



The Renter's Journey

Consumer-centred policy innovation and reform

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Private Renting in Australia

Renters on average spend 21% of their household income on housing, with those with a mortgage spending 16%.¹ The gap has widened since 2006, with renters' costs rising slightly, while buyers' have fallen. Costs have risen faster than average for low income renters, with those from the two lowest income quintiles in the private system paying on average 32% of income.²

In the last census 31% of Australians lived in rented accommodation (up from 29.6% in 2011).³ Of those, 84.6% (or 2,108,290 households) rent in the private system.⁴

As the number of renters grows, their challenges and experiences have come more closely into focus for policymakers. Victoria has taken a leading role in reform, with significant amendments to the Residential Tenancies Act passed in 2018. Other jurisdictions are now either considering or implementing similar processes.

The banning of 'no grounds' eviction, rental auctions and introduction of minimum standards all work towards addressing the significant power imbalance between renters and landlords, introducing greater accountability.

Much remains to be done to ensure that consumers are at the centre of these changes in coming years. The growing recognition by policymakers of the importance of quality of service, quality of life, agency and awareness of renters is welcome. This balance of focus on both quantity and quality of supply will be key, as the private sector proposes reforms to enable the growth of "build-to-rent" multi-unit housing,⁵ and the new National Affordable Housing Agreement signals renewed interest in government capacity to deliver more social and affordable housing.

Our research asks: "What experiences are renters having in the rental market, what do they want and what changes will help?"

1. Australian Bureau of Statistics (2017) "4130.0 - Housing Occupancy and Costs, 2015-16: Key Findings" (<http://www.abs.gov.au/ausstats/abs@/nsf/mf/4130.0>)
2. Australian Bureau of Statistics (2017) "4130.0 - Housing Occupancy and Costs, 2015-16: Housing Affordability" (<http://www.abs.gov.au/ausstats/abs@/nsf/Lookup/by%20Subject/4130.0-2015-16-Main%20Features-Housing%20Affordability-10001>)
3. Australian Bureau of Statistics (2017) 2011.0 - Census of Population and Housing: Reflecting Australia - Stories from the Census: Snapshot of Australia. (<http://www.abs.gov.au/ausstats/abs@/nsf/Lookup/by%20Subject/2011.0-2016-Main%20Features-Snapshot%20of%20Australia,%202016-2>)
4. Based on analysis of ABS census figures.
5. Palm, M. (2017) "Build to rent" could be the missing piece of the housing puzzle " The Conversation (<https://theconversation.com/build-to-rent-could-be-the-missing-piece-of-the-affordable-housing-puzzle-82320>)
6. Matusik, M. (2014) "The demographics shaping Australia's housing future" The Property Observer (<https://www.propertyobserver.com.au/forward-planning/investment-strategy/economy-and-demographics/32245-the-demographics-shaping-australia-s-housing-future.html>)
7. See ABS (2017) op. cit., estimate of average persons per household.

77%
of young people under 30 have rented at any time, and more older people are becoming renters.⁶

1/4
5.5m Australians lived in privately rented housing in 2016, nearly a quarter of the whole population.⁷



The Renter's Journey

The Renter's Journey brings together research and first-hand experience from across academia and the community sector, along with insights from the current policy environment. This report aims to reshape how stakeholders in the private rental system think about the further development of the sector, by putting the renter's perspective at the centre of change.

This project explores the application of consumer journey mapping in the rental market, with a focus on the intersection with industry practice and policy levers.

Working with 22 partner organisations we have explored the journey of renters, their thoughts, actions and lived experiences at each stage in the rental cycle.

Our journey maps identified commonalities and differences in rental experiences of four key demographic groups:

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

Commonalities across segments informed development of an overall renter's journey map, enabling deeper analysis of the experiences, actions and interactions of renters at key problem or "pain points".

Five key common experiences across segments, analysed in greater depth considering interactions with policy implications, include:

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



Housing is the largest single budget item for Australian households.

These five common experiences are displayed across several stages in the typical rental journey, but most are clustered at the start, as people find and secure new housing. However, the barriers faced by marginalised and low income renters, such as moving costs and an inadequate safety net also feature at the end of a tenancy process.

Acknowledging and addressing differences in the rental experience for different groups is important to ensure that innovation and policy reform can deliver the types of housing people need.

Three important areas of difference among the groups we engaged as part of this report include:

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

Over half of families in the lowest income quintile are in rental stress.⁸



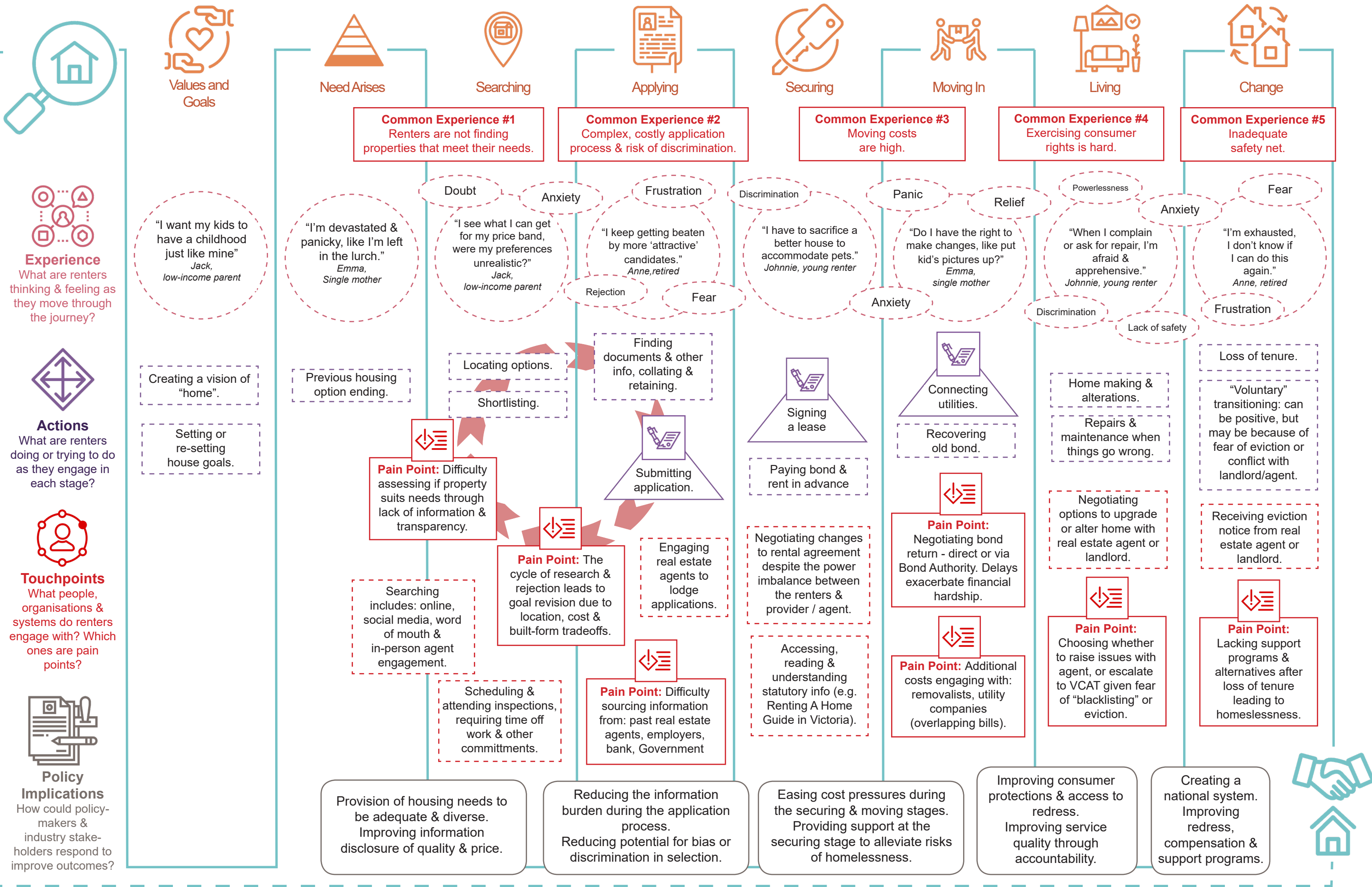
"We only pay rent monthly, and it's half our income gone overnight!"

Jayden, young renter



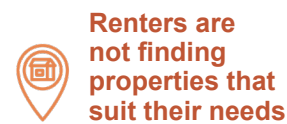
8. Australian Bureau of Statistics (2017) "4130.0 - Housing Occupancy and Costs, 2015-16: Housing Affordability" (<http://www.abs.gov.au/ausstats/abs@/nsf/Lookup/by%20Subject/4130.0-2015-16-Main%20Features-Housing%20Affordability-10001>)

The Journey Map



Policy Implications

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



Renters are not finding properties that suit their needs

Provision of housing needs to be adequate and diverse

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

Improving information disclosure of quality and price

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



Complex, repetitive, costly application processes

Reducing the information burden during the application process

- Standardisation of information required from renters
- Explore and support innovation in streamlined application processes
- Extend Australian Privacy Principles to rental market industry participants to build trust in online solutions

Reducing potential for bias or discrimination in renter selection

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



Transaction costs of moving are high

Easing cost pressures during the securing and moving stages

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

Providing support at the securing stage to alleviate risks of homelessness

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



Exercising consumer rights is too hard

Improving consumer protections and access to redress

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

Improving service quality through accountability

- Greater disclosure of the service quality and performance of real estate agents to improve trust, increase transparency and accountability
- Real estate industry is actively pursuing professionalisation agenda⁹
- Steps towards creating a professional registration system, including codes of conduct or additional licensing requirements



Inadequate safety net for consumers

Creating a national system

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

Improving redress, compensation and support programs

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

9. See the Real estate Institute of Australia page on Professionalism at <https://reia.asn.au/p2p/>





Consumer Policy Research Centre (CPRC) was established with seed funding by the Victorian Government in December 2016. As an independent, not-for-profit, evidence-based consumer research organisation, we are committed to driving changes in policy and business practice that improve the lives, welfare and experiences of all consumers. We work across the sectors and the disciplines, tackling some of the most significant challenges facing consumers today including: technological disruption and data; effective competition and consumer decision-making; and, housing. Our team is comprised of a number of curious, committed and collaborative people with expertise spanning public policy, consumer engagement and outreach, regulation, ethics, philosophy, psychology and social policy. We recognise the importance of diversity in skills and understanding when tackling complex policy challenges, and this is a significant reason we often collaborate through our work – building shared understanding of benefits and risks of various approaches to consumer policy.

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