

# Social Change Strategy



The Social Change Strategy is the guiding document for the Tenants Union's social change activities.

The first two sections provide our 'headline' analysis of the social context and challenges. The latter sections define our response to this context by identifying our approach to social change and four goals which aspire to achieve our vision of:

*Genuine housing choice without social or economic disadvantage.*

## Social Context

Australia's housing system and individual housing outcomes reflect society and the economy.

Significant demographic change has occurred during the past three decades. These patterns are important because household formation, marital status and age all exert influence over housing outcomes. Key demographic trends include: population growth,<sup>1</sup> population ageing,<sup>2</sup> changing household formation, smaller households,<sup>3</sup> and a growth in single person households.

The growth in total household numbers and in couple only and single person households will continue to place considerable pressure on the rental market to provide appropriate and affordable housing. Single persons and sole parent households are over-represented among private renter households.

While there has been a considerable increase in construction of one and two bedroom dwellings in the past decade, the mismatch between the housing stock and household types is likely to continue. In this context, low income single tenants are the least likely to secure affordable and suitable housing in the current rental market, a trend confirmed by the growth in the private rooming house sector in Melbourne in the period 2004-2010.

The overall housing context is defined by several distinct trends, including a rapid increase in real house prices, an increase in household borrowing against housing equity, increases in immigration, high economic growth and household growth outstripping population growth. The private rental sector has grown significantly in the period between 2001 and 2006, with the number of private rental dwellings increasing by 11 percent to 1.47 million dwellings.<sup>4</sup>

Despite this growth, affordability has declined markedly. The cost of rental housing increased by 41 percent more than the general cost of living between 1995 and 2009.<sup>5</sup>

Available research estimates a large gap between demand and supply which is likely to increase over the next two decades.<sup>6</sup> It is important to note, that some of this gap is attributable to allocation of housing rather than supply per se.<sup>7</sup> Aggregate supply problems have significant ramifications for the private rental market. The constrained supply of housing for home purchase causes more households to remain in private rental for longer periods of time. This in turn affects the allocation of scarce rental stock as households with higher incomes compete with lower income households. As a consequence, 70 percent of

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<sup>1</sup> ABS (2011) Year Book.

<sup>2</sup> Australian Institute of Health and Wellbeing (2009) *Australia's Welfare*.

<sup>3</sup> ABS (2010) Household and family projections Australia, 2006-2031, Chapter 4.

<sup>4</sup> Wullf, M, Dharmalingam, A, Reynolds, M and Yates, J (2009) Australia's private rental market: changes (2001-2006) in the supply of, and demand for, low rent dwellings, Positioning Paper, AHURI.

<sup>5</sup> Colic-Piesker, Ong and McMurry (2010) *Falling Behind: the growing gap between rent and rent assistance 1995-2009*, Commissioned and published by the TUV. Available: [http://www.tuv.org.au/articles/files/housing\\_statistics/Falling\\_Behind\\_CRA.pdf](http://www.tuv.org.au/articles/files/housing_statistics/Falling_Behind_CRA.pdf)

<sup>6</sup> National Housing Supply Council (2010) *State of Supply Report*.

<sup>7</sup> *ibid*

all private rental dwellings affordable to households with incomes below the 50<sup>th</sup> percentile were not available because they were occupied by households in higher income percentiles.<sup>8</sup> Those on the lowest incomes are excluded to the greatest extent with 87 percent of private renter households with *very low* incomes in Melbourne miss out on affordable rental accommodation.<sup>9</sup>

Structural change in the economy also has significant housing implications. In particular, the labour market is a strong determinant of housing outcomes. There has been significant changes to how workers are employed. While the unemployment rate has declined, part-time and casual employment increased across the labour market between 1993 and 2008. Around 20 per cent of all employees were casual in 2008.<sup>10</sup> Precarious employment and low income increases the difficulties experienced by tenants in securing and maintaining tenancies.

Income growth has been unequally distributed. In the ten years to 2005–06, Australian real median weekly equivalised disposable income increased by 34 per cent overall, yet higher income households reaped the greatest benefit from this increase, at a rate 9 percentage points greater than low income households.<sup>11</sup>

Housing investment has become a significant wealth creation vehicle from which tenants are excluded, with the wealth disparity between tenants and home owners apparently extending beyond that directly associated with home ownership.<sup>12</sup>

The private rental market in Melbourne has polarized along social and spatial grounds in the past two decades. The lowest and highest income categories have increased and the numbers of middle-income households declined while the gap in median house prices between Melbourne's highest and lowest cost locations more than doubled. As a result low income households becoming considerably more restricted in their potential residential location choices.<sup>13</sup> Distinct household mobility trends have emerged in Melbourne, confirming the perceptions of the gentrification of formerly affordable locations and the concentration of low income households in particular locations.<sup>14</sup>

The political and policy response to these social, economic and housing challenges has been shaped by the hegemonic political philosophy in Australia. Neo-liberalism has influenced governments at all levels and governments formed by both major political parties.

The key markers of neo-liberal housing policy in Australia are the combination of reduced expenditure on the supply of non-market housing with increased targeting and surveillance of the recipients of housing assistance. This is most evident in the increasing importance and scale of demand side subsidies, particularly in the form of the First Home Owners Grant and Commonwealth Rent Assistance, and the reduction of expenditure on supply side subsidies.<sup>15</sup>

Despite considerable evidence of reduced affordability for low income households and exploitative market conduct, governments are reluctant to consider policy initiatives which are seen to be too interventionist. Consecutive Housing and Consumer Affairs Ministers have refused to initiate even minor tenancy reform on the basis of perceived negative supply consequences. Preference is always given to the consideration of non-regulatory options. Investment in supply initiatives have also remained episodic and lack integration with broader objectives across tenures.

Housing policy continues to focus on the interests of first home buyers and homeowners to the exclusion of households in greater need such as low income private renters and public tenants. The discourse around public and community housing is increasingly defined by an emphasis on the need for greater personal responsibility among tenants and the perceived failure of public housing.

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<sup>8</sup> National Housing Supply Council (2010), p.103

<sup>9</sup> Wulff, M, Dharmalingam, A, Reynolds, M, Hulse, K and Yates, J (2011) Australia's private rental market: the supply of, and demand for, affordable dwellings, Final Report, AHURI.

<sup>10</sup> Fair Work Australia (2011) An overview of compositional change in the Australian labour market and award reliance, [http://www.fwa.gov.au/sites/wagereview2010/research/1\\_2010.pdf](http://www.fwa.gov.au/sites/wagereview2010/research/1_2010.pdf)

<sup>11</sup> SOURCE?

<sup>12</sup> Financial Review (2011) Landlords get a bigger slice of the GDP pie, Financial review 25 October 2011.

<sup>13</sup> Wulff, M and Reynolds, M (2010), Housing, inequality and the role of household mobility, Final Report, AHURI.

<sup>14</sup> Wulff and Reynolds (2010), Atkinson, R, Wulff, M, Reynolds, M and Spinney, A (2011) [Gentrification and displacement: the household impacts of neighbourhood change](#), Final Report, AHURI.

<sup>15</sup> With the notable exception of significant expenditure in the economic stimulus package implemented by the Rudd Government in 2008 (check and reference)

The policy development process has also been influenced by neo-liberalism. Of particular significance has been the greater emphasis placed upon techniques such as economic modelling and outsourcing of evidence gathering and evaluation to non-government consultants without specific policy expertise such as expertise in housing. This has placed significant pressure on non-government organisations and individuals to participate effectively in resource intensive policy development processes.

In this context, policy reform has become difficult to progress in the absence of overwhelming data demonstrating a case for reform based on an economic rationale. This has proved to be a constraint in relation to residential tenancies policy and practice as well as affordable housing supply. Departments of Treasury and Premiers/Prime Minister and Cabinet have emerged as significant housing policy players while the role of the housing minister and the housing policy bureaucracy has been diminished. This has in turn diminished the influence of many non-government stakeholders on policy outcomes.

## Challenges

Several challenges emerge from this context, including:

- The rental market will continue to play a very significant role in the Australian housing system by housing the majority of lower income and vulnerable households.
- Despite this, the private rental market continues to fail to provide affordable, appropriate and secure housing to low income households.
- The rental market accentuates the marginalisation created by other processes, such as the labour market, and creates social exclusion in its own right.
- Housing justice or equality issues in general terms are not on the Victorian or national political agenda.
- The rental market and tenancy issues specifically are not currently on the Victorian or national political agenda.
- Governments are unlikely to increase expenditure on non-market housing and have become more averse to intervening into or regulating the private rental market.

## Approach

Given the above context and challenges the Tenants Union has adopted the following approach to its social change work.

- We have identified the achievement of social change objectives as a major strategic goal for the organisation.
- We will continue to give priority to making a long term difference for Victorian tenants through changes in residential tenancies policy and practice.
- To better enable this work we will continue to investigate ways to increase the resources available to the organisation for social change. In particular we recognize the need to develop more robust evidence for market failures and prospective solutions.
- We will assess the particular social change issues that we focus on issues against the following criteria:

**Scope:** what proportion or how many tenants are effected.

**Impact:** what is the significance of the problem or solution for those tenants that are effected.

Applying these criteria focuses our social change activities on seeking the greatest improvements for the greatest number of tenants.

- We are a relatively small organisation and our ability to achieve structural change is limited. Strategic alliances and partnerships play a key role in pursuing the social change goals. We recognise that other groups often identify similar issues or goals and by combining and utilising the resources of other organisations and groups we enhance our capacity to bring about change.

## Goals

We have identified the following goals to ensure improved outcomes for tenants, particularly those tenants who experience marginalisation from the broader community.

### 1. Increased legitimisation of tenancy issues

Housing policy is not developed in a vacuum. Governments require clearly defined community support and policy solutions which cohere with their political philosophy and values. Policy making responds to issues which have gained political currency or legitimacy.

Despite an evident structural imbalance affecting a considerable proportion of the population, limited progress has been made toward fostering an acknowledgement of the experience of tenants by political actors and policy makers. Generally tenancy and rental market issues are seen as a symptom of a cyclical nature of the rental market which will be resolved by increased investment. In response to this lack of status in public discourse, the political discourse on housing continues to overlook issues and concerns of tenants.

Increased legitimisation of tenancy issues is the fundamental step toward achieving long-term structural change for the benefit of tenants. Without an improvement in the broader public perception of tenants and an understanding of the issues that impact on them, it will be very difficult to achieve any of the other social change goals. In this sense, increased legitimisation of tenancy issues underpins each of the following goals as a necessary and complementary target.

### 2. Improved housing affordability for marginalised households

Both quantitative and anecdotal evidence confirm low income households are losing out in competition for scarce affordable private rental stock as higher income households trade down the market to minimise their housing costs. At the same time, the public housing system has declined in real terms, consequently becoming increasingly less accessible for low income households who are not in crisis or who have complex needs. On the income or demand side, the incomes of low income tenants have not kept track with the prevailing rental market conditions.

Governments will be required to adopt an integrated, cross tenure strategy to improve housing affordability for marginalized households which both expands the social housing system via increased capital investment and improves the incomes of low income households, including housing assistance.

### 3. Increased appropriate housing for marginalised households

Anecdotal evidence suggests that many properties at the low end of the private rental market are of poor quality or poorly maintained. A significant knowledge gap exists in relation to rental housing standards. This has severely hindered previous attempts at reform. Regulation is the most effective means to improve the quantum and distribution of appropriate housing. The existing regulatory framework and the agencies charged with enforcement remain unresponsive to issues emerging in rental housing. Improvements in dwelling standards for marginalised households will not occur without a vastly enhanced evidence based and greater political willingness to resolve evident problems.

Low income households are often denied access to appropriate housing by the functioning of the market. Many low income tenants are either priced out of appropriate housing or they are excluded by discriminatory letting practices and the risk assessment process engaged by estate agents. These practices have continued despite the establishment of anti-discrimination law and are likely to continue despite the regulation of tenancy databases. As a result, many households are forced to live in inappropriate and marginal forms of rental housing such as rooming houses and caravan parks.

Reduced incidence of discrimination, unfair decision making and improved market conditions should improve access to appropriate housing. However, to a large extent these practices are inherent in market based housing systems. Access to appropriate housing for marginalized households can only be guaranteed by the presence of a larger, more accessible social housing system.

**4. Increased choice about security of tenure**

Compared to other tenure types, the mobility rate among tenants is high. However little empirical evidence exists to show how frequent those moves are and what percentage of those moves are voluntary. Without an understanding of the real reasons as to why tenants move it is difficult to pursue alternative ways of improving security of tenure – apart from legislative reform through residential tenancy legislation. What is needed is a comprehensive analysis of tenant mobility with a view to better understanding the varying security of tenure needs of tenants. Once this is completed, a strategy can be developed for improving tenure certainty for the households that require it.

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**Figure 1: TUV Social Change Documents**

