

Queensland Rental Vulnerability Index

Final report

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Background

City Futures was engaged by Tenants Queensland to:

- identify indicators of 'rental vulnerability';
- use these indicators to construct a Rental Vulnerability Index (RVI) for Queensland; and
- create a visualisation of the RVI and associated indicators of vulnerability mapped across Queensland.

The primary purpose of the RVI is to inform the planning and delivery of tenant advisory services provided through the Queensland Statewide Tenant Advice and Referral Service (QSTARS) program.

The RVI visualisation is online at <https://cityfutures.be.unsw.edu.au/cityviz/rental-vulnerability-index/>

Indicators of rental vulnerability

We conceived of ‘rental vulnerability’ in terms of the intended primary purpose of the RVI, as the vulnerability of persons to problems that may make their rental housing unaffordable, inappropriate or insecure – and hence that may indicate a need for assistance from a tenant advisory service. This conceptualisation is similar to the conceptualisation of ‘vulnerability to legal problems’ in legal needs research (Coumarelos et al, 2012: 16). That body of research has consistently linked vulnerability to legal problems to demographic characteristics, including characteristics of socio-economic disadvantage.

We identified 13 indicators of rental vulnerability, in two broad groups (Table 1). For the identification of indicators, particularly in the ‘people indicators’ group, we have drawn on and adapted the analysis by Coumarelos et al (2012) of the Queensland results of the ‘Legal Australia-Wide Survey’ (LAWS) for the NSW Law and Justice Foundation.

Table 1. Rental vulnerability indicators, by group.

Group	Indicator	Data source
People indicators	Tenants with disability	2011 Census
	Unemployed tenants	2011 Census
	Single parent tenants	2011 Census
	Indigenous tenants	2011 Census
	Young tenants	2011 Census
	Older tenants	2011 Census
	Low-education tenants	2011 Census
Housing system indicators	Rental stress	2011 Census
	New private tenancies affordable to low-income households	RTA, 2011 Census Average Weekly Earnings
	Tenancy disputes	RTA
	Social housing (public housing and community housing) tenants	Qld open data
	Boarding house residents	Qld open data
	Residential park residents	Qld open data

In order to explain each of the indicators and the reasons for their selection, it is useful to first review how ‘rental housing’ figures in the LAWS analysis.

Rental housing in the LAWS analysis

One component of the LAWS analysis indicates the prevalence amongst different categories of persons of different categories of legal problems. Rental housing figures in its categorisations both of persons and of legal problems.

One of its categories of persons is persons living in ‘disadvantaged housing’, which comprises persons who are homeless (including persons living in shelters, boarding houses and rented caravans, and with friends and family because they had no other housing), and persons living in public housing. The LAWS analysis found this group to be 50 per cent more likely than persons not living in disadvantaged housing to have a legal problem (of any type); however, the group was not more likely than others to have a ‘housing

problem' (it was more likely to have a crime, employment or family legal problem) (Coumarelos, et al 2013: 71). Also, the group as defined excludes most tenants (ie the large majority who rent privately), so we have not used it as an indicator, and have instead identified a number of other 'housing system' indicators for use in our analysis.

The legal problem category of 'housing' groups together a number of more specific types of problems asked about in the LAWS: problems about 'neighbours', 'rented housing', 'owned housing' and 'other housing'. These specific types of problems are not examined separately in the LAWS analysis, because the numbers are too small (in total, 255 Queensland respondents had a 'housing problem', of which 71 had a 'rented housing problem'), except the analysis does state that the prevalence rate of rented housing problems was highest for 18-24 year olds and 25-34 year olds (Coumarelos et al, 2013: 164). Regarding the larger category of 'housing problems', the strongest indicators were:

- age groups 25-34, 35-44 and 45-54 years;
- disability; and
- unemployment.

Because the 'housing problems' category is mostly not about rented housing problems, we have not limited our analysis to these factors. We have included disability and unemployment as indicators, but we have taken a different approach to age – in part to reflect the prevalence identified in the LAWS analysis of rented housing problems specifically amongst younger persons – and we have included other indicators featured in the LAWS analysis, and other factors that appear significant from our own research and practical experience in relation to rental housing.

The indicators

Tenants with disability ('in need of assistance'). In the LAWS analysis, disability stands out as indicator of legal need: persons with disability were twice as likely as persons without disability to have a legal problem; they were also 2.5 times as likely to have a 'substantial' legal problem and 30 per cent more likely to have multiple legal problems (Coumarelos et al, 2013: 65-70). Specifically in connection with rental housing, disability may restrict alternative housing options, because the tenant needs to live in proximity to medical and other support services; equipment and modifications may be difficult or expensive to relocate; appropriately configured premises may be hard to find; and discrimination by lessors. Private rental housing, in particular, is difficult for many people with disability: in a major study of disability and housing assistance in Australia, Tually, Beer and McLoughlin (2011) conclude that 'much more needs to be done to improve outcomes for people living with disability accommodated in the private rental market.'

Unemployed tenants. In the LAWS analysis, unemployment is another strong indicator of legal need: unemployed persons were more than twice as likely as other persons to have a legal problem, more than two-and-a half times as likely to have a 'substantial' legal problem, and 70 per cent more likely to have multiple legal problems. Obviously, unemployment causes low income (about 60 per cent are in poverty: ACOSS-SPRC 2016: 19), which causes risk of arrears and difficulty in accessing alternative rental housing.

Single parent tenants. In the LAWS analysis, single parents were 80 per cent more likely than persons with other family types to have a legal problem, more than twice as likely to have a 'substantial' legal problem, and 50 per cent more likely to have multiple legal problems. Single parent households are the household type most likely to be in poverty (33 per cent: ACOSS-SPRC, 2016: 7); which causes risk of arrears and difficulty in accessing rental housing.

Indigenous tenants. In the LAWS analysis, Indigenous persons were no more likely than non-Indigenous persons to have a legal problem. However, in connection with rental housing, Indigenous persons experience discrimination from private landlords and agents, and the housing that is available to them may tend to be poorer quality. Indigenous family obligations may mean disputes with landlords about visitors and overcrowding (Memmott, et al, 2012).

Young tenants (18-24 years). As discussed above, the LAWS analysis indicates that rental housing problems are more prevalent amongst young persons. Young tenants are more likely to have low incomes, share their housing and move more frequently (Burke, Pinkney and Ewing, 2002), all of which may mean greater exposure to tenancy legal problems.

Older tenants (65 years and over). In the LAWS analysis, persons aged 65 years and over are generally less likely than other age groups to have legal problems. However, we regarded older tenants as a particularly vulnerable group: they can less readily find and move to alternative accommodation, which reduces the market power they bring to disputes, and makes rent increases and terminations more threatening to their wellbeing (Morris, 2016; Wood, et al, 2010); this is particularly so where they have lost a partner (Wood, et al, 2007). Many older tenants tend to be on lower and fixed incomes, which increase the chance of this cohort being in financial stress from being in unaffordable housing.

Low-education tenants. Unlike most other indicators of disadvantage, persons with low education were, in the LAWS analysis, *less* likely than other persons to have a legal problem. Coumarelos et al suggests one reason for this is that persons with low education may have fewer opportunities to be involved in activities that occasionally give rise to legal problems; however, our indicator considers low-education persons who are actually renting, and so have overcome the opportunity hurdle at least with regard to housing. Secondly, Coumarelos et al suggest that persons with low education may be less able to identify legal problems and hence their own need for legal assistance, and that it may be appropriate to regards low-education as indicating need for community legal education.

Rental stress. This is the number of all rental households (private and social housing) that have a low-income (bottom 40 per cent of incomes for the area in which they live) and that pay more than 30 per cent of their income in rent. Because social housing landlords charge income-related rents, rental stress is uncommon in social housing – but is common in private rental housing. Rental stress presents a risk for rent arrears and consequent loss of housing, and is associated with other forms of deprivation (Burke and Pinnegar, 2007).

New private tenancies affordable to low-income households. This is the proportion of all new private tenancies (represented by new bond lodgements in 2015) that a household of corresponding size (ie one bedroom dwellings for single person households; two-bedroom dwellings for 3-4 person family households) on a low income (bottom 40 per cent of incomes for the area) could afford (ie rent not more than 30 per cent of income). This indicates the availability or otherwise of alternative housing options for tenants, and hence the market power they may have – or lack – when dealing with tenancy issues such as repairs, rent increases and landlords' access to the property.

Tenancy disputes. This is the number of applications regarding tenancy disputes lodged with the Residential Tenancies Authority, and indicates demand for the specific service of advice and advocacy in dispute resolution proceedings.

Social housing (public housing and community housing) tenants. This is the number of households in public housing or community housing. As discussed above, persons living in public housing are part (the larger part) of the 'disadvantaged housing' group in the LAWS analysis, which had a higher incidence of

legal problems. Aside from being targeted to households with low incomes and high needs, social housing – particularly public housing – is subject to laws and policies that may present problems and calls for assistance that do not arise in other tenures. For example, social housing landlords' decisions about eligibility for housing, offers of properties, tenant transfers and rent calculations are not subject to residential tenancies legislation, but may be subject to administrative law and processes for review and appeal. Some decisions – in particular, decisions about rental subsidies – may also affect tenants' liabilities under their tenancy agreements and expose them to termination proceedings under residential tenancies legislation. Public housing landlords, in particular, are heavy users of tenancy legal proceedings in response to a wide range of conduct issues (Martin, 2015).

Residential services. Residential services indicate boarding houses. As discussed above, persons living in boarding houses represent a small part of the 'disadvantaged housing' group in the LAWS analysis, which had a higher incidence of legal problems. Aside from catering largely to persons with low incomes and few other housing options, boarding houses are subject to their own legal regime, which generally provides residents with fewer rights and less notice of termination and rent increases than mainstream tenants (Dalton, et al, 2015). Boarding house residents are also in closer contact with their landlords (who may attend the premises frequently, if not live on the premises) and with other residents (with whom they share space), which may mean that disputes may arise more frequently (Goodman, et al, 2013).

Manufactured home sites. Manufactured home sites indicate residential parks, on which two groups of persons live: those who rent their dwelling, often a caravan; and those who own their dwelling – which may be a van or manufactured home – and rent the site on which it sits. We regard both, for different reasons, as vulnerable to problems in connections with their rental housing. Residents who rent vans may be regarded as homeless and part of the 'disadvantaged housing' group in the LAWS analysis. Residents who own their dwelling are often older persons and face some special disadvantages as consumers: typically they will have paid a large part of their savings to the purchase of the dwelling, and the dwelling will not be readily relocatable to another park (Goodman, et al, 2013).

Rental Vulnerability Index

Method of compilation

The RVI has been created using a Principle Component Analysis (PCA), which is a dimension reduction method to statistically identify clusters of observations based on a wide range of impact variables. A principle component analysis takes a large number of correlated variables to produce a set of uncorrelated components. This produces a number of components, however, for this task we are interested in only the first principle component as a descriptor of rental vulnerability. This is a similar method used by the Australian Bureau of Statistics in compiling their SEIFA indices (ABS 2013). The above indicators of rental vulnerability were input and progressive iterations of the PCA were run to remove any variables that did not load strongly (produced coefficients of less than 0.3 in the component matrix) onto the first principle component, meaning those which did not help 'explain' an overall vulnerability index. The final first principle component explained 43.7% of the variance in the dataset and had a sampling adequacy of 0.607. Both the percent variance and sampling adequacy were sufficient to represent a valid output.

The final output is a PCA score for the first principle component, which was then ranked from lowest to highest for all postcodes measured. A percentile value was allocated based on this ranking to produce an output of rental vulnerability from low vulnerability to high vulnerability.

Interpretation and analysis

The RVI has been developed primarily as a tool for service planning, but it is also a means for understanding broader social and economic processes affecting renters in Queensland. For both these purposes, it is important to be clear as to how the RVI, the indicators and the geographic scale of analysis used – postcodes – present information about vulnerability.

Most of the indicators – particularly the people indicators, and the rent stress indicator – show the *relative* incidence of vulnerability: that is, the proportion or percentage of households living in the postcode that have the vulnerability characteristic. Using percentages helps account for geographic variation in the population sizes of postcodes, and so generally better articulates underlying conditions and allows for constituent comparison across the different geographies of Queensland. Overall, vulnerability on these indicators shows up most strongly in regional Queensland, particularly in areas north of the Sunshine Coast and inland of the Gold Coast. Postcodes in these areas also have the highest RVI scores.

Conversely, vulnerability on these indicators does not show up strongly in Brisbane. However, when looking at the other housing indicators, which present *absolute* numbers in vulnerable tenures, we see Brisbane stands out more. This reflects that Brisbane postcodes contain larger absolute numbers of renters, many of whom do not have vulnerability characteristics and hence dilute the prevalence of vulnerability as indicated in the other indicators. In other words, there are many vulnerable renters in Brisbane postcodes – perhaps in absolute numbers that are comparable with those in the most vulnerable regional postcodes – but their vulnerability is obscured by their living amongst large numbers of non-vulnerable neighbours.

The indicators that present absolute numbers make a case for providing tenant advisory services to address rental vulnerability in Brisbane. Also, the people indicators give further insights into some specific types of vulnerability here. Early iterations of the PCA analysis identified unaffordability of tenancies and presence of younger tenants as key factors in these locations. Unaffordability reflects a more expensive residential market and younger tenants is partly a reflection of the housing pathways of this age cohort, many of who

are likely to go on to earn higher incomes and move out of vulnerability. While this group may experience problems which require assistance, the nature of needs are likely different to other population groupings.

In those regional postcodes with high relative incidence of vulnerability and high RVI scores, we can see at work signs of different processes, with different implications for vulnerable households. The strong regional patterning of the RVI may be interpreted as the result of an historic displacement of vulnerable groups to urban fringe and regional areas. Research by City Futures on the suburbanisation of disadvantage has noted that underlying housing pressures (both in owner-occupied and rental sectors) have pushed disadvantaged groups to outer locations where housing costs are less expensive, with the rental sector showing the most movement because rising land values more quickly register in rent increases for established tenants than in higher costs for established owner-occupiers (Pawson, et al, 2015; Randolph and Tice, 2016). The dispersal of disadvantaged households from inner suburbs over the period 1986-2011 is most pronounced in Brisbane (Randolph and Tice, 2016). The regionalisation of this disadvantage has wider implications when low income renters with low education are located in areas with limited employment opportunities. As the RVI and the indicators show, many vulnerable households may have been pushed out to the urban fringe and regional areas in search of cheaper housing, but they still face rental stress, and they do so in locations without much social capital, and with fewer opportunities to improve their circumstances over the longer term.

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