

# Private rental tenure: 'thoroughly modern', 'post-modern' or an anachronism?

**Presentation to the  
Australasian Housing Institute, Queensland Branch Seminar  
*Renting in Queensland: A changing tenure and a growing problem?*  
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**Housing Policy Research Program**

# Overview

- The broad context of the private rental market
- The role and significance of private rental
- Characteristics of renters
- **Proposed typology of contemporary renters**
- Needs and requirements of renters
- Implications for policy, legislation
- Reflections on the suitability of the private rental market to meet current and future needs

# Rental sector environment

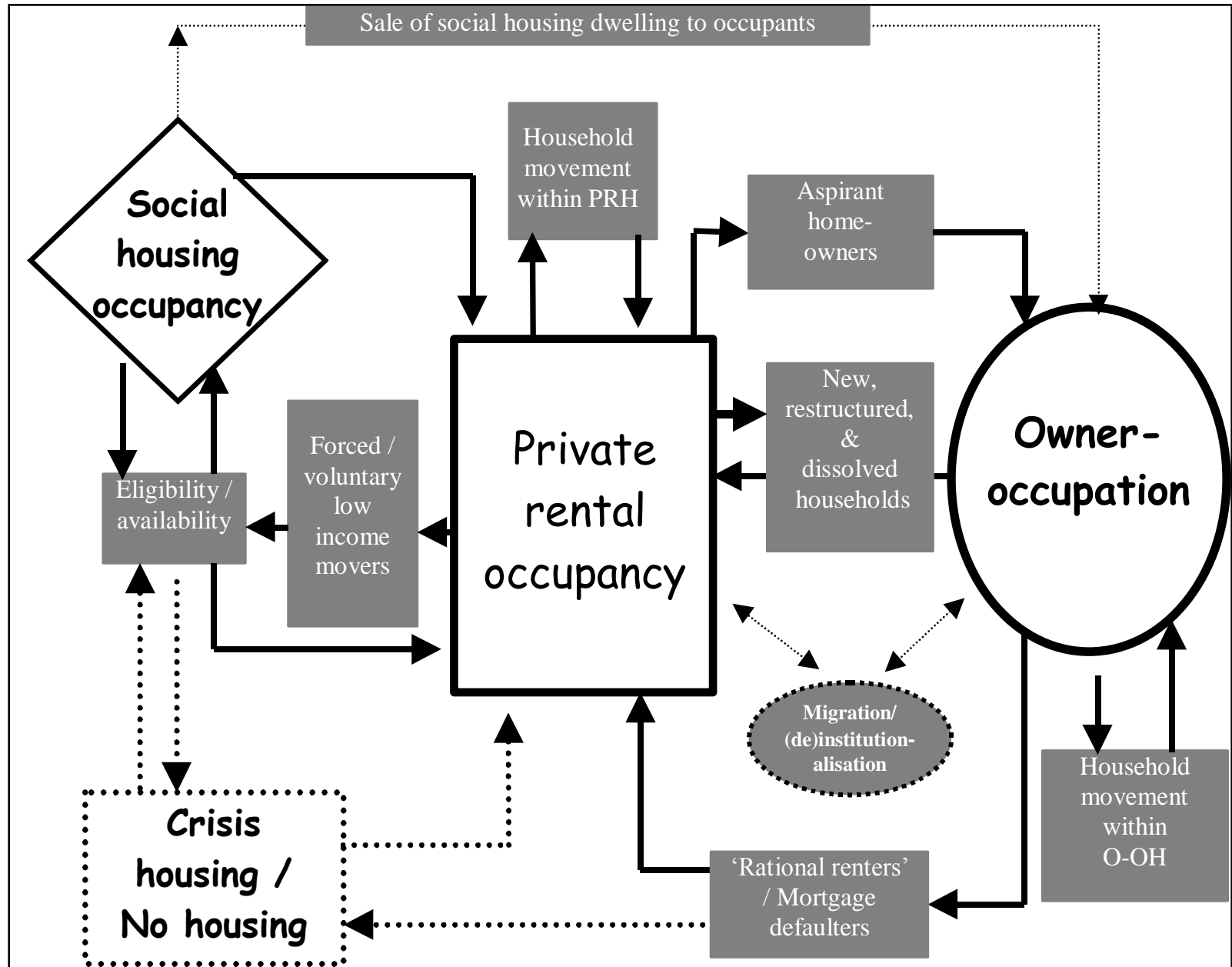
- Changes in and around the private rental housing system include:
  - Population and household trends
  - Shifts in the social, political and economic context
  - Rental supply, rent costs and affordability patterns
  - Social and personal preferences
  - The role of government (assistance and legislation)
  - Perceptions vs realities of renting privately

# Social Housing policy directions

- The historical role of social housing delivering affordable, appropriate, and secure housing to a range of households in general need has effectively ended.
- Under the new social housing approaches:
  - More tighter targeting to those in ‘greatest/highest’ need, through new allocation processes
  - Tenure security replaced by fixed leases and eligibility reviews
  - Significant tension between sustaining tenancies, and creating disincentives to enter, and incentives to exit social housing
  - Assumptions about private sector stepping in?
- How much of an impact will this have on social housing client types?

# Conceptualising the movement of households within the Australian housing system

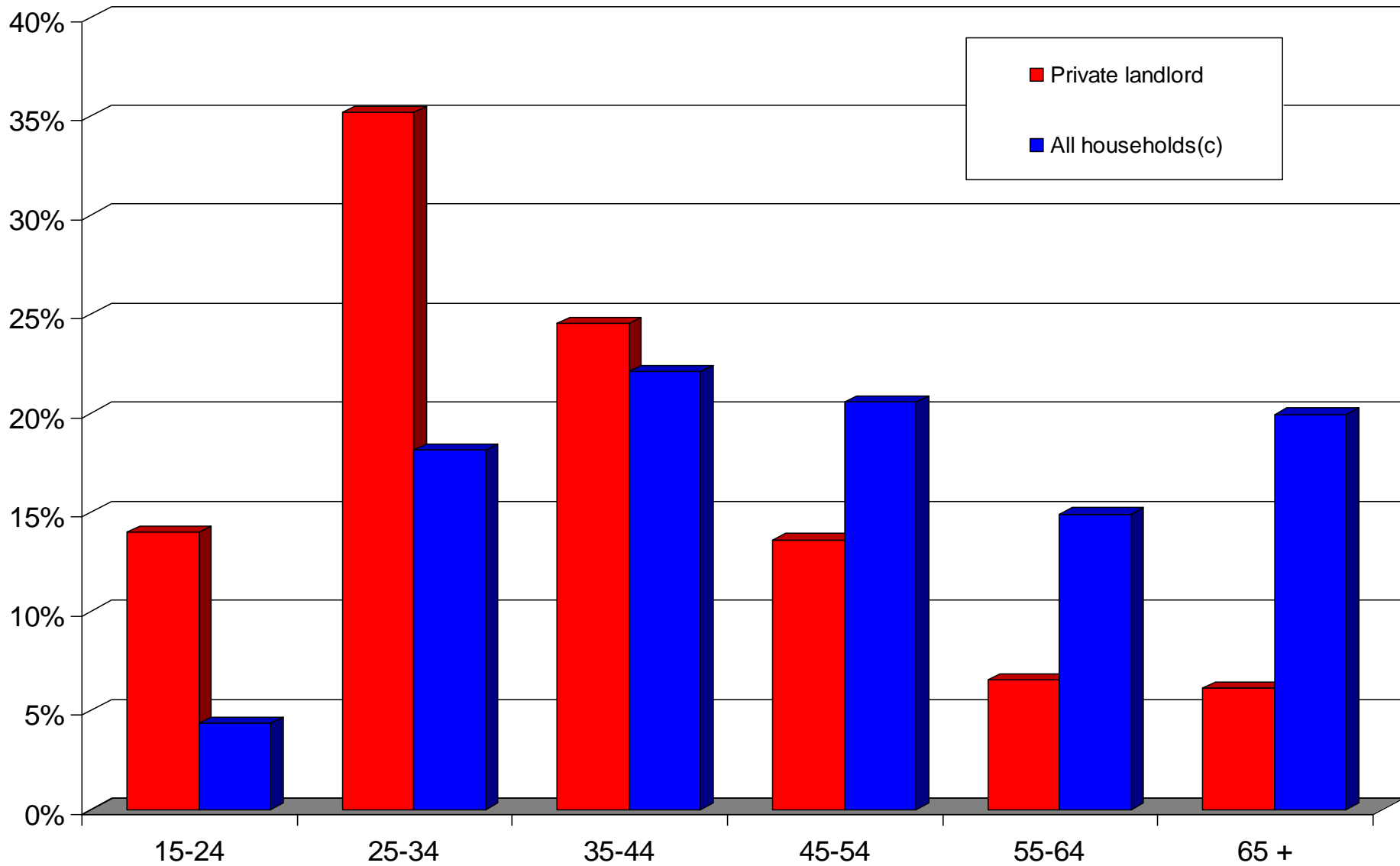
(source: Seelig 2001)



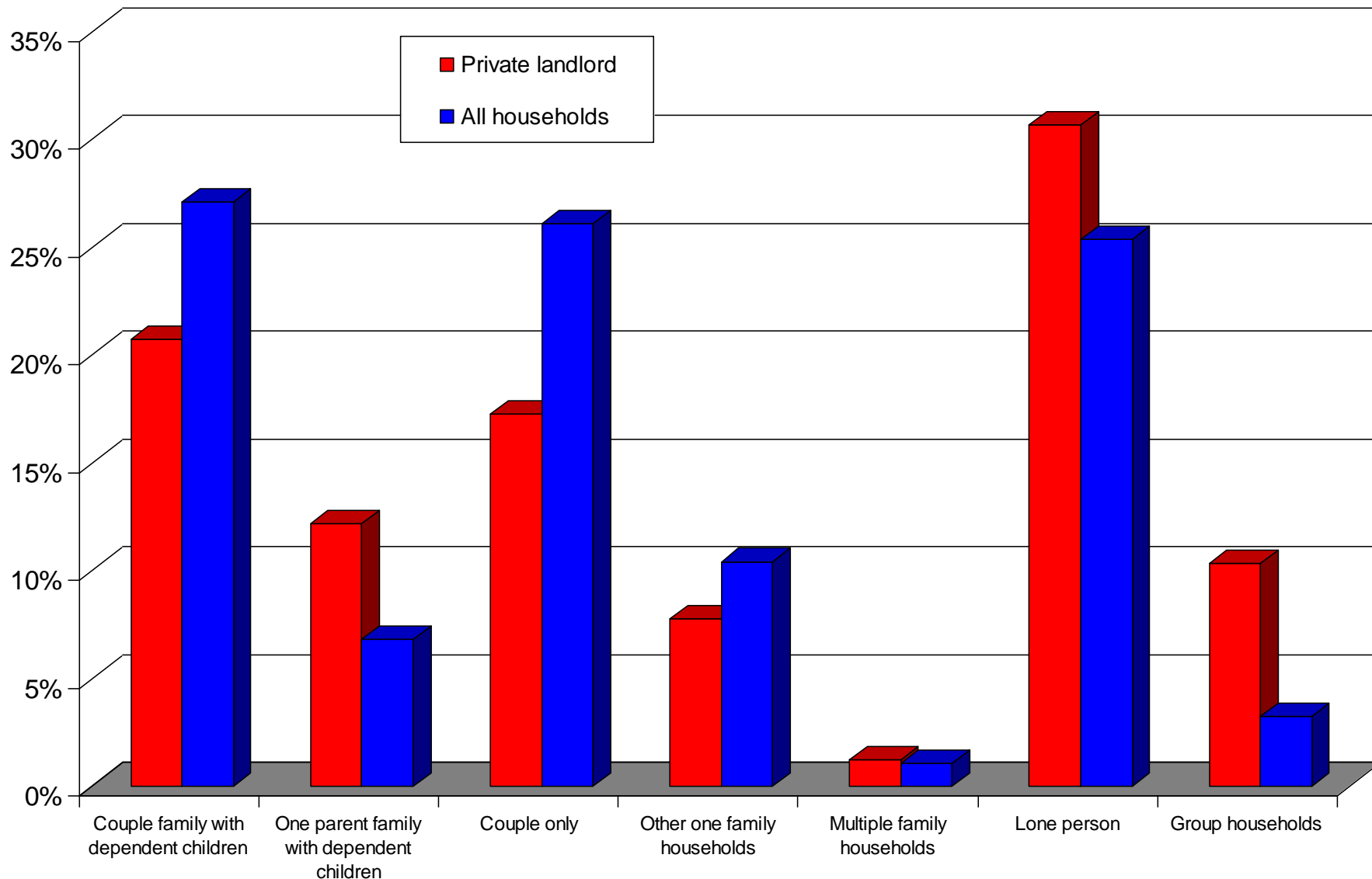
# Previous attempts at categorising private renters

- Historic tendency to homogenise tenants
- Related challenges of universality of renting (Wulff 1993; Yates, 1996)
- Earlier approaches on grouping and typologies based on:
  - tenure choices (Whitehead and Kleinman 1986; Whitehead 1996)
  - lack of choices (Berry 1999)
  - housing transitions or pathways (Paris 1993)
  - trends in length of time spent in rental housing (Wulff 1998; Wulff and Maher 1998)
- Traditionally the private rental sector was seen as a transitional tenure, but this has been changing over recent times

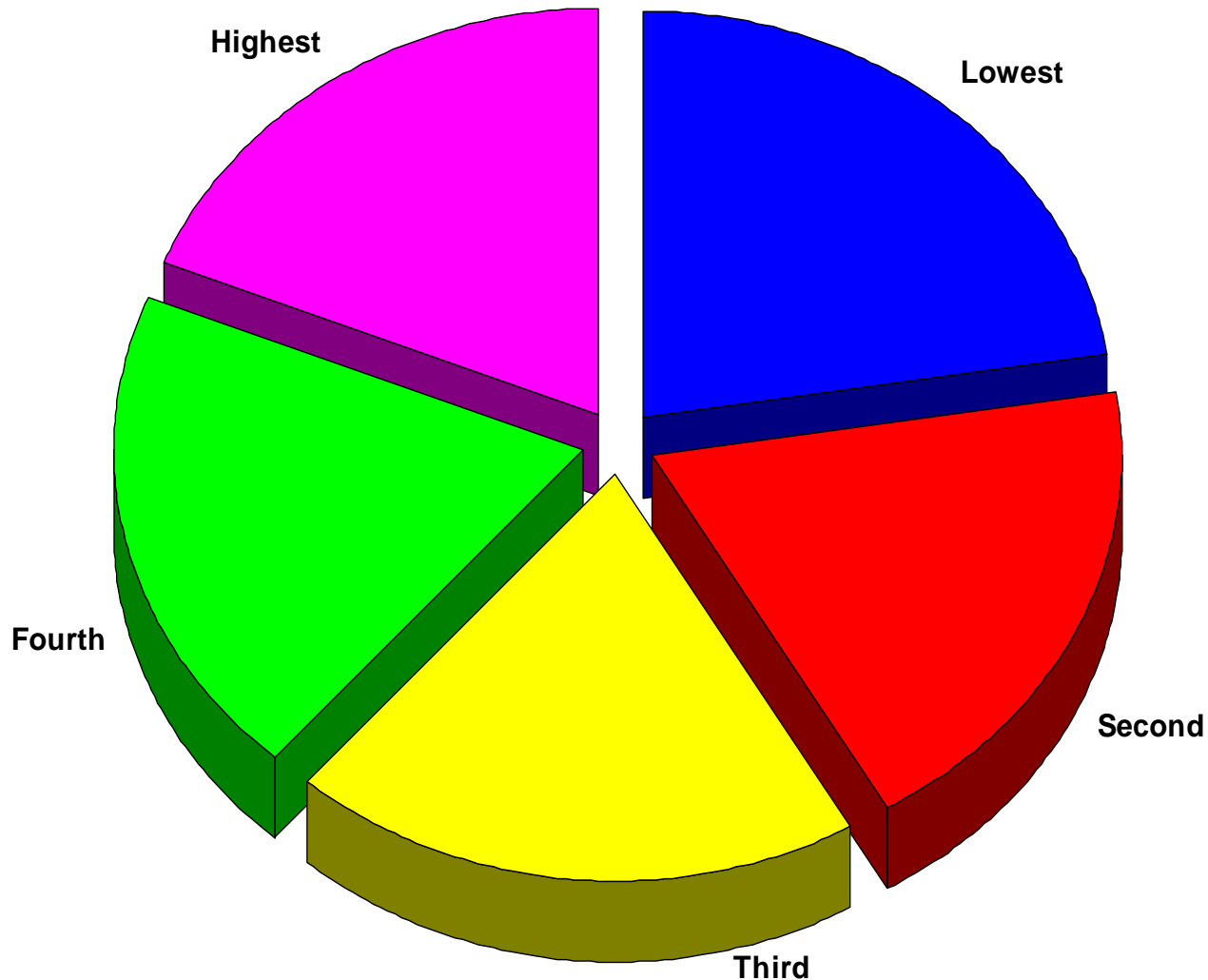
# Tenants: Age distribution



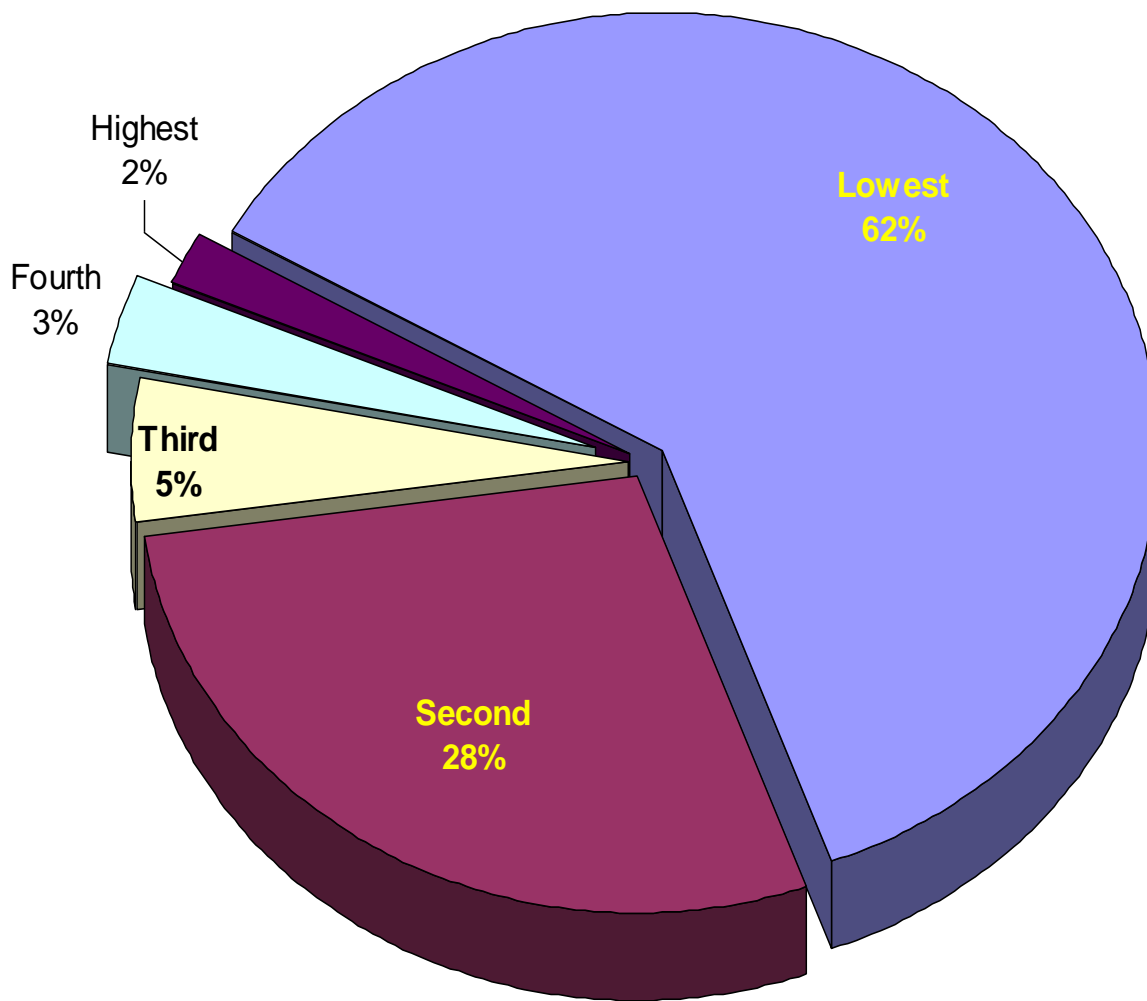
# Tenants: household structure



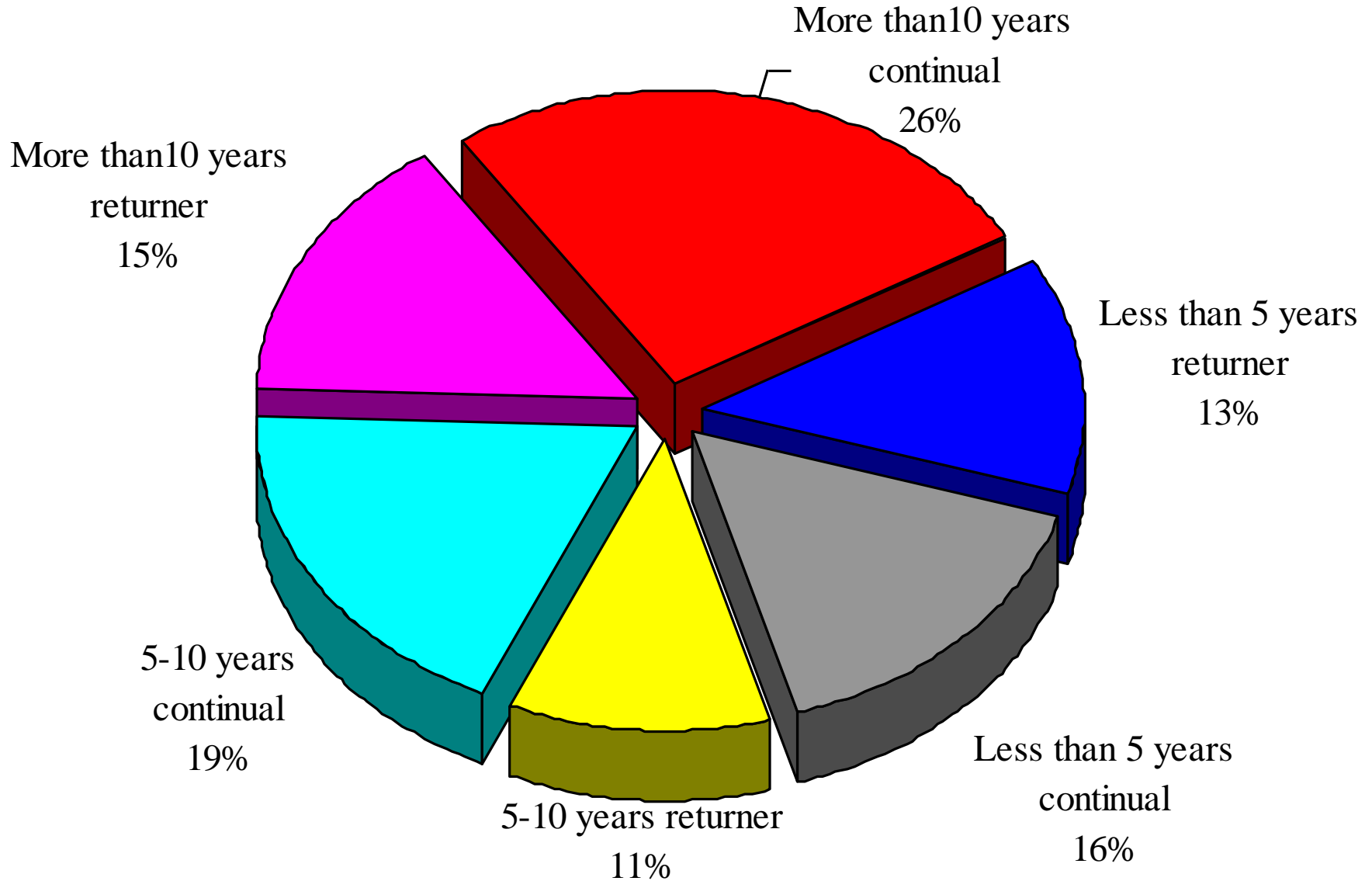
# Private renter distribution across disposable income quintiles



# Private renter distribution across net wealth quintiles



# Length of private renting



Source: Wulff 1998, from ABS Rental Tenants Survey, 1994, unit record file

# The seven faces of contemporary private tenants

## Idealised types of private renters:

- ‘lifecycle private renter’
- ‘reluctant (residual) private renter’
- ‘unintentional private renter’
- ‘rational private renter’
- ‘blocked aspiring home purchaser’
- ‘trapped would-be social renter’
- ‘repeat / recycled private renter’

# Generic needs among tenants

- Primarily concerned about affordable and appropriate housing, which provides some level of certainty
- Affordable rents for 'cash flow affordability', 'expenditure management' and 'savings affordability'
- Protection from frequent forced moves and arbitrary eviction
- Consistent & professional management, modern culture of rental investment and timely repairs
- Amenity also important
- Need for low and moderate cost affordable housing remains strong
- Balancing need for stability with desire for mobility
- *Diversity of private renters and their respective needs*

# Specific needs among different groups of renters?

- Hypothesised taxonomy of tenants suggests important differences in motives, capacities and circumstances among tenants in private rental.
- Disaggregation of needs and preferences:
  - Long term vs short term
  - Accessibility vs sustainability
  - Emphasis on flexibility vs requirements for security
  - Choices vs constraints in renting
- Role for tenancy law?
- Options for housing assistance?
- Broader housing policy responses?

# Challenges presented to the private rental sector

- Fundamentals of the structures of provision are largely as they have been for decades
- Underlying structural problems not resolved through current approaches
- How well equipped are today's investors to deal with the changing needs and profiles of renters?
- Changes in social housing will impact on wider housing system; reform of social housing requires significant policy and program changes in the private rental sector.
- Ultimately Australian and Queensland economy and society has undergone significant change, but in many ways our housing system remains the same as it has been for some time.

# What sorts of changes are needed?

- Greater policy focus and reconceptualisation of role of government in private rental
- Structural reform - making the sector more effective
- New forms of hybrid rental provision
- Better mechanisms for assistance and intervention
- Stronger consumer protection

# Future challenges for policy and tenancy law

- Disjuncture between housing policy and tenancy regulation
- Needs to be linked to new policy and interventions addressing key problems in the rental market.
- Governments may be approaching a crossroads:
  - Continue to balance the interests through tenancy law, but develop strong policy on government's role in private rental sector?
  - Not develop strong policy on private rental, but adopt stronger consumer protection-based tenancy law?
  - Continue to muddle through?

*Sustainable private sector involvement in affordable and secure supply won't 'just happen' – needs brokering and facilitation*

# “thoroughly modern”, “post-modern” or anachronism?

- Private rental sector works for some, but not others
- Still built around old power & control notions of landlord & tenant
- Changed little in terms of capacity to address housing needs at lower end of the sector
- Changed little in terms of representing two contradictory and sometimes irreconcilable objectives: housing for people and returns for investors
- ‘Accidental’ meeting of needs & expectations
- Complacency about private rental market capacity
- Strong reliance on the rental sector in broad housing policy terms, at both the national and State levels, for the private rental sector to provide housing for low-income consumers (mostly implicit).

# Concluding comments on the contemporary private rental market

- Complexity of policy and responses to match complexity of needs in the private rental market?
- Lack of policy frameworks for supporting lower income private renters who face challenges securing and maintaining affordable housing in the private rental market
- Need to reshape parts of the rental market
- Governments need to be much more interventionist in thinking and action, and need to be more strategic about their interventions
- Tenancy law reform needed to adapt to new contexts
- States slowly coming to realise need for private rental focussed policy?