Research Report

Access to the Private Rental Market:
Industry Practices and Perceptions

TENANTS UNION
of Victoria Ltd

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Qualitative Constraint

In the results which follow the reader is reminded of the customary caution which accompanies qualitative research of this nature.

The qualitative technique seeks to develop insight and direction rather than provide absolute measures.

Given the sample sizes, the special recruitment methods adopted and the objectives of the study, it should be clearly understood that this work is exploratory in nature.

There are no statistical degrees of confidence and findings are not projectable to any larger population.

They should therefore be viewed as a frame of reference and directional in nature.

1.0 Executive Summary

This programme of research was funded by a grant from the Helen MacPherson Smith Trust and aimed to gain insight, for the first time, from real estate agent property managers into ways in which disadvantaged tenants could find suitable accommodation in the private rental market.

A literature survey designed to assess the known barriers to disadvantaged tenants finding appropriate accommodation in the private rental market uncovered little of academic value, but confirmed that the Victorian property market is very tight with little relief in sight. This means that people who are less affluent, have a poor or no rental history and have unstable incomes and personalities are the least likely to be able to find suitable accommodation in it.

A research program consisting of the aforementioned literature survey, 20 personal in-depth interviews with estate agents and a case study interview with staff from the Real Estate Institute of Victoria was conducted to help fill the considerable gap in knowledge in the area. The main findings of the research program were:

> The application process is very similar irrespective of size and location of the agent. All require that an application form be completed and lodged for each property of interest and that a prospective tenant makes personal contact with the agency – if only to lodge the form, although most expect that the property to be rented will be inspected. This gives agents the opportunity to meet the prospective tenant and it is at this point that the culling process of applicants begins. In larger agencies, different staff take responsibility for dealing with prospective tenants and with landlords, thus the person accepting applications may not be the one responsible for making recommendations to the landlord.

> The application forms ask for similar information, with members of the REIV in particular, following a pro forma that has been developed for them by them. Other agents used similar forms (with varying degrees of professionalism and formality). All ask for details to substantiate a prospective tenants identity and capacity to pay the rent on a regular basis. As agents are very busy and there are many applicants for each property, having forms completed accurately and completely is of key importance to agents.

> While most forms ask for details of personal referees, it is work and rental references that are most important. Tenants who can demonstrate a good rental history and the capacity to pay the rent will be given preference over others who cannot demonstrate one or both of these – thus young people leaving home, students and people with low or inconsistent incomes are at a disadvantage to others.

> Agents understand that they have a responsibility to assess all applicants for each property but may not show all applications to the landlord. Usually they will recommend the best two or three. Agents are clear that they are paid by landlords and their responsibility is to find the best tenant for them – they do not feel obliged to represent the tenant to find them accommodation.

> Agents understand that there is a large amount of relevant legislation in the property management domain and are aware of their basic obligations under the Residential Tenancies Act, the Privacy Act and, to a lesser extent Equal Opportunity legislation. They know that they are not supposed to discriminate against tenants, however, they are generally unable to say which piece of legislation this ruling falls under. Agents accept that they know more about the rights of their landlords and their perspective than they do about tenants, however they display a willingness to know more.

> Agents insist that landlords make the final choice on the tenant in their property as a risk management strategy. In most cases, agents' recommendations are followed by landlords and it is in the selection phase that most overt discrimination occurs (although agents do not see it as discrimination per se). Some landlords do not understand the details of the legislation and make requests for certain types of tenants or to ensure that tenants with certain characteristics are not given the tenancy. While some agents point out the law to their landlords, few do not take their requests into consideration when reviewing applications.

> Agents assess applications on the basis of tangibles first and foremost – in particular income and rental history. They then use subjective factors to make a final recommendation where more than one applicant is suitable. Personal experience is used here. Since agents work on small margins they also assess who will be the most profitable tenant – that is will pay the rent regularly, maintain the property in good order and be as self-sufficient as possible.

> In the current climate of high rents and low vacancy rates, both landlords and tenants are becoming more demanding. Investors want the very best tenant and the best return for their properties; tenants want a property maintained in excellent order. These factors mean that the agent is required to do more work for the rental management fee – which eats into their margins.

> When asked to rank tenants of different types in order of preference, agents struggled to do so. All felt that couples and "stable" family units with one or two children were their preferred tenants (providing they have a good rental history and capacity to pay the rent). They were unable to rank others as they had good and bad experiences to share for all the tenant types. Agents are people too and many have had personal problems themselves. They are willing to make allowances for shortcomings and for unfortunate short-term circumstances, if they know about them. The types of tenants specifically discussed included:

- Students and young people sharing homes

- Migrants, NESB and DCALB

- People of ATSI descent

- People with physical disabilities and/or mental illness

- Single parents

- People deriving most of their income from the government; and

- Public housing tenants

> Agents are not trained social workers and expressed difficulty in knowing how to deal with severely disadvantaged tenants. Knowledge of support services and places that provide accommodation was poor and agents would like to know which agencies and services are available so that they can refer prospective tenants to the appropriate help. Agents also believe that some prospective tenants are not suitable for the private rental market. These are tenants with compound problems including one or more of: severe physical disability; mental illness; substance abuse and other social problems such as violent personal relationships. Agents can deal with tenants who simply cannot afford to pay the rent in the area that they operate in by referring them to less expensive areas. However, this becomes increasingly difficult the further out of the CBD the agent is located and the type of property available for rental changes, meaning that the type of accommodation available may not suit – even if the price does.

> The problem of finding suitably priced accommodation is not new and for many years, longstanding tenants in gentrifying suburbs have been at risk of no longer being able to live in their preferred area. The pace at which this is happening across Melbourne is hastening and the number of existing tenants who are facing the prospect of being unable to afford the rent at the end of their current agreement is increasing rapidly. This is adding a stress that many agents have not had to deal with before.

> Gentrification of suburbs has also had the effect of causing agents to be more discerning in the standard of the property they manage. This means that a growing proportion of lower-end properties are not being managed by real estate agents, but by private landlords directly.

From the details of these findings we conclude that:

> *There is clearly a need for greater supply of lower end private rental accommodation meaning investors need to be encouraged to invest in such housing. There is also a call for the government to increase the amount of public housing available. Without additional supply, the situation will not improve and a higher proportion of lower end accommodation will be managed by private landlords directly, where regulation is hard to enforce, rather than via agents. Agents note that most investors own one or two properties and are not major developers, thus strategies must be developed to encourage these people back into the market – many of whom have decamped in favour of more expensive properties or into other investments.*

> *Agents could be encouraged to 'remind' their clients about the need to treat all applicants the same, however, the agents operate in a commercial market and are unlikely to do so at the risk of losing business.*

> *There is an expressed desire amongst agents to have a greater understanding of tenants' rights and other appropriate legislation. There is an opportunity for REIV and others to include such material in their courses and communications pieces.*

> *There is a clear need to raise awareness about services and support that exist to assist disadvantaged tenants, both on a Victorian basis with state or federal run projects or services, as well as at the local level. Brochures and leaflets for handing to potential tenants by agents as well as seminars and courses possibly run by REIV may assist here.*

> *Agents and landlords do stereotype potential tenants, however, the wealth of "good" stories about tenants of all types provides an opportunity to communicate positive benefits that can counter these. However, in the current market, this is likely to do little to help people in these groups secure a property ahead of others who may be wealthier, have better rental histories and/or can produce all the paperwork accurately and quickly.*

> *The presentation and behaviour of prospective tenants when meeting an agent as well as those accompanying him/her could be judged at any stage where the agent and tenant come into contact. However, when dealing with larger agencies and multi-suburb franchises, tenants should be aware that the person they are in direct contact with may not be the key influencer who is in direct contact with the landlord.*

> *Prospective renters should ensure that application forms are correctly completed and include all the requested information at the time of lodgement. Applicants should take all possible relevant details to the agent whilst applying for a property, including items which may not necessarily be requested such as passport details, details of pet ownership, course co-ordinator details for students etc and proof of additional income where available. This saves the time of the agent and prevents the agent wondering if the applicant is 'trying to cover up issues'. Essentially, it places the prospective tenant on a more equal footing with other applications. Someone who can assist in communication with the agent and/or is willing to assist in the completion of the application form may also assist in the application process where English or social skills are poor.*

> *Following from this, if an agent contacts the tenant for additional details, they should be provided promptly to ensure the application is considered. Applicants need to be as honest and open as possible and try not to cover up things that they feel may go against them in their application. They would be better advised to try to explain the reasons behind their situation or experience. Most agents are willing to 'give people a go', especially if they believe an applicant's situation can be explained eg they have gone through a 'rough patch.'*

> *Good rental history and a regular income are the keys to successful private rental applications. Prospective tenants from public housing are generally not well regarded in that their property maintenance standards are considered to be lower, as the Office of Housing are not perceived to have the rigorous inspection standards of real estate agents. This should be further explored as it potentially impacts significantly on this particular group of tenants.*

2.0 Background and Research Objectives

Tenants Union Victoria (TUV) provides advice and assistance to tenants who find themselves in difficulties. In these times of low vacancy rates, more and more people are turning to TUV for advice. Given this, TUV needed to understand the difficulties experienced by a variety of agents and property managers when attempting to find suitable accommodation for disadvantaged Victorians. It was anticipated that a greater knowledge of the agent's perspective would assist the TUV in generating policies and strategies to assist both agents and disadvantaged tenants who find it difficult to obtain suitable accommodation.

The overarching aim of the project was to …

"Improve access to the private rental market for low-income and vulnerable Victorians through greater understanding of rental application assessment processes and improved dialogue between the real estate industry and community sector organisations."

More specifically, research needed to:

> Examine the application and assessment processes within the real estate industry and how prospective tenants can engage with these processes;

> Explore what professional experience estate agents and agents representatives have had in providing tenancies to tenants from low-income and disadvantaged backgrounds and whether this experience has influenced future rental decisions;

> Examine models of best practice in working with tenants from disadvantaged groups as identified by estate agents and their representatives;

> Establish whether estate agents and their representatives consider themselves to be appropriately informed of their legal responsibilities, particularly in relation to equal opportunity legislation;

> Identify and explore whether estate agents and their representatives have the education and resources required to provide tenancies to those from disadvantaged backgrounds, including whether information on local support agencies is required and would be utilised;

> Establish preferred formats and media for information dissemination and resource development amongst staff in the real estate industry (eg on-line resources, face-to-face training and hard copy publications)

Three components were identified as important:

> To understand the barriers to placement

> To understand how these barriers affect the placement process, and

> To identify and explore the opportunities to overcoming barriers to placement.

Wallis Consulting Group was commissioned by the TUV to conduct a program of qualitative research to gain the views of real estate agents for the first time. The research was funded by a grant from the Helen-Macpherson-Smith trust.

3.0 Research Methodology

Given the research objectives, a qualitative approach was adopted in the form of 20 face-to-face in depth interviews with real estate agents and their representatives and a case study interview with the Real Estate Institute of Victoria (REIV).

The Literature Survey (appended) was used to develop the interview plan. The main findings of this were:

> Low vacancy rates in Victoria mean that all rental stock, and low-cost rental stock in particular is in short supply, leading to a very tight market. Vacancy rates are lowest in inner-city areas and declining in the middle suburbs of Melbourne. The combination of limited inner-city stock and declining availability of middle-suburb stock means tenants seeking (low-cost) housing must increasingly look further afield.

> Having stable rental and employment histories are very important when agents are selecting applicants. Tenants without these attributes are disadvantaged when competing with other applicants. Other tenant attributes such as having a low income, being listed on a tenancy database, requiring a bond loan or belonging to a group that is negatively stereotyped can also disadvantage tenants.

> The level of experience of property managers and the involvement of several employees in the application process may have an effect on the selection process. The current research should take this into consideration when conducting interviews with agents.

> Some disadvantaged groups, such as large families, sole parents or people with disabilities may have particular housing requirements which they may not be able to meet adequately in a competitive market. The extent to which agents are able to find appropriate accommodation should be explored.

> Many groups of tenants have been identified in the literature as facing discrimination in the application process of securing tenancy. These groups include migrants/refugees, Indigenous Australians, people with disabilities, sole parents, young people and international students. Discrimination is often characterised as taking the form of negative stereotyping, where a tenant is assessed on grounds of being perceived as belonging to a group rather than on individual merit.

Based on the findings of the Literature Survey, the interview plan for real estate agents was developed to take into account:

> Size of agent (part of group or independent)

> Experience of the property manager

> Location, especially taking into account vacancy rates, type of property and access to public transport:

  - Inner suburban locations (Coburg North and Sunshine, chosen for different styles of accommodation, different types of tenants and access to public transport);

  - Outer suburban locations (Springvale and Cranbourne to contrast access to public transport); and

  - Regional versus metropolitan – Shepparton, chosen since high density of ATSI, migrant and NES people.

A detailed discussion guide was developed in consultation with Tenants Union Victoria and is appended. A slightly different discussion guideline was developed for REIV – that is also appended. The interviews were structured as shown in the following table

	Inner Melbourne				Outer Melbourne				Regional	
	Coburg North		Sunshine		Springvale		Cranbourne		Shepparton	
	Group	Ind	Group	Ind	Group	Ind	Group	Ind	Group	Ind
Experience of rental property manager										
• Up to five years	1	1	1	1	1	1	1	1	1	1
• More than five years	1	1	1	1	1	1	1	1	1	1
TOTAL = 20	2	2	2	2	2	2	2	2	2	2

Interviews were conducted in May 2008, person (with two exceptions where interviews were cancelled at short notice and were conducted by telephone). The interviewer team consisted of Jayne Van Souwe, team leader and director of Wallis Consulting Group, Elaine Albert, independent consultant and specialist interviewer and Ben Bishop, project manager and consultant with Wallis Consulting Group.

All respondents were offered an incentive of $50 for their participation to be paid as cash or to a charity of their choice.

4.0 Detailed Findings

4.1 The Application Process

4.1.1 The Pre-application Process: Advertising and Open for Inspection

Across the board, agents claimed to advertise their rental property on the internet, in their shop window and in their weekly real estate brochures. Local press and weekend newspapers were also an important means of advertising however, these appeared to be becoming less important than in the past, with many prospective tenants apparently turning increasingly to the internet to source their rental information. Agents also have hardcopy lists of available properties at their office front desks.

The ability of some prospective tenants to download application forms on-line and return the correctly completed forms quickly could clearly disadvantage those without internet access or those who need assistance in completing the various application forms, especially in view of the mantra of many agents - 'first in best dressed.'

In areas of low vacancy rates, mid- to higher-end rental properties were often opened for inspection in order to aid a swifter rental process and to reduce the pre-application procedure involved in property viewing, eg key collection, deposits, key returns - especially when many potential tenants may be involved. **Thus, the open for inspection can be the first potential meeting of the agent with the prospective tenant and at this stage, the agent often begins to sub-consciously assess individuals, judge their situations and their suitability for the property.**

Agents rationally claimed not to take their first impressions or the appearances of prospective tenants into account, and there was universal awareness that such behaviour is discriminatory and that people are not always as they appear…

"Whilst first impressions count, you can't really always tell what people are like…
I'm always willing to give people a go."

Nonetheless, it became clear throughout discussion that such behaviour is human nature and that many agents, did on occasion, take their initial impressions into account, usually as part and parcel of the whole application and assessment of the suitability of the tenant to a particular property…

"You see some families, and their children are running around screaming and into everything …..just badly behaved…"

"Some come with all their friends and you see their children and how they are allowed to behave…and you wonder how would they treat a property if they let the kids do that?"

Thus interactions with prospective tenants at the open for inspection or the office when collecting rent lists and/or keys can provide the agent with clues regarding the suitability of the tenant for the particular property; especially if the competition for a property is fierce and all candidates are of a similar calibre.

It is worth noting that some agencies, especially larger agencies and franchises, have several layers of management in their property rental department. The person making initial contact with prospective tenants may not be the one who decides which applicants to recommend to the landlord. In this situation, fast and accurate completion of the application form is all the more important.

Many agents, especially those of long standing in the industry and those who were perhaps more experienced in assisting the disadvantaged, claimed the key to being a good agent or property manager is 'to match the tenant with the right property, communicate with the tenant and the landlord, and maintain a good relationship with both.' Thus, prior to any application, agents usually attempted to determine some basic information regarding the prospective tenant such as potential rental amount, size of accommodation required, number of residents, areas prepared to live etc. This provides the agent with the opportunity to recommend that an individual complete an application form or alternatively dissuade a tenant from applying for a certain property, advise them to visit the office where alternative accommodation may be available or to consider approaching alternative agents. Whilst much of the assessment at this stage is based on the need of the tenant and the rent they claim to be willing to pay, this is matched with the landlord's requirements and often his/her known prejudices – thus an agent's initial impressions of the individual are often taken into account.

Whilst agents claimed to not discriminate on the grounds of appearance, first impressions do count and prospective tenants need to be aware that their appearance and behaviour may impact on the success of their application.

In the main, the application process for rental properties is the same across all agents. All prospective tenants interested in a property, (or not dissuaded from applying), are given an application form to complete. Simply put, all forms are then assessed by the agent or property manager with a reasonable effort being made to contact those who have not correctly completed their forms. References and work history are checked, calls to other agents are made to confirm any rental history and often to obtain a personal, off the record run down of the tenant's previous behaviour and reliability, the tenancy database is often checked, if available, and then applications are put to the landlord for the final decision.

4.1.2 The Application Form

All agents used fairly similar application forms although some were simpler than others, requiring less information, and some were better laid out with the format enabling easier reading and comprehension. It is not surprising that the information items captured on applications forms is similar as the REIV produces standard forms for it members that have been developed (and continue to be developed) with input from members. Thus most agents who were members used the standard REIV form or a small variation on it. Even agents who were not members clearly used the REIV form as a de facto industry template – and many property managers would have worked for a member of REIV at some stage in their career.

Forms invariably asked applicants for:

> **Application property details:**

- property address,
- length of proposed lease,
- proposed rent,
- proposed bond amount,
- the number of people likely to occupy the property including age and occasionally, the relationship to the tenant.

> **Personal details:** this sometimes simply included just name and address and contact details but sometimes asked for greater detail such as:

  - drivers licence,

  - passport number and country,

  - car rego, make and model,

  - pet ownership, breed and council registration number.

> **Previous accommodation history:** this usually included

  - length of time in rented/ current address,

  - rental amount,

  - contact details of agent,

  - home ownership,

  - reasons for leaving.

> **Employment history** including:

  - occupation, (full-time, part-time, casual),

  - current employer contact details,

  - length of time in employment,

  - income after tax (weekly/ monthly),

  - previous employment details and contacts.

> **References** work and personal, including:

  - contact details,

  - relationship to the prospective renter.

> **Emergency contact details**

Some agents also requested **100 points of identification.**

In addition to these standard items some agents also requested additional information. **Students,** in particular, were required to provide much more information including, in some cases information on their place of study, course, course length, enrolment number, campus contact, course co-ordinator, and parents contact details.

Agents claimed that many applicants hand in **incomplete forms.** This has a number of immediate implications:

> It can, in some circumstances suggest that an applicant is trying to **hide some past history or indiscretion,** this can make agents suspicious and less willing to help individuals source a suitable property…

  "If they say they're living at home, it can mean they have a bad rental history, there's no where else to go, or they may still be in rental and have a bad track record"

"They are best to come clean straight away like if they have a bad history, have been evicted or they used to do drugs and are clean now. There may be a reason for why that all happened. They may have been going through a bad patch and if they explain that and you can see they might be ok…then you would be prepared to give them a go and say, well this person deserves to be given a chance. But if they don't tell you, they'll always get caught out in the end…so just be honest and tell the truth."

"Sometimes tenants tell us themselves, they'll just come out straight and say this is what I do, this is where I'm from, this is what's going on in our life. We need some sort of accommodation and this is where we're at."

"The genuine honest people come straight out and tell us what we need to know. It's the ones that tiptoe around the question that we're sceptical about. You generally find that good tenants won't hide anything, they'll tell you exactly what's going on."

Incomplete forms do not necessarily mean the applicant will fail to be assessed as most agents will contact the applicant if details are missing or the form is incorrectly completed. Nonetheless, this may potentially **put the applicant at a disadvantage** if there are other 'good' applicants who have completed the form successfully. Similarly, whilst the agent will usually make all attempts to contact the individual, it is ultimately the individual's responsibility to provide details and if they do not, their application will simply be rejected…

"I'll always call them if there's information missing. But after that it's up to them. If they don't get back...well…and some even don't put their own contact number down so how can we get back to them anyway?"

Agents claimed to check all references provided by applicants although clearly some references were considered to be more valuable and more reliable than others…

> **Work references and references from other agents** have the greatest credibility with property managers…

  "I'll often phone (NAME) and see if she's had any dealings with the applicant… she'll do the same with me…it's just keeping in contact and making sure you know who people are."

> **Personal references** were less well regarded, especially if the agent or manager suspects the individual is attempting to 'cover up' some history or current circumstances which may go against their application…

  "I wouldn't trust a personal reference…you know…it's just their best mate or something…they'll say whatever they are told to say…"

> **References from private landlords** were poorly regarded by some agents…

  "They'll just give someone a good reference … they'd be prepared to say anything just to get them out of their house! (if they are a bad tenant)"

Many agents claimed to assist prospective tenants to complete their application form with either the property manager themselves or receptionist sitting down and helping the individual to complete the process. Some agents suggested that should a person know they are likely to have difficulty in completing the form or conversing with the agent,

they should bring along a friend or acquaintance who may be able to help them; examples here included new migrants, those with poor English skills, those with learning difficulties, disabilities or those with literacy issues. There is no evidence to suggest that taking a friend or trusted individual along to help complete the application process has negative consequences for the applicant, whether this be a friend in the case of applicants with poor English skills, or a case manager for people receiving income support from the government. For case managers, being able to make contact with them is critical…

"With the market like it is we turn properties around in twenty-four to forty-eight hours. If we can't get hold of a case manager in time then that person misses out."

Clearly individuals can be prepared for the application process by having someone who can help them complete the form, if necessary, or communicate with the agent on their behalf, as well as ensuring they have all relevant details at hand to assist in the form completion including possibly less frequently asked for documentation such as drivers license, passport details, as well as common questions such as current/past agents contact details, employment references etc…

"But we find that the language barrier makes it a real issue, we need to explain it to them twice, three times, four times for them to understand and sometimes they still don't understand. In saying that they're always very good tenants, there's never an issue with what type of tenant they are. But it really makes it difficult, unless they've got someone working on their behalf twenty-four seven until they can get themselves to a point where they can understand English properly."

4.2 The Selection Process

4.2.1 The Landlord - Agent - Tenant Relationship

Once all application forms have been checked by the property manager and references have been followed up, some agents check applicants on the National Tenancy Database (NTD). Those aware of the Database were not aware of how long a person would be listed on it or how to de-list a tenant once they had 'redeemed' themselves.

Some agencies use the Database routinely, others only do so if they have doubts about a tenant and/or the landlord is prepared to pay the fee. Some agents, particularly those in country or regional areas, claimed using the Database was expensive. Other downsides to it were considered to be its currency and the fact that it does not cover privately managed properties.

"it (NTD) really does give me a good starting point to then go and ring personal references and other referees, whether professional or whatever, and talk further. Although, it has been known that agencies have put people as 'recommended' just to get rid of them basically – so this is a problem."

Once applicants are assessed, they are then put to the landlord. Depending upon the level of landlord involvement, agents claimed to either call the landlord to discuss each applicant, email them a précis of applicants or alternatively the landlord may visit the agent's office directly. Occasionally a landlord may be very involved with the decision and insist on meeting the chosen applicant but examples of this were rare, with most agents claiming to discuss the various applicants with their client and answer any questions the landlord may have about each.

Most agents claimed the final decision on applicant lies with the landlord, and in fact, many claimed to **insist** the landlord make that decision simply as a matter of 'protecting themselves' should a tenancy prove to be problematic…

"The landlords make all the decisions – all we can do is provide them with the information to make an informed decision."

"We insist they make the decision…even though some may want you to do that for them."

Agents therefore have a varying degree of influence over the decision….

"I can't discriminate, but if there is someone who I don't think is appropriate I'll gloss over him…and say well this other one has a good rental history, or this one has good employment or whatever…I would never come out and say the applicant is not good."

"If I think someone's OK and I know the landlord, I'll try and persuade him to give them a go..."

While agents are aware that they **should not discriminate there is evidence of discrimination at this point in the process.** Agents routinely say that landlords refuse to accept a particular type of applicant when the application form itself would make it difficult if not impossible, to know the particulars unless the agent told the landlord. For example, landlords seldom meet the prospective tenant in person and the application form in many cases does not include information that would identify the nationality of the applicant, yet there is evidence that some landlords will choose a tenant on the basis of their nationality

and/or culture. It is unclear whether the agent is providing information that could cause the landlord to discriminate, or is putting his/her own prejudices onto the applicants they recommend. However this is a key point at which discrimination against potential applicants can occur and the involvement of the agent at this stage is clearly evident from some of the language they used during the interview process…

"I would give them a go…"

"I wouldn't put them in Bob's tin shed!"

"I would suggest they look at other properties..."

"I wouldn't put them up."

"If I thought they were OK and needed a break…"

Some agents take comfort from being able to point to the fact that they are not allowed to discriminate against tenants of certain types. Landlords do not usually realise agents cannot do this and most will therefore listen to their advice.

However, most landlords are unaware that they themselves are unable to discriminate, and therefore many make specific requests to their agent regarding the types of tenant/s they prefer to be in their property. Given the agent is working for the landlord, many find it difficult to ignore a landlord's specific requests…

"People (landlords) are usually like "Oh, alright then. Please just do your best to make sure you don't find somebody with an Alsatian that is going to be inside on my white shagpile carpet." Well of course I'm going to be careful about something like that.

Even though most agents claim to put up all applications, in reality it appears that some do not; and even though the final decision regarding the tenant rests with the landlord, the agent has considerable influence. **It was quite clear that in all cases the property manager works on behalf of the landlord; this was openly stated by many respondents and despite many claiming and indeed demonstrating a will to help tenants, ultimately their responsibility was to their client …**

"(My job is) to match the tenant with the right property, communicate with the tenant and the landlord and maintain a good relationship with both."

"We put up the applications and there might be one or two that stick out for us, we'll put those up but the landlord's decision is final."

"I will try and help people but at the end of the day I work for the landlord and my duty is to the landlord. Some tenants think it's our job to find them accommodation… they don't understand."

Given this, the agent's aims and objectives are to secure the most suitable tenancy for their client. This, for the landlord, is the tenant who is …

> most likely to pay the rent on time,

> least likely to fall into arrears,

> and the most likely to keep the property in a good condition,

…and who, for the agent, is likely to mean less risk and less work. Agents work on a small margin and this is eaten into very quickly by high maintenance tenants and/or disgruntled landlords…

"If you get someone who doesn't pay the rent or someone who wants to change the names on the contract… its all more work for you…eviction notices, arranging cleaning and repairs…more paperwork and forms…"

"Organising cleaning...repairs…"

Despite this, many agents claimed to try to help those people they considered to be disadvantaged, who would be less likely to succeed with their application, or did not meet the landlord's criteria. Often this involved keeping their applications on file in case a 'more suitable' property became available, or discussing an individual with the landlord and attempting to persuade him/her to 'give the individual a go'…

"It's all about matching the tenant to the property. They may not be suited to one property but they may to another…"

"Sometimes it's about persuading the landlord and saying…'look I get a good feel about this person'…explaining their situation…suggesting a short term lease and trying them out…"

"Some landlords are just greedy and they hang out for a few dollars more when the property's not worth it…so you try and talk to them and suggest this tenant might be better suited…"

"All landlords want nice middle class people, in stable jobs… professional couples… or families, but they can't all have this…and their property may not attract that market… you have to make them see that…"

Naturally certain criteria were taken into account in determining the most suitable applicant and whilst many property managers, especially females, did feel sympathy, and even a sense of responsibility, towards those who appeared to be less likely to meet these requirements, it was repeatedly stressed that their primary role was that of managing the tenancy for the landlord. **A reliable, secure tenant means a reliable source of income for the landlord *and* the agent as well as less hassle, paperwork, and stress should the tenant default or be problematic. Thus it is in the interests of both the landlord and the agent to obtain the most suitable tenant for the property.**

4.2.2 Factors of Importance in Tenant Selection

4.2.2.1 Tangible, Measurable Factors

Clearly the **non-negotiable** tenant pre-requisite is a **reliable, stable source of income** regardless of the source; employment or social benefits. Other vitally important criteria were often dependant upon the circumstances of the individual applicant, the type of accommodation applied for and the flexibility of the landlord. Those most commonly mentioned included...

> a good history of payment

> a good record of maintaining and leaving the property in a good condition

> good employment history.

Other factors taken into account included current accommodation details:

> if living at home, some agents would query why, is there something to hide;

> if in a caravan park this may suggest an instability,

> if they have recently sold a property, this may suggest a more responsible person etc.

Of less importance were personal references, guarantors, and personal assets, however, this was clearly taken notionally into account by some managers…

*"Well... on the higher rental properties perhaps you may just look at their car…
and if they are a bank manager…well…"*

*"We look at how well suited a tenant is for a specific property – what sort of income
they've got, what type of rental background they've got. Not necessarily saying that a low
income people can't be accepted for a property, but also looking at what they can bring
to a property."*

For some **bond** money was not an issue, provided it can be raised. However, where more than one applicant is competing for a property, **having access to the funds immediately will assist in selection** – landlords are not keen to hold a property open if another tenant is ready to take up the tenancy immediately and has everything in order.

4.2.2.2 Intangible, Subjective Factors

It was clear that agents judge applicants in other ways even though this may, for some, be subliminal. An individual's appearance, the way they present themselves, their apparent honesty and integrity and their background were clearly factors taken into account…

*"You get some people coming in here without shoes on…eating a hamburger
and they bring their whole tribe with them…and they smell."*

"You shouldn't judge on appearances…" (but)

*"You get a feel for people, if they are being honest with you, if all their stories add up…
if they are telling the truth."*

"First impressions can be wrong but you do get a feel for people."

This clearly has the potential to suggest to an agent whether an individual would respect or care for a property should they be given tenancy…

*"We look at their background, where they come from, whether or not they've lived here
previously – history with the country, where their family comes from, whether or not they're
local, are they willing to assist them if anything does go wrong."*

Other agents who had tried to help prospective tenants in the past and perhaps persuaded the landlord to agree to a short term rental, found they had sometimes been let down by the individual. In such instances, **this experience has the potential to impact negatively on others in the same situation in the future…**

*"You bend over backwards for some people and well…excuse my language but they
just sh*t in your face!"*

"It does put you off certain people…I know it shouldn't as people are not all the same … but you think... well, is it worth the risk?"

Clearly, despite many agents' clear success with more disadvantaged tenants and apparent empathy for their plight, the bottom line is that the landlord's needs and opinions take precedence.

4.2.2.3 Legal Obligations and Agent Training

Agents' awareness of their legal obligations varied considerably and whilst almost all claimed to keep up to date with the rental industry through attending REIV seminars, or internal training offered by some larger estate agent groups, most were vague in regard to the actual training they had received. The REIV structures its professional development program around what agents want to learn, although the basic training essentials (such as the base level course to become a licensed real estate agent) always run and there are events across the state. Thus any intangible training needs may not be detected by the REIV if members are unable to see that a need exists themselves; similarly, training requests may be not be forthcoming should agents feel the topic is something they should already be expected to know.

All agents agreed that there is a lot of regulation in the industry, although only one or two agents were able to cite the various acts, regulations, and legal requirements accurately. Most were generally aware…

> that they were unable to discriminate against individuals,

> that they were required to put all applicants to the landlord, and

> that they needed to protect an individuals' personal details due to the Privacy Act.

It would seem that past and current REIV training concentrates on rules and regulations regarding the rights of the landlord and eviction issues, rather than the rights of, and obligations towards, the tenant and there was some degree of interest in learning more about this via the REIV…

"We only ever got taught about the landlord, never the tenant... we should know both sides."

Most agents were aware of the *red book[1]* and all agents visited had copies of the document on prominent display in their offices.

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[1] The Red Book is the familiar name for the Consumer Affairs Victoria publications *"Renting a home – a guide for tenants and landlords"* a copy of which should be given to tenants by real estate agents or landlords prior to the commencement of a tenancy else there is a potential $500 fine.

4.3 Attitudes Towards Types of Potential Tenants

As rental costs have increased, particularly, in the last 2 years, agents believe both landlords and tenants have become more discerning about property. Across the board, landlords have seen their property values soar and areas gentrify; in turn landlords look for a "better class of tenant" who will fit in with the neighbourhood and keep their property in good order.

For their part, tenants are also less likely to live with maintenance problems and be more demanding that maintenance issues be resolved quickly. Thus estate agents, where possible, tend to choose good quality properties to manage which in turn means they are less likely to have maintenance problems that will eat into their margins. **This generally means that estate agents are managing fewer lower end properties and more mid- to higher-end properties that are harder to attain for all prospective tenants – especially the disadvantaged. The implication of this is that more lower-end properties are being managed privately by the landlords themselves.**

Most agents claimed not to *personally* or *actively* discriminate on the grounds of gender, culture, religion etc, claiming they could not do so under "The Act", however, many claimed their landlords did discriminate, and not surprisingly therefore, there were significant numbers of agents claiming certain landlords did not like to rent to certain groups of people. Many agents found this difficult and unsavoury, especially when having to explain to an applicant why their application failed…

"…and people want to know why they weren't accepted…and we can't tell them...
you just have to say try again next time…or there were others more suited…
but you can't say why…"

Evidence of discrimination by landlords whilst rife, varied considerably due to landlords with different experiences of, and attitudes towards, different tenant groups. Thus, for example, whilst one agent claimed single mothers were the hardest to place in accommodation…

"Landlords think they don't work and are on drugs..."

… others claimed they were the easiest…

"They're a good bet. The best…they have to put a roof over their children's heads; they can't risk it."

Likewise, some agents claimed those with mental illness were risky as the Privacy Act prevents agents from better understanding the potential tenant's condition and thus possible impacts on the property maintenance or rental payments …

"You know, one day they are OK, but then they forget to take their medication…'

Others however, claimed…

"They're great, they come in every week with the rent, without fail…
they come in in person…"

What is clearly apparent therefore is that whilst agents do understand that they are legally obliged to view every applicant equally, many do not; and many have stereotypical views of certain groups, often based on a bad experience with a tenant.

Similarly, many landlords openly express the desire for certain tenants often those they feel can afford to pay a higher rent or who will be a long term, stable tenant and to not want to rent to others, especially those of different cultures and/or religions or those without stable employment.

Agent attitudes towards different rental groups and experience in placing the different groups varied considerably, however the most sought after tenants generally were professional couples, people with families of 2-4 children, and older couples. However, again much of this varied between agents often influenced by past experience, hearsay and media reports…

"Young professional couples can (still) give you grief. A family with kids is the most desirable around here and older working couples."

"Young professional couples are the best…"

"Older people, retired couple, they generally look after the place and even improve it…"

"Landlords don't like single mums…"

"They don't like people of different culture or religion…"

"Migrants are really good…"

Nonetheless, in a broad sense, **those looking for group accommodation and students were often considered to be a difficult demographic to place.** After these, categories varied considerably between individual agents, their own personal experience and the attitudes of their landlords.

4.3.1 Groups of young people sharing accommodation

This was clearly a difficult group for agents to place as they were considered to be **unstable** and therefore, a rental risk. Those who nominated them as the most difficult tenants to place said this because they had experienced tenants of this type who move in and out of accommodation due to breakdowns in relationships and friendships or simply to lead a **less settled lifestyle.** It is difficult for the agent to work out who the tenants are! They were perceived as more likely to cause the agent paperwork through changes on the contract/ lease and they are considered by many agents and landlords alike to be less stable than some other groups…

"You might have two couples, one falls out, one leaves, you end up with other people in the property or one carrying the rent."

On the positive side, some agents claimed that amongst a group of young people there would always be someone with the means (and memory) to pay the rent.

4.3.2 Students

Students were also considered to be a difficult market to service, largely due to their bad reputation **for potential noise, poor maintenance and general lack of stability…**

"I persuaded the landlord to rent to four female students…they had parties on the roof… bought a case of baked beans and spread them all over the floor and used them as a slide…"

Despite some instances of bad experience, as well as clear stereotyping…

"The Indian students are the worst…"

…many agents claimed their willingness to place students or match them with landlords and properties often depended upon the individual circumstances…

'You've got students who have their parents back them up. Younger people that might be working as well as going to school or full time employed and they need that little bit extra, because they're still young, to back them up."

"If they are studying hard…working for a profession…"

"If there's a girl in the equation…they usually clean up if there's a problem or a mess…"

4.3.3 Migrants, NESB and people of diverse cultural and linguistic backgrounds

This broad category of tenant was largely regarded positively and to be stable tenants…

"The migrants are good, they work hard and they pay their rent…they may cook differently…they use a lot of oil and that leaves a smell and they splash a lot of water about the bathroom…. but I tell my landlords that can all be fixed…"

Past experience again however, often comes into play for others…

"The other reason is they are very untidy, completely. They make a mess of things, their kitchen habits insofar as their cooking – pungent odours that remain on the premises. It's not a bad thing, the landlord can paint and recarpet. But the problem is they're not worried about the upkeep, so they'll cook and cook and cook to no end and not clean the stove so that by the end it'll have to go to the tip, basically hard rubbish. We find that's really an issue, and sometimes that's gone on for so long that if there's tiles in the kitchen, if any of those liquids get under the tiles they soak right into the boards and you can never get that smell out."

For others however, this category was difficult to place often due to the landlord's prejudices. Landlords appeared, on occasion, to discriminate heavily in this category often applying their own living standards to those of others...

"We put the information in front of them for them to make the decision, we will have a degree of influence on that in the way that we present the information, however, there are some issues you can't get over. For example, if a landlord has had a really bad experience with a tenant …

One agent who specialises in placing migrants told the following story about a Sudanese family who had been model tenants…

…a Sudanese family with seven children were living in a three bedroom home. They were fine – it was immaculately maintained, they paid their rent on time, their house was impeccably, IMPECCABLY presented, but every landlord who you present their application to says 'Seven children? NO'." In this particular case, prospective landlords do not consider it appropriate for such a large family to be living in their three-bedroom house, even though the family had been doing this successfully and happily for several years.

4.3.4 ATSI

Most city-based agents claimed that they could not comment on placing potential applicants of Aboriginal or Torres Strait Island background. In Shepparton, where there is a large ATSI community, feelings were mixed with agents knowing of particular families, clans and mobs and avoiding placing those known to them rather than all people of ATSI background per se…

"Now I know, without being discriminatory, that the Maoris and most Islanders don't have a great reputation as tenants. They cause damage and are quite lax about their requirements as far as paying rent. The landlords who've had a bad experience with a Maori will never put a Maori in their property as a tenant. Now that's not necessarily discrimination on race, it's just that they are cautious about who they'll put in the property – they'll just opt for someone like a professional couple or a family or someone else in there"

"The only problem with leasing to Aboriginal and Torres Straight Islanders is they'll move in as one family and within two to three weeks there will be four to five families living there and then there'll be damage to the property. It wouldn't be the tenant's fault, but the friends and family of the tenants."

There was also some evidence to suggest that agents believe the ATSI community has access to 'special' accommodation, or is 'managed' by specialist agencies; there is therefore some reluctance to deal with these groups.

4.3.5 People with physical disabilities and/or mental illness

Agents claimed that physically disabled tenants often find it difficult to find suitable accommodation given that many landlords, whilst willing to accommodate people in this category, were simply not willing to pay for modifications to the property unless minor, or a long term tenancy could be guaranteed…

"We have had very slight alterations, rails put into toilets and bathrooms."

"If it's something major like reconstruction no landlord would generally do it, they'd have to have a guarantee that the tenant would stay in the property for ten years or so."

Tenants with mental illness proved to be equally difficult for some agents, as they have a lack of information about the individual and his/her condition and who will be assisting them. Agents expressed specific concern here about welfare agencies asking for assistance to find accommodation for individuals and later no longer being responsible for the tenant…

"You want to help these people…one we talked to the welfare, and to his parents and we got him into a flat…we persuaded the landlord he would be OK …you go to extremes but things go wrong…he stopped taking his medication…."

"The agencies are responsible and teach them how to live in mainstream society, but then there's a problem...they aren't maintaining the property, its dirty, they are not looking after themselves or whatever, and so you call them (the agency) and they say "Sorry he's no longer on our programme' and you are left with a problem..."

Thus despite being willing to help, some agents are reluctant...

*"We're property managers, not counsellors or welfare workers…
we're not trained to do this."*

Nonetheless, there were positive examples….

"I've had tenants that are deaf, blind. We still have some tenants with mental illnesses. We find that they're among the best. They're the ones that have no issues, they pay the rent when it's due. They've always got someone to fall back on, we've always got a point of contact for them. Recently I had a deaf gentleman who I rented a house to, he stayed there for two and a half years. Rent was paid on time the place was immaculate. He vacated, everything was fine. A little bit of miscommunication during the tenancy, I don't understand sign language but we generally communicated by SMS, so it was easy. In the office we had a booklet and he'd write what he wanted to tell me and we'd respond by writing back to him. I had no problems with him whatsoever."

4.3.6 Single Parents

Most agents did not see sole parents as a particularly disadvantaged group. Indeed there were many positive experiences recalled about good tenants. There was also the belief that once in a tenancy a single parent will do everything possible to maintain the property well and give a good stable home to their children.

"Single parents, sole income, generally we find if they've really got their smarts about them they'll actually indicate to us they might have someone who can help them with the rent if something does go wrong. Maybe a parent or a sibling or something to that effect."

If there are perceived problems with members of this group it is usually after placement and in situations where the single parent has formed another relationship. Problems may ensue if this relationship fails. Experiences such as this however, do reinforce the inevitable stereotyping which does still occur amongst some agents and landlords, and a few agents claimed landlords did not like single mothers in their properties, associating this group with drug taking and 'fast living.'

4.3.7 People Deriving most of their Income from the Government

Again agents have mixed views on prospective tenants of this type. In inner city suburbs few prospective tenants depend solely or largely on income support. The proportion of tenants who are deriving some or all of their income from the government becomes higher the further from the CBD a person is located. Thus agents in rural settings and outer suburbs deal with government payments more often than their inner urban compatriots and better know how to deal with tenants in this situation.

"People deriving most of their income from the Government?
Well all the people I deal with are female – and they are all fantastic!"

The key positive here is that the income is generally stable. The negatives of government support however are twofold, namely…

> changing circumstances causing income levels to change and tenants to get into temporary arrears with their rent, and

> the costs associated with having CentrePay, a system where Centrelink pays tenants' rent directly to agents. This generally happens fortnightly, costs agents money and sometimes does not coincide with rental payment cycles (if monthly).

Agents agree that **honesty** is the key – some income support recipients are reluctant to admit to receiving these payments yet if agents know about these, they are prepared to make allowances if problems occur.

"Some of them don't like to prove the income they're actually getting from the government, or even if they've got money in their bank account they won't tell us how much they've got. We like to say if you've got funds coming from somewhere at least you've got something to show that landlord."

4.3.8 Public Housing Tenants

There is general agreement that the government is relying more heavily than ever on the private sector to provide rental accommodation. Generally, there is a belief that, with more supply, the private system can cope. However there is a segment of the community that cannot be accommodated successfully in the private rental market and there is a belief that the amount and type of housing available for these people is insufficient.

Several agents recalled experiences of providing properties to the Office of Housing for use as public housing. Regrettably, we did not happen on a positive experience. There was a general belief amongst agents that the standards required from property managers in the public housing sector are lower than those required by the private rental market. This has implications for tenants leaving public housing and moving into the private market as they may need to raise their standards. It also has implications for agents who need to try to convince landlords to let their properties to the government department…

"We have had tenants who have been with the Director of Housing for a number of years who no longer qualify. They move into a property and that property within six to five months is completely the opposite to what it was when they first moved in. That's not generalising, that's based on a couple of experiences we've had in the past. Property maintenance, rental arrears – the whole lot. You can typically pick them from the start, you might take a chance but you can typically pick them. They've got the smarts about themselves too. They think, 'I'll provide what I need to and they'll give me a go'. Because we generally like to give everybody a go."

"We had some property that we rented to the Department. The tenants did a lot of damage and caused a nuisance – with the neighbours calling the Police – I think they had mental health problems. Anyway, it worked out OK for the landlord in the end, because the Department paid the rent regularly and they re-instated the properties at the end of the tenancy, but we don't want neighbours associating that kind of behaviour with our tenants – it's not good for our reputation. We don't plan to do this again!"

The result is that many agents believe that the government needs to provide more public housing. Although they concede that the old *"ghetto-style"* of housing is inappropriate these days, they also have concerns about the Department placing individual houses in the middle of *"ordinary"* suburbs and causing a possible impost of antisocial behaviour on neighbours. With their sales hats on, agents see this as devaluing properties and again, giving agents listing in the vicinity of the house a bad name.

4.4 An Agent's Means of Assisting the Disadvantaged

Agents are often very busy, and…

> Many people who find it difficult to obtain accommodation often require, or indeed are receiving, specialist services such as counselling, additional welfare or government support or advice;

> Similarly some tenants who need services, but by no means all, are unaware of the services available to them and the agents themselves step in to assist both in a humane manner but also as a means of helping protect the property for which they are responsible.

> Many agents claimed they are the meat in the sandwich between some non main-stream tenants and the landlord, sometimes acting as a go between and standing up for the tenant eg when maintenance is not done, or when rent hikes are considered to be inappropriate, or alternatively, for the landlord eg when the property fails inspection, or is abandoned.

The role of the agent in finding disadvantaged people accommodation and then managing that property can therefore be challenging. **Agents are not trained for this role and do not expect to have to deal with some of the issues certain people bring with them when applying to rent or indeed once having been approved for tenancy.**

Agents' knowledge and ability to help their existing tenants was far greater than for those they were having difficulty in placing, and there was widespread evidence of agents providing weekly payment options for their tenants so they do not fall behind in the rent, of assisting older people in obtaining government packages for home help and of referring struggling tenants to The Salvation Army, St Vincent de Paul or other local community groups, usually for rental assistance. **However, in the event that a disadvantaged individual presents, agents are typically less aware of the means of offering assistance:**

> If the individual does not have sufficient income to rent in the area or afford the rental properties managed by that agent, many agents advise the individual to consider less expensive suburbs or different agents, and indeed there was evidence of movement from Melbourne to outer suburbs and even regional areas as a result of housing costs. This brings other problems – matching a tenant with the appropriate property. Medium and high density housing with small or no gardens that might be perfect for a single person or elderly couple is more common in inner suburbs, whereas property for rental in less expensive outer suburbs and regional areas tends to be three or four bedroom houses with gardens – better suited to families.

> Where agents were willing to help the individual and thought they had either suitable accommodation and/or a landlord who may listen to a persuasive argument, some went as far as to speak to an individual's friends and family, his/her social worker, or associated welfare agency to understand the individual's needs and problems better and obtain the best match.

> For those in more desperate straits, most agents were aware of a handful of local community groups providing emergency and sheltered housing. However, this knowledge was not widespread and knowledge of the assistance which could be provided was vague.

> Some agents referred individuals to the Office of Housing but again were somewhat vague on the process and procedures the disadvantaged would need to go through to obtain assistance. There was poor knowledge of how an individual can get onto the Department's waiting list; their chances of securing a property once there and the likely length of time someone on the list would wait for a suitable property to occur.

While gentrification of areas has had the effect of long-term tenants no longer being able to afford to rent in an area they are familiar with, this phenomenon had been restricted to expensive inner city suburbs. The band of expensive suburbs is moving out and as it does it is putting an ever larger group of tenants at risk of displacement. The main catalysts for this problem are:

> Changes in ownership of the property with the new owner making their investment calculations on the basis of achieving a market rate for the property.

> Increasing interest rates forcing agents to increase the rent to cover their own outgoings.

> Landlords deciding it is time to re-possess a property either for their own use or to re-develop it.

Agents find it particularly stressful to issue notices to vacate to longstanding and well regarded tenants – especially those who will not be able to find equivalent accommodation elsewhere.

Many agents claimed to know little regarding the ways of helping disadvantaged people but most expressed a genuine desire to obtain more information on the various organisations, both governmental and community based, as well as their roles in the hope they could help the disadvantaged when seeking accommodation.
Specifically, there were requests for:

> Brochures and leaflets to hand out to prospective tenants

> More training about the needs of disadvantaged tenants

> More training regarding the legal rights and obligations of tenants and prospective tenants

> Contact names and telephone numbers of people in support groups and government departments such as the Department of Housing

Although it was not requested explicitly, there may be a need for counselling services for property managers who are dealing with new stresses over and above the simple pressures of having many properties to manage and more applicants and potential tenants available than they have vacancies.

Agents are of the belief that most of the shortfall in accommodation could be provided to disadvantaged tenants via the private rental market if the supply was greater. They note that the majority of properties they manage are owned by *ordinary mum and dad* investors who typically have one or two properties. Some agents are aware of initiatives to assist institutional and large developers into the lower end of the market and this was applauded, however, as this is not where the bulk of the market is, it was thought that this will have a minor impact on stock levels overall.

There was also a belief that more specially targeted public housing is needed for disadvantaged tenants who cannot support themselves in the private rental market independently. These people are likely to have a range of needs that agents and landlords are ill equipped to support including physical disabilities, poor physical and/or mental health, major social issues to deal with or a combination of all of these.

4.5 Conclusions and Recommendations

From these findings we conclude:

> The gentrification of suburbs, the rising rental market and the lack of low-end accommodation, including the lack of public housing, has meant that the expectations of landlords have risen accordingly and many can now 'afford' to pick and chose amongst applicants. Compounding this is the ability and willingness of some agents to refuse to manage properties they consider to be sub-standard as these cause maintenance issues, attract a lower rental and return a lower profit yield for the managing agent.

> *There is clearly a need for greater supply of lower-end accommodation, encouragement for investors to invest in such housing and significant calls for the government to increase the amount of public housing available. Without this the situation will not improve and a higher proportion of lower-end accommodation will be managed by private landlords directly where regulation is hard to enforce, rather than via agents.*

> The current market, with its low vacancy rates, has led to landlords' being able to choose the very 'best' tenants for their properties – from a number of applicants all of whom are suitably qualified. Thus it is easier for them to discriminate against certain types of tenants as a means of choosing the one applicant from the many who will win the tenancy. Landlords need to be better educated in their legal responsibilities; however, the ability to prove discrimination and the cost of doing so may mean this is a difficult area to tackle.

> *Agents could be encouraged to 'remind' their clients about the need to treat all applicants the same, however, the agents operate in a commercial market and are unlikely to do so at the risk of losing business.*

> Landlords are unwilling to invest large sums of money in modifying their property for physically disabled people unless they can be guaranteed a longterm lease.

> *Investment needs to be encouraged perhaps via grants or tax breaks. In addition, there is a role for education of estate agents so that they are aware of the relevant grants that are available, how to access them and to be able to advise their landlords accordingly.*

> Not all agents actively or knowingly discriminate against certain prospective tenants but many claim to try to match the tenant with the landlord and the property. This is often where the discrimination comes in, with agents knowing certain landlords' desire for certain tenants and/or their lack of tolerance of other groups. Agents do not always put forward all tenants to the landlord for appraisal and are not all au fait with all the legal rights of the tenant.

> *There is an expressed desire amongst agents to have a greater understanding of tenants rights and other appropriate legislation and there is an opportunity for REIV and others to include such material in their courses and communications pieces.*

> Many agents feel they lack not only the knowledge on how to best try to help disadvantaged people, but also support from the government and/or welfare agencies. Agents reveal a considerable lack of knowledge regarding assistance and facilities available to disadvantaged people when seeking support and/or help in finding suitable accommodation and where to send or refer people to.

There is a clear need for raising awareness in this area, both on a Victorian basis with state or federal run projects or services, as well as at the local level. Brochures and leaflets for handing to potential tenants by agents as well as seminars and courses possibly run by REIV may assist here.

> There is a clear tendency for landlords and agents alike to stereotype applicants, be that due to past experiences, word of mouth, media reports, lack of understanding of certain demographic groups or plain prejudice on the basis of demographics, race, or culture. Negative past experience with certain population groups has the very real potential to taint agents and landlords perceptions of certain groups or disadvantaged people.

Thus the opportunity exists to communicate positive benefits and stories that can counter these stereotypes. However, in the current market, this is likely to do little to help people in these groups secure a property ahead of others who may be wealthier, have better rental histories and/or can produce all the paperwork accurately and quickly.

> Open for inspections, or the visit to the agent for the rental list or keys, are often the first encounter between agent and prospective tenant.

The presentation and behaviour of the individual and those accompanying him/her could be judged at this stage and therefore efforts should be made to alert tenants to this. However, when dealing with larger agencies and multi-suburb franchises, tenants should be aware that the person they are in direct contact with may not be the key influencer who is in direct contact with the landlord.

> In the current market, speed, honesty and accuracy are important.

Prospective renters should attempt to ensure that application forms are correctly completed and include all the requested information at the time of lodgement. Applicants should take all possible relevant details to the agent whilst applying for a property, including items, which may not necessarily be requested such as passport details, details of pet ownership, course co-ordinator details for students etc and proof of additional income where available. This saves the time of the agent and prevents the agent wondering if the applicant is 'trying to cover up issues'. Essentially, it places the prospective tenant on a more equal footing with other applications. Someone who can assist in communication with the agent and/or is willing to assist in the completion of the application form may also assist in the application process where English or social skills are poor

Following from this, if an agent contacts the tenant for additional details, they should be provided promptly to ensure the application is considered. Applicants need to be as honest and open as they are willing and try not to cover up things that

they feel may go against them in their application. They would be better advised to try to explain the reasons behind their situation or experience. Most agents are willing to 'give people a go', especially if they believe an applicant's situation can be explained eg they have gone through a 'rough patch.'

> References are always checked and agents are looking for referees who are not impartial. Work references and past agent's references are considered to be the most valuable; those from friends and private rental landlords, where no agent has been involved, are considered to be less relevant.

Good rental history and a regular income are the keys to successful private rental applications. Prospective tenants from public housing are generally not well regarded in that their property maintenance standards are considered to be lower. This should be further explored as it potentially impacts significantly on this particular group of tenants.

> Ultimately, most agents believe the only way to improve the plight of disadvantaged tenants is to provide more housing stock.

While much of this could be in the private sector, where tax and other incentives might encourage more investors to purchase in the lower end of the market, there is a need for more public housing for tenants who are not able to support themselves appropriately in the private rental market and/or the appropriate support and follow up needs to be forthcoming. Agents commented that most landlords own one or two properties, they are not major developers and the current climate has seen them decamp from the lower end of the market.

With regards to the specific objectives:

> Examine the application and assessment processes within the real estate industry and how prospective tenants can engage with these processes;

Agents appear to apply the same process to tenants of all descriptions. Those who will meet with the best success as those who are well prepared: complete applications forms accurately and in a timely manner, but the most important factors that agents are looking for are a stable and ongoing source of income (capacity to pay) and a good rental history (ability to maintain the property).

> Explore what professional experience estate agents and agents representatives have had in providing tenancies to tenants from low-income and disadvantaged backgrounds and whether this experience has influenced future rental decisions;

Experience varies dramatically from agent to agent and suburb to suburb. There is no doubt that past experience is drawn on heavily in assessing rental applications. However the many and varied experiences of agents mean that all disadvantaged groups have proponents. Nonetheless, the types of tenants favoured most by estate agents are couples and traditional families.

> Examine models of best practice in working with tenants from disadvantaged groups as identified by estate agents and their representatives;

Estate agents had many positive examples to offer for each of the disadvantaged groups examined in this project. Most do not see single parents as disadvantaged per se.

> Establish whether estate agents and their representatives consider themselves to be appropriately informed of their legal responsibilities, particularly in relation to equal opportunity legislation;

Estate agents know that there is a lot of legislation but have a variable knowledge of it. They believe they know more about landlords' than tenants' rights but are open to knowing more about the tenant. However, they clearly see their role as representing the interests of the landlord. The pieces of legislation they know best are the Residential Tenancies Act and the Privacy Act. They know they are not allowed to discriminate, but they are not sure of the appropriate piece of legislation and its details.

> Identify and explore whether estate agents and their representatives have the education and resources required to provide tenancies to those from disadvantaged backgrounds, including whether information on local support agencies is required and would be utilised;

Agents are ill equipped to deal with the particular challenges of providing tenancies to disadvantaged tenants – at all levels. In a general sense most feel no obligation to provide more help and assistance to disadvantaged tenants when they have others who are perfectly qualified for the tenancy. However, there are individuals who will 'go the extra mile' to try and secure accommodation for those having difficulty and many examples of this were uncovered during the research. However, in extreme cases agents have scant knowledge of emergency accommodation. Encouragingly, there is a real willingness to have access to information on the appropriate support services available to disadvantaged tenants, however, as agents are time poor, this is more as a way of being able to refer tenants to the appropriate agency rather than taking on the role of co-ordinating support services themselves.

> Establish preferred formats and mediums for information dissemination and resource development amongst staff in the real estate industry (eg on-line resources, face-to-face training and hard copy publications)

Property managers come from all walks of life and therefore have different personal preferences for information provision. Members of the REIV are happy to receive information through that organisation. With regards to information on agencies, simple paper-based (or electronic) lists of support agencies with a small amount of information on the circumstances in which each can help is all that is required.

Appendix 1: Literature Survey

Real Estate Communications

Literature Survey

Growing difficulties in housing affordability in Australia have been widely reported in the media and have elicited a policy response from the Federal Government. This literature review aims to synthesise material from a variety of sources to provide a knowledge foundation for the Tenants Union of Victoria's Real Estate Communications project. The project's objective is to identify the barriers disadvantaged tenants face when seeking rental accommodation in the private rental market. In light of these specific objectives this review will focus on the structure of the private rental market in Victoria, the application process and the types of tenants that are disadvantaged when seeking accommodation in the private rental market.

There is a considerable amount of literature on the experiences of disadvantaged tenants and therefore this review has been limited to material that is directly relevant to the project at hand. Therefore material will be included insofar as it highlights barriers faced by tenants rather than arguments for the necessity of providing adequate access. Very little consideration will be given to public housing as it is not the focus of the research. The current project closely reflects work being conducted concurrently by Short et al (2007) for the Australian Housing and Urban Research Institute (AHURI). At this stage the AHURI team has published a positioning paper and conducted preliminary research for New South Wales, Queensland and South Australia.

Key implications for the conduct of the research

As a result of this literature review several points have been identified that inform the research that will be subsequently conducted. They are:

> Low vacancy rates mean that the private rental market is very tight. In particular low-cost rental stock, mostly in inner-city areas, is in declining supply. This makes it difficult for disadvantaged tenants to secure accommodation.

> For some disadvantaged groups housing appropriateness is a critical issue, due to greater difficulty securing tenancies, disadvantaged groups may have to sacrifice this aspect of their housing more so than other tenants. For example, sole parents have been identified as requiring proximity to shops, schools and transport. A high proportion of large families receiving low-income support live in over-crowded conditions, the lack of availability of larger properties may force large families into housing that is not large enough. People with mobility disabilities require step-less access and large bathrooms and may need to modify housing to make it suitable.

> The level of experience of property managers and the involvement that various employees of a given agency have in the placement process varies with agency size. As a result it is advisable that agency size be taken into consideration in the research design.

> Having stable rental and employment histories are very important when agents are selecting applicants. Tenants without these attributes are disadvantaged when competing with other applicants. Other tenant attributes such as having a low income, being listed on a tenancy database, requiring a bond loan or belonging to a group that is negatively stereotyped can also disadvantage tenants.

> Rigorous use of tenancy databases mean that once a person has been listed their chances of successfully entering the private rental market are greatly diminished.

> Many groups of tenants have been identified in the literature as facing discrimination in the application process of securing tenancy. These groups include migrants refugees, Indigenous Australians, people with disabilities, sole parents, young people and international students. Discrimination is often characterised as taking the form of negative stereotyping, where a tenant is assessed on grounds of being perceived as belonging to a group rather than individual merit.

Structure of Market

The private rental market is currently characterised by increasing rental rates driven by high demand and limited stock. This has received considerable media attention recently and the trends identified by the media are substantiated by academic literature. The increase in demand for rental properties has been exacerbated by increasing house prices that preclude a greater proportion of people from entering the housing market (Jacobs et al, 2007). Between 1986 and 1996, the proportion of households in Australia grew by 23 per cent with most of this growth (34%) occurring in the private rental market (Wulff & Yates, 2001). However the supply of low-rent properties fell by 38% in the same period, as increases in rental stock has been driven by investors aiming for middle and upper-income

renters, (Jacobs et al, 2007). In inner-city areas, low-cost rental stock has diminished as older houses are renovated, upgraded or converted for 'niche' (e.g. short stay overseas students) or 'lifestyle' (e.g. inner-city singles) markets, transferred to owner-occupiers or replaced by new higher density, but upmarket, apartment blocks (Short et al, 2007).

Australia has experienced a steady decline in the average number of people per household over many years. The average number of people per household was 4.5 in 1911, this declined to 2.6 in 1999 (Wulff, 2001). Nearly a third of rental properties are occupied by one person (ABS, 2007) and the ABS predicts that this will be the fastest growing household type over the next 20 years (Wulff, 2001).

Management of rental properties is divided between real estate agents, independent landlords, the Office of Housing and community groups. ABS Census figures provided in table 1 show that just over half of all rental accommodation in Victoria is managed by real estate agents (57%), the remainder is managed by a person not in the household (23%), the Office of Housing (12%), an employer (2%) or a housing co-operative/community group (2%) (ABS, 2007). Rental accommodation in Melbourne is more likely to be managed by a real estate agent than rental properties elsewhere in Victoria.

There are some differences in the likelihood that a property will be managed by a given type of landlord depending on the type of household (ABS, 2007). Group households are more likely to live in properties managed by a real estate agent than other household structures. They are the least likely household type to be in social housing. Lone person households are more likely than other household types to live in properties managed by the Office of Housing.

Table 1 – Type of Landlord in Melbourne versus the Rest of Victoria

Proportion of rented households for type of landlord		MELBOURNE				BALANCE OF STATE			
		Family	Group	Lone	Total	Family	Group	Lone	Total
Real estate agent		63%	72%	56%	**62%**	45%	59%	39%	**44%**
State / territory housing authority		11%	3%	15%	**11%**	16%	6%	19%	**16%**
Person not in the same household	*Parent / other relative*	6%	4%	6%	**6%**	9%	8%	7%	**8%**
	Other person	14%	18%	15%	**15%**	18%	20%	19%	**19%**
	Residential park	0%	0%	1%	**0%**	0%	0%	2%	**1%**
Employer	*Government*	0%	0%	0%	**0%**	2%	0%	1%	**1%**
	Other employer	2%	1%	2%	**2%**	4%	3%	3%	**4%**
Housing co-operative/ community group		1%	1%	3%	**1%**	2%	1%	4%	**2%**
Landlord type not stated		2%	1%	3%	**2%**	4%	2%	5%	**4%**
Proportion of all rented households		**56%**	**12%**	**31%**	**100%**	**58%**	**7%**	**35%**	**100%**

Source: ABS Census 2006

The principal indicator of pressure on the private rental market is the vacancy rate. Although factors which affect the vacancy rate are complex, it is used by real estate agents to determine the price of rental accommodation (REIV, 2008). When vacancy rates are low, fewer rental properties are available, competition (for low-cost housing in particular) is greatest and rent is at a premium. This places disadvantaged tenants in an even more precarious position.

Chart 1 – Vacancy rates for Real Estate Managed Properties in Victoria

Vacancy Rates for Real Estate Managed Properties in Victoria

Legend: Inner (0-10kms), Middle (10-20kms), Outer (20+kms), Regional Victoria
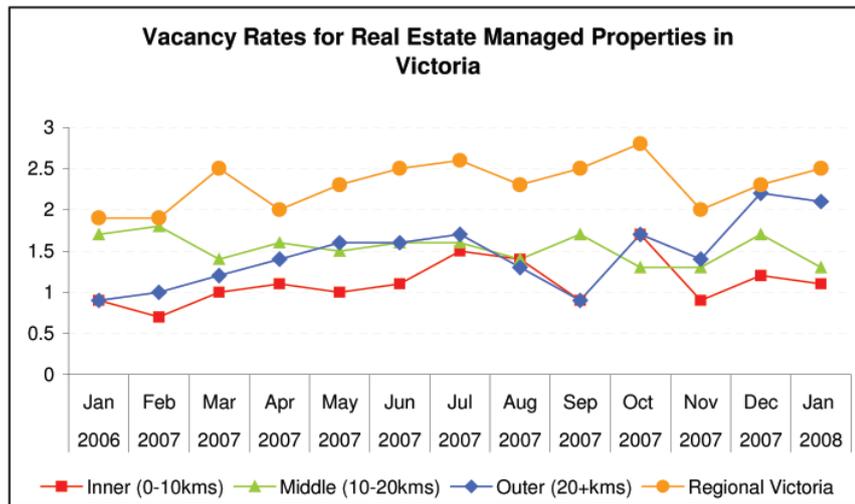
Source: REIV, 2008

As Chart 1 shows, vacancy rates in Victoria remain at low levels, although there has been a slight upward trend in vacancy rates in inner Melbourne and regional Victoria as well as a more significant increase in outer Melbourne. The vacancy rate in the middle suburbs has declined over the past year and this is a worrying trend as vacancy rates of around 1% in Melbourne will push renters to seek accommodation in locations increasingly further from the inner suburbs and their associated services.

Public and Private rental markets

There has been a shift in government policy from provision of public housing to provision of support for low-income people to find and maintain private tenancies. The Australian government has been identified in several papers as providing a low volume of public housing (for example: Hulse & Burke, 2000; Jacobs et al, 2007; Short et al, 2007). The shortfall in public housing results in falling allocation rates and long waiting lists (Short et al, 2007). This places more competitive pressure on the low-cost rental market as those who would prefer to utilise public housing, or have high support needs, are forced to seek accommodation in the private rental market. However, the private rental market is not geared to providing support to tenants, essentially it is a commercial market not a component of the welfare system.

Real estate agents are not social workers, it is not their role and they do not have the skills to provide this function (Hulse & Burke, 2000). In light of the current project, it may be worth investigating whether real estate agents feel that they have an obligation to assist tenants other than to find somewhere to live and/or whether they know how to access the appropriate services.

While government policy relies on the private rental market as a component of social housing (i.e. rent subsidy), there is little policy in place to ensure that the rental market meets those needs. Although the Commonwealth government has recently announced the National Rental Affordability Scheme, which aims to improve rental affordability by

providing tax incentives to investors who offer accommodation at 20% below the market rate (ALP, 2008), this benefit will not be widely accessible. The scheme will only apply to tenants who are receiving the maximum rate of rental assistance and therefore excludes a substantial minority of rent assistance recipients as well as people who are working for low wages but do not receive income support.

The Commonwealth government provides ongoing payments to means-tested households that assist with ongoing rental payments (Commonwealth Rent Assistance). Programs other than this provide alternative assistance to disadvantaged tenants, these Private Rental Support Programs (PRSPs) are discussed in Jacobs et al (2007). PRSPs may come from a variety of sources, including state government and welfare agencies. They provide "one-off" payments to low-income households seeking private rental accommodation. The payments may be made to offset the initial costs of setting up a tenancy, such as a bond and the connection of utilities. Because of requisite condition reporting associated with bond lodgement, PRSPs are also seen as a way of ensuring the standard of repair amongst low- income private rental stock.

Attitudes towards PRSPs vary, with some housing workers saying that they are a means to get disadvantaged tenants into private accommodation and others seeing them as a stopgap measure until public housing becomes available. There is some evidence to suggest that agents may discriminate against tenants who say they are using a PRSP to lodge a bond payment. This is related to negative stereotypes of social security recipients and the delay in payment of the bond monies.

Renters in the Australian private rental market do not have a great deal of security of tenure. Current legislation favours the landlord in that there are no rent control provisions, no just cause for eviction and leases are rarely longer than one year (Hulse & Burke, 2000). The cost and provision of properties in the private rental market is subject to change virtually at the whim of the landlord/property manager.

Application process

The application process is of particular interest to this review, as this is the stage where real estate agents have the most impact on the tenancy outcomes of disadvantaged tenants. However, it is also an area which has received little academic attention, particularly from the industry. Where literature does exist it tends to focus on the reports of disadvantaged tenants and their experiences in dealing with agents, and cases brought before equal opportunity arbiters. This is not surprising as agents are likely to perceive their part in the process more in light of their responsibility to their clients (property owners) rather than to disadvantaged groups. Moreover, if they do engage in illegitimate discriminatory behaviour, they are unlikely to communicate this overtly to a researcher. Hence reports of such behaviour are gathered from tenants and their advocates.

Some general discussion of the process from the industry side is provided by Short et al (2007). As there is no legislative right to housing, landlords and their agents have the exclusive right to decide whether or not an application is accepted. The link between landlords' standards for applicants and current vacancy rates is not known. Short et al propose that the circumstances in which these standards would be relaxed, such as when vacancy rates are high, should be investigated.

The operational specifics of property management in agencies vary depending on the size of the agency and its business mix (Short et al, 2007). Property managers tend to be younger personnel and may be less experienced than other agents in a given agency, although in smaller agencies this role may be undertaken by an experienced property manager. The different parts of the application process such as receiving tenancy applications, checking tenancy databases and references and property inspections may be the role of various employees of the agency. It is unclear whether this would provide a fairer, more objective process than if the application was handled in its entirety by one person.

Preliminary work conducted by Short et al with property managers also found that they rely on judgements about applicants when they present in person. These include punctuality, dress, discipline of children and manners. This is of some concern as negative stereotyping of applicants has been identified as a barrier to securing a tenancy, particularly for refugees, Indigenous Australians and people with disabilities.

It must be noted that real estate agents run a commercial business, and therefore they have an interest in providing a competitive product that meets the needs of landlords. Examination of real estate agencies' websites highlights real estate agent's proposition to landlord that they will provide tenants who will pay their rent on time and care for the property. Methods for ensuring this include a thorough screening process at the application stage including extensive collection of information from referees and tenancy databases. The following quotes from agencys' websites shows the emphasis on catering to the landlords' particular requirements, ensuring that tenants have a (sound) rental history and stable employment.

"It is not enough to know that your tenant is capable of paying their rent on time. Our thorough screening process assists in ensuring that the chosen tenant meets all your expectations.

"We confirm they have stable employment and that they have the ability, desire and track record to maintain your property at a high standard. All prospective tenants undergo complete reference checks."

"We adopt a very strict screening process, which aims to obtain the best possible tenant for your property. Our detailed application form enables us to establish current and previous tenancy and employment history, as well as screening business and personal references. We also complete a credit check on the tenants through National Tenancy Data Base."

The use of tenancy databases to screen applicants has become widespread in the real estate industry and has been discussed in academic literature (Seelig, 2003; Adkins et al, 2002). Tenants who have had bonds withheld or defaulted on a lease are listed and this information is accessed by real estate agents when processing a tenancy application. Their rise has been attributed to two factors; the technological capacity provided by databases to store and readily access information at relatively low cost, and as a legitimate alternative to credit databases which real estate agents are prohibited from accessing under the Privacy Act (Adkins et al, 2002). With the introduction of the Commonwealth Privacy Amendment (Privacy Sector) Act 2000 real estate agents have to adhere to the

National Privacy Principles when using information from tenancy databases. In brief this means that they must notify tenants that they use a database and ensure that information maintained on the database is accessible to the tenant, is accurate and up-to-date. State legislation specifically targeted at the operation and use of tenancy databases has only been introduced in Queensland to-date.

Research with property managers, tenancy advocates and tenants conducted by Adkins et al found that property managers believe that tenancy databases are an essential element of risk management (Adkins et al, 2003). The research also found that tenants' advocates have concerns about the accuracy and completeness of the information contained in the databases. This is of particular concern because, as stated by property managers, the consequence of a negative listing is sufficient to have an application rejected in favour of another applicant with no listing or a positive listing. Thus such databases can prove to be significant obstacles to accessing the private rental market, particularly when it is highly competitive.

Disadvantaged tenants

The remaining sections look at specific groups who are disadvantaged when entering the private rental market. A strong common theme amongst all these groups is that they are more likely than other groups to have a low income. This is consistently the main barrier identified, quite simply because it is a key criterion used by property managers and landlords when placing someone in a tenancy. Table 2 shows a breakdown of low-income renters by group and rental characteristics.

Table 2 – Housing Characteristics of Low Income Private Renters (Australia, 1999)

Population Group	Number Private Renters	Private renters as % Low Income Population	% Receiving Rental Assistance	% Paying >30% Income as Rent	% with <$20,000 in Assets	% Living in O'crowded conditions
Young people	272,968	46%	69%	60%	99%	5%
Older people	161,256	14%	80%	42%	68%	3%
Large Families (4+ Children)	23,549	36%	85%	11%	87%	39%
Indigenous Australians	31,007	51%	47%	42%	98%	15%
People with disabilities	223,873	36%	76%	48%	86%	na
Balance private renters	544,209	46%	79%	49%	85%	14%
Total DSS Population	**1,256,862**	**34%**	**76%**	**49%**	**82%**	**9%**

Souce: Purdon and Twyford (2000) cited in Adkins et al (2002)

The sub-groups of low-income renters identified by Purdon and Twyford have particular characteristics (cited in Adkins et al, 2002). Young people and Indigenous Australians receiving low-incomes are particularly likely to be renting, whereas relatively few older people are. Young people are also more likely than not to be paying more than 30% of their income in rent, and almost all (99%) have less than $20,000 in assets. Four in ten families with more than four children are living in overcrowded conditions, as are one in seven Indigenous Australians. It is clear from this brief analysis that different sets of low-income renters have different characteristics.

Indigenous Australians

The latest ABS Census shows that Indigenous households are far more likely to be living in rented accommodation than non-Indigenous households (as shown in table 3) and this accommodation is far more likely than non-Indigenous households to be managed by the Office of Housing, although an equal proportion are managed by private real estate agents as the Office of Housing.

Table 3 – Tenure by Indigenous / non-Indigenous households in Victoria

	Total (n=1,781,668)	Indigenous (n=14,144)	Others (n=1,767,514)
Fully owned	36%	13%	36%
Being purchased	35%	27%	36%
Rented:			
Real estate agent	14%	21%	14%
State or territory housing authority	3%	20%	3%
Person not in same household	6%	8%	6%
Housing co-operative/community/ church group	0%	2%	0%
Other landlord type	1%	2%	1%
Landlord type not stated	1%	1%	1%
Total rented	25%	54%	24%
Other tenure type	1%	1%	1%
Tenure type not stated	3%	5%	3%
Proportion of all households	**100%**	**1%**	**99%**

Source: ABS 2006 Census

Despite the fact that as many Indigenous people are in private rental as public rental accommodation, there is very little attention in the literature on Indigenous households in private rental properties. Where private rental is discussed it is noted that Indigenous people have less secure tenure and lower quality housing than non-Indigenous people (Cooper & Morris, 2003) and suffer from discrimination due to negative stereotyping (Solonec, 2000; Equal Time, 2006). It has been suggested that negative stereotyping forces Indigenous Australians to seek accommodation in public or community housing, and where accommodation is sought in the private market it is often substandard (Solonec, 2000). As identified above overcrowding is also an issue amongst a significant minority of Indigenous Australians.

Migrants / refugees

Refugees and migrants are another tenant group who face difficulties in securing and maintaining tenancies. A study conducted by the Migrant Information Centre (MIC) consulted refugees and migrants from a range of countries as well as real estate agents (2007). The research explored the housing experience of people from a range of communities and pointed to the particularities of their experience, which differs from that of other disadvantaged groups in some areas.

Many migrants believe that public housing will be available when they arrive in Australia. Others have not experienced property rights as we know them in Australia. This means that expectations and knowledge place this group in a disadvantageous position from the outset. This lack of knowledge may mean more work for an agent to ensure the

application is in order, this could be a barrier to securing tenancy. The application process often involves many rejections and barriers that have been identified include language, low income and a lack of private transport.

Many migrants also feel that they are discriminated against in the application process. Many participants in the research felt that they had been treated differently to other applicants, and this was evidenced by the high volume of applications they had to make in order to secure a tenancy. This is supported by a separate piece of research conducted by Beer and Foley that found that a fifth of refugees they interviewed cited discrimination as a problem in securing housing (2003).

The application process is not the only source of difficulty for migrants. Maintaining a tenancy can also be fraught with problems. The difficulty in finding accommodation may lead to many individuals sharing a home until further accommodation can be found. This puts the person(s) who have secured the tenancy at risk of breaching their lease agreement and being evicted. This adds a compounding factor of a poor rental history as a further barrier to finding a tenancy.

The following findings are quoted from the Migrant Information Centre research and came out of interviews with 29 real estate agents (MIC, 2007):

> Agents emphasised that in order to compete effectively in the private rental market all paper work concerning a rental application should be supplied as quickly as possible.

> Having good references and a caseworker able to advocate for the needs of new arrivals was seen as an advantage by estate agents/landlords.

> Language barriers and a lack of rental or employment history were the biggest challenges agents felt that new arrivals faced in securing housing in the private rental market.

> Agents identified maintenance and repair issues as a significant problem. Some agents indicated that tenants did not understand how to maintain their property or report repairs.

> Real estate agents lacked knowledge of the support services which they could access to support refugees and migrants.

> Agents are willing to attend short training sessions to increase their understanding of settlement issues and services available.

> Estate agents identified the need for access to free interpreting services and a list of other useful resources available to increase their understanding of refugee communities and settlement issues as well as to support their work with newly arrived migrant and refugee tenants.

In light of these findings the current project should investigate the importance of complete paperwork, the perception amongst agents of caseworker involvement and agents' understanding of support services and language barriers and interpretation practice. The importance of rental and employment history has been identified elsewhere and these findings provide further impetus to investigate the importance of these factors as well as means of improving the likelihood of tenants without these securing a tenancy.

Young people

More young people are staying in the family home longer due to the reduction in the availability of full time work, increased participation in school and tertiary education, low wages and social security payments and changes to government income support structures (Schneider, cited in Waters, 2003). From literature we have reviewed, we suggest that the increased time spent in the family home means that a higher proportion of young people do not have rental histories, this is a known barrier to attaining a tenancy.

The principal barrier identified by young people in a study conducted by Waters (2003) was affordability. Those who received Rent Assistance said that it was an insignificant amount compared to rental rates. Students claimed that it was difficult to balance work and study in order to make up the shortfall between Rent Assistance and housing costs (Waters, 2003).

It has been suggested that real estate agents might discriminate against young tenancy applicants because they are not as "desirable" as older tenants (Dalton and Maher, 1996). Some participants were told by real estate agents that they "do not rent to students" and that "if I were to trash the place they would not be able to claim insurance". Discrimination can be compounded where young people are also in another disadvantaged group, for example, young single mothers.

The Waters study also discusses support structures required by young people in order to enter the rental market. These include lease guarantors, transport to inspect properties, and bond loans (as provided by the Department of Housing).

People with disabilities

As with other disadvantaged groups, affordability is a key barrier to maintaining a tenancy in the private rental market for those with a disability (Equal Opportunity Commission of Victoria, 2006). Specific barriers mentioned in the Equal Opportunity Commission of Victoria's (EOCV) consultation report "People with Cognitive Disabilities in Private Rental Accommodation" include discrimination, special support needs at the application stage and specific design requirements for those with mobility disabilities.

There were three main points of discrimination identified in EOCV's report:

> Negative stereotyping that people with disabilities were likely to breach rental payments, cause damage to property and cause nuisance;

> Eviction of tenants based on unfounded complaints by neighbours; and,

> An expectation of professional referees from people who are unable to work due to a disability.

The search and application stage of securing private rental accommodation presents particular problems for people with a disability (EOCV, 2006). Those with cognitive disabilities require assistance to find a property, and once they have secured a tenancy, assistance to maintain it. Suitable properties for those with mobility disabilities are difficult to find as they must have ready access (i.e. step-less entries) and large bathrooms. Further assistance is required to negotiate the lease agreement, advocate for repairs and respond to tenancy notices.

Sole parent families

Sole parents have the highest rate of poverty of any household type in Australia (Burke & Hulse, 2002). Most (61%) low-income sole parents in private rental pay more than 30% of their income in rent, and rent counts for more than half the income for a fifth (21%) (Burke & Hulse, 2002). It is important to note that the affordability outcomes of low-income sole parents who are purchasing a home are similar to those in the private rental market, but they receive no specific housing support. This reduces the financial attractiveness of moving from rental markets to ownership (although there are other incentives). This may encourage more people to stay in the private rental market.

A survey conducted with sole parents receiving Rent Assistance or renting Public Housing found five factors that were major problems in the search for private rental accommodation. These, in order from the most reported problem to the least, were: housing costs too high; lack of available housing; housing in poor condition; discrimination by landlords/agents; and search costs too high (Burke & Hulse, 2002).

Summary and Implications

> Governments have shifted the focus of housing policy from provision of public housing to assisting low-income tenants in the private rental market.

> Demand for private rental properties is increasing and has not been met adequately by supply, in particular low-cost rental properties. This means low vacancy rates are driving tenants towards more expensive or inadequate accommodation and to looking further out of Melbourne.

> The application screening process makes it very difficult for people with poor or no rental histories to access tenancies on the private rental market.

> There is evidence of landlords and their agents engaging in discriminatory behaviour towards groups identified as disadvantaged.

> A common theme amongst disadvantaged tenants is that a key barrier to securing a tenancy is affordability. Increasing rental prices and competition for the available properties means that people on low incomes are squeezed out of the market. The shortfall of public housing ensures a housing crisis amongst low income sections of the community.

> Negative stereotyping of particular groups such as Indigenous people, those with disabilities, migrants/refugees and students is another barrier that has been identified through tenants' experiences and reports from equal opportunity arbiters.

> Lack of appropriate accommodation is a particular issue for those with disabilities. The particular features of a property are also of considerable importance for sole parents who, in addition to the basics, require that properties be near schooling and available for longterm rental, so they do not have to move their children around regularly. The rate of mobility in this group suggests that they do have to move regularly.

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Appendix 2: Discussion Guides and Stimulus Material

Real Estate Communications wg3420
Final Discussion Guideline
Introduction (2 minutes)

This research is being conducted as part of a project being undertaken by Tenants Union of Victoria. The aim of this project is to improve access to the private rental market particularly for tenants experiencing social disadvantage. In order to do this it is necessary to have an accurate picture of the challenges that you face as a property manager and the processes you have in place to assess and place tenants in private rental properties that you manage. The interview will take around 45 minutes. Your answers are completely confidential and neither you nor your agency will be identified in the reporting of the findings.

Respondent background (3 minutes)

Please could you tell me:

> How long have you been managing properties (in total and at this agency)?
  For those who have worked in more than one agency – are there differences between this agency's practices and others you have worked in?

> How many people are involved in property management at your agency?

> How are policies set about property management and who has responsibility for changing, maintaining and implementing them?

> How many properties do you manage? How has the number or type changed in the past year? Are the properties similar in terms of size or type?

> What is the average weekly rental for properties of different types? How many properties would you have roughly that you would consider to be low rental properties?

> What is the average length of tenancy in the properties that you manage (standard length of each tenancy and total stay). Who normally terminates the tenancy – landlord or tenant?

> What training have you undertaken in property management and what is required of you to maintain your skills? How do you find out about changes that affect you/your job?

Matching an applicant with available properties (20 minutes)

Please could you describe the process of applying for a rental property with your agency (Allow respondent to step through the process looking for good and bad points and clues as to who would find this easy or difficult). Ask for copies of application forms (or links to electronic copies If not mentioned prompt for:

Pre-application

> Where do you advertise your properties? Is there any difference in how and where you advertise them depending on the property type or the state of the market?

> Do you keep a list of people who have made enquires about properties?
  What information do you keep about them / how do you classify them?
  Are there any that you have difficulty re-contacting? Why?

Application process

> How are tenants assessed? Application form (clarity of application/ease of completing application process, age, gender, number of applicants, income, rental history, work stability, assets, pets and children), initial impressions – characteristics of applicants, tenancy databases (to what extent do you use them, how useful/reliable are they, do tenants know about these and what to do if they are on one?), references and referees (which are good and bad and why?).

> Do some applicants have more difficulty with the application process than others? What are their characteristics? What can you do to help?

> Do you assess all applications for each property? Why wouldn't you?

> What legal requirements exist regarding placing a tenant in a property? What factors are you obliged to take into account? What is required of you, the landlord and the tenant?

> Do you find that the landlords tend to be very involved in the decision or prefer to leave it to you? What difference does it make to the application process when the landlord is very involved compared to when they are not?

> Does it matter where an applicant is living currently? If someone is in temporary accommodation/ no fixed address, would this matter?

> In your experience, which tenants do you find it hardest to find suitable accommodation for? Why is this?

Maintaining a tenancy

> What do you do once tenants have moved into a property? Contracts and their role?

> What payment options are given to tenants?

> What sorts of problems arise once tenants move in? (rent in arrears, property maintenance/ reporting of maintenance requests, complaints from neighbours (noise, antisocial behaviour etc), inaccurate or misleading applications, litigation. How would these problems affect the tenant's future prospects of finding a property with you?

> What is the worst experience you've had with tenants and how did you overcome it?

Scenarios (15 minutes)

1. Changes in market conditions

Imagine the rental market eased, with vacancy rates of 6%, how would this affect the process of finding tenants for you property portfolio?

2. Types of potential tenants

> Are there any types of tenants who are harder than others to find accommodation for? Why?

> Are there minimum requirements that you expect from a prospective tenant?

> I'd like you to look at this list of tenants of various types and put them in order from those who are generally easiest to find accommodation for to those who are hardest (probe for reasons why)

> How would you find suitable accommodation for (from card)…?

3. Tenant Traits

> What are the traits that landlords are looking for or would reject in a potential tenant?

> I'd like you to look at this list of traits and put these in order from those that you or your landlords/clients prefer to those you value least (probe for reasons why)

Government assistance (5 minutes)

I'd like your opinions on the role that governments play in helping tenants in the private rental market.

> Do you have many potential tenants apply who have a large proportion of their income from government sources?

> Which types of tenants do you feel need assistance from government?

> What types of assistance are available? Who provides these and how are they accessed

> Are the current forms of assistance appropriate? Why (not)?

> Which agencies are you aware of that provide assistance to tenants?

> Do you refer tenants to the public housing system? In what circumstances and how do you do this? Do you believe that tenants that you refer to the public housing system find suitable accommodation or do they come back to you again to find private rental accommodation? How do you think waiting lists compare between public and private rental housing?

> What services are you aware of to assist (disadvantaged groups) to find and stay in suitable rental accommodation?

> What experience have you had with welfare support services? Does it help tenants to have support services actively assisting them to find accommodation? What are the most helpful things you have observed support services do for prospective tenants. Are there any things you think they should do?

Close

What would make it easier for you to place disadvantaged tenants into appropriate housing? Is there anything else you'd like to tell me, in closing, about managing low rent properties?

Discuss timelines and avenues for further contact.

JVS/BB - 22/4/08

Types of Potential Tenants

Students

Group of young people sharing accommodation

Young professional couple

Family with kids

Single Parents

Recently arrived migrants

People with a disability (mental or physical)

People whose first language is not English

People of Aboriginal or Torres Strait Islander background

Older working couples

Retired couples

People listed on a tenancy database

People deriving most of their income from the government

People who are currently living in public housing or crisis housing

Tenant Traits

Stable income

Access to bond money

Personal references

Good rental history

Personal Guarantor

Government Guarantor/Case manager

Personal assets (car, shares, superannuation, boat etc)

Private transport

Presence of criminal record

Good employment history

**Real Estate Communications wg3420
Discussion Guideline – REIV**

Introduction (2 minutes)

This research is being conducted as part of a project being undertaken by Tenants Union of Victoria. The aim of this project is to improve access to the private rental market particularly for tenants experiencing social disadvantage. In order to do this it is necessary to have an accurate picture of the challenges that face property managers and the processes that are in place to assess and place tenants in private rental properties. The interview will take around 45 minutes to one hour. Your answers are completely confidential and while we may indicate that the REIV assisted in the project, no identified comments will be published.

Background (5 minutes)

Please could you tell me:

> Your background in real estate – property management experience,
how REIV interacts with property managers/members/other real estate agents?

> The relative importance of supporting property management versus sales at REIV?

> Overall trends you have observed in property management over past decade
– projections for next few years

Policy

(Request copies of relevant policies and professional standards or links to them on website etc)

> How is policy relating to property management/tenancies set at REIV?

> Who has responsibility for changing, maintaining and implementing policies?

> How regularly are policies updated? Do policies vary by type of agency at all?

> How does REIV ensure that its members conduct their business in accordance with its policies? (EARS)

Information

> What types of information are provided by REIV?

> What channels of communication does the REIV use to provide information to members?

> Which channels are effective and which aren't? Why?

> Is there a sense that members appreciate and utilise this information?

> How does REIV source its information?

Training

> What courses and seminars are run by REIV that contain content relevant
to property management?

> What level of experience do agents attending the courses have?

> What content is covered in each course? (in particular content relating to;
legal requirements (LTA, EO etc, tenant selection processes, dealing with landlords,
and dispute resolution)

Feedback

> Who makes enquires about placing tenants?
(region/ suburb, level of experience/role in agency)

> What types of enquires do they make? (Application issues/ ethics enquires)

> What information or advice does REIV provide in these particular cases?

> Are some types of members more receptive than others?

Market's effect on approach

> How has the state of the current rental market changed property mangers'
approach to the application and maintenance of tenancies?

> How will this affect disadvantaged tenants?

Close

What would make it easier for you to place disadvantaged tenants into appropriate
housing? Is there anything else you'd like to tell me, in closing, about managing
low rent properties?

Discuss timelines and avenues for further contact.

26/5/08

Bond monies provided through a loan scheme

Good rental history

Stable income

Personal references

Government Guarantor/
Case manager

Private transport

Personal guarantor

Personal assets
(car, shares, superannuation,
boat etc)

Good employment history

Group of young people sharing accommodation

Presence of criminal record

Students

Family with kids

Recently arrived migrants

Young professional couple

Single parents

People whose first language is not English

Older working couples

People with a disability (mental or physical)

People of Aboriginal or Torres Strait Islander background

People listed on
a tenancy database

People who are currently
living in public housing
or crisis housing

Retired couples

People deriving
most of their income
from the government