters still struggle" The Conversation (<https://theconversation.com/housing-costs-are-actually-the-same-as-in-1993-but-renters-still-struggle-95286>) Daley, J. et al, op. cit., p27

By 2016, households in the lowest income quintile spending 30% or more of income for housing had reached 47%.<sup>82</sup>

The low income renter household segment is diverse. One large sub-segment is single mothers with their children. In 2016 there were 959,544 single parent households in Australia<sup>83</sup>, of which 60% (or 575,726) lived in rental housing.<sup>84</sup> Single parent families, most of which are headed by a woman, comprised 27% of the rental system, but only 9.24% of all households. Among these single parent families, 65% received government pensions and allowances that amounted to more than 20% of total household income. Only people aged 65 years and above have a greater share of household income dependent on government transfers.<sup>85</sup> As a result of a combination of rising housing costs, single incomes, costs for childcare and education, and relatively high welfare dependency, a disproportionate number of single parent families that rent are in housing stress. 89,700 single parent households were in housing stress according to ABS figures cited by SGS Economics and Planning in the last census, with single mothers with part-time jobs paying up to 70% of income in rent.<sup>86</sup>

Another important group are single men in rental accommodation. The National Shelter/SGS Rental Affordability Index study in 2018 found that 50% of these households earn less than \$36,400, placing them in the second-lowest income quintile or below. An estimated 138,000 single men are thought to be in rental stress.<sup>87</sup> Less is known about the experiences of two-parent families and other blended or extended family households. The Growing Up In Australia longitudinal study by the Australian Institute of Family Studies has found that rental stress disproportionately affects single-parent households, with children's experience of housing stress, overcrowding and poverty being strongly correlated with family breakdown.<sup>88</sup> This adds support to a general inference that Australia's housing system is designed around a powerful cultural norm, one that sees the formation of nuclear families with children as both normal and desirable, and which correlates this with a housing career that moves in predictable stages from a family home, to short term transitional renting, to family formation and home ownership (typically a free standing suburban home) to retirement bolstered by wealth accumulated through the family home as an asset.<sup>89</sup>

Across the various sub-segments considered, it is apparent that housing choices for lower income families are constrained, and this disadvantage is becoming entrenched for some sections of Australian society even as others have benefited enormously from capital gains and other economic opportunities offered by the current housing system. The entrenching of housing disadvantage is closely linked to the persistence of disadvantage generally, leading to relatively low income mobility.

Ranked against other developed economies, Australia has a low level of intergenerational mobility, meaning the socio-economic status of one's parents plays a large role in determining one's own eventual success.<sup>90</sup> Housing disadvantage is both an effect of low socio-economic status, and a probable cause of low socio-economic mobility for children raised in poor households. This may be because of the various disruptions caused by renting, including regular changes of house, the impacts of crowding on educational engagement, and the health impacts of poor housing.

While improving housing outcomes for low income families will not be a complete solution, providing children and their parents with more security, more disposable income through reduced housing stress, and better health outcomes can be expected to have significant flow-on benefits for them and for government budgets, and so must rank as a major focus of housing policy.

82. Daley, J. et al, op. cit., p27

83. ABS publication 6523.0 - Household Income and Wealth, Australia, 2013-14 (<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/6523.0~2013-14~Main%20Features~One%20parent%20families%20with%20dependants~15>)

84. TableBuilder statistics

85. ABS publication 6523.0 - One parent families with dependents (<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/6523.0~2013-14~Main%20Features~One%20parent%20families%20with%20dependants~15>)

86. Bladen, L. (2018) "Almost 90,000 single mothers in Australia live in rental stress" AllHomes (<https://www.allhomes.com.au/news/close-to-90000-single-mothers-in-australia-are-living-in-rental-stress-788518/>)

87. Ibid

88. Australian Institute of Family Studies (2018) "Children growing up in families under housing stress" (<https://aifs.gov.au/media-releases/children-growing-families-under-housing-stress>)

89. Troy, P. N., op. cit., p35

90. See NSW Centre for Education Statistics and Evaluation (2016) Income Mobility in Australia, Learning Curve 12, pp2-3



Our map reflects the struggle of low income families to close the gap between their housing aspirations and their capacity to secure housing.

Low income families struggle to provide types of housing that will enable what they typically regard as a “normal family life” or a “normal childhood”. Dwelling size is important, giving children their own bedrooms, as is provision of a backyard, having pets and local parks. Parents are also conscious of the disruption that results from moving children to different schools and consider carefully whether other trade-offs can be made, such as travel times to work, to keep kids in the same school. This exacerbates the geographic challenges facing renters across the board and makes access to employment more difficult.

Low income families are also price conscious and aware of the possibility that a poor-quality home will mean higher utility bills. They are frustrated by the lack of information about running costs, and generally their inability to know much about the house until they sign up for it. Lifetime running cost is the biggest issue, but this is reflected in wanting to know about insulation and other contributors to thermal efficiency, as well as the cost of running appliances.

The transaction costs of moving loom heavily, especially for households that move often. While there are many costs and financial risks associated with moving, what participants talk about is primarily the cost of bond and rent in advance, and the practical cost of moving a large household. While other groups resort to downsizing possessions to lower moving costs or take a smaller home to reduce rent, families do not consider this a viable option. Instead they must rent or borrow vehicles. The less money they have for renting a truck, the more time they must invest in piecemeal moves using small car loads.

While many lowest quintile households can access financial support when moving, such as bond loan schemes, some seem unaware this is an option, and struggle to make do with expedients such as leaving utility bills unpaid from previous tenancies, which can create greater financial strain later.

Like other groups, these participants expressed frustration with the difficulty of getting repairs and maintenance done. Unlike other groups, they expressed acute concerns about retaliatory eviction, with a common belief that landlords could and would end a tenancy if they raised a complaint or lodged too many requests. They also believed a complaint to a tribunal would lead to “blacklisting”. It is evident that consumer protections are not trusted, or these renters are unaware they exist.

Without more targeted support, low income families suffer enormously from the high rate at which they must move. They also face important dilemmas arising from the trade-offs they make about location, access to economic opportunity and the quality of houses as places to provide a family life. Policymakers are not unaware of the challenges facing low income households, but more attention must be paid to the vulnerabilities they face when obliged to move, as it is major economic disruptor.

Low income households still aspire to home ownership. Given the poor quality of much rental stock, and the pervasive influence of the Great Australian Dream, this is hardly surprising. The close connection between traditional family life and home ownership seems the most important driver of this significant housing aspiration. Given low income households sustain very difficult tenancies under great financial stress to provide homes for children, it may be low income households represent better financial bets in the housing market than their financial circumstances would suggest.

Key journey-mapping participants included: Council to Homeless Persons, St. Vincent de Paul Society, Council of Single Mothers and Their Children





## Newly arrived migrants

Cultural and linguistic diversity (CALD) is an important vector for analysis of the PRS.

There are several important dimensions of diversity, including the over-representation of Aboriginal and Torres Strait Islander households in the rental market (57% of Indigenous households rent vs 30% of the population overall)<sup>91</sup>, special challenges faced by asylum seekers (who do not receive the same income support and housing benefits as Australian residents)<sup>92</sup>, and people from CALD backgrounds, who may be from established communities and Australian-born, but still face disproportionate challenges in the housing market. The challenges for CALD people can include lower workforce participation and earnings<sup>93</sup>, and discrimination in the PRS.<sup>94</sup>

We decided to focus on households headed by first-generation migrants from CALD backgrounds. Our interest is uncovering the experience of recent migrants who face multiple and often complex barriers to social and economic participation, including accessing housing in the PRS. One reason for this interest is a hypothesis that language barriers and lack of knowledge about local systems will leave recent migrants at an informational disadvantage. Renters often face what is known as “information asymmetry”, when they struggle to access information that will help them choose a suitable property, exercise their rights and manage their budgets.<sup>95</sup> Migrants with language and other barriers are likely to experience the information asymmetry more acutely.

Not all information deficits arise from deliberate withholding, although in some cases this will be a commercial advantage to lessors and their agents, especially if the product is sub-standard to market norms, as this enables them to charge a higher rent. This is a version of the well-known lemons problem, in which sellers with poor products can undermine market mechanisms by presenting products that look like good ones, under conditions that make it hard for buyers to easily tell a good product from a bad one. The net result is that sellers lose their incentive to offer better products, because they get no price premium.<sup>96</sup>

In other cases, information relevant to renters is simply not collected, or renters may be required to get the information themselves, which may be expensive or too difficult. The effect of information asymmetry can be severe. Not only may renters end up in housing that is expensive to run, leading to housing stress which exacerbates poverty, but also in houses that are unhealthy.<sup>97</sup> Energy inefficient homes are themselves a significant cause of ill-health, but prior use of a dwelling may leave contaminants. Recently experts have begun to warn that a very high number of Australian rental houses have been used to manufacture or consume methamphetamine (ice), the residues of which are associated with significant health problems.<sup>98</sup>

Newly arrived migrants from non-English speaking backgrounds are more likely to be unemployed than the general population, and their household incomes lower.<sup>99</sup> As a result, they are more likely to rent than own, and to be vulnerable in the market. They also face barriers to entry into the mainstream PRS.

91. ABS (2017) “Aboriginal and Torres Strait Islander population, 2016” (<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/2071.0~2016-Main%20Features~Aboriginal%20and%20Torres%20Strait%20Islander%20Population%20Article-12>)

92. Asylum Seeker Resource Centre Fact Sheet: Asylum Seeker Financial Support (<https://www.asrc.org.au/resources/fact-sheet/asylum-seeker-financial-support/>)

93. Federation of Ethnic Communities’ Councils of Australia (2015) Submission to the Productivity Commission Workplace Relations Inquiry ([https://www.pc.gov.au/\\_data/assets/pdf\\_file/0010/187696/sub0069-workplace-relations.pdf](https://www.pc.gov.au/_data/assets/pdf_file/0010/187696/sub0069-workplace-relations.pdf))

94. Carmody, J. (2018) “Racial discrimination widespread in the private rental market, advocates warn” ABC News (<https://www.abc.net.au/news/2018-08-17/racism-in-the-rental-sector-wa/10129418>)

95. One important expression of the difficulty facing renters is their inability to predict the energy use and therefore running cost of a property, leading to “persistent energy hardship” that disproportionately affects private renters. See Victorian Council of Social Service (2018) Battling on: persistent energy hardship

96. Fuerst, F. & Warren-Myers, G. (2018) “Does voluntary disclosure create a green lemon problem? Energy-efficiency ratings and house prices” in Energy Economics, Vol.74, pp1-12 (<https://doi.org/10.1016/j.eneco.2018.04.041>)

97. VCOS, op. cit, p22

98. Wright, J. (2016) Exposure and Risk Associated with Clandestine Amphetamine-Type Stimulant Drug Laboratories, Flinders University: PhD thesis (<https://flex.flinders.edu.au/file/39066a68-f6da-400e-9150-6d2f7a5ab899/1/ThesisWright2016.pdf>)

99. Australian Bureau of Statistics (2017) “Characteristics of recent migrants” (<http://www.abs.gov.au/ausstats/abs@.nsf/mf/6250.0>)



Key journey-mapping participants included: Centre for Culture, Ethnicity and Health, community members who participated in two CEH-led workshops, community consultants who led the workshops and validated the resulting map

In addition to financial disadvantages they face language barriers, possible biases, a lack of understanding of the complexities of the system itself, and in some circumstances immigration pathways that include closed employment and housing systems organised by members of their own communities (which may be supportive in other ways or exploitative). As a result, new migrants are likely to find themselves in what Parkinson, James and Liu call the “rogue housing pathway of last resort”.<sup>100</sup>

Members of CALD communities also face barriers to exercising their legal rights as renters, including language, a lack of understanding of the rental system and rental standards, vulnerability to eviction or fear of eviction arising from irregular housing arrangements, labour exploitation, and social or familial bonds that may be involved in post-migration housing (especially if housing is arranged or provided by family or members of their community). The journey mapping methodology is felt to be especially useful for tracking some of these pain points encountered by recently arrived migrants in the housing system.

The Journey for Newly Arrived Migrants

Newly arrived migrants face distinctive challenges. They point to the complexity of the PRS, and how it differs from those they are used to in their country of origin. The way services are delivered is a good example, if people are unused to the large scale of provision of power and water, or alternatively are used to utility companies being run from local offices where transactions occur face-to-face. The way private rentals are owned and supplied can also be alien. Even if people rented previously, the mechanisms used may have been very different. For example, rental houses found by referral and word-of-mouth, and tenancies established by verbal contract, and for an indefinite period.

Evidence from focus groups suggests that for many migrants, their position in the PRS results in a felt loss of status. This may be caused by a change of socio-economic circumstances, especially for people who owned their own homes, owned businesses, or were professionally employed. For others the sense of low status may come instead from perceived discrimination, and the way power imbalances between landlords and renters are expressed in interpersonal interactions. Regardless of the ways this feeling arises, it leads to housing aspirations focused on home ownership.

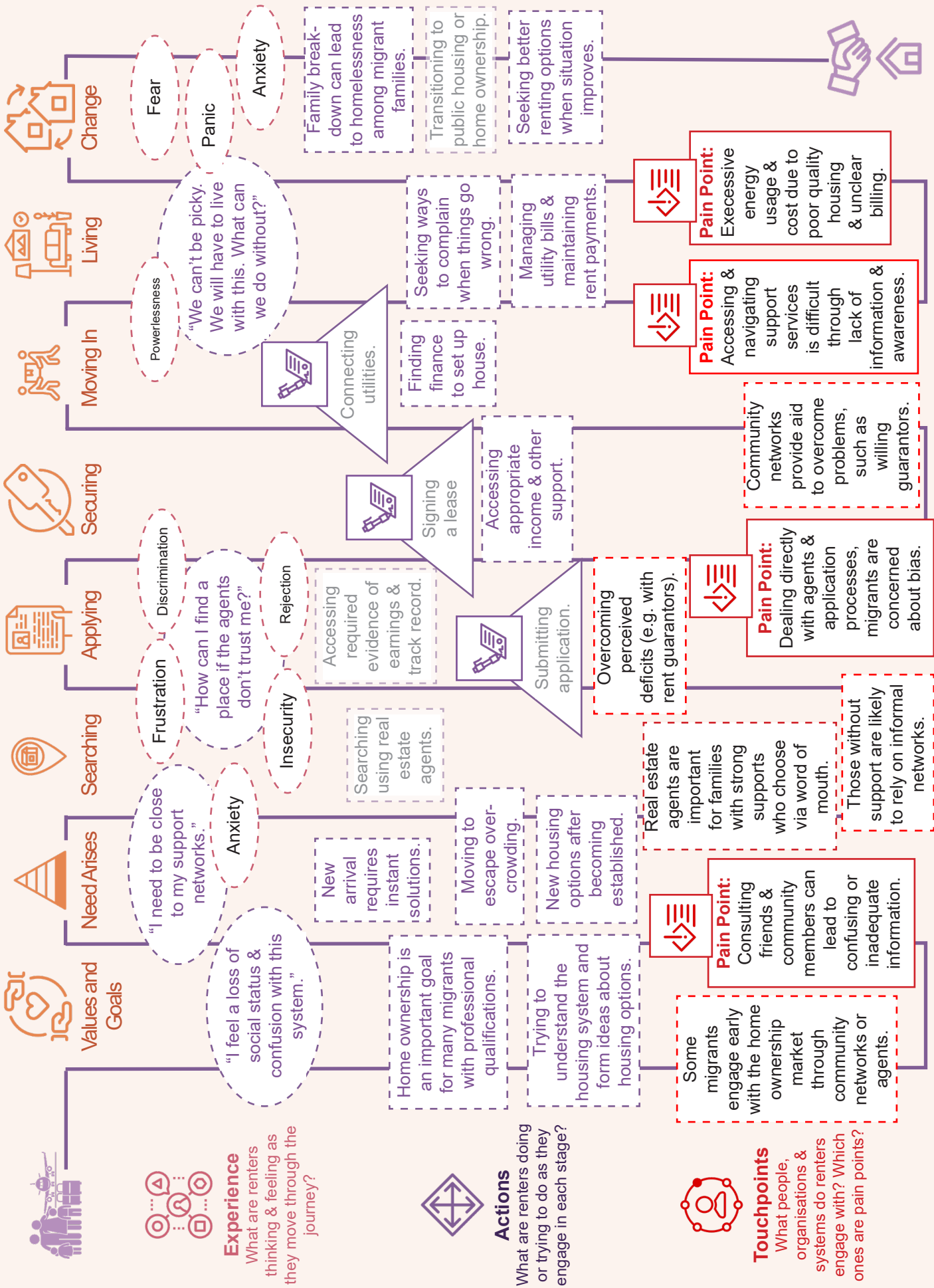
As a result, many migrants will accept renting as a transitional tenure and accept poor quality and crowded dwellings as a means to minimise costs so that income can be invested in home ownership. Understanding how this ambition shapes housing preferences and choices casts a different light on a possible perception that migrants living in crowded and low-cost units are exploited. This model of housing consumption is not universal. For some migrants low-cost housing is the only option, and if they are reliant on income support, work in low wage occupations, or receive no income at all, renting will be long-term. It is important to approach questions of migrant housing with care, recognising the very different levels of agency migrants will have in the housing system. For migrants entering the PRS, especially those with perceived non-Anglo ethnicity and for whom English is not their first language, there are several challenges.

Like other groups, they frequently report a perceived or actual cultural bias by real estate agents and landlords in making application decisions, although few report explicit rejections based on their ethnicity. For many it is an inference drawn from the speed with which applications are rejected and observations of how housing is distributed across communities.<sup>101</sup> Interestingly, some expressed the view that bias is very specific, with some communities perceived by real estate agents as untrustworthy, while other ethnicities are regarded more favourably.

100. Parkinson, S., James, A. and Liu, E. (2018) Navigating a changing Private Rental Sector: opportunities and challenges for low income renters, AHURI Final Report No. 302, Australian Housing and Urban Research Institute, Melbourne, <http://www.ahuri.edu.au/research/final-reports/302>, doi: 10.18408/ahuri-5112301

101. Other studies have shown more explicit racism in the rental system. See for example Western Sydney University's Ethnic Discrimination in the Private Rental market project ([https://www.westernsydney.edu.au/challengingracism/challenging\\_racism\\_project/our\\_research/ethnic\\_discrimination\\_in\\_the\\_private\\_rental\\_housing\\_market](https://www.westernsydney.edu.au/challengingracism/challenging_racism_project/our_research/ethnic_discrimination_in_the_private_rental_housing_market)). Most studies that show a clear link between ethnicity and housing allocation use means that test outcomes against variables such as "ethnic" surnames, which provide evidence of bias, validating our participants' common view that bias exists but is not acknowledged.

The Renter's Journey: consumer-centred reform and innovation





For some communities, real estate agents remain the principle way to find housing. For others, the informal system is vital, with word-of-mouth the main way to find housing that is often unregulated and of poor quality. For those locked out of the mainstream system there is little correlation between cost and quality, since it is a particularly extreme example of the “take it or leave it” relationship that pervades the PRS.

***“What people need is champions in their communities.” -  
Sophie Duterte, Centre for Culture, Ethnicity and Health***

Whether migrants participate in the mainstream system or not, they rely heavily on intermediaries and key support people in their communities. Where those people act out of goodwill, they are a major, largely unrecognised, pillar supporting the social and economic success of new migrants. These champions have provided rental guarantees for new migrants, especially refugees, without which they could not secure a tenancy. Among other groups, they provide sponsorship, employment opportunities, advice, and translation. Across migrant groups, accessing rental housing is frequently a communal activity requiring a high degree of social capital to work well.

One side effect of this social support network is that newly arrived migrants seek to remain in neighbourhoods where they know this social support and economic opportunity exists. This is not a new phenomenon. The clustering of new migrants into ethnic neighbourhoods is a well-known feature of metropolitan cities with high migrant inflows and has helped to define the geography and identity of cities like New York. While the phenomenon is understandable and not of concern in general terms, it does cause migrants to narrow their geographic search for housing, to a degree where they may pay more than needed and even compete with others for limited stock, driving up prices. There are no obvious policy solutions to this side effect. Consideration can be given to enabling greater mobility among migrants, for example by improving local transport links.

The information asymmetry and information deficits observable among all renter groups are especially pronounced among newly arrived migrants. One example shared in a focus group was of a young woman who became homeless because she was unaware she could be placed on the priority wait list for public housing. Others have been unaware of available financial or payment support such as the Victorian Bond Loan Scheme and the option of using Centrepay to pay rent, which would provide assurances to providers and ease their way into private rentals. Due to suspicions among agents about capacity to pay and the information deficit, migrants can be vulnerable to exploitative and even illegal behaviour, such as being asked to provide rent in advance (up to 8 months in one case). The information gap can be so large, migrant families often do not know where to start looking for support and are even unaware agencies will have information in their own language, so they don't ask.

Not all migrant families are vulnerable in the PRS, and by no means are they all exploited. However, the complexity of the system, its cultural difference, and the demands it makes (e.g. rental and employment histories), do make it hard if not impossible for some to get private rental housing. For others, the lack of information exacerbates vulnerability and increases housing stress.







## The Renter's Journey

---

There are some important differences between the journeys we explored. However, some common themes and experiences arose. The journey with its distinct stages has successfully shaped our understanding of how four diverse groups of renters make their way through the system. More importantly, this has highlighted some common challenges which we believe point to systemic issues.

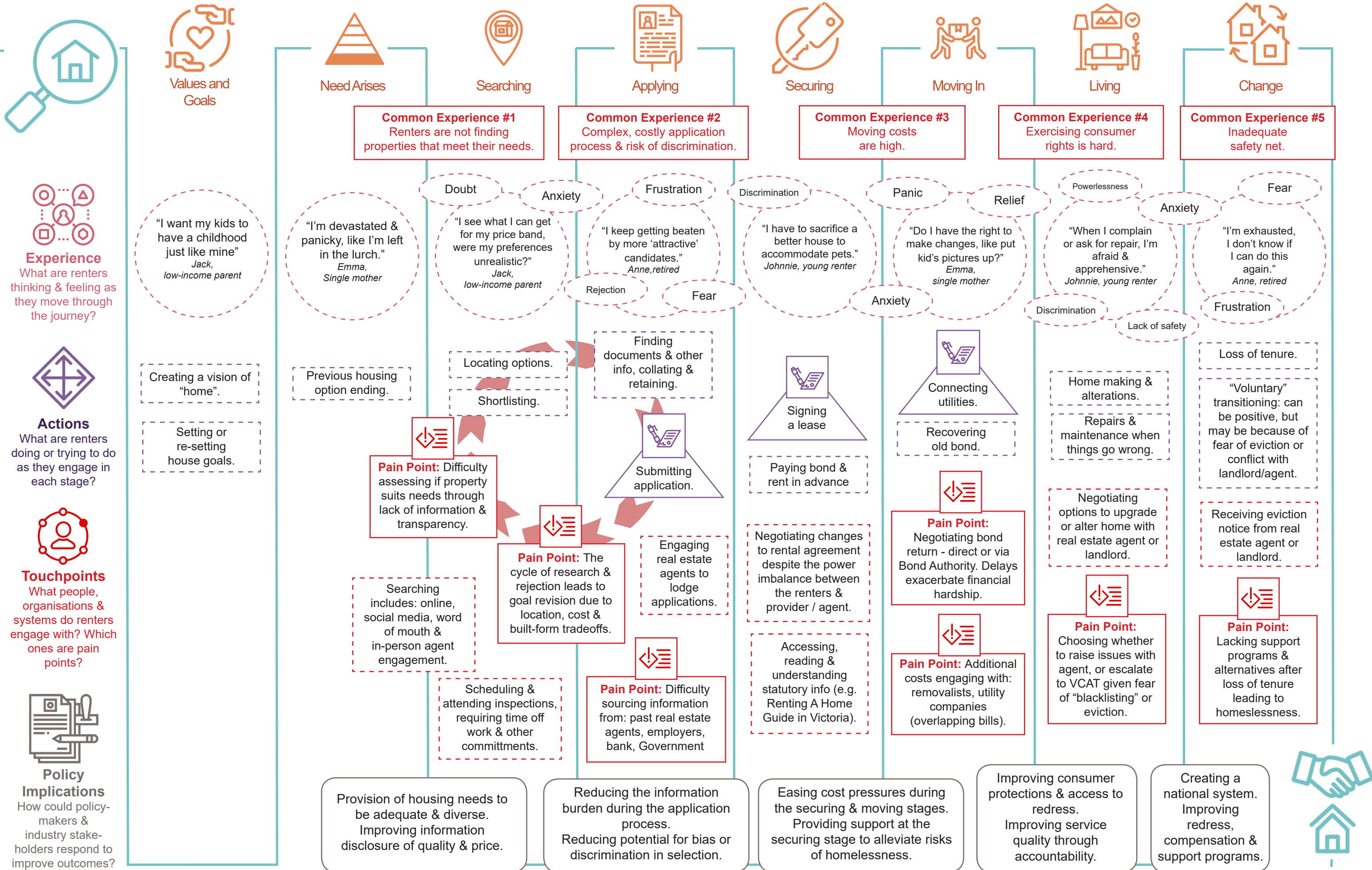
Drawing on our development of the experiences of the four segments, we developed a consumer journey map representing the broader consumer experience of the rental market. This map clearly cannot incorporate every experience, barrier and engagement of all renters, but is representative of the commonalities and material challenges present in all of our sessions and those worthy of much greater focus by policymakers.

We hope this approach demonstrates the value of policymakers and other stakeholders taking this sort of analysis into consideration when conducting policy analysis and developing interventions.

All renters aspire to something, and all struggle to use the rental system to achieve their housing goals, or as a launching pad for other goals in life. Whether it's a small place that offers security and self-expression, a house to raise a family, or a stepping stone to financial security, a rented property means something to everyone who lives in it. Among all renter groups we engaged, there is strong perception that rental providers, especially real estate agents, avoid accountability by giving no reasons for decisions. This leads in turn to a situation one participant called "paranoia", in which people make assumptions about the reasons for refusals based on perceptions of bias.

For all renters the greatest pain points in the rental journey are consistent, even if they have different dimensions and impacts. Key common experiences identified causing the most significant distress, frustration or harm for renters are outlined in the following pages. These are analysed further in the next section as they relate to key policy challenges and potential solutions.









# Common Experience #1

---

## Renters not finding properties that suit their needs

Renters face significant information asymmetry. They must make major decisions with little relevant data, including lifetime cost, safety and even the quality of the business relationship they will have with their provider. The short timeframes offered to renters to make critical decisions worsen the information deficit. Time is of the essence in two ways. Most renters have just two months to find a new home when their existing tenancy ends. If they fail, they may be homeless. In a competitive market marked by limited supply, they must move quickly to secure any individual property that might meet their needs, or lose out to another motivated applicant. The result is decisions are made almost in a panic. Better opportunities that may exist are foregone because, based on the minimal information available, renters must enter into a contract and hope things work out. The decision is vital since it is hard to get out of, economically critical, and costs of moving again are often too much to manage.



## Common Experience #2

### **Application processes are complex, repetitive and costly, with renters experiencing perceived and/or actual discrimination or unfairness**

The sheer amount of information sought by landlords and agents has been identified as a practical obstacle. Over time the volume of information required has grown, and increasingly providers are asking for information that requires a large amount of supporting detail. For renters this creates practical difficulties, including locating and making copies of financial records and personal identification. They are also required to source references and other documents from third parties. Where renters have unconventional rental histories, have been out of the labour market, or are renting for the first time, these documents may not be easily available. Renters in our workshops raised the cost associated with the printing or copying of documents, which may not seem like a large burden but is amplified by the number of applications people must make to secure a home in a competitive market. For many on low incomes this alone is enough to break an overstretched budget and can be a deterrent to home hunting.

The experience is also emotionally difficult for those who cannot easily assemble the range of documents they are asked for. The increasing number of documents mean that providers are thought to be digging ever deeper into applicants' personal histories, to a point where their employment, family arrangements and way of life are not only being scrutinised but judged. For some, the practical and emotional challenges presented by the process can be enough to deter them from searching, or at least cause them to narrow their search options or look in other ways.

Many renters we talked to, and whose testimony appears in other research<sup>102</sup>, report discrimination. They believe the amount of information collected makes bias more likely, and they are missing out on housing to people that have more conventional histories. A degree of bias is alleged to occur simply because landlords and agents can select people more like themselves, making house hunting harder for those who don't fit, even if they can pay. For some renters, they believe their name alone is enough to see them miss out, if it is non-Anglo or the agent has a preconceived idea about the trustworthiness of some ethnic groups. For others, their age, marital status and gender are felt to be enough. The volume of personal information sought simply reinforces their feeling that their lives are being examined in detail to find a reason not to rent to them.

102. See for example Evans, S. and Gavarotto, R. (2010) op.cit. and Ethnic Discrimination in the Private Rental market, op. cit.

## Common Experience #3

### **High transaction costs of moving**

Many issues identified by renters arise from a lack of suitable and sufficient rental stock, but also the tendency of retail investors to turnover tenancies and properties. The mounting transaction costs of multiple moves can drain a household's reserves, curtailing their ability to make other changes in their circumstances, for example by engaging in study or to save for their own home.<sup>103</sup>

The cost of moving is made up primarily of rent and bond in advance, typically the equivalent of eight weeks' rent altogether, as well as ancillary costs such as copying paperwork and physically moving their possessions.

The other major challenge is costs often overlap. While disconnecting and connecting utilities can be arranged on moving days, having to clean a property means this is not often practical, and in order to secure housing it may be necessary to accept one before leaving the other. Rent and bills therefore easily double up. Bond, even though it is usually refunded, must be paid before it is refunded, creating an additional short term burden.

Bond may also not be fully-refunded if the landlord or agent makes a claim on it. This is one of the ways moving can become a further impost on long-term saving and is a point of contention (see Experience #4).

For many renters of limited means the cost of moving is also a drain on social capital, as they call on families and friends to provide labour and suitable transport.

103. We estimate a single move, including four weeks' bond, four weeks' rent, moving costs and ancillary expenses will leave a low income household \$3,000 out of pocket. This does not account for other costs such as copying and printing documents, lost wages while searching, and fuel. Over ten years this direct and indirect costs could set a family back \$10-12,000 or more if they move more than average.



## Common Experience #4

---

### Difficulty exercising consumer rights

As we noted in Experience #1, renters often do not get adequate information about a property before they move in. Most mandatory disclosures occur when the tenancy agreement is entered into and is minimal.

Renters with fewer resources and little bargaining power, do not avail themselves of professional inspections, and often discover defects in the property as they live in it. In some cases, the defect is not something they can claim against, because the property is offered essentially “as is”. Even if it might amount to making the property uninhabitable, this term is highly contested and renters believe they can’t take a claim to a tribunal about things like structural unsoundness, gaps in windows and walls or poorly performing appliances.

They also report mistrust in tribunal processes, so even if they could make a claim most believe they would be unsuccessful. There appears to be a general view that the system is set up to favour landlords, and that an “onus of proof” is placed on renters that is difficult if not impossible to meet.

Renters also seem to be unaware of the rights and supports they do have. Most are unaware the ability of landlords to blacklist renters is severely curtailed by residential tenancies laws, or the extent to which they can act if repairs are not made. Some, especially migrants, are simply unaware that they can access information about their rights. They do however face real risks if they seek to assert their rights. Access to tribunals can cost money (\$63.70 to lodge an issue in Victoria, although free for Health Care Card holders). They report increasing harassment and rising rents as ways to end a tenancy without eviction.

## Common Experience #5

---

### Consumers having an inadequate safety net

In many cases, the end of a tenancy, if it does not mean moving to a secure and preferred alternative, is when risks are highest for vulnerable renters. The short timeframe for finding an alternative and the potential for new rents to be higher than that in an established tenancy increases the chances of homelessness. Sustaining existing tenancies is therefore the most effective way to ensure people do not become homeless. Unfortunately, the negative effects of housing aspiration can be felt at this stage, when people try to keep their options open or save money by allowing a tenure to lapse, and spend their financial reserves and draw down on social capital trying to remain in their existing home or neighbourhood. By the time they receive support it can be too late.

Renters often place a high premium on location, seeking to stay where existing supports exist. For all our groups location becomes important, not necessarily because of a preference for a place, but because once they start to put down roots, they acquire things which make a real difference to their security, quality of life and future prospects. These include social networks, access to services, stability of schooling, and economic opportunities. For new migrants, for example, a location may be vital if they are to access the importance of their own community.

Renters as consumers also have less of a safety net. They have few trusted avenues for complaint or redress and, if they seek support at all, rely heavily on access to community organisations that are often unable to help them. Funding is limited, and they often do not know where to start. Many do not seek out services because they are unaware that they can qualify for assistance, or that organisations can cater for them. Instead many rely heavily on informal supports, for example resorting to couch surfing to avoid doubling up on expenses during the moving in stage, but would not accept this makes them homeless.

Not all rental housing journeys are bad, of course. But our research makes it clear that renters’ capacity to find suitable housing, and to do so with dignity, depends to an excessive degree on their income and social standing. However, this is largely because the ways we provide housing are too narrow to accommodate the needs of a diverse renting population. Sufficient supply would make housing cheaper and therefore more accessible, however if the housing system also provided more diverse and geographically mingled housing types, and if people had alternatives to the “take it or leave it” market mechanism with its significant burdens of proof, the PRS could go a long way to delivering housing for everyone.



# Research findings and policy implications

Analysing the PRS from the renter perspective highlights several common experiences and pain points, which can be addressed by policymakers and others to make the private rental housing fairer, more efficient and more inclusive. Drawing on the analysis and mapping exercise, this section summarises the major policy implications of the research, going deeper into the causes of the issues, the current policy frameworks in which they occur, and some potential responses. This demonstrates the value of connecting consumer experience research to the policy cycle, sharpening focus on potential interventions to address underlying problems.

The key experiences analysed in this section were chosen because they represent the most significant and common challenges across all segments. While each segment may experience the challenge to a lesser or greater degree, there is enough evidence to suggest that a sustained focus by policymakers in addressing these is likely to result in much better consumer welfare for renters.

The review and consultations conducted by the Victorian Government between 2015 and 2017 canvassed many of the issues discussed in this section, as did many of the 368 submissions received during the course of the 3-year review.<sup>104</sup> Where possible, in examining the regulatory challenges and options for change highlighted by our journey mapping approach we refer to the contents of the review, including public submissions, as well as the many reports produced by industry and community groups from which their views about reform are based. We also look at how reforms ultimately embedded in the Residential Tenancies Amendment Act (2018) may address some of the issues raised in renters’ experiences, along with opportunities for further research and change.

## Experience # 1 – Renters not finding properties that suit their needs

The lived experiences of renters and experts engaged with this project highlighted significant challenges in finding properties with the right features that suit their needs at an affordable price. This “housing aspiration gap” (the difference between what people define as their housing need and what they get) is referred to heavily in literature and prior studies and was certainly reflected in our own research within all four segments. While the housing aspiration gap is a common theme across rental market segments, it does not have the same causes or outcomes. The needs, values and goals of renters are extremely diverse. Even within segments, they display important variety, which is even more pronounced across segments, where important differences in economic circumstances, family structure, life stage and other factors lead to very different aspirations. The ways people weigh up their competing needs within the constraints they face also lead to very different outcomes.

Common to all was a real challenge with finding adequate time to search for a new property once current tenure ends. This contracted timeframe has implications for stress and decision-making with the mindset of renters often being that securing “just something” is better than the alternative. As a result of this time constraint renters are forced to “satisfice”<sup>105</sup>, and make do with the first available adequate option.

They lose future opportunities to find something better, and providers have less pressure to supply an attractive product. Under such conditions substandard properties will continue to be let for the same price as better ones, a classic “lemons” problem.<sup>106</sup> Therefore, we describe rental housing as a “take or leave it” proposition for many, less of an open market than it needs to be, and one where consumers have little capacity to influence the range of products available.

The problem is exacerbated across all segments by lack of ability to assess easily at search stage whether new properties meet the needs and preferences of the household, with a lack of readily available information about the quality of the property and the likely costs to be faced for essential services such as energy and water. Lack of information also extends to the likely future availability of the property, and the quality of the service provided by a landlord or an agent. Service quality is a significant issue for renters, and impacts on other information and power asymmetries in the system. Often renters see agents as acting solely on behalf of providers, with no obligation to provide information or support to renters.

## Low income families

Among low income families cost is a vital issue. With many families in the lowest two income quintiles in housing stress, and often with children whose needs are the highest priority, families seek housing that they can afford. Location is a secondary consideration as they are aware of the importance of stability, especially in regard to keeping their children in the same school.

Unfortunately, affordability and stability can only often be achieved by accepting significant impacts on access to other social supports, recreation and above all employment opportunities. The research is clear that these compromises often not only place strain on mental health of adults<sup>107</sup>, but also developmental challenges for children.<sup>108</sup> Householders may find employment harder to get or pay more simply to get to work.<sup>109</sup>

## Women aged 55 and over

For women aged 55 and over, maintaining social and other connections means placing a greater emphasis on location, leading to an increased risk that they will give up security of tenure and draw down on social capital in order to stay where they feel connected and secure. While this is conceived of as a short term stop gap, the drawing down of accumulated financial and social capital while waiting to find a suitable dwelling in the right place may exacerbate their risk of homelessness. This can also mean they are not presenting for public or community housing until much later in the process, making it harder to deliver appropriate support, and causing undercounting.

As people age, access to suitable housing also means housing that is readily adaptable as their health changes, a vital determinant of whether people can age successfully in their community.<sup>110</sup> Unfortunately renters face additional challenges in adapting their homes to improve mobility and safety, because landlords are not generally obliged to permit major alterations.

104. See the Victorian Residential Tenancies Act review, including discussion papers, final options paper and submissions at: <https://engage.vic.gov.au/fairersaferhousing>

105. Satisficing is a concept in decision theory, in which rational agents with limited time, information or other resources (known as bounded rationality) aim for a “good enough” solution rather than the best one. See Herbert, S.A. (1956) “Rational Choice and the Structure of the Environment” *Psychological Review*, Vol.63(2), pp129

106. Originally found in Akerlof, G.A. (1970) “The Market for ‘Lemons’: Quality Uncertainty and the Market Mechanism”, *Quarterly Journal of Economics*, Vol.84(3), pp488–500 (doi:10.2307/1879431). The lemons problem is a market problem in which consumers cannot tell good products from bad and pay the same for both, undermining the incentive to provide good ones.

107. Clare, A. & Hughes, A. (2019) “Housing and Health: new evidence using bio-marker data” *Journal of Epidemiology and Community Health*, published online first (<https://jech.bmj.com/content/early/2019/01/05/jech-2018-211431>, doi: 10.1136/jech-2018-211431)

108. Hutchings, H. (2016) “Moving home can affect your children’s health and education” *The Conversation* (<https://theconversation.com/moving-home-can-affect-your-childrens-health-and-education-62738>)

109. Kelly, J-F., Donegan, P., Chisholm, C. & Oberklaid, M. (2014) *Mapping Australia’s Economy: Cities as engines of prosperity*, Grattan Institute, pp23-6

110. Australian Association of Gerontology, Background Paper: Older women who are experiencing, or at risk of, homelessness, op. cit., p19



### Young renters under 30

For young people cost is a relevant factor, but being close to employment, study and social engagement are particularly important, making this group more likely to trade-off some cost and considerable quality for location. In our research, young renters showed a marked preference for locations that would provide economic support, either because it is close to work, or enables them to live with others. Competition for housing in desirable locations inevitably drives up costs, and it also makes young renters particularly vulnerable to accepting low quality housing.

### Newly arrived migrants

Migrants have expressed a range of needs regarding suitable housing. Many rely heavily on social and economic supports available only within a tightly confined community, placing additional cost pressures on their housing. Others are extremely sensitive to price, and struggle to enter the mainstream system because of perceived bias and the demands of the application process. This helps drive the sustainability of an unofficial and unregulated housing market, and the operations of “rogue landlords”. Migrant families, facing a host of constraints and barriers to entry, are the most likely to accept whatever is on offer, and in their case what they are likely to trade-off is the exercise of their basic consumer rights and protections.

### Policy Implication #1 – Provision of housing needs to be adequate and diverse

Our research identified a lack of supply of rental properties suited to renter preferences and needs. The key role of policymakers in addressing this challenge is to focus on encouraging development of housing stock that meets these needs. Many of the policy problems in this space are slated to be addressed by the Victorian Government’s Homes for Victorians strategy,<sup>111</sup> including planning reforms to increase supply, investment in social housing, and a pilot to test the impact of inclusionary planning. The latter initiative, currently underway under the leadership of the Department of Environment, Land, Water and Planning,<sup>112</sup> is especially important considering our research, which emphasises the need for more diverse housing options within localities, to counter the emergence of housing monocultures and help people maintain vital social connections.

The adequacy of the quality of housing supply may also be addressed through initiatives such as the implementation of minimum standards. In Victoria, the Residential Tenancies Amendment Act (2018) implements a minimum standards regime by way of future regulation. The regulations will focus on basic amenity, such as ensuring houses have working toilets, functional kitchens, and essential utilities.<sup>113</sup> The scope of new powers to regulate also covers possible “energy and water efficiency standards” (s.340). The chosen approach takes a middle path between industry concerns about regulating rental housing at a higher level than owned homes,<sup>114</sup> and community organisation advocacy for energy ratings and minimum building standards to ensure low cost housing is of a basic acceptable quality.<sup>115</sup>

Delivering minimum standards for essential utilities in rental properties can have a direct impact on the lifecycle costs for renters once in a property, we find this in turn can build confidence and greater certainty for renters seeking and obtaining properties.

### Policy Implication #2 – Improving information about quality and price

With limited time and resources, renters experience difficulties in selecting properties to view or apply for, and risk accepting a poor option because they either short list the wrong property or cannot evaluate the quality of the building on initial inspection. Some renters, especially young people, also value knowledge about the quality of rental service, before entering a rental relationship.<sup>116</sup> This highlights the role for policymakers in improving information disclosure requirements at the search stage.

Our research found significant information asymmetries exist between renters and agents/ rental providers as to the quality of the properties supplied. Disclosure of property features and living costs can also aid renter decision-making. While energy and other ratings systems are not explicitly addressed by the current Victorian approach, they should be considered as a way to improve renter choice at the search stage, and encourage improvement beyond the minimum standards.<sup>117</sup>

The RTA reforms in Victoria include a future requirement that standard rental agreements limit the number of rent increases (Reform 23) and provide a statement of the formula to be used to calculate rent increases (Reform 24). Just as the amended RTA will require a property to be advertised at a fixed price giving searchers more confidence, consideration should be given to ways to encourage or require rent increase formulas to be advertised as part of the price offering. The certainty searchers have in prices can be undermined by the ban on rent auctions not extending to unsolicited rent offers. Limits placed on the bonds, guarantees and rent in advance that may be charged should limit competition that undermines the ability to search effectively.

The Victorian RTA amendments (Part 14) create a Rental Non-Compliance Register, essentially a published blacklist of rental providers and agents. This is a major step towards providing renters with upfront service quality information.<sup>118</sup> With the new s.439Q permitting the Director of Housing to publish the register in “any manner or form” they consider appropriate, consideration should be given to ensuring it is readily available to renters as they search, perhaps by way of an open API (publicly available application processing interface) or other means to integrate with search platforms and apps.

### Areas for further investigation

Continuing consultation and research into the viability and likely overall impact of minimum building quality and energy use/cost standards will be essential as policymakers develop the regulations enabled by legislation.

We also note ongoing and significant differences in the information disclosure requirements between the rental market and other essential product and service markets. For renters to make informed choices and for greater competition to drive supply we believe this requires further investigation.

Research is necessary to understand how renters make trade-offs in choosing properties, especially at the search stage, to understand both what types of information provided during the search (e.g. before applying and securing) will enable them to search more effectively, and to understand what housing preferences and needs renters have.

111. See the Home for Victorians Strategy: <https://www.vic.gov.au/affordablehousing.html>

112. The Inclusionary Planning Pilot is described here: <https://www.planning.vic.gov.au/policy-and-strategy/housing-strategy/inclusionary-housing-pilot>

113. Parliament of Victoria research paper on the Residential Tenancies Amendment Bill 2018 (<https://www.parliament.vic.gov.au/publications/research-papers/download/36-research-papers/13872-residential-tenancies-amendment-bill-2018>)

114. See REIV submission to the Fairer, Safer Housing review at <https://engage.vic.gov.au/fairersaferhousing>, especially p18.

115. See for example Energy Victoria (2017) Bringing Rental Homes Up To Scratch: efficiency standards to cut energy bills, reduce pollution and create jobs (<http://environment.vic.gov.au/wp-content/uploads/2017/09/Bringing-rental-homes-up-to-scratch-Sept-2017-online.pdf>) and Victorian Council of Social Service 2018 budget submission (summarised here: <https://vcoss.org.au/analysis/budget/introduce-new-minimum-rental-standards/>)

116. CPRC has explored the importance of transparency, particularly in service quality metrics, as part of our Making Consumer Decisions Fairer and Easier research program.

See Martin-Hobbs, B. (2018) But are they any good?: the value of service quality information in complex markets, CPRC: Melbourne (<http://cprc.org.au/wp-content/uploads/CPRC-2018-But-are-they-any-good.pdf>)

117. For one of several recent studies indicating that renters may pay a premium for energy efficiency see Fuerst, F. & Warren-Myers, G. (2018) “Does voluntary disclosure create a green lemon problem? Energy-efficiency ratings and house prices”, Energy Economics, op. cit.

118. Residential tenancies Amendment Act 2018 (Vic), Part 14



This work may also assist industry to identify ways to improve “match making” services (e.g. whether renters would prefer to be offered short or long term leases or would benefit from accessibility information).

Research into how renters will respond to different types of information and ways of presenting it (e.g. consumer choice experiments) will be invaluable to help policymakers decide how rental standards might be implemented and communicated, providing alternatives to a one-standard-fits-all approach by creating ways for providers to send quality signals to prospective tenants.

**Experience # 2 – Application processes are complex, repetitive and costly, with renters experiencing perceived and/or actual discrimination or unfairness**

Renters in the mainstream PRS typically apply through a real estate agent. While digital platforms, including listing sites, social media communities and matching services are beginning to facilitate some of this process, agents are working to position themselves as “professionals at the centre of each and every real estate transaction” in order to maintain their role in a changing ecosystem.<sup>119</sup>

Despite these changes, for most renters the application process is complex, time-consuming, taxing and increases the challenge of finding a suitable home. Several elements contribute to this, including many requirements:

- Many documents and supporting information, which generally must be provided each time
- An application for each property
- A lot of personal information, which raises security and privacy issues, as well as fears of bias

For many renters the volume of information is daunting, involving not just detail that must be gathered and then transcribed onto an application form, but also supporting documents such as sufficient and acceptable ID, references, financial information such as pay slips and even a “rental ledger”.<sup>120</sup> This is a task requiring a high level of organisation and competence. While the information may be of value to an agent and rental provider in selecting a reliable tenant, the need to provide it and the way it is often required, creates several pain points for renters. This includes the time that must be invested in gathering the required documentation, money to copy, and the effort needed to have copies of some documents certified.

Advice offered to renters online suggests the complexity of the application process may create a bias towards applicants from middle class backgrounds with good educations. They advise storing documents online to email them quickly, having a well-written cover letter, and building a rapport with letting agents.<sup>121</sup> Our participants certainly felt that “attractiveness”, a term largely relating to socio-economic status, was as important as the ability to pay in securing housing in a competitive market.

Many application forms also require information that renters may not be able to provide, and which may appear compulsory but is not (e.g. the registration number of their car or a passport number), and often state an application will not be considered if it is not complete. If renters cannot provide certain information, or do not wish to, they may withdraw rather than provide an incomplete application. This is likely to impact women concerned about violent ex-partners, Aboriginal and Torres Strait Islander people (who are disproportionately likely not to have identity and other documents),<sup>122</sup> and people attempting to re-enter the private rental market after a period of housing disruption (e.g. ex-prisoners and homeless) along with privacy conscious consumers.

Lastly, young renters, women aged 55 and over and newly arrived migrants raised concerns that they had been discriminated against due to their ethnicity, age, gender, visa or employment status, or lack of past rental histories. This concern persists among renters, and is reiterated often by advocates, despite the RTA review finding little concrete evidence for it. This lack of available concrete evidence is attributed by renters to the capacity of agents to refuse an application without providing a reason, making it hard to identify and prosecute discrimination.

**Low income families**

In an economy where increasing numbers of workers are employed casually or on a project basis, the expectation of regular income can be exclusionary. Workshop participants reported that many struggle to produce an earnings record that looks reassuring to an agent. While this can be offset by a good record and references, it makes access more difficult.

The challenge of compiling documents is a barrier, as low income earners may not have the documents required, and may not be able to produce large quantities of them when needed.

**Women aged 55 and over**

Women aged 55 and over may enter the PRS after a lifetime of irregular work, during which they focused on caring roles, so the type of information agents seek is unavailable for them. Workshop participants highlighted that many women over the age of 55 may not have regular renting histories, as they often enter the PRS for the first time later in life after ill-health, bereavement, separation or unemployment force them out of home ownership.

They often experience the application process as daunting, holding concerns that they will not be able to compete with younger applicants. However, some participants report that an older woman with a job and no dependents can be more attractive in practice, so this experience depends very much on economic and family circumstances.

119. See the Real Estate Institute of Australia page on “Professionalism” (<https://reia.asn.au/p2p/>)

120. The “rental ledger” is a record, typically managed through an agency’s software suite these days, showing a tenant’s payment history. Rent.com.au encourages rental applicants to include it in their applications, but the legal right of a renter to access a copy of this record is unclear. <https://www.rent.com.au/blog/rental-ledger>

121. For example <https://www.ljhooker.com.au/rent/applying-for-a-rental-property> and <https://www.realestate.com.au/advice/8-tips-for-a-winning-rental-application/>

122. Even today many Aboriginal and Islander people do not have birth certificates, as their births are not officially registered. In remote communities the proportion can be as high as 20%. Even in Victoria, which is highly urbanised, Aboriginal young people can be without a birth certificate for many reasons, including the housing and other problems of their parents, mistrust of authorities, lack of educational opportunity, and the cost of getting a copy of the certificate even if a birth is registered. Members of the Stolen Generations also often have incomplete or inaccurate identity records. As a result many Aboriginal people do not have other forms of identification, since a birth certificate is usually the basis for getting them, leading to a self-perpetuating cycle of lack of access to mainstream services and markets. See the Closing the Gap on Indigenous Birth registration (a project of the Castan Centre for Human Rights and others: [http://indigenousbirthreg.org/Indigenous\\_Birth\\_Registration/Introduction.html](http://indigenousbirthreg.org/Indigenous_Birth_Registration/Introduction.html))



### Young renters under 30

The expectation of a demonstrable rental history is a barrier for young people. They also believe that they face discrimination because their households are unorthodox. There is a shared belief that landlords prefer couples and families, which are perceived to be more stable.

Some younger renters also form households containing various economic dependencies, so that some members may be supported by partners in the house as they look for work or study, or a household member may be supported by others during a period of homelessness. These household structures are not easily recognised, and VCOSS focus groups conducted to inform their submissions to the Victorian RTA review<sup>123</sup> indicate disquiet among many renters about the risk to tenancies of looking after couch surfers or including unemployed people in their households.

Other younger renters seek to live alone and face difficulties establishing that they can sustain the rent payments on their own, or can be relied on to maintain the dwelling.

### Newly arrived migrants

The complexity of forms and information required in the application process poses a significant challenge for this group. Many are unaware that information is provided in their own languages and have difficulty establishing their working capacity and rental history. Participants reported that they are often obliged to rely on community members to assist, sometimes as rent guarantors, or as providers of informal rental options.

For some, their name on a form is felt to be enough for their application to be refused, as biases against specific ethnicities are perceived to be widespread among agents.

To overcome this lack of trust on the part of agents, some migrant renters report being pressured into long pre-commitments, such as a large amount of rent paid in advance.

### Policy Implication #3 – Reducing the information burden during the application process

There are currently few restrictions and no standardisation of what information providers can request in an application process. Such standardisation could work towards greater clarity, consistency and efficiency for applicants. Policymakers are taking some steps to reduce information gathering powers prior to entering into a rental agreement including through the Victorian RTA Review such as inappropriate questions being prohibited (Reform 8), along with restriction of overtly discriminatory questions relating to attributes protected by the Equal Opportunity Act (Reform 9). The review did not address the burden of application as a process problem, as less attention has been paid generally to how problems at the search stage create adverse outcomes for renters.

Attention in the policy discussions has focused on privacy and data protection related to information provided in applications. These issues, if adequately addressed, may go some way to supporting the growth of alternative application and verification methods.

The preferred approach in Victoria is to impose a “purpose limitation” on the use of information collected during applications (s.30B). While this rule is supported by the Victorian Information Commissioner, their submission also argued that Australian Privacy Principles should be imposed on all participants in the rental market, including landlords and small agencies not otherwise covered by the Privacy Act. These added protections will be central in an increasingly online and data-based intermediary market environment.

123. We are grateful to VCOSS for giving us access to the focus group transcripts during this research.

### Policy Implication #4 – Reducing the potential for bias or discrimination in tenant selection

The second experience common to many renters was perceived or actual bias and discrimination during the application process.

Moves to reduce discrimination in application processes are not unique to housing – examples can be found in fields of recruitment, academia and support programs. Many submissions received during the recent RTA review (including Tenants Victoria) recommended the development of a standardised application form, to complement the prescribed form of rental agreements.

The principal value of a prescribed application form was thought to be to avoid bias against applicants by preventing certain questions. In Tenants Victoria’s view the prescribed questions should protect those with pets and “elderly [people], single parents and those on low incomes”.<sup>124</sup> Similarly, the Victorian Aboriginal Legal Service and Aboriginal Housing Victoria while not specifically advocating for a standard application form, argued Indigenous applicants face higher than normal risks of discrimination in the PRS, reflecting findings of the 2012 Victorian Equal Opportunity and Human Rights Commission report on discrimination in Victoria’s private rental market.<sup>125</sup>

A prescribed form was not pursued in the Victorian process as “no evidence has been provided to the review of conduct such as the routine inclusion of clearly unlawfully discriminatory questions in forms, that could be meaningfully addressed by prescribing an application form”<sup>126</sup>, instead the priority appears to be given to the importance of rental providers requiring identifying personal information in order for providers to “verify an applicant’s identity and to make an informed choice about the most suitable tenant” (see REIV submission, p36).

In an environment of increasing data amalgamation, sharing and purchase regarding consumers, CPRC has recommended<sup>127</sup> policymakers ensure consumers have a “right to explanation” to enable them to better understand what data has been used by a supplier when making a decision around eligibility. With a growing number of online platforms and intermediaries, greater oversight and controls by regulators and policymakers will be key.

The potential for personally identifiable information to trigger implicit bias or be used to draw inferences pertaining to protected attributes is largely untested, and the extent of bias or prejudice in tenant selection is contested. Renters and their advocates believe it is widespread, but little hard evidence exists. If the dominant view of policymakers remains that providers should be able to choose the best applicant, not merely a qualified one, this will present challenges for the adoption of anonymised applications.

124. TUV submission to RTA review in response to the options paper, pp10 and 21.

125. Victorian Equality Opportunity and Human Rights Commission (2012) Locked Out: Discrimination in Victoria’s Private Rental Market (<https://www.humanrightscommission.vic.gov.au/our-resources-and-publications/reports/item/150-locked-out-discrimination-in-victorias-private-rental-market-aug-2012>)

126. Heading for Home Residential Tenancies Act Review Options Discussion Paper (2016), p36

127. Nguyen, P. & Solomon, L. (2018) Consumer Data and the Digital Economy, Melbourne: Consumer Policy Research Centre



### Areas for further investigation

Research into the viability and effectiveness of anonymised applications would help to resolve continuing debates about potential biases in the process. The use of “blind audition” approaches in Human Resources practice remains at an early stage, but extension of research in this space to rental housing may be useful. It will be important to identify whether means exist to find suitably qualified tenants anonymously, their sources of income and other potentially biasing information to providers, and whether such methods deliver quantitatively equal outcomes to providers, in terms of sustaining tenancies, avoiding rent arrears and disputes, the care taken of properties, and other outcomes.

Research could also examine the potential of emerging technologies to create digital trust scores that can be presented reliably by third parties, provide credit worthiness and rental history ratings, and other measures of renter reliability anonymously.

CPRC finds that good data practices to enhance consumer agency and autonomy across a range of markets are central to trust and market engagement. With AI and machine-learning technologies increasingly being adopted to make decisions about a whole host of consumer eligibility questions, policymakers need to remain vigilant and develop new protection frameworks to ensure consumers are in control of their data and personal information in the new digital age.

Research should also be continued into the potential for intermediate platforms to achieve process improvements. Such research should not only look at the commercial viability of such products, some of which exist in the market already and have been adopted by agencies, but also the how they could be used by potentially marginalised renters (such as those studied in this report) or by organisations working to support them, and how best to protect privacy and provide security of data in a digitally-intermediated market.

### Experience #3 – Transaction costs of moving are high

Transaction costs include:

- Money up front to secure premises, including bond and rent in advance
- Moving costs, especially the physical relocation of possessions
- Potential ancillary costs such as cutting extra keys, different furniture and any comforts or additional security not provided by the landlord
- Overlapping costs if the renter must pay rent and/or utilities in two properties

There are also opportunity costs, especially lost earnings arising from the difficulty in finding and securing property.

The costs associated with moving in are important because they impact heavily on lower income households, particularly those requiring larger homes such as low income families.

Most of the costs are unavoidable under current systems and mandated by law. They form a barrier to entry for those with very low incomes and without credit or savings, preventing people from leaving inadequate or even dangerous housing.<sup>128</sup>

The need for cash upfront means people struggle to secure a house when homeless. At the extreme end, the cost of finding suitable housing is a known contributor to women staying in violent and abusive relationships, and can have serious implications such as injury or even death.<sup>129</sup>

As we have discussed, renters also have uncertain tenures and move every few years on average. Some people are obliged to move annually if properties are repeatedly sold.

As a result, opportunity and transaction costs repeat, adding up to thousands of dollars that people struggle to recover. Even though bond, a major cost of moving, is usually returned, renters often need to pay bond to a secure a new property before they have quit their current tenancy. The difficulty of finding additional cash in the interim frequently means people have to access credit, and so bear a separate cost to service. The alternative is sometimes to risk becoming homeless by ending one tenancy before taking on another.

While this was a common concern raised by all segments, for low income families this was most prevalent.

### Low income families

Low income families often must make short term financial decisions in order to secure housing that may involve important downstream consequences. In addition to finding upfront funds to pay for the new bond along with ways to minimise furniture and other moving costs, utility costs were also another feature for this group. Managing normal outgoings along with upfront and other moving costs creates dilemmas where a renter may be obliged to find money for rent in advance and bond by not paying an outstanding utility bill. Non-payment of bills then creates a backlog of further costs they may not be able to catch up with. Renters may, for example, sign on with a new utility provider at their new dwelling so as not to immediately must pay the outstanding balance to get connected, but then as new bills pile up decide to pay the current ones to avoid disconnection. Under financial stress it easy for old bills from a past house and a different provider to be left too long and even forgotten, becoming a burden of bad debt that is troublesome for business, but dangerous to the financial health and creditworthiness of low income people. Bad debts like this are often sold to debt recovery firms, setting off a further chain of financial stress and short term solutions, such as pay day loans and debt consolidation, that can further exacerbate a low income household’s debt burden. With repeated changes of residence, these burdens can become too much to manage.

### Women aged 55 and over

The cost burden of moving is not as significant for women aged 55 and over, whose challenges have to do with finding affordable property. However, the transaction costs of moving do weigh on those with fixed or low incomes, and can act as a barrier for those seeking to move out of homelessness. Services exist, such as those offered by the St Vincent de Paul Society, to assist with housing establishment, but this barrier remains significant.

128. Women and children experiencing domestic violence and abuse are made particularly vulnerable by housing cost pressures: see Wendt, S. (2015) "How housing affordability hurts women and kids fleeing violence" The Conversation (<https://theconversation.com/how-housing-affordability-hurts-women-and-kids-fleeing-violence-40306>)

129. Women, Domestic and Family Violence and Homelessness: A synthesis report (2008) Commonwealth of Australia and Flinders University (<https://www.dss.gov.au/our-responsibilities/women/publications-articles/reducing-violence/women-domestic-and-family-violence-and-homelessness-a-synthesis-report?HTML>)



### Young renters under 30

Transaction costs for young renters are very similar to those for families, but while they tend to carry fewer utility and other debt burdens forward with them they do face greater challenges in managing what are often complex moves, as households often form and reform with each move. Possessions must be collected from different places, and gaps can emerge in household essentials when moving to and from share houses. The cost of provisioning can therefore be significant if nobody sharing a new house previously owned any of the whitegoods they need.

### Newly arrived migrants

Like young renters, migrants can face significant set up costs in addition to the usual challenges of finding rent and bond. Newly arrived migrants and those moving into their own rentals for the first time often must establish an entire household at once, relying on family, community members and charities for assistance. This does not necessarily prevent migrants taking up private tenancies, but can lead to them living in sub-standard conditions, without access to various comforts and even basic furniture. Experts engaged for this segment reported inadequate cooking and cleaning facilities often add to the health burdens endemic in low cost rental housing.

### Policy Implication #5 – Easing cost pressures during the securing and moving in stages

Smoothing the costs of moving could reduce barriers and anxiety for a range of renters. Policymakers can more closely look at alternative ways to manage upfront bond payments and support programs to provide subsidies for end of lease cleaning costs. At present, a significant amount of these subsidies falls to the community sector, with organisations delivering emergency relief such as St Vincent de Paul Society acting as a stop gap with no structured support from governments.

Requirements to provide bonds and rents in advance are closely regulated in all Australian jurisdictions. Increasingly, the amount of rent and bond that can be required up front are controlled by legislation and in Victoria, as in most jurisdictions, it is generally limited to four weeks. During the recent Victorian RTA review attention focused on legislation of bond amounts and a specific rental amount above which the restrictions do not apply (see Reform 27, previously \$350/week). While industry had indicated rent in advance and bond costs were not rated highly as problems by renters, but alternate research suggests this depends on the economic circumstances of the renter.<sup>130</sup> Most stakeholders have also raised concern with the low \$350 rent ceiling above which limits on bond and rent advance amounts do not apply and advocated it be abolished. Under the amended RTA, regulators will prescribe a limit to keep better pace with the rising cost of rents.

Another market response that has emerged in response to renters' difficulties in the moving in period are moving services that assist with moving logistics, for example by arranging utility connections. While such services may alleviate some practical difficulties, there is a risk for vulnerable renters that they will agree to services that do not necessarily deliver the cheapest deal, like risks identified with online comparators in other markets.

### Policy Implication #6 – Providing support at the securing stage to alleviate risks of homelessness

Our research finds significant challenges and vulnerability for renters, particularly for those who are marginalised at the securing stage. The Council to Homeless Persons and other advocates identified the moving in stage as a risk point for homelessness, and the need to find bond and other costs upfront as a contributor to situational and other forms of homeless. A number of jurisdictions including Victoria operate schemes to support low income and vulnerable people during this stage. The Bond Loan Scheme administered by Housing Victoria helps low income people with the cost and is particularly useful as it is repaid from the bond when it is returned.<sup>131</sup> Other supports are delivered through community organisations. The Bond Loan Scheme has restrictive eligibility criteria, so some segments, such as low income working families and young people, may not benefit, and the requirement that an applicant must repay all previous loans means it cannot easily be rolled over to cover a second transition period.

More attention in the recent Victorian RTA Review was given to bond repayments than upfront costs, but the two intersect at the moving stage because renters face difficulties raising cash during the overlap period. While some submissions advocated an option for bonds to be refunded before a tenancy ends, to alleviate the risks we have identified, most supported a speeding up and simplifying of bond refund processes, including both REIV and Council to Homeless Persons. This approach has been adopted. Most bonds will be returned on application by a tenant, subject to a 14-day option for a provider to lodge a dispute (Reforms 29 and 30).

This ongoing challenge of upfront costs especially associated with bond has also sparked some industry response, with providers such as Snug.com developing its own bond insurance and guarantee products such as BondCover<sup>132</sup> which offer to cover a bond in exchange for a smaller fee. However as an expedient potentially marketed to people on marginal incomes, fresh regulatory challenges may arise in relation to protecting renters from long term financial burdens.<sup>133</sup> Issues therefore arise about whether governments should expand support for low income households to include a wider range of renters and to cover a wider range of costs, since the growth of private sector actors strongly suggests a need and an emerging risk.

### Areas for further investigation

Given the importance of the securing stage in the journey of vulnerable renters, further research is warranted into additional ways to alleviate the transaction cost burden. Options that warrant further examination include ways to support the rollover of bonds, perhaps by applying funds raised from bond interest to provide short term guarantees. Such a scheme would allow renters a grace period to pay a new bond. Ways to operationalise this within existing legal authority might include providing direct short term loans, or cover notes to the value of the previous bond. Safeguards may be required to ensure renters can cover any shortfall that occurs, with additional support for renters likely not to recover their bonds due to factors beyond their control such as mental or other health issues.

Research is also required into the operation of moving services, and especially the practice of some real estate agents who embed an option to subscribe to these services in rental application forms. Issues to be examined include: whether renters may actually be locked in to higher than necessary costs; whether renters (especially marginalised or vulnerable renters) are likely to be pressured by the presentation of such services in certain ways; and, whether the use of such services increases the likelihood that financially distressed renters will attempt to resolve their financial burdens by changing providers when they move to put off or ignore bills from the previous tenancy.

130. The Brotherhood of St. Lawrence submission to the review supported the view that up-front costs are a major hurdle for low income renters, and a contributor to homelessness.

131. Housing Victoria RentAssist bond loan: <https://www.housing.vic.gov.au/bond-loan>

132. See for example Snug's description of its Better Bonds product: <https://snug.com/betterbonds/>

133. The ACT is the only jurisdiction to currently regulate to enable these products, and critics argue the schemes reduce the revenue available to the bond authority for grants and add extra financial burdens to low income participants. See Burdon, D. (2017) "Bond guarantee products could be new 'pay day loans, Greens MLA says" The Canberra Times (<https://www.canberratimes.com.au/national/act/bond-guarantee-products-could-be-new-pay-day-loans-greens-mla-says-20171025-gz7md3.html>)



## Experience #4 – Difficulty exercising consumer rights

Throughout this project we encountered examples of how people find exercising their rights as consumers difficult, if not impossible. Other research, including the recent CHOICE, National Shelter and NATO<sup>134</sup> report on renting in Australia and VCOSs consultations have shown the same trend. Renters in the PRS are not treated like normal consumers and don't feel like consumers, with the rights that term implies. There are several barriers that renters encounter which limit the ability of the market to function efficiently. Similarly, renters also lack many other protections available in other consumer markets, in particular effective dispute resolution processes.

Renters across all segments report they either do not know about their rights and avenues for complaint or avoid using them. Fear of retaliatory eviction and other consequences restrain most renters, especially when trying to get repairs and maintenance completed. Renters also fear being blacklisted (placed on a tenancy database). Tenancy databases are privately run databases to which subscribers (rental providers but usually real estate agents) can add the names of renters who fail to pay rent, fail to adhere a tribunal order or otherwise violate their tenancy agreement. These are used to screen applicants and are the reason why a lot of information is gathered on application forms.

There are three main operators in Australia (RentBetter, Equifax and TICA) who all also run integrated businesses that provide credit checks, police checks and other services. The idea of a "blacklist" is widespread, but most renters do not know what they are or how they work, and so a sort of folklore seems to exist that constrains renters from making complaints because they believe they can arbitrarily add to a secret list that will prevent them renting again.

Some participants also describe concerns about "unofficial blacklisting", where a renter cannot get a reference to secure a new property when a tenancy ends in conflict.

The system is also burdened by a poor level of accountability. Low income and young renters pointed to issues with agents and landlords not responding in a timely fashion to repair requests, engaging in judgmental and bullying behaviour, and taking action in violation of the law (such as entering premises without notice). The challenge is not that there aren't laws specifying what rental providers must and must not do, it is apparently that providers are unaware of them or don't respect them, and renters are not willing to enforce them.

Where enforcement is attempted, barriers exist because of cost and time. Renters also share a view that tribunals act principally on behalf of, or give the benefit of the doubt to landlords, or do not enforce the rules strictly enough.

### Low income families

The biggest challenge facing low income families is repairs and maintenance. They report slow responses to requests, and poor-quality appliances provided to replace old ones. Renters in this segment felt very strongly that escalating a formal complaint was likely to be ineffective and have bad consequences for current and future tenancies. Several discussed examples of retaliatory eviction utilising "no reason" provisions, under which a tenant can be evicted without a specified cause, albeit over a longer notice period.

### Women aged 55 and over

Access to consumer rights for women aged 55 and over is often not available to those who resort to informal means to secure a place stay in their community. Among those with more official tenancies, fear of eviction was a restraining factor, especially given they fear rent rises or excuses such as renovation for taking a property off the market in order to put it back out to lease for more. Older women moving into the PRS for the first time also talk about a lack of knowledge of the system, and a lack of understanding of formal protections within it.

### Young renters under 30

Young renters feel they face discriminatory behaviour constantly, and their lifestyles are policed by landlords, agents and others who visit their homes, such as tradespeople. Many discuss having their cleanliness and tidiness questioned and being told to undertake extensive cleaning far in excess of the terms of their leases. They are unaware of any means to complain about this kind of behaviour as it is hard to quantify or relate to specific terms of the tenancy law.

They share with other renters fear of retaliatory eviction, although seem more aware of and willing to use complaints systems. Rather than blacklisting or no grounds eviction, they are most concerned about harassment and rent increases as ways to push them out.

### Newly arrived migrants

Migrants have limited knowledge of their rights, or how the formal tenancy system works. Many rely on informal advisers and translators, most of whom also do not know what supports exist. Many assume that mainstream services operate only in English and so do not seek help.

Some are unwilling to seek help for fear of eviction, or because they rely heavily on a small number of trusted real estate agents believed by their community to treat them with less negative bias. Falling out with a trusted agent would leave them vulnerable.

Reliance on informal housing pathways and support systems often leaves migrants in irregular tenancies, without tenancy agreements and unable to seek recompense if something goes wrong.

134. CHOICE (2018) Disrupted: The consumer experience of renting in Australia (<https://aaf1a18515da0e792f78-c27fdabe952dfc357fe25ebf5c8897ee.ssl.cf5.rackcdn.com/1965/Disrupted+-+2018+Report+by+CHOICE+National+Shelter+and+NATO.pdf?v=1543899746000>)



## Policy implication #7 – Improving consumer protections and access to redress

One reason renters feel vulnerable is they feel the onus is on them to prove something is wrong, or vindicate themselves if accused of violating their agreement. They report being mistrustful of tribunals due to the perception that they lack rigour and end up favouring landlords. Providing greater access to dispute resolution processes, along with greater communication of renters' rights are critical to ensure that renters are aware of and can act on complaints and infringements of their rights.

During the Victorian RTA review, improvements to critical information regarding rights has been flagged through the 'Red Book' (Reform 15) and canvassed the possibility of expanding of Consumer Affairs Victoria (CAV)'s dispute resolution and conciliation capabilities (provided under the pre-existing Act) to provide more support for renters and landlords. Our research suggests greater access to dispute resolutions and conciliation processes for renters is an important step and additional funding and resourcing should be actively pursued.

Renters are also vulnerable because they must actively seek redress. Unlike other critical markets there is little or no active enforcement or oversight of the sector, especially within the major part of the PRS involving retail investors. This can lead to renters who lack means to pursue a complaint or are fearful to do so, having no reassurance that someone is a "cop on the beat". Increased monitoring by regulatory agencies of compliance may also be something to be considered.

Lastly, the widespread fear of blacklisting may frustrate some regulators, as our research suggests that formal protections in the regulatory system are robust. Under Victorian law a renter can only be added to a database if they have been subject of an order from VCAT relating to unpaid rent in excess of their bond or a possession order, only if they are named on the tenancy agreement, and the tenancy has ended. In addition, agents and landlords must inform applicants if they use a database and which one and tell anyone if their name has been added to or found on a database. It is illegal for anyone to be added to a blacklist secretly or arbitrarily. It is hard to imagine agents and operators doing these things routinely. Yet the belief in secret blacklisting persists, and this is important enough to change renter behaviour even if it may be false.

The clear role for regulators and policymakers to increase information, education and outreach has been well canvassed and, in our view, considerable additional resourcing is desirable for this function. Consideration should especially be given to providing information about rights and responsibilities, including in regard to tenancy databases, in new ways involving alternative digital channels and more active outreach to CALD communities who report a lack of understanding that information and support may even be available in their language.

## Policy implication #8 – Improving service quality through accountability

There is some anecdotal evidence in our research, especially among young renters, of unprofessional conduct by agents bordering on harassment. This behaviour reinforces a power imbalance in renting relationships and deters people from exercising their rights. While some issues of probity have been addressed by establishing trust accounts for bonds and rents, and professional conduct is addressed through educational requirements, there may be insufficient grounds for people to challenge behaviour they find intrusive or in excess of the terms of the rental agreement.

Renters also regularly cite slow or unresponsive agents, and difficulties in enforcing their rights to quiet enjoyment. The current legislative and regulatory frameworks that licence real estate agents (such as the Estate Agents Act 1908 in Victoria) impose education, character, experience and other requirements on real estate agents.<sup>135</sup> However, the industry itself is increasingly vocal about the need to become a fully-fledged profession.<sup>136</sup>

Professionalisation implies several important changes in how agents act as intermediaries in the market, including their adoption of a social mission in which they would owe more clearly defined duties to renters as well as their principals. It also implies the creation of a professional standards and registration body, to which tenants and other stakeholders could complain, with the power to sanction and even deregister practitioners.

Moves towards professionalisation may answer to many of the issues raised by renters at the applying and especially the living stage of The Renter's Journey. Governments have a role to play in supporting professionalisation, for example by legislating to create a registration body, and this development could be actively pursued. Furthermore, greater disclosure of the customer service received by renters may also work to increase competition in service delivery amongst real estate agents and take some steps towards rebuilding trust.

## Areas for further investigation

With renters' knowledge of their rights and avenues for redress demonstrably low, research should be conducted to support CAV's and similar agencies' efforts to expand outreach and education efforts. Consumer research should in particular focus on the extent and nature of knowledge gaps, building on consumer research already conducted by CAV in support of the RTA review. Research should consider the ways that different segments are most likely to find and use information, which will vary enormously, and how information should be presented within each of these channels. To complement the professionalisation of the real estate industry, research should be undertaken to examine the potential for licensing real estate providers, and/or registering or licensing rental properties.

Existing models include the selective licensing scheme now in use in several municipalities in the UK. This allows a Housing Authority to designate a geographic area in which all rental housing must be licensed. Research would need to investigate how such schemes might work within Australian regulatory systems, their actual impact in other jurisdictions, and the potential costs or perverse incentives that might attach to their use. The potential benefit of a licensing approach is it would give greater oversight to operation of minimum standards and provide accountability for landlords who do not use real estate agents and are therefore more likely to operate outside the law.

There may be opportunities as minimum standards are developed by regulators to explore how schemes of this sort can be used, alongside the Non-Compliance Register, to ensure providers are fit and proper people to provide rental services, and properties are compliant with basic standards. A greater focus by policymakers on how information could be used to improve renter decision-making and increase competition in the quality of services being provided by agents would be a welcome move forward and consistent with the objectives of recommendations contained in the Productivity Commission Data Availability and Use report (2017).

135. See the Victorian licencing requirements and standards for real estate agents and agencies at: <https://www.consumer.vic.gov.au/licensing-and-registration/estate-agents/licensing/apply-for-a-licence/individual>

136. Real Estate Institute of Australia page on "Professionalism": <https://reia.asn.au/p2p/>



## Experience #5 – Consumers experiencing an inadequate safety net

In our mapping exercises we identified the end of a tenancy as a point of particular risk for vulnerable renters. With limited time, money and choices, renters face falling into homelessness as the renting lifecycle starts over. For those such as migrants and older women with strong attachments to localities, there is a risk that when a tenancy ends current market rents in the same area will have risen too far for them to re-enter.

There are few opportunities to identify at-risk tenants before they lose their tenancy, as the system is so fractured as to not function as a system at all. The contrast with other regulated industries such as energy is stark. There are few opportunities to match data, and most of the information collected about renters is held at a local level where it hard to get at. Participants in VCOSS consultations leading up to the RTA review identified the urgent need for an early intervention system to preserve tenancies, but no obvious way exists to implement one.

Renters also face significant problems enforcing their consumer rights. In most other markets when problems arise consumers have escalating options for complaint that do not require attending a tribunal and can make enforceable claims for restitution or replacement. This is inherently difficult in housing, because the stakes are high and opportunity costs can be significant.

The issue of restitution was canvassed extensively in the RTA review, but encountered difficulties associated with providing appropriate compensation. For example, if a renter moves into a property and finds it uninhabitable or that claims made were misleading or deceptive, can they be provided with another house? If they missed out on a tenancy because of misconduct or prejudice how is their lack of housing made up?

As a result of these challenges, and an entrenched approach to enforcement of tenancy laws that relies on tribunals and civil penalties, renters who have been disadvantaged or harmed have few opportunities to make good their loss.

### Low income families

Families struggle to maintain private tenancies because they suffer from high levels of housing stress, caused by lack of adequate supply and responsiveness. Most work hard to ensure they keep a roof over their heads, often by sacrificing other expenditures. As a result, externalities in the housing system are largely hidden because shortfalls in household incomes are addressed through vulnerable customer programs in other industries (especially energy and water), food banks, and other welfare programs.

Many families carry growing debt burdens directly attributable to the cost of housing, and only become visible to organisations that might help them when they can no longer sustain their repayments. Debts accrue in many ways including to utility providers, short term lenders, credit cards and even government agencies, through things like Centrelink advance payments often used to cover rent arrears.

### Women aged 55 and over

Women aged 55 and over whose rate of homelessness has been rising especially fast, face vulnerabilities throughout the housing journey. They face difficulties in finding suitable housing where they need it, in sustaining their tenancies (especially if they are low waged or on income support, reflecting their broader structural vulnerability in the economy), and when the cycle reaches its end. Risks are compounded by an identified lack of knowledge about welfare services, particularly if their life stage transition marks a major change in housing and economic circumstances, and an unwillingness to seek help after a lifetime of supporting others. Without a systematic approach to early intervention they are likely to run down all their accumulated capital before receiving any assistance.

## Young renters under 30

Young renters are disadvantaged as they begin the housing journey, with the ability to find and secure housing reduced by a lack of prior work and renting experience, and by comparatively low earnings. Measures to provide them a “leg up” into the housing system are important, especially as they are likely to be dislocated from established support networks when they move to seek independence and economic or educational opportunities.

### Newly arrived migrants

Newly arrived migrants and those seeking to move into private rental as part of the process of moving beyond their initial post-arrival circumstances are vulnerable when try to compete for housing in established communities, where they encounter apparent prejudice at the applying stage. Their information and knowledge deficits are especially pronounced at this point, making them vulnerable to exploitation by rogue landlords in the informal housing system.

## Policy implication #9 – Creating a national system

The major policy challenge in response to this experience is that rental housing is not a comprehensive and well-regulated system, compared to other essential markets. The next frontier for policy development is creating an integrated system to allow early intervention and greater consideration of distribution of costs and benefits generated by the PRS. While the real estate industry, including investors, agencies, developers and other participants, retain profits generated by rents and capital gains, the cost of supporting people who are struggling with affordability and access to suitable housing is largely externalised to governments and the community sector, and even to other industries that do have vulnerable consumer programs. This reduces or even eliminates incentives for providers to ensure consumers are not rendered vulnerable by market operations or to ensure the market is efficient in providing housing outcomes for everyone.

Early in the report, we canvassed how other comparable markets are tightly regulated and structured around complex national systems. Without things like a COAG Housing Council, a similar system is unlikely to emerge in housing, let alone in rental housing. While markets are not the primary vehicle through which social policy objectives are achieved, much closer integration must be considered.

One important improvement that could be managed by an integrated rental housing system is data integration to improve insights required for policymakers to drive new infrastructure, encourage competition in service delivery and ensure renter preferences and needs are met. A key finding earlier in this report was the significant lack of available data about the performance of the rental market and experiences of renters within it. A sustained focus by policymakers on publishing performance data would help to inform research, monitoring and competition.

New technology and data collection practices may allow some prospect of improving matters, but this also brings with it risks associated with any large data collection and sharing enterprise, especially when public and private sector data holdings are involved. Private participants in the system, especially real estate agents but also any providers of multi-unit housing, must become better digitised and integrated. Real estate agencies, which continue to dominate the PRS as its most important intermediaries, will play a big role in any future data integration effort, provided they move their operations wholly online, and are able to make the data they hold available.



The commensurate benefits from better data flows during the applying and securing phases may be enough to encourage involvement in the process. The benefits of data integration include improving opportunities for targeting early intervention to help marginalised consumers maintain their tenancies. Renters able to capitalise on them may improve searching, for example through improve “match making” of their goals with suitable providers. Non-profit organisations working with people struggling to maintain housing may also be able to utilise data to assist.

### **Policy implication #10 – Improving redress, compensation and support programs**

A key feature of an adequate support net is a responsive and effectively allocated social policy framework which deals to affordability challenges and enough redress and compensation when things go wrong. An adequately targeted and resourced national support system could also move to address some of the vulnerabilities that emerge from a fractured rental experience and mobilise resources to provide additional support to renters.

One challenge is to what extent the very fractured PRS, with its many thousands of investors, can be actively involved in helping support vulnerable renters and underwrite the cost of providing a vulnerable consumer program, which are an important way large players in other essential industries are required to exercise their social responsibility as part of a social licence to operate. One impost for example might be the cost of underwriting payment plans for renters who fall into arrears, a protection which regularly features in other essential service markets.

This could work the way mandatory vulnerable consumer programs operate in the energy market, where disconnection (analogous to eviction) is a last resort that cannot be used if a customer is engaged in a repayment plan.<sup>137</sup>

In the housing sector, repayment plans may be onerous for individual retail investors to bear, so thought would have to be given to how this burden can be shared across the industry. On the upside, providers may benefit from reducing unrecoverable rent arrears and churn, making the letting of low-cost housing to poor households more attractive. Using licence fees or bonds levied on rental providers, interest from trust funds, or other sources, it may be possible for the private sector to shoulder a greater share of the burden now externalised to government and NFPs, and so provide more security for vulnerable renters.

The rebalancing of costs and benefits in the system would also allow for better compensation schemes for renters, especially where an individual provider cannot provide appropriate redress. Where civil penalties are levied for breaches of residential tenancy laws, these should to some extent be applied to providing redress and compensation as well. Opportunities exist, for example, to support vulnerable renters with temporary accommodation and house finding services, or to ensure they are provided monetary compensation when due if an individual provider does not.

### **Areas for further investigation**

Research should be conducted into ways to create a national industry scheme or support schemes could be better developed to underwrite the cost of vulnerable consumer programs and redress programs. There are complexities relating to how existing laws and regulations can compel participation in such schemes, when they do not currently empower regulators to levy bonds or licencing fees. Alternative options should also be explored, such as the capacity to leverage real estate industry professionalisation to create an industry approach, or the use of badging or other positive approaches. The efforts by industry to foster a build-to-rent sector, with larger operators, may assist in such efforts.

Governments and industry should also work together to explore ways to better integrate data collection processes and the experiences of the renter journey, connecting it to other sources to create potential indicators of housing stress and financial vulnerability. Initiatives such as the Thriving Communities Partnership<sup>138</sup> provide significant opportunities for the private sector to collaborate for collective impact, with regards to support programs available for vulnerable renters who not only are struggling with housing costs, but the costs of essential services.

Australian governments and policy researchers should examine how to create a national housing system like the national food, construction, health care and other systems along with greater integration with the complementary social policy framework.

137. Australian Energy Regulator (2018) Strengthening protections for customers in financial hardship (<https://www.aer.gov.au/news-release/strengthening-protections-for-customers-in-financial-hardship>)

138. Thriving Communities Partnership is “a cross-sector collaboration with the goal that everybody has access to the modern essential services they need to thrive in contemporary Australia”, involving utilities, financial services, telecommunications and transport providers: <https://thriving.org.au/>



# Summary table

## Common Experiences and Policy Implications

Stage	Experience	Policy Implications
Searching	Renters not finding properties that suit their needs	Provision of housing needs to be adequate and diverse
		Improving information about quality and price
Applying	Application processes are complex, repetitive and costly, with renters experiencing perceived and/or actual discrimination or unfairness	Reducing the information burden during the application process
		Reducing the potential for bias or discrimination in tenant selection
Moving In	High transaction costs of moving	Easing cost pressures during the securing and moving in stages
		Providing support at the securing stage to alleviate risks of homelessness
Living	Difficulty exercising consumer rights	Improving consumer protections and access to redress
		Improving service quality through accountability
Safety net	Consumers experiencing an inadequate safety net	Creating a national system
		Improving redress, compensation and support programs

# Future directions for research

The research has generated a list of areas for further inquiry. Those that may be best pursued as research projects are summarised here as a basis for further discussion about the development of the national housing research agenda, which involves academia, governments, industry and community organisations.

- Continuing consultation and research into the viability and likely overall impact of minimum building quality and energy use/cost standards.
- What trade-offs do renters make in choosing properties, especially at the searching stage.
- Research into the viability and effectiveness of anonymised applications.
- Research into the potential for intermediate platforms to achieve process improvements.
- Further research is warranted into additional ways to alleviate the transaction cost burden.
- Gather more data on the operation of moving services, and especially the practice of some real estate agents who embed an option to subscribe to these services in rental application forms.
- Research should be conducted to support CAV's and similar agencies' efforts to expand outreach and education efforts. Consumer research should focus on the extent and nature of knowledge gaps, building on consumer research already conducted by CAV in support of the RTA review.
- To complement the professionalisation of the real estate industry, research should be undertaken to examine the potential for licensing real estate providers, and/or registering or licensing rental properties.
- Investigation of ways to create a national industry scheme or schemes to underwrite the cost of vulnerable consumer programs and redress programs.
- Governments and industry should work together to explore ways to better integrate data tracking the renter journey and connecting it to other sources to create potential indicators of housing stress and financial vulnerability.
- Australian governments and policy researchers should examine the ways to create a national housing system like the national food, construction, health care and other systems.



# Conclusion

## The Renter’s Journey is a timely opportunity to examine how the private rental housing market is being experienced by renters.

By analysing the experience and the system from their point of view we uncovered important commonalities and differences in the journeys of diverse people through a complex market that is supposed to deliver a fundamental need recognised in international law as a human right. We discovered that for our four key segments it often fails to deliver inclusive, efficient or fair outcomes. This is partly because, despite being the biggest wallet expenditure for Australian families, policy reform in many jurisdictions has sustained a significant focus on supply-side solutions rather than balancing this with the demand-side lived consumer experience.

Our research finds renter choice and agency is often limited. In practice, this restricts the effectiveness of signals to supply stock that better suits renter need and competitive pressures to improve quality of service delivered by real estate agents. In addition, lack of consideration of integration with social policy and flow on impacts of the rental market to other essential service markets has resulted in significant undervaluation of the benefits of safe, secure, affordable and flexible rental housing availability.

Above all, we discovered that vulnerable and marginalised renters are often not able to exercise their rights and experience the rental market as a ‘take it or leave it’ proposition, with many leaving the market on the path to homelessness due to a lack of responsive available social housing stock.

However, in what are challenging and dynamic times for Australia’s housing system, the nation-leading reforms introduced in Victoria lay the groundwork for further debate and discussion of the opportunities to improve outcomes for renters and improve the PRS. It’s our hope that a greater sustained focus by policymakers on consumer research and the consumer experience through time will help to build more balanced long term consideration of the effectiveness and performance of the rental market.

# References

1. Akerlof, G.A. (1970) "The Market for 'Lemons': Quality Uncertainty and the Market Mechanism", Quarterly Journal of Economics, Vol.84(3), pp488–500 (doi:10.2307/1879431)
2. Asylum Seeker Resource Centre Fact Sheet: Asylum Seeker Financial Support (<https://www.asrc.org.au/resources/fact-sheet/asylum-seeker-financial-support/>)
3. Australian Association of Gerontology (2018) Background paper: Older women experiencing, or at risk of, homelessness, Melbourne
4. ABC Factcheck (2016) Did abolishing negative gearing push up rents? (<https://www.abc.net.au/news/2015-05-06/hockey-negative-gearing/6431100>)
5. Australian Bureau of Statistics 6530.0 - Household Expenditure Survey, Australia: Summary of Results, 2015-16: Average Household Spending (<http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/6530.0Main%20Features32015-16>)
6. Australian Bureau of Statistics "Snapshot of Australia: 2016 Census data summary" (<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/2071.0~2016~Main%20Features~Snapshot%20of%20Australia,%202016~2>)
7. Australian Bureau of Statistics (2017) Housing Occupancy and Costs, 2015-16: Housing Affordability (<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/4130.0~2015-16~Main%20Features~Housing%20Affordability~10001>)
8. Australian Bureau of Statistics (2017) Housing Occupancy and Costs, 2015-16: Key Findings (<http://www.abs.gov.au/ausstats/abs@.nsf/mf/4130.0>)
9. Australian Bureau of Statistics (2017) Housing Occupancy and Costs, 2015-16: Housing Affordability (<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/4130.0~2015-16~Main%20Features~Housing%20Affordability~10001>)
10. Australian Bureau of Statistics (2018) Census of Population and Housing: Estimating homelessness, 2016. ABS cat.no. 2049.0. Canberra: ABS.
11. Australian Bureau of Statistics (2018) "Crowding" (<http://www.abs.gov.au/ausstats/abs@.nsf/7d12b0f6763c78caca257061001cc588/54e0338cb1f6c896ca257a7500148dfe!OpenDocument>)
12. Australian Bureau of Statistics 2016 Census QuickStats ([http://quickstats.censusdata.abs.gov.au/census\\_services/getproduct/census/2016/quickstat/036](http://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/036))
13. Australian Bureau of Statistics (2017) Census of Population and Housing: Reflecting Australia - Stories from the Census, 2016: "Apartment Living" (<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/2071.0~2016~Main%20Features~Apartment%20Living~20>)
14. Australian Bureau of Statistics publication 6523.0 - Household Income and Wealth, Australia, 2015-16 (via data cube download)
15. Australian Bureau of Statistics publication 6302.0 - Average Weekly Earnings, Australia, Nov 2016
16. Australian Bureau of Statistics (2017) Defining low, middle and high income and wealth households (<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/6523.0~2015-16~Main%20Features~Characteristics%20of%20Low,%20Middle%20and%20High%20Income%20Households~8>)
17. Australian Bureau of Statistics publication 6523.0 - Household Income and Wealth, Australia, 2013-14 (<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/6523.0~2013-14~Main%20Features~One%20parent%20families%20with%20dependants~15>)
18. Australian Bureau of Statistics publication 6523.0 – One parent families with dependents (<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/6523.0~2013-14~Main%20Features~One%20parent%20families%20with%20dependants~15>)
19. Australian Bureau of Statistics (2017) "Aboriginal and Torres Strait Islander population, 2016" (<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/2071.0~2016~Main%20Features~Aboriginal%20and%20Torres%20Strait%20Islander%20Population%20Article~12>)
20. Australian Bureau of Statistics (2017) "Characteristics of recent migrants" (<http://www.abs.gov.au/ausstats/abs@.nsf/mf/6250.0>)
21. Australian Energy Regulator: <https://www.aer.gov.au/news-release/strengthening-protections-for-customers-in-financial-hardship>
22. Australian Institute of Family Studies (2018) "Children growing up in families under housing stress" (<https://aifs.gov.au/media-releases/children-growing-families-under-housing-stress>)
23. Beer, A., Faulkner, D. & Gabriel, M. (2006) 21st Century housing careers and Australia’s housing future: literature review, Australian Housing and Urban Research Institute
24. Beer, A. & Faulkner, D. with Paris, C. & Clower, T. (2011) Housing Transitions Through the Life Course: Aspirations, needs and policy, Bristol: The Policy Press
25. Bladen, L. (2018) "Almost 90,000 single mothers in Australia live in rental stress" AllHomes (<https://www.allhomes.com.au/news/close-to-90000-single-mothers-in-australia-are-living-in-rental-stress-788518/>)
26. Burdon, D. (2017) "Bond guarantee products could be new 'pay day loans, Greens MLA says" The Canberra Times (<https://www.canberratimes.com.au/national/act/bond-guarantee-products-could-be-new-pay-day-loans-greens-mla-says-20171025-gz7md3.html>)
27. Carlzon, J. (1987) Moments of Truth, Cambridge, Mass.: Ballinger Pub. Co.



28. Carmody, J. (2018) "Racial discrimination widespread in the private rental market, advocates warn" ABC News (<https://www.abc.net.au/news/2018-08-17/racism-in-the-rental-sector-wa/10129418>)

29. CHOICE (2017) Unsettled: life in Australia's private rental market, CHOICE, National Shelter & the National Association of Tenant Organisations (<http://tutas.org.au/wp-content/uploads/2017/02/The-Australian-Rental-Market-Report-2017.pdf>)

30. CHOICE (2018) Disrupted: The consumer experience of renting in Australia (<https://aaf1a18515da0e792f78-c27fdabe952dfc357fe25ebf5c8897ee.ssl.cf5.rackcdn.com/1965/Disrupted+-+2018+Report+by+CHOICE+National+Shelter+and+NATO.pdf?v=1543899746000>)

31. Clare, A. & Hughes, A. (2019) "Housing and Health: new evidence using bio-marker data" Journal of Epidemiology and Community Health, published online first (<https://jech.bmj.com/content/early/2019/01/05/jech-2018-211431>, doi: 10.1136/jech-2018-211431)

32. Closing the Gap on Indigenous Birth Registration (a project of the Castan Centre for Human Rights and others: [http://indigenousbirthreg.org/Indigenous\\_Birth\\_Registration/Introduction.html](http://indigenousbirthreg.org/Indigenous_Birth_Registration/Introduction.html))

33. Consumer Affairs Victoria: <https://www.consumer.vic.gov.au/licensing-and-registration/estate-agents/licensing/apply-for-a-licence/individual>

34. Council to Homeless Persons: "More Older Women Couch Surfing as Private Rental Squeezes Them Out", press release, 6 August, 2017

35. Daley, J., Coates, B., and Wiltshire, T. (2018) Housing affordability: re-imagining the Australian dream, Melbourne: Grattan Institute

36. Davidson, P., Saunders, P., Bradbury, B. and Wong, M. (2018), Poverty in Australia, 2018. ACOSS/UNSW Poverty and Inequality Partnership Report No. 2, Sydney: ACOSS

37. de Lacy, S. (2018) "70 and Homeless for the First Time: The Rise of Older Women's Homelessness" StreetSmart (<https://streetsmartaustralia.org/seventy-and-homeless-for-the-first-time-the-rise-of-older-womens-homelessness/>)

38. Deloitte Access Economics (2018) Analysis of the impact of raising benefit rates, Australian Council of Social Service

39. Department of Environment, Land, water and Planning Victoria, Inclusionary Planning Pilot <https://www.planning.vic.gov.au/policy-and-strategy/housing-strategy/inclusionary-housing-pilot>

40. Department of Social Services (2008) Women, Domestic and Family Violence and Homelessness: A Synthesis Report (<https://www.dss.gov.au/our-responsibilities/women/publications-articles/reducing-violence/women-domestic-and-family-violence-and-homelessness-a-synthesis-report?HTML>)

41. Energy Victoria (2017) Bringing Rental Homes Up To Scratch: efficiency standards to cut energy bills, reduce pollution and create jobs (<http://environmentvictoria.org.au/wp-content/uploads/2017/09/Bringing-rental-homes-up-to-scratch-Sept-2017-online.pdf>)

42. Evans, S. & Gavarotto, R. (2010) Long way home? The plight of African refugees obtaining decent housing in Western Sydney, Social Policy & Research Unit, ANGLICARE: Sydney

43. Federation of Ethnic Communities' Councils of Australia (2015) Submission to the Productivity Commission Workplace Relations Inquiry ([https://www.pc.gov.au/\\_\\_data/assets/pdf\\_file/0010/187696/sub0069-workplace-relations.pdf](https://www.pc.gov.au/__data/assets/pdf_file/0010/187696/sub0069-workplace-relations.pdf))

44. Flanders, J. (2014) The Making of Home, Atlantic Books: Great Britain

45. Fuerst, F. & Warren-Myers, G. (2018) "Does voluntary disclosure create a green lemon problem? Energy-efficiency ratings and house prices" in Energy Economics, Vol.74, pp1-12 (<https://doi.org/10.1016/j.eneco.2018.04.041>)

46. Goddard, H. (2017) "Victorian renters stay in the same home longer than the national average" realestate.com.au (<https://www.realestate.com.au/news/victorian-renters-stay-in-the-same-home-longer-than-the-national-average/>)

47. Government of Victoria: Home for Victorians strategy: <https://www.vic.gov.au/affordablehousing.html>

48. Herbert ,S.A. (1956) "Rational Choice and the Structure of the Environment" Psychological Review, Vol.63(2), pp129

49. Housing for the Aged Action Group (2018) Annual Report (<https://www.oldertenants.org.au/sites/default/files/2017-2018-annual-report-web.pdf>)

50. Housing Victoria: <https://www.housing.vic.gov.au/bond-loan>

51. Hutchings, H. (2016) "Moving home can affect your children's health and education" The Conversation (<https://theconversation.com/moving-home-can-affect-your-childrens-health-and-education-62738>)

52. .id Australia Household type, website (<https://profile.id.com.au/australia/households>)

53. Industry Super Funds (2017) "The Gender Super Gap" (<https://www.industrysuper.com/about/features-and-articles/the-gender-super-gap/>)

54. Keast, J. (2015) "The Age Paradox: Older people want to work, but age discrimination stands in their way" Australian Aging Agenda (<https://www.australianageingagenda.com.au/2015/08/05/the-age-paradox-older-people-want-to-work-but-age-discrimination-stands-in-their-way/>)

55. Kelaher, M., et al. (2008) "Structured storytelling in community arts and health program evaluations" Lewis, A. & Doyle, D. Proving the practice: Evidencing the effects of community arts programs on mental health Fremantle, WA : DADAA, pp148-164

56. Kelly, J-F., Donegan, P., Chisholm, C. & Oberklaid, M. (2014) Mapping Australia's Economy: Cities as engines of prosperity, Grattan Institute

57. Kendig, H. (1984) "Housing Careers, Life Cycle and Residential Mobility: Implications for the Housing Market" Urban Studies, Vol. 21(3)

58. Landlord and Tenant Act, Victoria (1958)

59. Martin-Hobbs, B. (2018) But are they any good?": the value of service quality information in complex markets, CPRC: Melbourne (<http://cprc.org.au/wp-content/uploads/CPRC-2018-But-are-they-any-good.pdf>)

60. Martin-Hobbs, B. and Solomon, L. (2018) Five preconditions of effective consumer engagement – a conceptual framework, Melbourne, Australia: Consumer Policy Research Centre

61. Matusik, M. (2014) "The demographics shaping Australia's housing future" The Property Observer (<https://www.propertyobserver.com.au/forward-planning/investment-strategy/economy-and-demographics/32245-the-demographics-shaping-australia-s-housing-future.html>)

62. The Melbourne Institute (2018) The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 16 ([https://melbourneinstitute.unimelb.edu.au/\\_\\_data/assets/pdf\\_file/0009/2874177/HILDA-report\\_Low-Res\\_10.10.18.pdf](https://melbourneinstitute.unimelb.edu.au/__data/assets/pdf_file/0009/2874177/HILDA-report_Low-Res_10.10.18.pdf))

63. Mercy Foundation (2018) 2016 ABS Census Estimating Homelessness statistics released ([https://www.mercyfoundation.com.au/latest\\_news/2016-census-estimating-homelessness-statistics-released/](https://www.mercyfoundation.com.au/latest_news/2016-census-estimating-homelessness-statistics-released/))

64. National Older Women's Housing and Homelessness Working Group (2018) Retiring into Poverty: A National Plan for Change: Increasing Housing Security for Older Women, p6. ([https://www.oldertenants.org.au/sites/default/files/a\\_national\\_plan\\_for\\_change\\_report\\_final\\_2.pdf](https://www.oldertenants.org.au/sites/default/files/a_national_plan_for_change_report_final_2.pdf))

65. Nguyen, P. & Solomon, L. (2018) Consumer Data and the Digital Economy, Melbourne: Consumer Policy Research Centre

66. NSW Centre for Education Statistics and Evaluation (2016) "Income Mobility in Australia" Learning Curve 12

67. Normann, R. (1984) Service Management: Strategy and Leadership in Service Businesses, New York: Wiley

68. Palm, M. (2017) "Build to rent' could be the missing piece of the affordable housing puzzle" The Conversation (<https://theconversation.com/build-to-rent-could-be-the-missing-piece-of-the-affordable-housing-puzzle-82320>)

69. Parkinson, S., James, A. and Liu, E. (2018) Navigating a changing Private Rental Sector: opportunities and challenges for low-income renters, AHURI Final Report No. 302, Australian Housing and Urban Research Institute, Melbourne (<http://www.ahuri.edu.au/research/final-reports/302>, doi: 10.18408/ahuri-5112301)

70. Pathway to Professional: <https://reip2p.com.au/>

71. Phillips, B. (2018) "Housing costs are actually the same as in 1993, but renters still struggle" The Conversation (<https://theconversation.com/housing-costs-are-actually-the-same-as-in-1993-but-renters-still-struggle-95286>)

72. Real Estate Institute of Australia: <https://reia.asn.au/p2p/>

73. Rent.com.au (2018) "Meet the average Australian renter, how does your state/territory compare?" (<https://www.rent.com.au/blog/are-you-australias-average-renter>)

74. Rent. com.au (2019) Your rental ledger – Why you should be asking for a copy (<https://www.rent.com.au/blog/rental-ledger>)

75. Residential Tenancies Act, Victoria (1980 and 1997)

76. Residential Tenancies Amendment Act, Victoria (2018)

77. Schipp, D. (2018) "Locked Out: It's all gone horribly wrong for generation rent" News.com.au (<https://www.news.com.au/finance/real-estate/renting/locked-out-its-all-gone-horribly-wrong-for-generation-rent/news-story/5f8f620daa541c1d424b34018941bbcf>)

78. Schlesinger, L. (2016) "What negative gearing changes could mean to you" Australian Financial Review (<https://www.afr.com/personal-finance/what-negative-gearing-changes-could-mean-to-you-20160218-gmx7v>)

79. Scutt, D (2018) "It's getting cheaper to rent a home in Sydney as vacancy rates hit a 13-year high" Business Insider (<https://www.businessinsider.com.au/australia-property-market-sydney-rents-tenant-agreement-2018-7>)

80. Seelig, T., Burke, T and Morris, A. (2006) "Motivations of investors in the private rental market" AHURI Positioning Paper no87

81. SGS Economics (2018) Rental Affordability Index: Key Findings ([https://www.sgsep.com.au/application/files/8015/4336/9561/RAI\\_Nov\\_2018\\_-\\_high\\_quality.pdf](https://www.sgsep.com.au/application/files/8015/4336/9561/RAI_Nov_2018_-_high_quality.pdf))

82. Snug: <https://snug.com/betterbonds/>

83. Tenants' Union of Tasmania, summary timeline of the Residential Tenancy Act Review process in Tasmania (<http://tutas.org.au/campaigns/residential-tenancy-act-review/>)

84. Thriving Communities Partnership: <https://thriving.org.au/>

85. Troy, P. N. (1991) "The benefits of owner occupation" Australian National University: Urban Research Program Working Paper no.29 (<https://core.ac.uk/download/pdf/156717679.pdf>)



86. Victorian Council of Social Service (2018) Battling on: persistent energy hardship (<https://vcoss.org.au/policy/battling-on-persistent-energy-hardship/>)

87. Victorian Council of Social Service 2018 budget submission (<https://vcoss.org.au/analysis/budget/introduce-new-minimum-rental-standards/>)

88. Victorian Equality Opportunity and Human Rights Commission (2012) Locked Out: Discrimination in Victoria's Private Rental Market (<https://www.humanrightscommission.vic.gov.au/our-resources-and-publications/reports/item/150-locked-out-discrimination-in-victorias-private-rental-market-aug-2012>)

89. Victorian Government review of the Residential Tenancies Act (<https://engage.vic.gov.au/fairersaferhousing>)

90. Wendt, S. (2015) "How housing affordability hurts women and kids fleeing violence" The Conversation (<https://theconversation.com/how-housing-affordability-hurts-women-and-kids-fleeing-violence-40306>)

91. Western Sydney University's Ethnic Discrimination in the Private Rental market project ([https://www.westernsydney.edu.au/challengingracism/challenging\\_racism\\_project/our\\_research/ethnic\\_discrimination\\_in\\_the\\_private\\_rental\\_housing\\_market](https://www.westernsydney.edu.au/challengingracism/challenging_racism_project/our_research/ethnic_discrimination_in_the_private_rental_housing_market))

92. Whittle, S. and Foster, M. (1989) "Customer Profiling: Getting into your Customer's Shoes" Management Decision, Vol.27(6), pp27-30 (<https://doi.org/10.1108/00251748910132575>)

93. Wright, J. (2016) Exposure and Risk Associated with Clandestine Amphetamine-Type Stimulant Drug Laboratories, Flinders University: PhD thesis (<https://flex.flinders.edu.au/file/39066a68-f6da-400e-9150-6d2f7a5ab899/1/ThesisWright2016.pdf>)

94. Yanotti, M. (2017) "Three charts on: who is the typical investor in the Australian property market?" The Conversation (<https://theconversation.com/three-charts-on-who-is-the-typical-investor-in-the-australian-property-market-81319>)

95. Yardney, M. (2012) "How often do we move? And some other property stats" (<https://propertyupdate.com.au/how-often-do-we-move-and-some-other-property-investment-stats/>)

96. Yardeny, M. (2017) "How many properties does the average investor own?" (<https://propertyupdate.com.au/how-many-properties-does-the-average-investor-own/>)

# Appendices



# Appendix A:

## Reference Group Members and Partners

The following subject matter experts assisted The Renter’s Journey project as members of the reference group. We are grateful to them for their continuing support of our work.

Over the course of the project participants in the reference group have included:

- Jenny Ashton, Consumer Affairs Victoria
- Terry Burke, Swinburne University
- Melanie Burns, Consumer Affairs Victoria
- Tony Dalton, RMIT University
- Kal Flannery, Consumer Affairs Victoria
- Kath Hulse, Swinburne University
- Nicole Johnston, Deakin University
- Joe Nunweek, WestJustice
- Mark O’Brien, Tenants Victoria
- Emma O’Neill, Victorian Council of Social Service
- Brin Paulsen, Victorian Council of Social Service
- Jess Pomeroy, Community Housing Industry Association, Victoria
- Llewellyn Renders, Victorian Council of Social Service
- Josie Ryder, Consumer Affairs Victoria
- Fiona York, Housing for the Aged Action Group

In addition to individual support from the members of the reference group, the project has been supported by access to research conducted by a wide range of other organisations. We are very grateful for access to published work from the following organisations, and in some instances direct access to primary research that has been very kindly shared with us by partner organisations.

- Australian Association of Gerontology
- Australian Bureau of Statistics
- Australian Housing and Urban Research Institute
- Better Renting, ACT
- Centre for Culture, Ethnicity and Health
- CHOICE
- Community Housing Industry Association
- Council to Homeless Persons
- Council of Single Mothers and their Children
- Everybody’s Home Alliance
- Grattan Institute
- Housing for Aged Action Group
- Macquarie University
- National Organisation of Tenant Organisations
- National Shelter
- One Million Homes Alliance
- Property Council of Australia
- Real Estate Institute of New South Wales
- RMIT University
- Tenants Victoria
- Victorian Council of Social Service
- WestJustice



# Appendix B:

## Workshop Participants

The following people participated directly in validation workshops or in related key person interviews and validation processes, helping us refine the journey map structure, and in the development of individual segment maps. We are especially grateful to community members and to staff of community organisations who gave so freely of their time and their unique experiences.

- Jayden
- Trevor Brown, Council to Homeless Persons
- Shanton Chang, University of Melbourne
- Rachelle Driver, Justice Connect Homeless Law
- Sophie Dutertre, Centre for Culture, Ethnicity and Health
- Finnegan Erben
- Isam Ibrahim, Centre for Culture, Ethnicity and Health
- Jennifer
- Breanna Large, Internship, Council of Single Mothers and their Children
- Jody Letts, Council to Homeless Persons
- Brittany Lewis
- Rena
- Mikael
- Andi Sebastian, Council of Single Mothers and their Children
- Elaine Smith, Wintringham Specialised Aged Care
- Sarah Squire, Good Shepherd Australia New Zealand
- Anne Tuohey, St. Vincent de Paul Society
- Vanessa
- Trish Westmore, Council to Homeless Persons
- Gemma White, Housing for the Aged Action Group
- Fiona York, Housing for the Aged Action Group
- Llewellyn Renders, Victorian Council of Social Service
- Josie Ryder, Consumer Affairs Victoria
- Fiona York, Housing for the Aged Action Group





