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Social housing exits: incidence, motivations and consequences

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Abstract

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Social housing exits: incidence, motivations and consequences

authored by

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ACRONYMS

ACT	Australian Capital territory
AHURI	Australian Housing and Urban Research Institute Limited
AIHW	Australian Institute of Health and Welfare
ATSI	Aboriginal and Torres Strait Islander
FTT	Fixed Term Tenancy
HILDA	Household, Income and Labour Dynamics in Australia
LDS	Longitudinal Data Set
LOTE	Languages Other Than English
NSW	New South Wales
NT	Northern Territory
SA	South Australia
SHA	State Housing Authority
Tas	Tasmania
UK	United Kingdom
Vic	Victoria
WA	Western Australia

EXECUTIVE SUMMARY

Aims

Falling tenancy turnover rates over the last decade have resulted in declining vacancies available to applicants in high need (AIHW 2013a). To address this, State Housing Authorities (SHAs) are seeking ways to promote the exit of existing tenants no longer deemed as in high need of housing assistance. Yet little evidence is available about the motivations for tenants to stay in, or exit, the social housing sector, and the outcomes of such exits. The aim of this study, therefore, was to identify the factors which prompt or deter tenant-initiated moves out of social housing and the factors influencing the sustainability of such moves.

The study

For simplicity, the empirical investigation focused on public housing under direct State Housing Authority (SHA) management, as a proxy for all social housing in Australia. A mix of qualitative and quantitative methods were employed, including:

- Administrative records on tenant exits in 2012–13 was collected from all but one (Northern Territory) Australian SHAs, allowing comparison of national trends and inter-jurisdictional variation.
- Using tenancy records provided by SHAs in NSW and Victoria, a cohort analysis of tenancies commencing in 2007 has been conducted, examining for each subsequent year the proportion of tenancies still intact and, of those, the proportion where the rent had been significantly raised in response to increased tenant/household income.
- Data from the HILDA dataset was analysed to provide a longitudinal perspective on the circumstances of households in the years before and after an exit.
- A survey of 573 current public housing tenants in four selected areas in Victoria and NSW—including a metropolitan and a regional area in each—allowed analysis of their intentions to stay or exit social housing.
- In-depth interviews were held with a total of 95 participants representing three distinct subgroups—current tenants in their first public housing tenancy (36), tenants having re-entered public housing for a second (or subsequent) time (21), and former tenants who have exited public housing up to one year prior to the interview (38).

Key findings

Annually, vacancies caused by voluntary tenant-initiated exits represent approximately 5 per cent of all public housing stock. About a quarter of tenants who entered social housing in 2007 voluntarily exited within six years, although some of these will have subsequently re-entered or sought to do so.

In contrast to our initial expectations, there was little and inconsistent evidence in our study that tenants in paid employment are more likely to exit social housing. Among current social housing tenants surveyed, intention to exit was as low for tenants in paid employment (including full-time employment) as for those outside paid employment. There is, however, evidence from our HILDA analysis of significant decline in paid employment among exiting households in the last decade or so.

Our findings indicate that most current social housing tenants would prefer to stay in social housing permanently or many more years. Affordability (particularly in metropolitan areas) and secure occupancy are key factors deterring most current tenants—including those in paid employment—from exiting social housing. Yet, a small but substantial minority of current tenants (e.g. the 13% of survey respondents) may have intentions of exiting social housing

within several years, including a small group who intended to exit within a year (3% of survey respondents).

In-depth discussion with both current and former tenants suggests exit decisions typically involve a combination of several push and pull factors. Common push factors which discourage participants from staying in social housing include difficulties with neighbours or an unsafe neighbourhood, and unsuitability of a social housing dwelling due to its size, design or maintenance condition. While the prospect of escaping rent arrears might be another significant push factor for some tenants, this could not be examined in our study. The difficulty to get a transfer to another social housing tenancy has made sector exit an option of last resort for some.

Common exit pull factors were moving in with a new partner or moving in with, or closer to, a relative, in order to spend more time together, to provide or receive informal care, or to share the rent with a family member struggling financially. Another major pull factor was participants' aspiration to enter home ownership, where they hoped to enjoy a greater sense of control, secure occupancy (compared to private rental) and pride, and for many also an asset to leave for their children. In practice, however, only a minority of exiting social renters move on to home ownership. Our findings were not conclusive about the precise incidence of such transitions due to inconsistency in findings across different data sources (about 25% of 2010 exits in the HILDA sample, compared to less than 2% of 2012 exits recorded by SHAs). Nevertheless, there is clear evidence of decline in the incidence of exit into ownership over the past decades.

Exits were made possible by income from paid employment or lump sum inheritance, insurance or superannuation payments; financial and other assistance—including in some cases free accommodation—from family members or a new partner; government funded financial assistance—in the form of CRA and bond loans; lower costs of private rental and home purchase in regional areas; and moving into informal rental arrangements, or sharing, which reduced the costs of private rental to a more affordable level.

Most former-tenant interview participants—up to one year after the exit—were generally happy with the decision they have made, and described improvement in their housing, health, relationship and overall quality of life since the move.

However, the findings also highlight the challenges faced by many former social housing tenants in accessing and sustaining market tenancies. HILDA analysis of the circumstances of individuals who exited public housing in 2002 found that over a period of less than a decade, many (about a third) experienced significant deterioration in their financial circumstances. About 17 per cent of them have eventually re-entered public housing. The likelihood of re-entry is arguably even higher for tenants who exited more recently, due to lower levels of participation in paid employment.

The struggle to sustain tenancies included financial hardship, in some cases due to the loss of employment or deteriorating health after the exit, and difficulties to sustain sharing arrangements, new relationships and informal rental situations. Some tenants experience a 'revolving door' pattern of multiple exits and re-entries into social housing, with episodes of homelessness in-between. This included a number of Aboriginal participants who experienced highly unstable housing due to a multiplicity of factors, including domestic violence, mental illness, discrimination in private rental and a more mobile lifestyle involving frequent residential moves.

Policy implications

Although higher exit rates could potentially increase vacancies for applicants who are in greater need for housing assistance, exit by current tenants, especially those in paid employment, may have major financial implications for social landlords due to loss in rental

revenue (Hall & Berry 2007). The revenue saved through retention of tenants paying full market rent (as opposed to encouraging or requiring their exit) could potentially be re-allocated to assist other households in greater need. This would minimise displacement of current tenants, and eliminate the potential disincentive for tenants to seek employment if that could risk their eligibility to remain in social housing. Policies aiming to encourage social housing exits should be considered within a broader framework articulating what is a financially viable and socially sustainable income-mix in social housing.

However, taking as a given the assumption that sustainable social housing exits are desirable, the focus shifts to the question of how the rate of such exits could be enhanced. Compelling tenants in paid employment to exit would not only significantly erode tenancy rights, but could also potentially deter tenants from entering or keeping paid employment, creating a poverty trap without necessarily enhancing exit rates. Alternatively, social landlords can encourage voluntary exits by assisting tenants who wish to move—for various personal reasons—to do so. For example, the Rental Pathways Scheme, in Western Australia, provides financial and other supports for tenants seeking to move from social to private rental, including financial incentives and guarantees for private landlords to encourage lettings to participating former tenants (WA Government 2014).

Since full market rent does not necessarily motivate tenants to exit (as indicated by our study), but does produce a disincentive to enter or maintain full-time employment, it is possible that exit rates could be increased by replacing the existing income-related rent setting system to remove in-built disincentives to paid employment (Hulse & Randolph 2004).

Improving security of occupancy in the private rental sector—indeed an extremely complex issue in its own right (Hulse & Milligan 2014)—should be a central component of any policy seeking to encourage exits out of social housing. Increased exit rates could potentially be achieved by creating pathways into affordable housing managed by CHPs. The strong preference for home ownership indicated by our findings suggests exit rates can also be enhanced by creating pathways into housing models which are more supportive of low-income home ownership such as shared equity schemes (Pinnegar et al. 2009) and community-led housing models such as community land trusts (Moore & Mullins 2013).

Efforts to encourage and support tenants to exit would need to be carefully targeted in order to minimise the relatively high incidence of unsustainable exits. High-risk exits arising from problems with neighbours and unsafe neighbourhoods or unsuitable dwellings can be minimised through various policies, including: decentralising high concentrations of social housing (Pawson et al. 2012); applying best practice principles in management of anti-social behaviour among social housing tenants (Jacobs & Arthurson 2003; Atkinson et al. 2007); more responsive maintenance of dwellings and handling of internal transfer applications; and increasing access to support services which could provide independent and emphatic advice to tenants before making exit decisions.

1 INTRODUCTION

1.1 Aims and research questions

Over recent decades social housing in Australia has been transformed from a home for low-paid workers and a stepping-stone to home ownership, to a 'safety net' for those in greatest need (Hayward 1996, p.32). Such emphasis has increased in the past decade with more stringent targeting of high-need applicants in vacancy allocation. With social housing demand remaining very high in many areas there have been growing concerns at the falling rate of effective supply, which has arisen not only due to very limited additions to the stock¹ but also through substantially reduced rates of tenancy turnover. Mainly for this reason (albeit also reflecting some transfers and demolitions/disposals), annual public housing vacancies available for letting reduced by a third in the period 2003–04 to 2009–10 (AIHW 2005, 2011). In the main, the declining availability of lettable vacancies results from fewer tenants leaving the sector, as noted in a 2012 Victorian Government discussion paper:

Current tenure and eligibility policies create few incentives for tenants to build their independence and transition out of public housing. This has increased the average length of tenure and consequently reduced opportunities for those in need to access public housing. While the level of support provided to a public housing tenant is substantial, by comparison, those with similar needs who are not living in public housing miss out. (Victorian Government 2012, p.5)

Relatively little is known about the reasons for and outcomes of tenant exits out of social housing, as noted by the Australian Institute of Health and Welfare (AIHW 2013, p.55):

Data relating to exits from social housing are directly relevant to current policy interest in supporting transitions between housing types. Current social housing data are limited to numbers of exiting households. More data about why tenants leave social housing, what housing situation they move to and their outcomes in terms of housing stability could assist policy makers in supporting transitions from social to private housing.

To address this gap, the current study sought to identify the factors which prompt or deter tenant-initiated moves out of social housing and the factors influencing the sustainability of such moves. The key research questions addressed included:

- What is the profile of those exiting public housing?
- What are the main motivations underlying tenant-initiated exits from public housing?
- What are the key challenges and risks for ex-social housing tenants in accessing and sustaining market housing?
- What are the wider impacts of tenant exits on social housing provision in Australia?

The evidence presented in this report bears on the broader question of how far social housing can provide a springboard for social mobility, such that tenants originally qualifying for entry as high need, low-income households, subsequently improve their economic position to the point where they can appropriately transition to market housing or other less subsidised forms. A deeper understanding of social housing exit drivers and the opportunities and risks for exiting tenants will help to identify tenants most likely to transition successfully and inform development of techniques and support for such movers. At the same time, this report helps identify more vulnerable tenants for whom an exit from social housing is more risky and could potentially lead to significant housing stress and even homelessness.

¹ In adding 19 300 homes to the national social housing portfolio, the 2009–2012 Social Housing Initiative constituted a significant although only temporary deviation from the post-1990 norm of minimal net additions to the stock.

By 'social housing exits' or 'sector exits', we refer to the residential movement of a whole household out of a social housing dwelling. This definition excludes internal transfers from one social housing dwelling to another, as well as moves from SHA² managed public housing to a community housing tenancy managed by a not-for-profit (NFP) organisation or vice versa. It also excludes situations whereby only one or some members of the households move out of the tenancy while others remain, since such exits do not create a lettable vacancy.

Our focus is on tenant-initiated exits, in the sense that the decision to move was made by the household members. Hence, exits resulting from termination or non-renewal of the tenancy by the housing provider are of only indirect interest.

1.2 Policy context

As noted by Whelan (2009, p.173), when interpreting data on tenant exits it is important to first consider the role that social housing is expected to fulfil and for whom. Since the 1970s social housing has transformed from a 'tenure of choice' for primarily working families, to a 'tenure of last resort' for those in greatest need. With the prioritisation of policies seeking to tackle homelessness from 2007, the last few years have seen even further narrowed targeting of social housing allocations, and the proportion of new tenants 'in greatest need' increased from 36 per cent of total allocations in 2003–04 to 74 per cent in 2011–12 (AIHW 2013, p.51).

To date, the shift in the role of social housing from tenure of choice to tenure of last resort was implemented primarily through changes to allocation priorities and eligibility rules. Thus, such reforms were applied to incoming tenants. Following logically from the policy approach taken for new tenants, governments are now arguing there may be a cohort of existing social housing tenants who are not in high-need and could potentially transition out of social housing, either because they entered social housing under past allocation regimes on looser eligibility and priority rules, and with indefinite tenancies, or because their personal circumstances have changed significantly since they entered social housing (Victorian Government 2012, p.18).

Thus SHAs are currently seeking ways to restrict social housing provision to the duration of need (as officially defined) and encouraging those tenants who are no longer deemed in high need, to transition out of social housing (Victorian Government 2012, p.5; Queensland Government 2013, p.6). This approach represents a shift from a 'view that social housing is a home for life' to a 'greater emphasis on social housing as a transitional period on the path to private rental or home ownership' (Queensland Government 2013, p.6). One mechanism adopted to give effect to this approach has been fixed-term tenancies (FTTs) for new public housing tenants (Fitzpatrick & Pawson 2013), such as the regimes introduced since 2006 in NSW, Queensland, South Australia and Tasmania. Exits are also encouraged through provision of financial and tenancy support packages for private renters, including some which are specifically targeted to assist former social housing tenants, such as the Rental Pathways Scheme (RPS) in Western Australia.

Schemes of this kind can be seen as descended from the programs to facilitate public housing exits to home ownership, as operated in the late 1980s and early 1990s by most states and territories. Qualifying tenants were supported to buy their own homes or purchase private housing via various mechanisms such as deposit assistance, concessional home loans, discount pricing, rent to buy and shared equity schemes (Pinnegar et al. 2008, p.20). Many such programs were terminated or scaled down from the early 1990s (Pinnegar et al. 2008, p.20), yet small scale activity of this kind continues mostly in South Australia (SA), Western Australia (WA) and the Northern Territory (NT) (AIHW 2013, p.81).

With the help of such programs, but also reflecting the much less disadvantaged profile of public housing tenants, a large proportion of those exiting the sector in the 1980s and 1990s

² We use the acronym SHA (State Housing Authority) in this report for the purpose of convenience while recognising it does not accurately reflect the nature of most state government housing departments.

were improving their housing circumstances by transitioning to home ownership (see Section 1.3). As confirmed by our own research (see Chapters 2 and 3), recent years have seen such moves diminished to only a very small percentage of all social housing exits.

Contemporary promotion of public housing exits is typically justified by state governments mainly in terms of facilitating more efficient and equitable utilisation of social housing stock, while also argued as potentially beneficial for exiting tenants themselves. However, while transition from social renting to home ownership is widely accepted as opening up scope for empowerment through individual choice, wealth accumulation, and ontological security, such benefits must also be weighed against associated risks such as mortgage stress and the potential for low-income home owners becoming 'trapped in space' with insufficient equity to move elsewhere (Hulse et al. 2010). Moreover, since—as noted above—the vast majority of social housing exits in today's Australia are into private rental rather than owner occupation, some of these arguments are of only limited relevance.

Tenants transitioning from social to private rental may potentially gain greater scope for individual choice but face challenges in terms of affordability and security of tenure, which are typically inferior in comparison with the social housing tenancies they have left (Hulse et al. 2011; Stone et al. 2013; Hulse & Milligan 2014).

While sector exit may reflect a tenant's improved economic circumstances, it sometimes results from difficulties in sustaining the former tenancy. Tenancies given up in these circumstances are widely considered problematic because of the chance of their leading to homelessness. Consequently, there is a growing body of research and policy literature on hazard factors and strategies for sustaining 'endangered' public housing tenancies, through interventions to reduce tenancy risking behaviours, or through improved coordination between housing providers and other non-housing support services (Habibis et al. 2007; Flatau et al. 2009; Victorian Government 2006; Newman & Samoiloff 2005; Jones et al. 2004).

The challenge for social landlords is to differentiate between tenants who may be appropriately assisted to transition out of social housing 'for their own benefit' and those to be aided in retaining their tenancy because sector exit would present significant risk to their prospects of adequate accommodation. Given the marked changes in the sector's role over the past 10–20 years, the former group is now much diminished and the latter group much expanded. However, it is on this former group that this report is mainly focused.

1.3 Existing research on social housing exits

While data on the reasons tenancies end is routinely collected by social landlords, very little in-depth research on this issue has been undertaken in Australia, although some studies have been published elsewhere (e.g. Hungerford 1996; Freeman 2005; Pawson & Bramley 2000). Published studies have tended to involve quantitative analyses of exiting tenant cohorts (Wulff & Newton 1995; Birmingham & Park 2013), or longitudinal analyses of tenancy duration for different sub-groups of social housing tenants (Newman & Samoiloff 2005; Seelig et al. 2008; Whelan 2009). Most studies have relied on administrative data provided by state housing authorities (Wulff & Newton 1995 and Birmingham & Park 2013 using NSW data; Newman & Samoiloff 2005 using Victoria data; Whelan 2009 using WA data), although Seelig et al. (2008) used the 1 per cent sample extraction from the Australian government's Longitudinal Data Set (LDS) on income support recipients across Australia. This limited body of literature offers the following evidence about exits which requires further examination.

In one of the earliest studies on this topic, focused on 1989 public housing exits in New South Wales, it was shown that 45 per cent of such moves were into home ownership with an equal proportion into private rental (NSW Government 1989). Recent studies however have shown a very different picture, with only a small portion of former public housing tenants transitioning into home ownership. Seelig et al. (2008, p.50) for example, found former-social housing tenants typically returned to the tenure occupied before entry to social housing—usually private

rental. Exceptions concerned those moving into aged care and that small number (6% of exits) for whom public housing acted as a 'stepping stone' to home ownership.

Earlier studies have also shown that tenancy duration and exit rates vary according to household type (Seelig et al. 2008; Whelan 2009), as well as between households entering social housing under different priority segments (Newman & Samoiloff 2005). Some differences in findings—for example, high exit rates among people with disability identified by Whelan (2009) compared to low exit rates found by Seelig et al. (2008)—while potentially reflecting jurisdictional discrepancies, may alternatively point to the limitations of data sources and inconsistency of analytical methods which makes comparisons between their findings hazardous.

It would be expected that tenant deliberations on possible sector exit would be influenced by the relative cost of public housing compared with the private market accommodation. Crucially, in Australia's social housing rental charges are set as a given percentage of tenant income (usually 25–30%), up to a ceiling of the estimated 'market rent' for the property concerned. Therefore, it might be expected that social housing tenants in paid employment would be more likely to exit the sector if earning sufficient income to be charged a market rent, since they could potentially benefit from greater housing choice in private rental for similar rents. However, existing studies provide no evidence of a direct positive relationship between employment and exit rates. Seelig et al. (2008) for example, found that households with relatively higher earned income were *less likely* to exit from public housing, suggesting that the relationship between levels of earned income and social housing exits is more complex than might be assumed.

Geographic location was a strong factor influencing exit rates in previous studies, with significantly higher rates reported for regional and remote areas compared to metropolitan areas. Bermingham and Park (2013) found exit rates in metropolitan areas in NSW (3%) were far less numerous than in regional/remote areas (7–16%). This may be simply related to the large differential between high cost private housing in Australia's major cities and the availability of relatively low rent property in some non-metropolitan settings.

High exit rates and shorter tenancies have also been also reported for Aboriginal households. Bermingham and Park (2013) found exit rates were twice as high for Aboriginal households as for non-Aboriginal households while tenancy durations were half as long. Taking into account cultural factors affecting residential mobility and the increasing reliance of Aboriginal people on public housing, specialised research on this cohort is crucial (Milligan et al. 2011).

A key issue arising from existing literature is the unstable housing experiences among a substantial proportion of exiting tenants. Seelig et al. (2008, p.51) described a 'revolving door' dynamic, whereby 30 per cent of all households exiting from public housing while remaining on income support subsequently re-entered public housing. Similarly, in NSW Bermingham and Park (2008) found that within three years of exiting public housing, about a third of ex-tenants concerned experienced housing instability and/or homelessness resulting in their re-application for housing assistance. A third of these were Aboriginal households.

Overall, existing evidence on social housing exits is too scant to be conclusive, but raises attention to the need to investigate further individual and institutional factors influencing the likelihood of exit out of public housing, as well as the sustainability of such exits.

1.4 Research methods

To limit the scope of the study, the empirical investigation focused on SHA-managed public housing, as a proxy for all social housing in Australia. A mix of quantitative and qualitative research methods were applied to examine sector exit dynamics, utilising a number of distinctive datasets, including administrative data on tenancy records provided by SHAs, the Household, Income and Labour Dynamics in Australia (HILDA) dataset, and tenant surveys and interviews.

1.4.1 National SHA statistical survey

To inform a national analysis of sector exit dynamics, all Australian SHAs were requested to provide a statistical breakdown of tenancy terminations resulting in vacancies in financial year 2012–13. With the exception of the Northern Territory, survey responses were received from all jurisdictions. Further detail on the survey process and results are discussed in Chapter 2.

1.4.2 SHA tenancy records analysis

A cohort analysis of new tenants having entered social housing in Victoria in 2007–08 and in 2007 in NSW, has been conducted, examining for each subsequent year the proportion of tenancies still intact and, of those, the proportion where the rent had been significantly raised in response to increased tenant/household income. The interpretation of cohort data and results are summarised in Chapter 2, and presented in more detail in Appendix 1.

1.4.3 HILDA analysis

Longitudinal analysis of 10 waves (2002–2010) of the HILDA dataset was undertaken to examine the profile of households identified as having exited in public housing, and changes over time (before and after the exit) to their housing, employment, family and health circumstances. HILDA is the only national longitudinal survey in Australia able to provide a comprehensive and rich account of housing experiences and preferences of Australian households in numbers that are large enough to support highly specific analysis of social housing exits. Across all 10 waves, more than 700 discrete instances of ‘exits’ were identified and analysed. Further detail on the method and results of HILDA analysis is presented in Chapter 3.

1.4.4 Current tenants’ survey

A self-completion questionnaire was distributed to all working age named tenants in four selected SHA administrative areas—Cheltenham (Melbourne) and Ballarat in Victoria, Parramatta (Sydney) and Wagga Wagga in NSW. These areas were selected in consultation with the relevant SHAs, representing one metropolitan and one regional area in each of the states. These areas also represent contrasting housing market conditions where public renters face very different exit constraints in terms of rent differentials between typical public and private rents for comparable properties.

With the assistance of Housing NSW and the Department of Human Services, Victoria, in August and September 2013, the questionnaires were forwarded to close to 4000 eligible tenants in the four selected areas. A prize draw was offered to increase response rates, and close to 600 responses were received (15%).

Survey questions addressed tenants’ satisfaction with their housing, their employment circumstances and their intentions in regard to staying or leaving public housing. An overview of the survey sample and results are presented in Chapter 4.

1.4.5 Tenant interviews

Ninety-five in-depth interviews were held with three distinct sub-groups—current tenants in their first public housing tenancy (36), tenants having re-entered public housing for a second (or subsequent) time (21), and former tenants having exited public housing up to one year prior to the interview (38).

The interviews were split almost equally between NSW and Victoria, and were conducted with tenants who were living in or had recently exited public housing in the four sites selected for the survey (Parramatta, Cheltenham, Ballarat and Wagga Wagga). A slightly higher number of interviews were conducted in Parramatta and Cheltenham.

With current and re-entered tenants, about half of the interviews were conducted face-to-face and half by phone. With former tenants, a higher proportion of interviews were conducted over

the phone because of the geographic spread which made face-to-face interviews too difficult to complete within the given timeframe and resources.

All interview participants (including current, re-entered and former public housing tenants) received a \$50 shopping gift voucher as a thank you for their time, and as a means to increase participation rates.

To gain more in-depth insight on the housing aspirations and plans of current tenants in their first public housing tenancy, follow up interviews were held with 36 participants identified and recruited using the Housing Aspirations Survey. Survey respondents whose responses indicated that either they (or a member of their household) were employed, or that they intended to move out in the near future, were identified as 'potential exits' and invited for follow up interview.

To better understand the factors influencing unsustainable exits with subsequent return to housing assistance, 21 interviews were undertaken with tenants who had re-entered public housing after previously departing it. Recruitment of re-entered tenants was conducted with assistance of SHA staff who identified eligible tenants within the four selected areas, and forwarded our invitation letter. A number of eligible tenants were also identified and recruited through the current tenants' survey.

To explore the motivations, challenges and opportunities involved in voluntarily exiting social housing, interviews were held with 38 former public housing tenants who departed the sector in the previous year. Unlike the current tenants' survey, this included former tenants of all ages. Initially, recruitment was conducted with assistance of SHA local office staff who handed out a brief two-page exit survey to tenants on vacating their units (i.e. when giving notice of termination or handing back the keys for their unit). The questionnaire asked participants their reason to vacate the dwelling, and for their contact details for a follow-up interview to be held several months later. To incentivise participation, each exiting tenant completing the questionnaire received a \$25 shopping voucher. This recruitment exercise took place between October 2013 and February 2014, and we hoped for response from up to 20 exiting tenants in each of the four areas, allowing for selection of 10 participants for follow up interviews.

While response to our 'exit survey' was good in Wagga Wagga (17), in the three other areas response was much lower and did not elicit sufficient responses—potentially due to fewer instances of sector exits as well as other complexities associated with this recruitment method—the reliance on local officers to administer the survey on our behalf and the need for exiting tenants to complete it at a potentially inconvenient moment of undertaking a major life change.

To compensate for the limited response in Parramatta (2), Ballarat (5) and Cheltenham (10), we applied a complementary method for recruitment of former tenants. With the assistance of the relevant SHAs, invitation letters were sent to the forwarding addresses held by SHAs for tenants who exited public housing in 2013 in Frankston (Melbourne) and Bendigo in Victoria and the Greater Western Sydney region in NSW. This approach to recruitment proved more successful and allowed us to complete a total of 38 interviews (excluding two interviews later discounted as 'former tenant interviews' since the participant has re-entered social housing).

Interviews with former tenants covered their housing histories, the decision making process and reasons for their exit out of public housing, their circumstances before and after the exit and future housing plans.

Chapter 5 presents the qualitative analysis of interviews with current, re-entered and former public housing tenants.

1.4.6 Policy Development Workshops

A Policy Development Workshop was conducted in November 2013 to enable direct engagement of relevant stakeholders, including senior staff from SHAs, the community housing sector and tenant unions. The workshop was held in collaboration with another AHURI project titled *Sustaining private rental tenancies: targeted tenant support across life events and housing transitions* (project number 51020). Workshop participants reviewed initial evidence collected in the first stages of the study and offered advice and directions for its latter stages.

A second Policy Development Workshop will be held in June 2014. The report will be shared with workshop participants, allowing discussion and feedback. Feedback from the policy workshop will complement the academic peer review of this report.

2 ANALYSING THE DRIVERS OF SOCIAL HOUSING VACANCY GENERATION

2.1 Introduction

In framing our primary fieldwork on the factors influencing social housing exits we sought to probe quantitative data on the drivers of vacancy generation in the sector. While AIHW publishes detailed statistics on social housing lettings, data on the reasons properties become available for letting is not routinely collected and there is no officially sanctioned framework for recording such information. Therefore, we undertook two related analyses drawing on administrative data held by state and territory governments on lettings and tenancies brought to an end.

Firstly, we carried out a survey of all states and territories in relation to public housing tenancies ended in financial year 2012–13. Respondents were asked to provide a statistical breakdown of such vacancies according to the recorded ‘reason for vacation’. They were also advised that this should exclude all newly arising vacancies or (tenancy terminations) due to:

- New construction, acquisition or restoration to letting stock of long-term empty properties.
- Tenancy transfers to community housing—where the tenancy is transferring (‘management outsourcing’) but the tenant is remaining in situ.
- Sale of property to sitting tenant.

Secondly, we undertook a longitudinal cohort analysis focused on public housing tenancies created by two state housing authorities in a single year: calendar year 2007 for NSW and in 2007–08 for Victoria.

The next two sections of the chapter report on the survey results. The penultimate section then highlights key findings from the cohort study (the full analysis is set out in Appendix 1). Finally, in the chapter conclusion we summarise outputs from both these analyses.

2.2 Survey responses and interpretation

With the exception of the Northern Territory, survey responses were received from all jurisdictions, although the data provided was somewhat variable in terms of completeness. While prior enquiries had confirmed that all responding jurisdictions operated systems for recording information on ‘reason for vacation’, it was recognised that there is no commonly applied classification. To mitigate this problem we provided guidance on how data drawn from administrative systems might be reconfigured into a standard framework. This appears to have proved reasonably successful in enabling at least some states and territories to provide apparently comparable statistics.

A second problematic issue here is how to interpret missing data or instances classed under headings such as ‘property found abandoned’. One approach would be to discount such records, or to assume that they can be distributed pro rata to the categories where firm statistics have been provided. However, we have followed the logic that landlords are likely to be more rigorous in recording types of vacancy in which they have direct involvement and less rigorous in relation to others. Hence, it seems reasonable to assume that specified figures for categories such as ‘outgoing transfer’ and ‘eviction’ may be reasonably complete. Equally, since vacancies due to tenant deaths and age-related moves are also likely to have involved landlord action, the same case could probably be made for these categories.

Following the thinking outlined above, instances classed as ‘not known’, ‘general vacancy’ or ‘shoot through’ have been amalgamated within the ‘move to private rental/other’ category. As shown in Table 1, the implications of this procedure were fairly modest for three jurisdictions (Vic, ACT and Tas) although more uncertain for three others (SA, WA, Qld). In particular, due

to its incompleteness, the Queensland data is of only limited value. Beyond this, it would seem clear that for most states vacancies arising from imprisonment (assuming that such instances exist) will be incorporated with the 'move to private rental/other' category.

Table 1: Newly arising public housing vacancies, 2012–13—raw numbers

Reason for vacation	NSW	Vic	ACT	Tas	SA	WA	Qld
1. Outgoing transfer within social housing	2,655	1,523	248	250	978	884	1,614
2. Death of former tenant	1,974	707	105	123	449	438	-
3. Eviction (tenancy breach—all types)	868	415	31	33	169	398	177
4. Fixed term tenancy termination	3	21*	-	8	6	-	-
5. Age/health related	1,198	526	86	106	102	287	-
6. Purchased own home	139	88	73	17	22	69	-
7. Prison	249	39	-	9	-	-	-
8. Move to private rental/other	2,790	2,009	550	898	2,434	1,585	4,241
All reasons for vacation	9,876	5,328	1,093	1,444	4,160	3,661	6,032
<i>'Not known' figure included in 'move to private rental/other'</i>	NA	825	309	86	2,194	1,462	4,241

Source: Authors' survey

* Relates to bushfire/flood short term tenancies only.

As in the UK (Pawson & Bramley 2000) social housing 'net vacancies' (i.e. excluding transfers which have no net impact on lettable housing supply) are primarily driven by deaths and age-related moves on the one hand and voluntary moves on the other (see Table 1).

2.3 Comparing vacancy generation rates and profiles across states

Before looking in more detail at the detailed 'reason for vacation' breakdown we can first view the number of exits in broad categories, with these numbers—for inter-jurisdictional comparability—expressed in relation to the size of the public housing stock. Table 2 shows that the number of vacancies arising in 2012–13 equated to just under 10 per cent of total public housing properties across Australia although gross turnover varied somewhat across the jurisdictions.

Table 2: Exit rates 2012–13: broad vacancy categories as a percentage of total public housing stock

Vacancy category	NSW	Vic	ACT	Tas	SA	WA	Qld	Aus*
Outgoing transfers	2.4	2.3	2.3	2.3	2.3	2.6	3.1	2.5
Other newly arising vacancies	6.4	5.9	7.7	10.9	7.6	8.2	8.5	7.2
Total vacancies	8.8	8.2	9.9	13.1	9.9	10.8	11.6	9.7
Public housing stock (2011)—000s	112	65	11	11	42	34	52	327

Source: Authors' survey

* Not including Northern Territory.

As demonstrated by Table 2, that part of gross turnover relating to outgoing transfers was quite similar across most of the states in 2012–13. Of greater interest to state and territory housing

authorities is the non-transfer element of the overall total. Such vacancies are sometimes known as ‘true voids’ since—unlike transfer-generated empty properties—each generates a net addition to supply (i.e. enabling the landlord to rehouse an applicant from outside the sector). As expressed in Table 2, it would appear that the incidence of true voids varies quite substantially, with Tasmania generating proportionately almost twice the number of true voids recorded in Victoria in 2012–13.

Table 3 shows the apparently somewhat contrasting vacancy generation profiles of the seven responding jurisdictions. However, it should be emphasized that due to the relatively high incidence of missing or unclassifiable data for South Australia, Western Australia and Queensland (see Table 1) attention should probably focus mainly on the figures for the remaining states and ACT. But even within this cohort there appear to be marked variations. For example, deaths and age-related moves account for almost a third of all vacancies in NSW (32%), double the comparable figure for Tasmania. Conversely, ‘private rental and other’ moves trigger a relatively low proportion of vacancies in NSW. Nevertheless, these contrasts seem consistent with the pressured housing market conditions typical in NSW but not in Tasmania. In NSW these suppress the scope for a public housing tenant to exit the sector by accessing an affordable private tenancy.

Although ACT stands out slightly from the other states (see Table 3), the figures appear to confirm that the incidence of public housing tenants exiting to home ownership is nowadays very small. It should, however, be acknowledged that—since state governments may play little or no active part in facilitating such moves—these might be under-recorded.

Table 3: Newly arising public housing vacancies, 2012–13—percentage breakdowns

Reason for vacation	NSW	Vic	ACT	Tas	SA	WA	Qld
1. Outgoing transfer within social housing	27	29	23	17	24	24	27
2. Former tenant death	20	13	10	9	11	12	-
3. Age/health related	12	10	8	7	2	8	-
4a. Eviction (tenancy breach—all types)	9	8	3	2	4	11	3
4b. Eviction—fixed term tenancy terminated	0	0	0	1*	0	0	-
6. Imprisonment	3	1	-	1	-	-	-
7. Purchased own home	1	2	7	1	1	2	-
8. Move to private rental/other	28	38	50	62	59	43	70
Total	100	100	100	100	100	100	100

Source: Authors’ survey

* Relates to bushfire/flood short term tenancies only.

Table 4: Exit rates: specific vacancy categories as a % of total public housing stock

Reason for vacation	NSW	Vic	ACT	Tas	SA	WA	Qld
Deaths and age/health related moves	2.8	1.9	1.7	2.1	1.3	2.1	-
Evictions	0.8	0.6	0.3	0.3	0.4	1.2	0.3
Move to private rental/other	2.5	3.1	5.0	8.2	5.8	4.7	-

Source: Authors’ survey

Table 4 further explores inter-jurisdictional variations by focusing on specific ‘reason for vacation’ categories, with vacancy incidence calibrated in relation to total public housing stock.

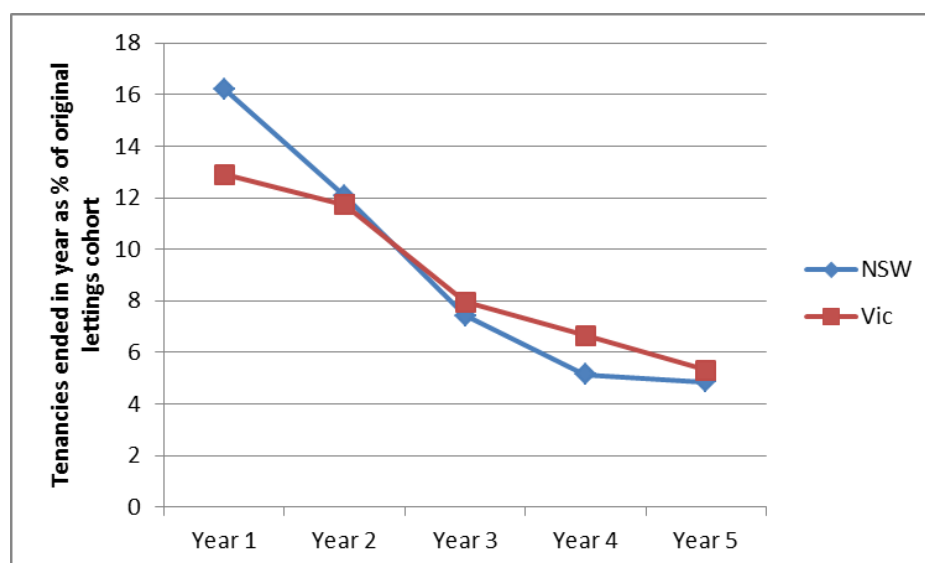
Once more, NSW stands out somewhat in relation to vacancies arising from deaths and age/health-related moves. This could reflect the age profile of the NSW tenant population, possibly associated with the relatively early large scale development of public housing in the state as compared with some other parts of Australia. Conversely, on this metric the low incidence of vacancies resulting from former tenant moves to private rental/other is even more starkly revealed (see Table 4).

As shown in Table 1, forced moves in the form of evictions (for tenancy breach) typically equate to 14 per cent of voluntary moves (‘purchased own home’ plus ‘move to private rental/other’)—30 per cent in NSW in 2012–13. Nevertheless, at around 0.6 per cent of total tenanted stock, the country-wide 2012–13 eviction rate was remarkably similar to the UK social housing norm (Pawson 2005). However, as shown in Table 4, 2012–13 eviction rates varied substantially across jurisdictions. A related point, notable from Table 1, is the very limited number of evictions resulting from fixed term tenancy terminations. This is consistent with the recent NSW Audit Office finding relating to post-2006 tenants granted two year fixed-term leases, of whom only around 2 per cent had been found ineligible for tenancy renewal at review (NSW Auditor General 2013). Equally, it is possible that expectation of tenancy non-renewal might prompt some tenants having significantly improved their economic position to make ‘voluntary’ sector exits.

2.4 Analysing tenant exits over time

This section draws on our cohort analysis of public housing lettings in NSW and Victoria (for the full analysis see Appendix 1). In NSW some 8500 public housing units were let in 2007; in Victoria some 6300 homes tenancies commenced in financial year 2007–08. The proportion of these tenancies ended within 12 months was 16 per cent in NSW and 13 per cent in Victoria. A relevant benchmark here is that, for these two states, the number of homes falling vacant across the entire dwelling stock in 2012–13 equated to 9 and 8 per cent of total stock respectively (see Table 2). Hence, the incidence of tenancies ended in their first year may be considered relatively high. As suggested by Figure 1 it may be only after two years that the rate of tenancy termination begins to level off. After six years virtually half of all tenancies created in the base year had been ended (see Appendix 1). About half of such tenancy terminations within six years (a quarter of all tenancies let in the base year) involved voluntary tenant moves out of public housing.

Figure 1: Public housing tenancies created in 2007 (NSW) and 2007–08 (Victoria): trend of tenancies being ended



Source: Authors’ cohort study

As shown in Appendix 1, the proportion of homes falling empty due to deaths or age related moves generally increases over time. Categories such as eviction and imprisonment seem to remain much more stable in terms of their proportionate representation. As a proportion of the number originally let, the number of vacancies released by moves to the private sector falls over time.

As shown in detail in Appendix 1, only a very small proportion of tenancies let in 2007 (NSW) or 2007–08 (Victoria) were initially let on market rents. This reflects the fact that only very few new tenants were in employment at the start of their tenancy. To a limited extent, the incidence of employed tenants being charged market rents was shown to increase over time—for example in Victoria where the proportion of ‘waged’ tenants rose from 10 to 14 per cent and the proportion of tenancies at market rents grew from 8 to 12 per cent of the initial cohort. Under a system where rents are scaled to tenant income, it may be that the relatively small proportion of tenants gaining employment reflects the inbuilt disincentive.

It might be hypothesized that tenants gaining employment will be prompted to exit public housing by the resulting increase in their rent such that it ceases to be more expensive to rent an equivalent home in the market sector. However, the cohort study provides little evidence that this occurs on any significant scale—for details see Appendix 1.

Various factors could explain the lack of any strong tendency for public housing tenants gaining employment to exit public housing (at least, within a limited time period). First, gaining low waged employment might still leave a tenant with such a low-income that (at least in many parts of Sydney and Melbourne) a market rent would remain unaffordable. Second, even if earning enough to trigger a rent increase to a market level charge, a tenant might plan to delay any move for some years until having accumulated significant savings. Third, having one’s public housing rent pushed up to a market level due to increased income might (theoretically) eliminate the economic incentive for remaining in public housing. But other aspects of the public housing package—in particular, open-ended security of tenure (in Victoria)—might be highly valued. Finally, related to the above point, the greater security of tenure in public housing (even in NSW) might be particularly attractive for a tenant gaining employment of a temporary nature or otherwise considered insecure or risky. These explanations are supported by the findings from the current tenants’ survey and interviews, discussed in Chapters 4 and 5.

2.5 Chapter summary

While most or all states and territories routinely record the reasons that public housing properties fall vacant, the somewhat problematic quality and comparability of the data collected means that inter-jurisdictional comparisons must be treated as indicative rather than conclusive. It would, nonetheless, appear that around a quarter of moves typically result from tenant transfers within the public housing stock, and that there are fairly substantial inter-jurisdictional variations in the incidence of ‘true void’ vacancies—that is those generating a net gain in rehousing resources. Within this category there is a marked contrast between NSW—where deaths and age-related moves outnumber vacancies due to house purchase or departure to private rental—and other states where the latter, especially moves to private rental, are dominant.

A longitudinal cohort analysis of lettings data confirms that around half of all vacancies in public housing are ‘voluntary moves’ out of the sector and that, within a six year time frame, around a quarter of all tenancies are ended by such moves. Within this same time frame there is a limited tendency for rising rates of employment—in some instances possibly reflecting tenant recovery from the crisis underlying the high rehousing priority enabling them to access a tenancy in the first place. Similarly, while they remain a small minority, viewed over a six year timeframe there is some increase in the proportion of tenants paying market rents. However, albeit that our analysis was constrained by imperfect data, it brought to light no evidence of

disproportionate voluntary moves out of public housing following on from moves into employment and resulting rent increases.

3 INSIGHTS FROM HILDA ANALYSIS

3.1 Observations based on longitudinal and cohort analyses

In this chapter, we present analysis of national longitudinal data from the HILDA survey. The HILDA data provide scope to examine the motivations for social housing exits, the circumstances of former social housing tenants, as well as a comparison of the characteristics of cohorts of former social housing tenants over time. Exploring HILDA data in this way enables examination of whether the characteristics, motivations and pathways of exiting tenants appear to have changed over the 10-year period, in which there has been significant change in social housing allocations and tenancy/rent setting policy as well as in the wider housing market generally.

3.2 Analytic approach

The HILDA data are examined in two ways. First, we profile the demographic characteristics and circumstances of households that exit from social housing at two points in time, comparing those who exited in 2002 with those who exited more recently. Next, the housing transitions of exiting tenants, as well as various aspects of their financial, social and health-related wellbeing, are explored. Cross-wave comparisons are used to consider whether and how the characteristics and experiences of tenants who leave the social housing tenure differ over time.

The indicators used in the analysis reflect existing knowledge about key drivers of housing assistance need and transition (Seelig et al. 2008; Wiesel et al. 2012). The demographic indicators included in the HILDA analysis all relate to increased likelihood of receipt of housing assistance of various forms and to 'threats' to income security, including family formation and partnering, employment and education, migration, country of birth, Aboriginal and/or Torres Strait Islander origin and age cohort.

Key indicators used in this analysis include tenant demographic characteristics, housing and locational variables, and various indicators of economic, social and health-related wellbeing (Table 5).

Table 5: Select tenant, housing and wellbeing indicators, Household, Income and Labour Dynamics in Australia Survey

Indicator	Variables	Cross-wave data
Demographic characteristics of tenant households		
Age of respondent	Age cohorts/age years: < 25 years 25–44 years 45–64 years 65 years and over	Waves 1–12
Sex of respondent	Male/Female	Waves 1–12
Country of birth	Australia Overseas English speaking Overseas non English speaking	Waves 1–12
Aboriginal and/or Torres Strait Islander	Yes/No	Waves 1–12
Household type	Couple Couple with dependent child/ren Lone parent Lone person Other/group/multi-family	Waves 1–12
Labour force status (broad)	Employed Unemployed Not in the labour force Retired	Waves 1–12
Housing tenure	Outright owner Purchaser owner Private renter Public tenant Other	Waves 1–12
Location	Major metropolitan/Regional-remote	Waves 1–12
Disadvantage	SEIFA Disadvantage Index (Quintiles)	Waves 1–12
Satisfaction with home	Self-assessed: 'satisfied with the home you live in'	Waves 1–12
Financial hardship	Gone without paying bills, meals, heating	All except Wave 10

The analysis is based on Waves 1–10 of the HILDA longitudinal data set, however for much of the analysis, early (Wave 2), mid (Wave 7) and most recent waves (Waves 10 and 12), are used to draw out differences and changes over time. The data are weighted to provide the best 'balance' longitudinally³. All analyses here are based on one respondent per household only, to avoid the double/multiple counting of public housing exit experience. Any household level data (e.g. household type) is based on household members combined responses being 'attributed' individuals for analysis. Despite our focus on whole-household exits which generate a vacancy,

³ The HILDA longitudinal weight 'llnwte' is used to provide optimal cross-wave weighting.

due to methodological complexities our HILDA analysis also includes cases of individuals exiting a social housing tenancy while other members of their (former) household remain there, hence creating no vacancy.

Throughout the analysis, the key focus is on individual exit points. From these, we examine the characteristics of tenants who depart social housing, the motivations for doing so and their circumstances and experiences since exiting the social housing tenure. We compare cohorts who exited in the earliest of HILDA waves (Wave 2) with those who exited more recently (Wave 10), to explore whether the characteristics and motivations of exiting tenants appears to be changing over time.

One important caution in interpreting the data is that the overall number of social housing exits at any given year within the HILDA sample is relatively small (in most waves the number of exits is fewer than 100). The relatively small number of observations makes multivariate analyses difficult to undertake reliably. Given the small number of social housing exits, we therefore explore the nature of social housing exits using cross-wave comparisons based primarily on cross-tabulations. Despite this, care ought to be exercised in interpreting results and the findings presented here.

3.3 Social housing exits: tenant characteristics, motivations and housing transitions

3.3.1 The characteristics of social housing tenants who exit

Despite the small sample size, the HILDA data provide some scope to examine the demographic characteristics of tenants who exit social housing, their motivations as well as various aspects of their experience at the time of exiting. This latter point includes the housing tenure of the 'move-on tenure', along with various financial, social and health wellbeing indicators.

By comparing tenants who exited in the earliest waves of the HILDA survey, with those who exited in the most recent waves, we can consider whether any of the demographic characteristics of cohorts of exiters, their circumstances and experiences associated with exits from social housing, are constant, or whether they have changed over a 10-year period (Table 6).

Table 6: Selected characteristics of tenants who exited social housing, 2002 and 2010

Tenant characteristics (time of exit)	Exiting tenants 2002 (Wave 2)	Exiting tenants 2010 (Wave10)
<i>Household type</i>		
Couple	21.3	15.8
Couple with dep children	41.2	35.7
Lone parent	12.1	28.9
Lone person	18.1	12.5
Other/group/multi-family	7.3	7.1
Total	100.0	100.0
<i>Education level</i>		
Yr 12 or below	59.5	54.6
Post secondary	32.7	39.5
Tertiary	7.7	5.9
Total	100.0	100.0
<i>Employment status</i>		
Employed	64.0	48.5
Unemployed	6.0	5.2
Not in the labour force	29.9	46.4
Total	100.0	100.0
<i>Country of birth</i>		
Australia	82.1	74.8
Main English Speaking	12.2	7.5
Other	5.7	17.7
Total	100.0	100.0
<i>ATSI origin</i>		
ATSI	-	17.8
Non-ATSI origin	(n too small to report)	82.2
Total		100.0
<i>Housing tenure (property subsequently occupied)</i>		
Outright owner	12.7	3.7
Purchaser owner	54.8	22.7
Private renter	32.5	73.6
Other	-	-
Total	100.0	100.0

Source: HILDA data Waves 2 and 10.

Comparing the profiles of exiting tenants at Wave 2 and 10 on select indicators, a number of differences emerge. Findings indicate more lone parent households now exit public housing, reflecting their overall increased proportion in public housing. This trend is closely linked to the increase in entry to private rental housing post-exit and a clear decline in the capacity of households to exit to purchaser owned housing during the period. These two trends reflect the pattern during the past 30 years, and most intensively in the last decade, of low-income families with children increasingly residing in private rental for long periods (Stone et al. 2013).

Significantly the data indicate that moves to owner occupied housing predominated as recently as 2002, accounting for a remarkable two thirds of exits at that time. While they had diminished to only around a quarter in 2010, this is still a much higher figure than implied by the 2012–13 administrative data analysed in Chapter 2. This apparent inconsistency might reflect a continued steep decline in such vacancies since 2010. Alternatively, it might in part result from the structure of the HILDA data which (as acknowledged above) means that tenants having exited social housing will include those from fissioning households (e.g. where a partner splits from their existing household and moves in with an existing home owner).

The data do not suggest a change in exit rates related to education. There appears to be a slight increase in the proportion of non-Australian born households whose first language is other than English (LOTE) exiting in larger proportions than previously, although given the small sample, further exploration is warranted.

3.3.2 Motivations for exiting social housing

Focusing on recent motivations for social housing exits (2010) the data suggests that there is no single motivator for social housing exits, and that as per any other type of housing or tenure transition, motivations for moving out of public housing relate to the combination of economic, social and financial and cultural circumstances tenants live in.

While work and educational opportunity and family reasons are clearly important as motivations to exit social housing, other factors are more so. What these data indicate is that it is overwhelmingly aspects of housing and neighbourhood that underlie a large proportion of exits from public housing. These include pull factors (e.g. gaining a place of one's own, moving to a larger home) and push factors (Table 7).

Other very common reasons to exit public housing are related to personal relationships—both with whom the tenants live as well as those that are beyond the household. The types of ways relationships affect social housing exits are also diverse. As shown, partnering and 'unpartnering' play key roles in moves out of social housing (in the latter case not necessarily generating a vacancy). Consistent with the qualitative accounts of former tenants (Chapter 5), partnering changes include leaving a relationship and hence exiting public housing, as well as developing new relationships and leaving the tenure for partnering reasons. Moving closer to family and friends or to live with family are important in a number of cases (around 5% of those who exited in the 2010 wave of HILDA).

It is highly likely that many of the housing related reasons tenants indicated were important factors for their move out of public housing also relate to the family and financial/opportunity factors also identified, as strongly indicated by the complex interaction of factors illustrated in the qualitative interviews (Chapter 5).

Table 7: Motivations for exiting social housing among tenants, 2002–2010

Tenant motivations (time of exit)	Exiting tenants 2002 (Wave 2)	Exiting tenants 2010 (Wave10)
Housing, neighbourhood	41.0	41.1
Work/study	11.2	9.8
Evicted, no choice	11.7	9.1
Lifestyle	8.9	8.3
Move in with partner	4.2	6.3
Nearer family	5.4	5.0
Relationship breakdown	6.3	4.4
Health	2.5	2.8
Migration/travel	2.9	1.6
With family	4.9	1.1
Amenity	1.0	0.2
Don't know	-	10.2
Total	100.0	100.0

Source: HILDA data Waves 2 and 10.

Despite a substantially different policy environment—including changes in the targeting of social housing allocations and the introduction of FTTs in some jurisdictions—there is remarkable similarity in the profile of exit motivations in recent years (2010) and a decade ago (2002). Remaining constant as primary reasons given for residential moves are, foremost, housing and neighbourhood factors, second, family and relationships proximity and co-housing, and almost equal as third and fourth reasons, work/study related rationales and evictions and a lack of choice.

3.3.3 Tenants' housing transitions after exiting social housing

Despite sample size limitations, HILDA data represent one of the few existing data sources able to provide insight into where former public tenants go when they exit from the tenure, particularly for those who cease to receive income support and housing assistance on departure.

Analysis of exits in HILDA waves during the period 2002-2010, shows a majority of former public housing tenants move directly into the private rental sector at the time they exit public housing. More than half of all exits in the HILDA sample fit this pattern (Table 8). This is not surprising, given emerging understandings about the changing role the private rental sector plays in Australia as both a transitional housing tenure—a 'gateway' between other housing circumstances (Seelig et al. 2008), as well as the increasing likelihood that low to moderate income households will reside in private rental, with low rent private tenancies representing the main alternative to social housing (Stone et al. 2013).

Table 8: Transition ('move-on') tenures among tenants who exited social housing 2002–2010

Tenure post-exit	2002–10 (combined waves)
Outright owner	6.1
Purchaser owner	37.2
Private renter	55.8
Other	1.0
Total	100.0

Source: HILDA data Waves 2002–2010.

Perhaps more surprising, is the relatively high proportion of cases that appear to transition into a purchaser owner housing experience. Based on the qualitative data, we know that this figure includes tenants who are able to purchase a home themselves, as well as perhaps a larger proportion who move into new partnership arrangements or to purchase/live jointly with family. The qualitative account of the partnering dynamics among exiting social tenants suggests that moving into a relationship in which a new partner is a non-public tenant is a common route out of social housing, although not always one that is secure.

Similarly, a diverse range of circumstances underpins the transition for a smaller minority of tenants who transition to outright ownership. It is possible that some of these will have participated in purchase schemes via government, although on the basis of these data we are unable to examine whether and how many cases are affected by such schemes.

3.4 Housing and wellbeing trajectories of tenants who exit social housing

3.4.1 Differences in the housing and wellbeing trajectories of exiting tenants over time

In light of a rapidly changing policy environment within the social housing sector in Australia, as well as changes in the Australian housing system over the last decade, we examine the question of whether the housing trajectories of tenants who exit from social housing appear to be changing over time.

Clearly, in this analysis, it is not possible to compare long-term trajectories (10 years or more) for all exited tenants included in the HILDA sample, as some of the former social housing tenants included in the survey have exited social housing only recently. What is possible, however, is to examine the circumstances of former tenants at various intervals after they have exited from the sector. In Table 9 below we again consider the circumstances of tenants who exited at Wave 2, and in this case examine select indicators of wellbeing at the time of exit and at subsequent intervals.

Table 9: Select characteristics of tenants who exited social housing, 2002 and 2010

Tenant characteristics (time of exit)	W2 Exiting tenant circumstances 2002 (Wave 2)	W2 Exiting tenant circumstances 2010 (Wave 10)
<i>Self-assessed health</i>		
Excellent	19.1	11.8
Very good	37.2	29.4
Good	33.1	41.2
Fair	4.5	14.7
Poor	6.1	2.9
Total	100.0	100.0
<i>Ability to raise \$2000 in an emergency (\$3000 in 2010)</i>		
Could easily raise emergency funds	64.6	30.3
Could raise emergency funds, but it would involve some sacrifices	15.6	24.2
Would have to do something drastic to raise emergency funds	1.2	18.2
Couldn't raise emergency funds	18.5	27.3
Total	100.0	100.0

Source: HILDA data Waves 2 and 10

We examine two indicators to explore change in wellbeing over time post-exit. First, those who exited at Wave 2 were generally of good health. Using bivariate analysis alone, it is not possible to attribute a causal effect from a social housing exit to health or any other indicators, however the health status of exited tenants is nonetheless interesting to consider, as it affects ongoing housing assistance and support needs. At Wave 10 we see changes associated with a general decline in health, not necessarily indicating a causal relationship (especially since these participants were 10 years older in Wave 10), but certainly illustrating that some households may be in need of integrated support and assistance outside of public housing.

The ability to raise a sum of money in the order of \$2–3000 is not only used as a financial wellbeing indicator, but is also commonly used as a single-item measure of social capital. The data also show that at the time of exiting, while a majority of ex-tenants felt able to access this type of support if they should need to, around 35 per cent of exiting tenants indicated that they were either unable to do so or would have a great deal of trouble to manage to do so.

This relates to the hardship some tenants experience around the time of exiting. A number of households clearly had difficulty financially and appear to have made significant trade-offs to manage (up to 14% could not always pay for utilities around the time they exited social housing, with a small number of others foregoing meals and heating (7% went without meals in the 12 months in which they exited, and 6% were unable to heat their home).

Of note, by Wave 10 the large proportion of tenants who exited social housing at Wave 2 and felt confident that they could access financial support had declined substantially, falling from around two thirds of the group to just a third.

The housing tenure of those who exited social housing at Wave 2 in 2002 also indicates the extent to which some households remain relatively independent and others return to housing assistance. Table 10 indicates that of those who exited in Wave 2 of the HILDA survey, around 40 per cent were housed privately in home ownership (mostly as purchasers) and that the largest longer-term exit tenure was private rental. Of most note in relation to social housing, a sizeable number (17%) were housed in public housing again at Wave 10 in 2010, having exited

around 10 years earlier. As the proportion of exiting tenants in paid employment has dropped substantially since 2002 (Table 6) it is likely that the risk of housing instability and return to assistance is significantly higher for tenants who have exited more recently.

Table 10: Housing tenure at 2010 of tenants who exited social housing, 2002

Tenure post-exit	Tenure at 2010 (for those who exited in 2002)
Outright owner	10.9
Purchaser owner	30.4
Private renter	41.3
Public tenant	17.4
Total	100.0

Source: HILDA data Waves 2 and 10

3.5 Chapter summary

The analysis of HILDA data presented in this chapter is exploratory and in many ways preliminary. What it does suggest is that there is a sizeable number of households who exit social household and require some ongoing levels of support and assistance. Notably, the number of lone parent headed households has increased in the last decade, meaning that a larger proportion of these households than previously are also exiting public housing for a range of reasons (discussed in greater length in Chapter 5), yet may not have a firm financial or resource base outside of social housing.

That around 17 per cent of households who had exited in 2002 had returned to social housing by 2010 also indicates a sizeable proportion of households for whom social housing is an ongoing support need. The incidence of re-entry into housing assistance is likely to be even higher for more recent exits, given lower rates of participation in paid employment.

The findings also point to a large numbers of former social housing tenants who leave social housing and remain in the private rental sector. Again this is a group for whom access to support to sustain private tenancies may be necessary in the longer term. A next step for analysis is determining the proportions of post-exit private renters who receive housing assistance, and for how long.

Finally, the large numbers of former tenants who transitioned into home ownership having departed social housing in 2002 is surprising, and inconsistent with the administrative data presented in the previous chapter. One possible explanation is that former social housing tenants who move in with a partner, or with a relative, are recorded as living in owner-occupied homes (as opposed to renters) although they may not necessarily have any equity in these homes (see Chapter 5 for further discussion on such cases). Finding out more about the factors that facilitate such transitions is also another direction for interrogation of these and other social housing exits data.

4 CURRENT TENANTS' HOUSING ASPIRATIONS SURVEY RESULTS

4.1 Chapter remit and structure

This chapter presents key findings from the Housing Aspirations Survey, a single-mailing self-completion questionnaire distributed to approximately 4000 current social housing tenants in four selected areas in NSW and Victoria in September 2013.

The survey results are not representative of the total population of social housing tenants. Community housing tenants and tenants over 65 have been excluded (the latter reflecting an assumption that relatively few will be able or willing to move), while tenants in regional areas are over-represented in the sample. Nevertheless, with a relatively large and diverse tenant cohort, the survey results provide insight and indicative data about intentions of different subgroups of social housing tenants concerning their tenancies, specifically how long they anticipate staying in the sector and why.

After a brief overview of the sample, this chapter presents an analysis of intention to exit by different subgroups of survey respondents, a statistical breakdown of exit motivations, and a snapshot of qualitative data about exit aspirations collected through open-ended survey questions.

4.2 Survey sample overview

In total, 579 survey responses were received (a response rate of approximately 14%), distributed relatively evenly across the four selected sites Cheltenham (124), Ballarat (1176), Parramatta (135) and Wagga Wagga (143).

Respondents' length of tenancy varied from over 10 years (58%), five to nine years (18%), one to four years (17%) to less than a year (5%). Survey respondents were all within the 'working age population', from 18 to 65, with a mean age of 48. Just over a third of all respondents (219) had at least one dependent child in their household, including 133 single parent households, representing 23 per cent of the total sample.

Fifty-seven (10%) of the respondents had at least one member of their household (including the respondent themselves) in full time paid employment, and 87 (15%) in part time or casual paid employment, in the last month prior to completing the survey.

4.3 Intention to exit by subgroups

Approximately 13 per cent of survey respondents indicated an intention to exit public housing in the next few years, including 3 per cent intending to exit within the year—about the same as the actual rate of annual exits (Chapter 2). Most tenants indicated their intention to stay in public housing permanently (61%) or many more years (19%).

There was no evidence in our survey that tenants in paid employment—therefore also likely to be paying higher rents closer, and in some cases equivalent, to market rents—are more likely to intend to exit social housing. This is notable because, if already paying a market rent in public housing, a tenant could in theory rent an equivalent home in the private sector with no negative impact on their residual income. Given the much greater scope for choice in private housing it might be hypothesized that there would be an incentive for such public housing tenants to vacate the sector. In fact, the survey suggests that an intention to stay permanently or many more years in public housing is higher among households with a member in full-time employment, than among those with a member in part-time or casual employment, or those outside of the workforce (Table 11).

Table 11: Intention to exit by employment (row percentages)

	Permanently	Many more years	A few more years	A year or less	No. of respondents (n)
Full-time paid employment	65	18	11	2	57
Part-time or casual paid employment	54	26	10	3	87
No employment	61	18	10	3	427

Intention to exit was relatively high among households with children, particularly single parent households. 18 per cent of single-parent respondents indicated plans to move out of social housing in the next few years, including 4 per cent who intended to move within the year, compared with 16 per cent of other households with children, and 13 per cent of the full sample. A relevant scenario here—as indicated in comments made by survey respondents—was that of potentially employable single parents excluded from the labour market until their children pass a given age, at which point they plan to re-engage with reasonably paid work.

Those indicating an intention to move in next few years were younger (mean age: 43) than those intending to stay in social housing many more years (mean age: 49). This finding is in line with previous studies which recorded shorter median stays in public housing for younger households (Seelig et al. 2008, p.51).

Of survey respondents who identified as being of Aboriginal descent (6 of 41), 12 per cent intended to exit in the next few years—similar to non-Aboriginal respondents. Although based on an admittedly small sample, this finding contrasts with actual rates of exit among Aboriginal tenants which in 2008–09 were twice as high as non-Aboriginal tenants (Bermingham & Park 2013).

Results varied across geographic areas. Intention to exit in the next few years was relatively low in Parramatta and Ballarat (8% and 11% respectively), and higher in Cheltenham and Wagga Wagga (15% and 17%) (Table 12). In NSW (Parramatta and Wagga Wagga) these results are consistent with actual exit rates which in regional areas are much higher than major cities (Bermingham & Park 2013). In Victoria—particularly the lower intention to exit in Ballarat—appears to contradict the tendency for higher exit rates in regional locations, raising attention to the need to carefully examine the circumstances of each local context.

In NSW, intention to exit in the next few years was higher for tenants on two or five years fixed term tenancies (FTTs), compared to those on periodic (permanent) leases (which could also be explained by their younger age—mean age of 44 compared to 52).

Table 12: Intention to exit by location (row percentages)

	Permanently	Many more years	A few more years	A year or less	No of respondents (n)
Parramatta	62	19	7	1	135
Ballarat	62	20	8	3	176
Cheltenham	64	17	10	5	124
Wagga Wagga	55	19	13	3	143

Intention to leave within a year was highest among tenants who had entered public housing in the previous year. Closer analysis of comments made by recently housed tenants who indicated intentions to leave within a year, pointed to high level of dissatisfaction with the unit or area they were allocated as a common motivation. At the same time, intention to stay permanently in public housing was also relatively high among those recently housed. This finding is consistent with high levels of need among recently entered public housing, with 74 per cent of allocations in 2011–12 being made to applicants in greatest need (AIHW 2013a, p.51).

However, intention to remain in public housing permanently was lower among those who entered within the previous one to four years—under similar allocation and prioritisation regimes, suggesting a similar level of high need. A possible explanation for the stronger desire to remain permanently among recently housed tenants might be their relatively fresh memories of housing stress prior to entry into public housing. The very low intention to exit public housing among long-term public renters (7%), can be explained in terms of high levels of housing need as well as attachment to their homes (Table 13).

Table 13: Intention to exit by length of tenancy at time of interview (row percentages)

	Permanently	Many more years	A few more years	Less than a year	No of respondents (n)
Less than a year	58	16	6	16	31
1–4 years	47	20	17	3	101
5–9 years	54	19	14	5	103
10 or more years	67	19	6	1	336

Intention to leave public housing was relatively high among tenants who, since having entered public housing, had applied to transfer to another public housing unit (19%, including 9% who intended to leave within a year, compared with 11% of respondents who had never applied for a transfer).

4.4 Reasons to stay or exit

Intention to exit was closely associated with high level of dissatisfaction with various aspects of public housing, particularly with the condition of the home, tenancy and maintenance services, and neighbours (Table 14).

Table 14: Satisfaction with public housing

	Security of tenure/ lease duration	Affordability of your home	Size of home	Condition of home	Your neighbours	The location of your home	Tenancy and maintenance services
Full sample	1.90	2.12	2.35	2.72	2.64	1.96	2.67
Participants intending to exit in few? years	2.02	2.07	2.64	3.00	2.94	2.17	3.07
Participants intending to exit within a year	2.69	2.75	3.18	3.53	4.00	3.25	3.24

Average levels of satisfaction, 1=very satisfied, 5=very dissatisfied.

Among those intending to leave public housing in the next few years, the most common reasons selected (from a list of prescribed options) were:

- To have greater control over your home (e.g. make changes or renovate to suit you better) (59%).
- To be able to choose the house you want (57%).
- To have greater certainty or security about your housing (51%).
- To give you more flexibility and choice about your housing (50%).
- To own an investment to leave for your children (45%).
- To live in a different location (38%).

In response to the question 'If you would prefer to rent privately or to own your home, what stops you from doing this?', the most common responses (across the whole sample) were:

- low income (76%)
- housing is not affordable (52%)
- caring or child-raising responsibilities (only 16% of total sample, but 35% of all households with children, and 44% of all single parent households with children).

Other optional responses were selected by significantly fewer respondents, including:

- Would be worse off than living in public housing (30%).
- No certainty about renewal of private leases (18%).
- Can't find a job (16%).
- It's difficult to meet responsibilities as a tenant or home purchaser (15%).
- Need to live in your current location (14%).

Although uncertainty about renewal of private leases was rarely cited as a barrier to exit, qualitative evidence presented in the following chapter suggests this is one of the key factors deterring public housing exits. As pointed out below, many survey respondents had home ownership rather than private rental in mind as the destination of their (aspirational) exit, and therefore did not consider renewal of rental leases a relevant consideration.

Asked about their general housing tenure preferences, most survey respondents (56%) preferred home ownership, and a large group (29%) preferred social housing. Only about 6 per

cent of survey respondents selected private rental as their preferred housing tenure. Comments from this latter group suggested that they saw private rental as preferable to public housing because of neighbours, housing quality and maintenance and because they would be able to work full-time without an increase to their rent.

Respondents intending to exit social housing in the near or distant future, were also asked to explain why, in their own words. Table 16 provides a snapshot of typical comments, organised thematically:

Table 15: Reasons for exit intentions, survey quotes

Theme	Quote
Dissatisfaction with neighbours and neighbourhood	<p>‘Three alcoholics, one whose door is right next to my daughter’s window and screams aggressively out his door all hours of the night.’</p> <p>‘It is not a very good street to live in with young kid, as there are loud cars doing burnouts up and down the court ...’</p> <p>‘Too many bad incidents with other rowdy and badly behaved other tenants ... not like minded people as myself.’</p> <p>‘Because I have violent neighbours and don’t feel comfortable to leave home without house sitter.’</p> <p>‘Because living amongst other tenants and the environment they create has affected my mental and emotional wellbeing as well as my personal safety, that of my child and any visitors I have.’</p>
Dissatisfaction with public housing unit: size, condition, accessibility	<p>‘Floors, they smell like a dog, there were flees (sic) jumping around that I could see and found on my daughter’s head.’</p> <p>‘There’s no room to swing a cat.’</p> <p>‘Kids don’t all fit into the bedrooms, too small.’</p> <p>‘Studio unit is much too small. Bed set takes up two thirds of living room floor space.’</p> <p>‘Because where I’m living is extremely unsuitable for my son [with a disability]’</p> <p>‘First floor unit is becoming more difficult to access with age after serious motor car accident.’</p>
Ownership aspirations: sense of ownership, control, asset for children	<p>‘I would like to buy my own house in a location close to transport and shops. It would give me the freedom to renovate and decorate how I want to, and give me the stability renting would not offer.’</p> <p>‘Nothing like the feeling of owning your own home.’</p> <p>‘I hope one day to buy this property. I really want to stay in this house forever. I feel safe and there are other long-term Housing tenants who are my neighbours.’</p> <p>‘When I’m in a better financial position I do wish to own my own home so my children can have something in the future.’</p> <p>‘I have just obtained a job, and would like to be able to buy a home of my own. I would feel much more secure in a home of my own, and would have something to leave for my children.’</p>

Future health improvement	<p>'I'm currently attempting to overcome issues of depression/anxiety. I am now a recovering addict. Am getting my life 'back on track'. I intend to study in the future, then resume work. Perhaps then I will be able to move out of social housing.'</p> <p>'As I begin to rehabilitate ... my aim is to join the workforce ... So using the stability of my public housing unit I am stable enough to study and follow a new career and then I will be stable enough to fully support myself.'</p> <p>'I hope to overcome my disability status and enter the workforce, thereby receiving enough income to support my family with better accommodation, such as a house with land. I cannot really say how many years I expect this to take.'</p> <p>'It would only be possible if I was working full time and my mental health was stable.'</p> <p>'Hoping our child will get better, so that we can return to work full time.'</p>
Future financial improvement	<p>'I have worked very hard at getting my life back on track. Hopefully will be employed during the next year ... Public housing has afforded me a sense of security over the years of fixing my life.'</p> <p>'Once I finish university and gain employment in my chosen career I will earn more money and be financially stable to invest in my own home.'</p> <p>'I hope to be in a position to purchase when I receive an inheritance from a relative's deceased estate.'</p> <p>'Awaiting outcome of WorkCover claim.'</p> <p>'Maybe when we retire we might have enough to buy a property.'</p>
Parenting	<p>'I one day hope to afford a home of my own, when the kids are older and I can work more.'</p> <p>'I would leave my social housing home to purchase my own in the future when my children are older.'</p> <p>'Made the choice to stay in public housing to give the kids a better quality of life and education than I couldn't in private rental or with mortgage. This home provided a solid foundation to build a great life Had intended to stay permanently but am now able to move on.'</p>
Partnering	<p>'The only way is for me to meet a man who has a house and income and who loves me, but that only happens in movies. Welcome to the real world.'</p> <p>'My partner and I live in separate housing properties, we have four children and would love to share a home as one family ... Together we would earn too much to be public housing tenants.'</p>
Relocation	<p>'Maybe I will live with my children. They can look after me in my old age and I will have more security and safety.'</p> <p>'Once my son is accepted into University, I would like to move out near his University.'</p> <p>'If we intend to move out of social housing, it is because of planning to live in the USA in the future.'</p> <p>'I would like to move [interstate] to Sydney.'</p> <p>'I am going to live in Thailand July 2014 with my wife and daughter. If I was not, I would be stuck in public housing till I died living in a one bedroom unit.'</p> <p>'Like to live out of the city.'</p> <p>'If we do move it will be to a better area for employment and higher wages.'</p> <p>'Because I have to drive to Melbourne or Ballarat to get the services required.'</p>

The quotes above illustrate, in the own words of current public housing tenants, some of the reasons underlying aspirations to exit public housing in the near or distant future. The next chapter elaborates on these reasons in greater depth through qualitative analysis of interviews with current and former public housing tenants.

4.5 Chapter summary

The survey results indicate that most current working age social housing tenants would prefer to stay in public housing permanently or many more years, largely due to income and affordability constraints. However, a substantial group (about 13%) would like to exit social housing within several years.

Intention to exit appears to be highest among households with children, particularly single parent households, and in some but not all regional locations (e.g. Wagga Wagga but not Ballarat). There also appears to be a clear preference to exit into owner-occupied housing rather than private rental, and some respondents expressed their desire to purchase their own public housing unit.

Countering our initial expectations, there was no evidence in our survey that tenants in paid employment—therefore likely to be paying full or close to full market rents—were more likely to aspire to exit social housing. In fact, survey findings indicated the opposite.

For Aboriginal tenants, there is an obvious gap between the aspirations identified in our survey and actual exit rates. Our survey found no evidence of higher intention to exit among Aboriginal tenants, in contrast with actual rates of exit among Aboriginal tenants which are approximately twice as high as non-Aboriginal tenants (Bermingham & Park 2013). This raises attention to the incidence of exits which are not planned long in advance, for example due to unexpected opportunities (e.g. a new job, relationship or suitable housing option) or unexpected difficulties to sustain social housing tenancies.

The following chapter provides more in-depth qualitative data on both the aspirations of current tenants, and the circumstances underlying actual exits.

5 EXIT MOTIVATIONS AND CONSEQUENCES: QUALITATIVE ANALYSIS

5.1 Introduction

While the previous chapters provided quantitative descriptive evidence of the dynamics of social housing exits, such statistics are limited in explaining *why* some individuals and households choose to exit social housing. Like all residential choices, decisions about whether to exit public housing can involve consideration of multiple push and pull factors weighed up against assessment of opportunities, uncertainties and risks. At other times, residential decisions can be made impulsively, intuitively and with only partial information about available options. The complexity of such decisions calls for qualitative analysis of first-hand information on individuals' decision making processes and reasons to stay in, or exit, social housing and the consequences of such decisions.

In this chapter we present key findings from our analysis of 95 interviews with three distinct sub-groups—current tenants in their first public housing tenancy (36), tenants having re-entered public housing for a second (or subsequent) time (21), and former tenants who have exited public housing up to one year prior to the interview (38, excluding three who were recruited as former tenants but at the time of the interview had already re-entered public housing).

To protect their anonymity, participants' names have been replaced with codes using the following convention. The first letter represents status of public housing tenancy (C = current tenant in their first public housing tenancy; R = re-entered tenant; X = former tenant). The second and third letters represent location of participants' current or departed public housing tenancy (S = Sydney; M = Melbourne; W=Wagga Wagga; B = Ballarat; Be = Bendigo). The figure represents the random serial number assigned to interviewees in each category. For example, XS2 is a former public housing tenant in Sydney. See Appendix 1 for the full list of participants.

The chapter is organised thematically around the following issues: common push and pull factors; exit dynamics of specific demographic groups; the destinations of exits; and, the factors underpinning unsustainable exits.

5.2 Push factors

5.2.1 *Neighbours and neighbourhood*

Dissatisfaction with the area of the public housing unit, specifically with some of the neighbours, was the most common primary 'push' driver of exit among our ex-tenant participants. Many former tenants (10/38), including participants of both sexes, all ages and across all case study areas, mentioned difficulties with the area or with neighbours as a factor—sometimes the main factor—influencing their exit decision.

Some participants described physical violence, verbal abuse or sexual harassment by a neighbour as a direct and primary reason for their exit decision. This included some elderly tenants who experienced such harassment in older-persons complexes where younger people with mental illness had been housed.

Other participants associated their exit with a more general sense of insecurity in their former neighbourhood, typically areas with high concentrations of public housing. These participants attributed their exit motivations to repeated instances of invasions and break-ins into their own dwellings, substance abuse and dealership in their building or neighbourhood, violence between neighbours (not necessarily involving the participant) and frequent noisy behaviour of some neighbours at night. One participant commented on the negative stigma of the area of his public housing unit as the major push factor in his exit decision:

Goodness gracious me, this not me. What am I doing living in a place like this? ... It got to me ... Pride was the main factor ... The fact that I had to live in squalid ... not by appearance but by area, feel and atmosphere and general standard of living. (XM6)

We're not the sort of people who should live in this sort of area ... we can do better than this ... It is quite embarrassing to say where you live ... to other people ... It sort of isolates you a little bit. (XBe6)

Several participants noted that such issues with neighbours had direct negative impact on their mental health, leading to anxiety and depression, until at some point they could no longer cope with the situation and decided, in some cases impulsively, to leave.

I just couldn't handle it, I was getting sick with stress. (XBe3)

Two participants found themselves in situations of primary or secondary homelessness immediately after leaving public housing due to neighbour related issues (XS12, RS5).

Most participants sought help from their local SHA officers to manage these situations, but described their frustration with the lack of action or its ineffectiveness. Some participants were advised by SHA officers to turn to the police to resolve problems with neighbours. As noted by Jacobs and Arthurson (2003), SHA officers have often limited tools to deal with offenders, or even to engage the police due to confidentiality restrictions. Furthermore, neighbourhood problems are rarely grounds for tenant transfer approval.

Female participants with children—mostly single parents—emphasised their children's safety as their highest priority, hence their decision to exit their former 'unsafe neighbourhood'. While long-term security of tenure in public housing was also highly valued by these participants, they were willing to sacrifice this for the sake of immediate physical safety.

Several participants noted the crucial role of relatives in assisting them to exit an unsafe environment.

Some participants who exited public housing due to neighbour or neighbourhood related trouble, had been unable to sustain subsequent private rental tenancies. One participant had immediately reapplied for public housing. She knew she would not be able to sustain private rental for long, but felt she had no choice but leave her home with an abusive neighbour. Other participants had faced difficulties sustaining private tenancies due to recurring problems with neighbours similar to those that prompted their departure from public housing. These participants experienced multiple exits and re-entries into public housing, interspersed by episodes of homelessness (RS1, RW3, RB5, RB6). Exit due to difficulties with neighbours, especially when coupled with mental illness and a history of chronic homelessness, can therefore be understood as a strong predictor of a potentially unsustainable exit.

5.2.2 Condition and suitability of public housing dwelling

Most former tenants described their own public housing unit in positive terms, noting their overall satisfaction with it. For some, the dwelling represented a beloved home that they regretted departing. Nevertheless, a large group (12/38) of former-tenant participants noted the size, design or condition of their public housing dwelling as a factor influencing their exit decision, in most of these cases as a secondary factor adding to other reasons. For three participants dissatisfaction with their dwelling was the main reason to exit.

Some participants emphasised that they accepted an unsuitable unit at a time where they had very little choice; for example, after already having declined a tenancy offer (meaning a second refusal would result in removal from the register) or when they were in urgent need of housing. Some participants emphasised the lack of maintenance by the SHA compounding the poor condition of their dwelling over time. Attempts to resolve the situation through maintenance requests, complaints and tribunal hearings had been unsuccessful.

Participants described the impact of housing conditions on their well-being, including impacts on health noted by several participants, because of old carpets, mould or inappropriate temperature control exacerbating respiratory illness. The physical condition of the home was also associated with insecurity, with some participants complaining how easy it was to break-in to their dwellings due to unsafe doors and windows and having no fences. Some participants expressed a sense of 'disgust' with their public housing unit, due to cockroaches and mice infestations or very old carpets and mould.

It looks like barracks. It is an eye sore and should be pulled down. (CM2)

It was disgusting ... it was horrible. (RB6)

There were also financial costs for tenants who in some cases invested their own money in upgrading properties, paid high electricity bills for heaters in units that were difficult to keep warm or paid for additional storage space for their belongings due to the inadequate size of their unit. Such health, safety and financial considerations were all important factors influencing these participants' decision to exit public housing.

Three participants who exited public housing attributed their moves, in part, to physical accessibility defects of their former homes—a dwelling unsuitable for a child with epilepsy, a dwelling with stairs for an elderly woman with arthritis or a woman with crutches (XBe5, XS5, XS3). While one of these participants had been placed on the priority transfer register, no suitable alternative dwelling had been offered to her, resulting in her family exiting public housing to live with her parents in an overcrowded house while still awaiting a suitable dwelling offer.

5.2.3 Domestic violence

Several female re-entered participants (4) exited public housing in order to escape a violent partner living with them or nearby. In some cases these participants had to leave not only their home, but also the suburb or town in which they lived for the sake of their own safety, and their children's.

These participants moved into refuges, shared homes with family members or accessed private rental, typically with the assistance of a support organisation that also assisted them in reapplying for public housing. They had all been able to re-enter public housing within a year. One participant experienced multiple public housing exits and re-entries due to domestic violence and continued harassment by a former-partner.

Exits due to domestic violence do not necessarily create a new vacancy—indeed, in many cases they only consume one, if one partner remains in their current tenancy, and the other is offered a new tenancy.

5.2.4 Unsuccessful transfer applications

Relevant to those departing public housing because of issues about their former home and/or neighbourhood, many former tenant participants would have preferred to transfer within public housing. Their decision to exit public housing altogether was partly due to their transfer application being rejected or declined priority status, the implication being a long wait of several years. In some cases, conversations with SHA officers or other tenants had led participants to believe a transfer application would be unsuccessful, or would take many years until actioned, so they did not even try. One participant chose not to seek a transfer because, as a single person, she would have been required to downsize from an 'under-utilised' three-bedroom house. As mentioned above, another participant had been approved for priority transfer, on physical accessibility grounds, but exited public housing because of the SHA's delay in finding a suitable dwelling.

5.2.5 Rent arrears

In informal conversations with SHA officers, it was suggested that a substantial number of tenants abandon their public housing property as a means to avoid repayment of accumulated rent arrears. Unfortunately, our study did not enable us to examine this claim. This is because our former-tenant recruitment methodology relied on the tenant having notified their SHA of their planned departure and having provided a forwarding address. Since tenants leaving with rent arrears typically do so unannounced, they would therefore have been excluded from the cohort invited to participate in the study. However, although many such departures may involve tenants with arrears it is debatable whether many of these will have been *primarily motivated* by the perceived opportunity for escaping rent debt.

Three of our re-entered tenant participants had accumulated arrears from previous public housing tenancies they had exited. However, there was no evidence that avoiding repayment of arrears was their reason to exit. These participants exited public housing for other reasons, such as conflict with neighbours, and in some cases their debts had been accumulated *after* they had exited, as they continued to be charged rent or damages on their abandoned property.

These participants have reached debt repayment agreements with their SHAs in order to be eligible for re-entry into public housing, and two had still been repaying their debts at the time of the interview.

5.3 Pull factors

5.3.1 Exit due to partnering

Partnering was a common exit ‘pull factor’ among female participants. Six participants, all female, of ages from 20 to 60, and mostly from Sydney, exited social housing in order to move in with a partner. This included moving to the partner’s own home (XS6 and XS8), to a shared home purchased together (XS14), to private rental (XS1, XBe7) or to the husband’s employer housing (XS2).

These participants discussed the risks associated with such a move. One participant, XS1, for several years avoided moving in with her partner even after they had two children together, so as not to give up her secure public housing tenancy:

I knew the wait list was so long if I was to ever require assistance again. I didn’t want to lose what I had. (XS1)

It has taken her several years to ‘take the leap’ and move in with her partner:

I said to myself, bugger this, I’m going to risk it all, we’re going to become one family unit. (XS1)

Two participants who exited public housing to move in with a partner had been in long-term employment and had already been saving money for an exit long before entering the relationship (XS8; XS14). The relative financial independence of these women minimised the risk of giving up their public housing tenancy in order to move in with a partner. XS14, for example, commented that having a steady income meant that even if her new marriage broke down, she should be able to afford private rental on her own.

Moving in and sharing income with a new partner enabled two participants to exit into private rental (XS1, XBe7). However, both experienced subsequent relationship breakdown and, consequently, severe housing stress in sustaining private rental on their own.

Partnering was also one of the two common paths from public housing into owner-occupation (the other path being receipt of a lump-sum payment, as discussed in Section 5.3.3). However, two participants who moved into an owner-occupied home with their partner had no equity in their partner’s home and their housing stability now depended on the stability of their

relationship. A third participant (XS14) purchased a house with her partner. While she had been in long-term employment and had been saving for home purchase for some time, her savings were not sufficient for a deposit until pooling them with her partner's.

5.3.2 Moving in with, or closer to, relatives

Moving in with, or closer to, a relative was a common exit 'pull factor', particularly among older participants. Of the 10 participants for whom these scenarios were relevant, all were over 40, and six were over 60.

The destination of such moves was typically a regional town, although the origin was equally metropolitan and regional. Participants often moved to live with a son or daughter living in another town, in some cases interstate. Some participants with an illness or disability noted the importance of informal care provided to them by the relative as the main reason to exit (XS9, XS4). Others (XM4) moved in with an elderly parent to care for them.

For some participants, the move was simply to be closer to children and grandchildren at their own initiative or at the request of a son or daughter in need of assistance in raising their children (XW2, XS11, XW1, RW4).

Having a grandchild changes everything. We really wanted to move closer to where our grandchild was. (RW4)

Two participants moved in with a son or daughter who were struggling financially in the private rental market, in order to share the rent with them (XS7, XS9).

[I moved in with my son] as any mother would, rather than let him end up in the streets ... I knew I was biting the bullet. (XS7)

For some of these participants, family members had provided significant financial and non-financial support to assist with the move, including relocation costs and help finding a home. Several rented a property from a family member they moved closer to (XS11, XM5). Moving to provide care for another person could be financially beneficial, not only due to free lodging, but also through gaining entitlement to Carers Allowance from Centrelink and, in some cases, an expectation of inheriting the relative's property in the future.

In several cases, exits in order to move in with, or closer to, a relative proved unsustainable. As relationships soured (XM2) or the relative moved on to another tenancy or place (RB7, XS7), participants were not always able to sustain their tenancy. See for more details Section 5.4.2 below on sharing and informal renting.

5.3.3 Exit to ownership

Many participants shared the 'Great Australian Dream' of owning their own home. They contrasted the sense of pride of being a home owner with the stigma associated with public housing. Many of the current tenants interviewed stated that they would leave public housing only to transition into home ownership, and would not consider moving into private rental. Indeed, some (6/38) former-tenant participants fulfilled these aspirations, exiting public housing to enter owner-occupation, either through partnering (see above) or by receiving a significant lump-sum, through inheritance, superannuation release or insurance claims (XBe1, XM1, CS10).

The latter three participants were older tenants in their 60s with a long-term history of paid employment while in public housing. An improved financial situation following their lump sum receipt meant that these participants' rents in public housing were no longer rebated. As their income remained low, however, continuing to pay full market rent would have gradually consumed their asset base. These financial considerations, as well as long-held home ownership aspirations, along with dissatisfaction with public housing—meant home purchase was their preferred option of spending their money.

While anticipating lump-sum proceeds a long time in advance, these participants were unable to borrow money for home purchase until they had received confirmation of their inheritance or payout. The lump-sum asset allowed participants to purchase homes outright, albeit in rural locations due to affordability constraints. One participant was also able to claim the \$7000 'First Home Grant' available at the time as assistance from government for the purchase.

Two of the three moved from cities (Melbourne and Sydney) to country towns. One participant, CS10, searched property listings in various towns and regions across NSW, mostly places she had never visited before, until identifying one property within her budget in a remote NSW town where her family knew no one.

All six participants who experienced an exit from public housing into owner-occupation, described this as a major improvement to their lives, adding to their sense of pride, stability and control over their home—including for example keeping pets and making physical alterations.

5.4 Exit destinations

5.4.1 Exit into private rental

Public to private rental in regional towns

Twelve of our former-tenant participants in the regional case-study areas (Wagga Wagga, Ballarat and Bendigo) moved into private rental. Most had stayed in the region, in the same or a nearby town, and a few moved to other regions, but none moved to rent privately in a major city.

The difference in rent between their public and private rental tenancies depended on various factors, primarily the size of the family and its housing requirements, household income which affected their rent as public housing tenants and the rent on the specific property they were able to obtain. Overall, for all of these participants the difference between public and private rent was significantly lower than for their metropolitan counterparts in Melbourne and Sydney.

For several participants who moved from public to private rental in the regional case studies (XB2, XBe2, XW2, XW3), private rents were on par with public housing, taking CRA into account. XW3, for example, a single mother with three children in Wagga Wagga, while in public housing paid \$240 per week, moved to private rental in the same town where she paid \$300 per week, but also received \$60 per week CRA.

Several other participants (XB4, XBe6, XBe8, XB1) paid more on rent (after CRA) in private rental, but considered the difference minor and justified by the improvement in the quality of their housing and neighbourhood. XB1, for example, paid about \$35 more on private rental (after CRA) in the Ballarat area, but felt she was getting much better value for her money, a house in 'lovely condition', with double lock up garage and a very good landlord, compared to public housing where she had been extremely dissatisfied. In some cases, the higher rents were offset by reduced expenditure on travel for frequent medical appointments or family visits or, in one case, employment.

Some (3/12) of the regional former tenant participants paid significantly higher rents in their new private rental homes, and the sustainability of their exit from public housing was highly uncertain. XBe7, a single mother with two children in the Bendigo area, paid for a two-bedroom private rental unit \$192 compared with \$102 per week in public housing. Although this difference was partly offset by CRA, at her interview XBe7 expressed regret at leaving public housing and losing its affordability and security of tenure. XBe3, a single elderly woman also from the Bendigo area, exited public housing due to verbal abuse by neighbours and moved into private rental where she paid \$240 a week—close to half of her age pension. At the time of the interview she was keen to move out because of the poor condition of her rental unit and her unresponsive landlord. XW1, a single elderly woman who moved out from Wagga Wagga to another NSW regional town to be closer to family, was paying \$70 more in private rental (after

CRA) compared to public housing. At the time of the interview she had only lived there for three months, and was uncertain as to whether she would be able to keep up with the rent and the bills in the longer term.

Public to private rental in Melbourne and Sydney

Compared to the regional case studies, movement into private rental was miniscule in volume among Sydney participants. Excluding exits which involved a participant moving in with a new partner or family member, or entering an informal rental arrangement, only one of the sixteen former-tenants from Sydney moved from public to private rental. In contrast, in Melbourne three of six former-tenants experienced such moves.

Yet, participants who moved from public to private rental in both Melbourne and Sydney faced a substantial rent increase. In Sydney, ineligible for CRA, one participant's (XS13) rent rose from about \$200 to \$480. In Melbourne, rent doubled from \$170 to \$340 for XM3, a single mother with six children, when she moved from public to private rental. Another elderly participant in Melbourne, XM6, reported a rent increase of about \$50 per week (after CRA), but noted his determination to move out of public housing 'no matter what the cost'.

Affordability was not a primary factor influencing relocation from Melbourne and Sydney to regional locations. Movements from public housing in the city to private rental in the country were prompted by other motivations such as job opportunities, partnering or moving in with family. This contrasted with several cases of participants moving from city to country to facilitate affordable home purchase (see above).

5.4.2 Informal renting and sharing arrangements

Some exiting tenants moved into living arrangements such as sharing with a relative (XM2, XS9, XS7) or a friend (XS10), informal sub-letting in private rental (XS3; RB8) or public housing (XW4), renting from a family member (XS11) or living rent-free in accommodation provided by a relative (XM5).

The reasons for such arrangements were varied. In some cases, informal renting and sharing arrangements reduced housing costs; in other cases, sharing was a way for participants to live with a friend or relative (as discussed in Section 5.3.2 above).

Some informal arrangements included sub-letting a room from another person (XS3; RB8). These participants were tempted by unwritten promises and lower rents to sacrifice security of tenure in public housing for the privilege. While some participants were satisfied with these arrangements, in several instances over time sharing and sub-letting arrangements proved unsustainable due to strained relationships and household disputes (XM2), one co-tenant moving on to another tenancy (XS7), or termination of informal sub-letting arrangement (RB8). The failure of such arrangements had left some participants homeless (XM2) and in debts due to unpaid bills (XM2) or the cost of moving to another private rental tenancy (XS7).

5.5 Exits by subgroups

5.5.1 Employment

Exit aspirations of current tenants outside paid employment

Many of the current public housing tenant participants were unable to work due to their age, disability or caring or parenting responsibilities. Only one of the 18 such participants with no household member in paid employment had concrete plans for exit in the foreseeable future. Although recruited for interview because their survey responses indicated an 'intent' to move out of social housing in the next few years, on further discussion during the interview it became apparent that such 'plans' were largely aspirational or reflected long-term rather than immediate prospects.

Some participants felt that realistically they would never have sufficient income to exit public housing (CM11, RW3, CM7, CS4, CS8). Others (CW2), emphasised attachment to their home in public housing, and security of tenure in public housing, as a reason to stay permanently (despite, e.g., the possibility of finding relatively affordable private rental in country towns e.g. Wagga Wagga).

You have to thank God that you are in a place that is cheap rental. (CM13)

It [public housing] has been the only thing I can hold. (CB1)

It's too hard to move ... we've got a couple of good friends around here now so it would be hard to leave them too. (CB2)

Only one unemployed current tenant participant (CW5), a 54-year old tenant in Wagga Wagga, 'seriously considered' exiting public housing into private rental in the immediate future. He and his wife had been dissatisfied with their neighbourhood (in particular one difficult neighbour), the poor condition of their dwelling and the unresponsive maintenance service. The participant commented that a few months previously the thought of leaving public housing would not have crossed his mind, but recently he had been searching private rental accommodation for his daughter and saw private rental properties listed which, after CRA, would cost him about as much as he was already paying for public housing. He also commented that if his wife ever returned to work, they would be better off financially in private rental than in public housing, where their rent would consequentially increase. The main 'mobility barrier' for this participant was the cost of moving, bond and rent in advance—he had been unaware of financial assistance available to cover some of these costs—and commented 'If they [the SHA] can offer me this sort of help to move out, they can have the house'.

Several participants aspired to enter into paid employment to be able to move out—ideally into owner-occupation—sometime in the future. These included single mothers who currently had difficulty finding work due to parenting obligations, but expected to enter paid employment once their children were older (CB1, RB4, CS7, CW3); or participants unable to work due to health restrictions, and hoping to return to paid employment once their health improved (CM4); another participant (CM5) was studying, and aimed to enter full time employment with completion of her studies, hoping to be able to save for a deposit for home purchase while remaining in public housing; two participants expected to inherit a house or sufficient money for home purchase in the future; one participant (RB5) was at the time considering an offer to move out to live with a relative. For these participants, exiting public housing in the future was a way to move into better quality housing, in better neighbourhoods, and without the stigma of public housing. Some participants also noted ethical considerations such as making room for others in greater need to enter public housing. Yet, due to both affordability and security of tenure, private rental was not a desirable option for many of these participants, some of whom emphasised they would exit public housing only to purchase their own home. Some participants also felt that 'paying for someone else's mortgage' in private rental was 'unfair'.

Dissatisfaction with their current public housing unit was a factor that some of these participants (CW4, CW6) took into account when considering an exit out of public housing. However, sector exit was an option of 'last resort', and these participants preferred waiting for a transfer within public housing.

Exits of tenants in paid employment

Exit aspirations of employed tenants

About 15 per cent of public housing tenants are in full time or part time employment (AIHW 2013b, p.7). Such tenants have been specifically targeted for recruitment in our study. 21 participants living in public housing at the time of the interview (including re-entered tenants), or a member of their household, were employed. Most (13) were employed part time, and the rest full-time (7), self-employed (2) or casual (1). Most (10) were in their 50s, and the rest in

their 40s (5), 30s (3) and 60s (2). Most of these participants paid non-rebated rent at the time of the interview.

Some participants commented that disqualification from a rental rebate did not discourage them from working; rather, they felt they were still better off financially with paid employment and higher rents. These participants also noted non-financial—psychological and social—advantages of paid employment. However, associated rent increases were at times bundled with other cited work disincentives. One participant in Wagga Wagga, for example, resigned from paid work when her rent, which was already non-rebated, increased at a time she was also facing difficulties with her employer (CW5). Several participants also noted work restrictions associated with Centrelink income support (disability pensions and carer allowances), which limited the number of hours they worked.

Several participants had commenced employment after entering public housing. Public housing provided these participants with housing stability, allowing them to pursue employment and in some cases also formal education. RW4, for example, an Aboriginal woman in her 50s in Wagga Wagga, had recently completed a free counselling diploma course at a local TAFE, and soon after entered counselling employment. For these participants, public housing served as a 'stepping stone' in their path towards greater economic independence, but not necessarily towards housing in the private market.

Almost all employed current tenants interviewed (19/21) said they had no desire or plan to move into private rental in the foreseeable future. The most commonly cited consideration was the instability of private rental. While some participants were already paying full market rent in public housing, they believed that this was still more affordable than private rental (CS9). But even participants who felt they were paying rent similar to or greater than for an equivalent private tenancy (CS5) had no plan to exit because of the value placed on security of tenure in public housing. Uncertainty about employment security was another motivation for remaining in public housing:

In private rental, if you lose your job and are renting with a contract for 12 months, you still need to pay full rent for the full 12 months. In public housing, if you lose your job they just adjust your rent down. (RW2)

It is good to know that I've always got somewhere that I can live regardless of what happens in my life. That's one good thing about being in public housing ... the security of knowing that you've got somewhere you can afford to live if you do lose your job or whatever. (CM7)

In seven cases, the employed household member was the son or daughter of the participant, and the expectation of their departure from the family home in the near future meant that the household could not rely on their wage income in the long run. Attachment to home and the financial and emotional costs of moving were other reasons mentioned by participants against exit into private rental.

I need the security ... if the boys move out my rent goes down and I can stay there ... I have roof over my head as long as I need it. (CM5)

I've become attached to the house. It's not much but it's my home ... I've been in this area that long I'm settled and I want to stay there. (CM6)

Many of these participants, however, expressed a general aspiration to purchase their own home, mainly in order to have an asset they can leave for their children when they pass away. More specifically, several participants expressed a desire to purchase their public housing dwelling which they had already 'made their home'. Some had actively enquired about such a possibility with their SHA.

Only two employed participants expressed a desire to move out of public housing into private rental. One, a 59-year old female tenant (CM9), working full time as a contract cleaner,

planned to move into private rental in the 'very near future' because she believed her public housing tenancy was likely to be terminated anyway because of her income. She was concerned about statements in a recent paper that soon public housing will house only people on income support. Rather than wait for her tenancy termination, she planned to initiate the move on her own' before a whole lot of people are also looking for private rental'. Another participant (CS3), a recently arrived migrant doing casual security work at the time of the interview, planned to exit public housing as soon as he found a permanent job as a taxi driver, to move into a larger unit in private rental that would be more convenient for his family.

Exits by employed tenants

Six of the 38 former tenants participating in the study had a member of their household in paid employment at the time they exited public housing. Many other former-tenant participants had experienced brief or longer spells of paid employment while in public housing, although were not employed at the time of the interview or the time of their exit from public housing.

Two employed participants exited because they were paying full market rent for properties they considered sub-standard or inappropriate for their needs (XS13 and XBe6). Being unable to get a transfer to another public housing unit because of their income levels, a sector exit was their only way to access better housing. Subsequently, while paying higher rents in the private sector, these participants felt that they were getting better value for their money.

Only one participant (XM7) exited public housing in order to take up a job opportunity in another town. This participant took that job while still in public housing, and for some time continued paying full market rent as well as toll fees and petrol for travel to work. He kept his tenancy, returning home only on weekends, solely to keep his security of tenure. Eventually, due to the cost and inconvenience, he moved into private rental closer to work. This participant also noted ethical factors influencing his decision to exit public housing:

The other thought process around it [moving out] was, and people were pointing out to me, that maybe I need to move on from there and give it to someone who needs it now ... because I'm hardly there now ... and I don't exactly need it now. (XM7)

Some of our participants had worked with the aspiration of saving enough money for a deposit for home purchase, yet had not accumulated enough on their own from wage income. Nevertheless, their employment helped to enable exits in other ways. Participants with histories of long-term employment were able to exit into home ownership after retirement or injury thanks to superannuation or insurance payouts. For others, although earned income alone was insufficient to facilitate an exit, it provided a 'safety net' when the tenant decided, for example, to move in with a partner (XS8; XS14).

After exiting public housing, reliance on wage income to sustain private rental tenancies had proved problematic for some participants. For example, for two participants (XS1; Xbe6) loss of employment or reduced income from casual work brought periods of financial instability and housing stress.

5.5.2 Aboriginal participants

Eight of our participants—or another member of their household—identified as Aboriginal. They were of different age groups, from 20 to 60, and varying household types (couples with children, single parents with children and singles without children). Six were females and two male. Six of the eight Aboriginal participants were from Wagga Wagga.

These participants tended to have experienced very unstable housing pathways with difficulty in sustaining housing situations following public housing exits, unsettled by complex family dynamics, including domestic violence in some cases, as well as mental and physical illness and disability, and race related discrimination and harassment in the private rental market.

Five of the eight were 're-entered' tenants, in some cases with histories of multiple exits and entries into public housing and recurrent homelessness. Three reported an intention to move out of their current tenancy in the near future, in two cases due to issues related to family violence or disputes.

For five of the six female Aboriginal participants, their past exits and unstable housing pathways were associated with relationship breakdowns and domestic violence, as well as long-distance residential moves to live closer to family. Their disadvantage and difficulty in sustaining both public and private tenancies was exacerbated by mental and physical illnesses and disabilities in their families.

Three Aboriginal participants had accumulated rent arrears in previous public housing tenancies, in one instance on an abandoned property, and were struggling with debt repayment. One participant noted that this was the main barrier holding her family from exiting public housing once again; as soon as her debt was fully repaid, she would be able to afford a move into private rental.

Two Aboriginal participants had exited public housing, one into private rental and the other into affordable housing provided by a community housing organisation. The participant who moved into private rental with a partner, experienced subsequent relationship breakdown and had reapplied for public housing.

Some Aboriginal participants described their difficulty in obtaining private rental due to race-related discrimination. One participant had to abandon previous housing due to racist harassment by neighbours.

5.5.3 People with disability

Partly reflecting the age profile of public housing tenants and associated with needs-based entry criteria, about half (48/95) of our participants, or a member of their household, had a disability. This included 19 former-tenants, 18 current tenants and 11 re-entered tenants.

In general, people with disability experience low rates of participation in paid employment (ABS 2012). Low participation rates in employment among public housing tenants with a disability can also potentially impact their capacity and motivation to exit public housing. However, within our sample, rates of paid employment (including employment by any member of the household), were no different for participants with disability (14/48) compared to other participants (29/95).

Among participants in their first public housing tenancy at the time of the interview, regardless of their employment status, all but one participant stated that they would prefer to stay in public housing unless they were able to move into a owner-occupied home. These participants valued security of tenure in public housing. This was consistent with the low motivation to exit into private rental among other current tenants, without a disability, who participated in our study.

Living in public housing had both positive and negative outcomes for people with disability. For example, one participant (CM4) noted how living in unsafe places in private rental has had a detrimental effect on her mental health, and the safety of her unit in public housing had a very positive impact (this view, however, contrasted with many other participants who exited because they felt unsafe in public housing). At the same time, the physical condition of the house had impacted on her already fragile physical health with asthma, headaches and sinus and allergic reactions to the damp and mould in the current accommodation.

Although interviews with current tenants generally indicated a very low motivation to exit public housing, particularly into private rental, disability-related factors did influence several of our former-tenant participants' decision to exit public housing. Instances included problems with the physical accessibility of the dwelling (XS5, XBe5), and excessive distance from medical services (XBe8, XM3). Several other participants with a disability exited public housing for

reasons such as moving in, or closer, to family (XB2, XBe4, XM5, XS4, XS11, XW2) or because of neighbour/neighbourhood problems (XBe6, XBe8, XM5, XS9). However, as discussed above, these were common exit motivations among all participants, and were not unique to people with a disability. However, disability compounded some of these issues for certain participants. For several participants, access to informal support was a motivation to move closer to family (XB2, XS4). For other participants, neighbourhood problems exacerbated mental illness—and in one case (XBe8) also physical health due to the participant's heart condition, thus strengthening exit motivation.

After the exit, some of the challenges faced by participants in order to sustain tenancies were related to their disability. These included difficulties setting up new medical and mental health support networks after the move (XW2); and financial pressures due to rental affordability exacerbating in stress and poor health (XB1).

It is hard from our evidence to point to a direct causal relationship between participants' mental health and their housing pathways, partly because participants' mental health was not discussed in detail in their interviews. However, given that mental illness is a key risk factor for homelessness (Costello et al. 2013), it is likely that highly unstable housing pathways experienced by several of our participants (RS1, RW3, RB5, RB6)—characterised by multiple exits and re-entries into public housing and episodes of homelessness in between—were associated at least in part with mental illness issues.

5.6 Unsustainable exits

Most former-tenant participants were generally happy with the decision they have made, and described improvement in their housing, health, relationship and overall quality of life since the move:

My health has picked up since we moved here. (XBe6)

It was a massive change for the better—I didn't expect all of that, I didn't think of the impact, but it's all been good. (XS8)

The best thing that ever happened to me. (XS9)

However, the interviews also highlighted the difficulties faced by many participants after their exit, and some of the key factors undermining the sustainability of sector exits.

5.6.1 *Financial stress post exit*

Several participants who exited into the private rental market in the previous year experienced financial stress and difficulty in sustaining their new tenancy. Some paid significantly higher rents in private rental compared to their public housing tenancy, in certain cases spending over half their income on rent. Financial stress was also often the result of changes to the household and the departure of a household member who had contributed to income (see Section 5.6.2). One participant experienced an episode of financial stress due to her partner's job loss.

I tried to find a rental property but it was damn well impossible ... It was almost impossible to find anywhere on such a low income to begin with, just to pay that kind of rent. Just the competition was astonishing. There was that many people looking for places and there were hardly any places around For a single parent it was pretty impossible. I ended up going back to public housing because it really was the only alternative (RB4)

High costs were also associated with residential moves between private rental units after an exit from public housing. One participant (XBe3), for example, having departed public housing experienced three residential moves within 18 months due to poor standard and inadequately maintained private rental dwellings. Such moves were costly, and some participants were

forced to give up some of their belongings and even pets. Some participants were also committed to repayment of financial contracts made on entry into private rental—including rental tenancy agreements and home appliances and utilities—and faced difficulty in terminating these commitments when seeking to move to a new home.

If the rent goes up here I'd need to start again looking but it costs around \$2000 to move with bond, cleaning, disconnections, removalists etc. (XB1)

Many of the participants received bond loan assistance from their SHA to facilitate their exit. Some participants, however, missed out on bond loans due to income eligibility or insufficient time to apply for assistance before the move. As a result they had to borrow money to pay their bond, with monthly repayments adding to their financial stress.

Most former-tenant participants received CRA. Although for participants in smaller regional towns, CRA often brought down the net cost of private rents to a level roughly equal to public housing, for many others CRA was grossly insufficient to compensate for rent differences. Participants struggling financially also received various forms of assistance from welfare organisations and charities.

5.6.2 Relationship breakdown

Several participants moving from public housing to private rental with a partner, had experienced relationship breakdown exacerbating (or in some cases resulting from) financial stress. These participants were not employed at the time of their exit, and were able to afford private rental only by pooling their income with their partner's. One participant (XS1) noted that after exiting public housing to move in with a partner in private rental, the subsequent financial hardship had strained their relationship and contributed to its breakdown.

Some participants immediately re-applied for public housing, but during the wait for an offer experienced highly unstable housing pathways, with relatively frequent moves between private rental tenancies and episodes of severe financial stress.

Not all had immediately reapplied for public housing. One participant (XBe7), for example, left public housing to move in with a partner. Their relationship broke down and she had to move out. She found a private rental unit, which cost almost twice as much as what she had paid as a public renter (\$192 compared with \$102 per week). Nevertheless, at the time of the interview she had not yet reapplied for public housing and preferred exploring other housing options such as affordable housing which she thought might be more appropriate for her family. Another participant (XS1), despite severe housing stress in private rental after her relationship breakdown, had not reapplied for public housing because another residential move could be highly destabilising for her children.

5.6.3 Homelessness following exit

Many of our participants experienced isolated or recurrent episodes of homelessness in their history prior to entering public housing. Several of these participants had also experienced episodes of homelessness after exiting public housing.

Only two of the 28 former-tenant participants had experienced homelessness after the exit. One participant, an elderly single woman, became homeless as soon as she exited public housing, with nowhere to stay that night. The SHA officer who accepted her exit notice had not asked where she would live. She, in fact, spent about 18 months living in her car, in motels and caravan parks before reapplying for public housing (XS12). Another participant—also an elderly single woman—became homeless, and in debt, after a family dispute with her daughter with whom she shared a rental unit. Accommodated in transitional housing, she had been assisted to reapply for public housing (XM2).

The small number of post-exit homelessness cases in our sample of former tenants is highly deceptive, for two reasons. First, the interviews took place with tenants who exited less than a

year ago, in some cases only several months after their exit. Given the highly unstable housing experienced by some of our participants (e.g. following relationship breakdown after the exit, or termination of informal sharing/rental arrangements) some can be considered as at high risk of homelessness. Second, it is likely that homeless former-tenants would not have received our invitation to participate in the study.

A clearer picture of the risk of post-exit homelessness emerges from our interviews with re-entered tenants. Among re-entered participants, a relatively large number (7/18) had experienced episodes of homelessness in-between public housing tenancies (and, indeed, may well have been prioritised for re-housing as a result). These appeared to be more common among participants who had abandoned public housing properties with little prior planning due to conflicts with neighbours or domestic violence. Some had been assisted by emergency and transitional housing before re-entering public housing. Most such participants (RS3, RW3, RW4, RB5, RM1) had experienced transitions of this kind in and out of public housing, interspersed by homelessness, more than once.

5.6.4 Reapplying for public housing

Eleven of the 38 participants who exited public housing in the last year had already reapplied for public or community housing (including, in two cases, affordable or cooperative housing).

These were all female participants. In four cases, their exit was enabled by sharing private rental with a family member or a new partner, and became unsustainable when these relationships broke down. Two other participants had left public housing due to neighbour harassment or safety issues, without having a real sustainable housing alternative in the first place. Another participant left a public housing unit that was inappropriate for her daughter with a disability, but remained on the public housing priority register while awaiting a suitable vacancy.

Analysis of interviews with re-entered public housing tenants—all of whom have exited and subsequently re-entered public housing—indicates the high incidence of return to assistance among public housing tenants exiting due to domestic violence (RB1, RB4, RW1) or neighbour harassment or safety issues (RB5, RB6, RW3, RS4, RW5, RS3, RS1, RS5). Re-entered participants also included many who exited to share rental with a new partner or family member or to informal renting arrangements (RB2, RB7, RW2, RW4, RB8).

Two potential barriers to re-entry have emerged from these interviews. First, the need for agreement on repayment of arrears on previous tenancies (RW1, RB6, RS3). Second, lease agreements and other related financial contracts on private rental tenancies making it difficult to accept a public housing offer (RB1).

5.7 Chapter summary

Analysis of 95 interviews with current, re-entered and former public housing tenants, provides insight into the motives to exit or remain in social housing, as well as some of the factors influencing the sustainability of follow-on housing. The analysis points first, to overall low motivation to exit public housing—and particularly low motivation to enter private rental—among current tenants, even those who are in paid employment and paying non-rebated rent. Affordability and security of tenure are the key factors discouraging most tenants to exit public housing. Affordability considerations were more significant in metropolitan areas, and related to tenants' current income as well as their confidence about the security of their employment and income in the longer term.

For those who do eventually exit social housing, the analysis highlights a number of common push factors, including difficulties with neighbours or an unsafe neighbourhood; unsuitability of their public housing dwelling due to its size, design or maintenance condition; and, the need to move out of an area due to a dangerous former partner. While the prospect of escaping rent arrears might be another significant push factor for some tenants, this is inherently a very

difficult issue to investigate and could not be examined in our study. In addition, a number of pull factors attracted participants to alternative housing outside the public housing system—moving in with, or closer to, a new partner or a relative, and exiting to live in one's own home. Exit decisions often involved a combination of several such push and pull factors.

Exits were made possible by a number of 'enablers'. First, some of the exiting participants had sufficient income to rent privately or purchase a home, being in paid employment or having received lump-sum proceeds from an inheritance, insurance or superannuation fund. Second, some participants relied on substantial financial assistance—including in some cases free accommodation—from family or a new partner. For others, although receiving no direct financial assistance from family, knowing that they could rely on family assistance at a time of need provided an important 'safety net' which encouraged them to take the risk associated with giving up the security of tenure in public housing. Third, financial assistance in the form of CRA and bond assistance was a critical factor making social housing exits possible for some participants. Fourth, lower costs of private rental and home purchase in regional areas created viable exit routes for some participants. Fifth, moving into informal rental arrangements, or sharing, were two strategies sometimes utilised to address the problem of private rental (un)affordability.

Our analysis points to some of the major difficulties for tenants after their exit. Key challenges included dealing with the financial stress associated with renting privately, and in some cases difficulties in sustaining sharing arrangements, new relationships and informal rental situations. Several participants had experienced episodes of homelessness after their exit, and in some cases had re-applied for public housing.

The findings indicate some of the reasons for the high incidence of unsustainable exits among Aboriginal participants (Birmingham & Park 2013), and the multiple factors destabilising the housing pathways of individual Aboriginal households, including domestic violence, mental illness, discrimination in private rental and a more mobile lifestyle involving family-driven residential moves.

For people with a disability, factors such as physical accessibility, location near medical services, and mental health affected by difficult relationship with other household members or neighbours, made both public housing and private rental tenancies difficult to sustain.

6 CONCLUSIONS

To address falling tenancy turnover rates and consequent decline in vacancies that could be let to applicants in high need, SHAs are currently seeking ways to promote the exit of tenants no longer deemed as in high need of housing assistance. This includes encouraging voluntary tenant-initiated exits. Until now, however, little has been known about tenant motivations for staying in, or departing, social housing, and the outcomes of such moves. In addressing this gap, this study sought to identify the factors prompting or deterring tenant-initiated moves out of social housing and the factors influencing the sustainability of such moves. In concluding this report, we return to address in turn each of the four research questions proposed in Chapter 1.

6.1 What is the profile of those exiting public housing?

Our findings from analysis of administrative data provided by SHAs, indicate that the number of new public housing vacancies arising in 2012–13 equated to just under 10 per cent of total public housing properties across Australia—with some inter-jurisdictional variation—and that around half of these vacancies were caused by voluntary tenant-initiated exits (excluding outgoing transfers within social housing, evictions, deaths and age or health related moves).

Cohort analysis of tenancy records (Appendix 1) indicated that about a quarter of tenants who entered social housing in 2007 exited within six years. Analysis of both HILDA and administrative tenancy records data suggests exit rates are higher for families with dependent children, and the likelihood of exit declines over time, with a relatively high incidence of sector exit within one year from the commencement of a social housing tenancy.

Largely reflecting the changing social renter population, the profile of those exiting public housing appears to have changed in the last decade, with a growth in the proportion of single parent households, and decline in the proportion of employed households (Chapter 3). In contrast to our initial expectations, there was little and inconsistent evidence in our study that gaining paid employment makes tenants more likely to exit social housing (Appendix 1; Chapter 2).

6.2 What are the main motivations underlying tenant-initiated exits from public housing?

6.2.1 *Push and pull factors*

Our findings indicate that most current working age social housing tenants hope to stay in social housing permanently or many more years. Affordability is a major barrier to sector exits, particularly in metropolitan areas where the gap between private and social rents (as charged) is significantly higher than in regional areas. But even among tenants in full time paid employment, motivation to exit appeared to be low, even for those paying full market rent which supposedly eliminates the economic incentive to remain in public housing. The lack of motivation to exit for these tenants was sometimes underpinned by concerns about the long-term security of their employment, or by other highly valued aspects of the social housing 'package'; primarily its relatively secure occupancy (even under FTT regimes). Especially for longer term tenants an emotional attachment to the home was also often important.

Both HILDA data and qualitative analysis of interviews with current and former tenants confirmed exit decisions typically involve a combination of several push and pull factors. Common push factors include dissatisfaction with neighbours, worries about the unsafe nature of the local neighbourhood and concerns over the unsuitability of the current dwelling due to its size, design or maintenance condition. While the prospect of escaping rent arrears might be another significant push factor for some exiting tenants, this could not be examined directly in our study. The difficulty in securing a transfer to a 'more suitable' social landlord dwelling has made sector exit an option of last resort for some.

A common pull factor encouraging tenants to seek alternative housing—often outside the social housing system—is changing personal relationships. This includes moving in with a new partner (our interviews indicating this scenario is most common among female tenants of all ages). For others, this could mean moving in with, or closer to, a relative, in order to spend more time together (e.g. grandparents moving closer to adult children and grandchildren), to provide or receive informal care, or to share the rent with a family member struggling financially.

Another major pull factor was participants' aspiration to enter home ownership, where they hoped to enjoy a greater sense of control, security (compared to private rental) and pride, and for many also an asset to leave for their children. In practice, however, such aspirations are realistic for only a small minority of exiting social renters. Our findings were not conclusive about the precise incidence of such transitions due to inconsistency in findings across different data sources (about 25% of 2010 exits in the HILDA sample, compared to only 2% of 2012–13 exits recorded by SHAs). Nevertheless, HILDA evidence suggests a sharp decline in the incidence of exits into ownership even over the past decade.

6.2.2 Enabling factors

Analytically, a distinction can be made between tenants' motivations to exit and the factors *enabling* them to do so. Our study points to five types of such 'enablers'. First, paid employment (and associated rent increase), while not a strong motivation for tenants to exit (as indicated by both HILDA and the current tenants' survey), does make a move into private rental a more viable option for tenants when they decide to leave for various reasons, such as moving in with a new partner or closer to a relative. When assessing likelihood of exit for a social housing tenant or household, it is important to consider not only their current employment status, but also their employment history. For example, tenants with longer history of participation in paid employment may have been able to save to finance a move into private rental or (even) home ownership. They are also more likely recipients of lump sum payments such as insurance or superannuation pay-outs as was the case for several participants in our study who used these proceeds to finance exit into ownership.

Second, for some tenants exit is enabled by substantial financial and other contributions—including in some cases free accommodation—from family members or a new partner. For others, although receiving no direct financial assistance, knowing that they could, if needed, rely on such help from family provided an important 'safety net' which encouraged them to risk giving up relative security of tenure and 'affordable rent' attached to public housing.

Third, government-funded financial assistance—in the form of CRA and bond loans—was a critical move-enabling factor for some participants. For income support recipients in some regional areas, CRA can cover all or most of the gap between a rebated public rent and a market private rent for a similar dwelling. Bond loans can help cover one of the 'up front costs' of a move into private rental, a potentially significant barrier for low-income households.

Fourth, the availability of relatively low cost private rental and home purchase—in some regional areas creates viable exit routes for some social renters from metropolitan (as well as from regional) areas.

Fifth, moving into informal rental arrangements, or sharing, were two strategies sometimes utilised to reduce the costs of private rental to an affordable level.

6.3 What are the key challenges and risks for ex-social housing tenants in accessing and sustaining market tenancies?

Most former-tenant interview participants were generally content with their exit decision, and described subsequent improvement in their housing, health, relationship and overall quality of life up to a year after the move. However, while these findings are based on an inherently

selective sample (people becoming homeless after a move would have been less likely to be tracked) they also highlight the challenges faced by many former social housing tenants in accessing and sustaining market tenancies.

HILDA analysis of the circumstances of individuals exiting public housing in 2002 found that within eight years many (about a third) experienced significant deterioration in their financial circumstances. About half this number (17% of all those in the exit cohort) had eventually re-entered public housing. The likelihood of re-entry may be even higher for tenants exiting more recently, due to lower levels of participation in paid employment at the point of departure (see Table 6). Supporting this hypothesis, eleven of our 38 interview participants who had exited public housing in the previous year, had already reapplied for social housing. These findings are consistent with previous research (Seelig et al. 2008; Bermingham & Park 2013) indicating approximately a third of exiting tenants eventually re-enter social housing.

As most tenants move into private rental, the financial stress associated with renting privately is a key challenge. Especially when decisions about the exit were made under stressful circumstances (e.g. because of neighbour harassment or a need to move out of an unsuitable home) participants had not always fully considered their financial capacity to sustain private tenancies. In some cases, subsequent loss of employment or deteriorating health meant private tenancies were difficult to sustain in the long run. In some cases, the financial difficulty was the result of inability to sustain sharing arrangements, new relationships and informal rental situations. Mental illness was also found to be a factor influencing sustainability of both private and social rental tenancies, potentially resulting in a 'revolving door' pattern of multiple exits and re-entries into social housing, punctuated by episodes of homelessness.

The findings indicate some of the reasons for the high incidence of unsustainable exits among Aboriginal participants (Bermingham & Park 2013). A multiplicity of factors destabilise the housing pathways of some individual Aboriginal households, including domestic violence, mental illness, discrimination in private rental and a more mobile lifestyle involving frequent residential moves.

6.4 What are the wider impacts of tenant exits on social housing provision in Australia?

Social housing exits are encouraged by SHAs based on the logic that significant numbers of current tenants can no longer justify their residence in state-provided housing, given the scale of demand from applicants in greater need (Victorian Government 2012). In part, such thinking has been triggered by the falling number of public housing vacancies becoming available for letting. Nationally, this reduced by a third in the period 2003–04 to 2009–10 (AIHW 2005, 2011), a decline largely due to fewer sector exits. Hence, the policy intention is to identify tenants able to move on to private rental or home ownership.

Yet, a higher volume of exits of tenants in paid employment—paying full or close to full market rent—might also have negative implications for the social housing system, resulting in its further residualisation and the loss of rental revenue for social landlords. Berry and Hall (2007) estimated a loss of \$250 million per annum in revenue for all SHAs as a result of replacing existing unrebated tenants with rebated tenants. Historically, the gradual replacement of low-income working families with mostly income support recipients has been a key factor underpinning public housing operational deficits, leading eventually to stock disposal and large-scale deferral of essential maintenance and modernisation (Yates 2013; Berry & Hall 2007; NSW Audit Office 2013). The revenue saved through retention of tenants paying full market rent (as opposed to encouraging or requiring their exit) could potentially be re-allocated to assist other households in greater need. This would minimise displacement of current tenants, and eliminate the potential disincentive for tenants to seek employment if that could risk their eligibility to remain in social housing. Thus, policies aiming to encourage social housing exits

should be considered within a broader framework articulating what is a financially viable and socially sustainable income-mix in social housing.

That said, taking as a given the assumption that sustainable social housing exits are desirable when such moves are in a tenant's best interest, the focus shifts to the question of how the rate of such exits could be enhanced.

One option would be to compel exit by tenants in paid employment paying full market rent. This could be achieved, for example, through the application of FTTs. One potential problematic aspect of this approach is the disincentive for tenants to enter or retain paid employment, creating a poverty trap and undermining the efficacy of such an approach in enhancing exit rates. Another problem is the administrative costs of the review process (Fitzpatrick & Pawson 2013; NSW Audit Office 2013). However, examination of the implications of compelled exits was beyond the remit of our study, which focused on voluntary tenant-initiated exits.

Our research findings could help inform future policy measures to promote sustainable tenant-initiated exits. The 'pull factor' motivations for many tenants to exit social housing are personal in nature—for example, moving in with a partner or closer to family. It is therefore beyond the control of SHAs and other social landlords to influence such motivations, but they may be able to assist tenants who wish to move to do so. Many exiting tenants participating in our study benefited from private rental assistance schemes such as bond loans. Further research is required on the effectiveness of such assistance in promoting exits, including schemes specifically targeted at exiting tenants, such as the Rental Pathways Scheme in Western Australia (WA Government 2014).

As noted above, being in paid employment, and having a significant history of employment, could enable some tenants to exit. Social landlords can encourage tenants' employment by facilitating tenants' access to education and job placement programs. While such activity is increasingly seen as a component of the 'housing management task' for social landlords, activity could be incentivised through developing a routine performance indicator on reconnection with employment among new tenants as envisaged by Pawson et al. (2014). Reviewing the current rent setting system—which creates a high effective marginal tax on paid employment by social housing tenants—could also potentially promote tenants' participation in paid employment (Hulse & Randolph 2004; Dockery et al. 2008; Saugeres & Hulse 2010). Since full market rent does not necessarily motivate tenants to exit (as indicated by our study), but does produce a disincentive to enter or maintain full-time employment—which in turn limits the viability of exit into private housing—it is possible that exit rates can be increased by reforming the existing rent setting system. Some of the policy options proposed by previous research include: changing the definition of assessable income to assess rent on net (after tax) rather than gross (before tax) income; giving tenants a short rent-free period when they start work; and mutual obligation packages whereby rent increases due to increased work earnings are deposited in a savings account that the tenant can access if they meet agreed objectives in terms of maintaining work (Hulse & Randolph 2004).

The gap between security of occupancy in social housing and the private rental is a major barrier to sector exits. Exit rates could therefore be increased by improving security of occupancy in the private rental sector. Yet, security of occupancy in private rental is a complex issue involving market, legal, policy and cultural factors. Improving security of occupancy in private rental would require a broad set of interventions including legislation to enhance *de jure* security of tenure, as well as a variety of tenancy support programs to increase *de facto* secure occupancy (Hulse & Milligan 2014). The introduction of FTTs in social housing could be seen perhaps as a more immediate means to close the gap in security of occupancy between the social and private rental sectors, by weakening one rather than strengthening the other. Under FTT regimes, the risk of a social housing exit is reduced, because it no longer means sacrificing a life-long tenancy for the sake of a fixed-term tenancy in private rental. There was some evidence in our study of such an effect—most notably the survey finding that In NSW

intention to exit in the next few years was higher for tenants on two or five years fixed term tenancies (FTTs), compared to those on periodic (permanent) leases. However, this finding could also be explained by other factors, such as these participants' younger age, and therefore cannot be directly attributed to their lease conditions. Overall, security of occupancy in public housing—even with FTTs—was considered by most participants as superior to private rental.

In principle, exiting social housing tenants could be offered priority access to CHP-managed affordable housing (i.e. homes for low to moderate income households and let at 75–80% of market rents—as under the National Rental Affordability Scheme—NRAS). Such a solution could help alleviate the two main barriers of affordability and security of occupancy. Unfortunately, however, with no current funds allocated for any future NRAS rounds, the prospect of an expanding 'intermediate housing' tenure now looks remote.

Prioritising access to social housing for former tenants—a 'right of return'—could also potentially mitigate concerns about secure occupancy in the private rental sector, and encourage tenants to take the risk of giving up their more secure social housing tenancies. This approach, however, could have undesirable implications, such as potentially encouraging exits by high-risk and more vulnerable households; and, creating further complexities and inequity in an already highly convoluted priority system in access to social housing.

The strong tenant preference for home ownership indicated by our findings suggests exit rates might also be enhanced by expanding pathways into home ownership for former social housing tenants. This could involve assisting tenants through housing models more supportive of low-income home ownership such as shared equity schemes (Pinnegar et al. 2009) and community-led housing models such as community land trusts (Moore & Mullins 2013).

Our findings indicate demand among some current public housing tenants for schemes that would allow them to purchase their own public housing unit. While this approach could create a new path for tenants to exit social housing into home ownership, such exits do not create new vacancies unless the proceeds from each sale are utilised to finance new social housing supply. However, where social landlords are committed to specified targets of asset disposals anyway, sales of units to sitting tenants could potentially be preferable to disposals via the open market because of their positive outcomes for those tenants and their possible contribution to more mixed income communities.

Efforts to encourage and support tenant exits need to be carefully targeted in order to minimise the incidence of unsustainable exits. Encouraging exits by households likely to experience housing stress and re-entry into social housing is counter-productive, with additional costs associated with instances of post-exit homelessness, as well as rent revenue losses and management costs associated with higher tenancy turnover⁴.

Minimising unsustainable exits would require a number of complementary interventions. The risk factors underpinning unsustainable exits need to be carefully considered in the design of any scheme to encourage exits. For example, cash incentives for any tenant choosing to exit the sector (as practiced in some UK councils such as the City of Westminster⁵), could potentially tempt vulnerable households, with limited prospects of sustaining private rental tenancies in the long term, to give up their social housing tenancies.

As our evidence indicates, exits triggered by problems with neighbours and unsafe neighbourhoods are potentially high-risk exits. Decisions on such exits are often made

⁴ Housing NSW presented internal research on the costs of unsustainable exits at an AHURI Policy Development Workshop on Social Housing Exits, 22nd July 2014, UNSW.

⁵ A condition of the cash incentive is that the exiting tenant finds a home 'without our involvement by buying, renting privately or going to live with relatives'. Tenants are also warned that 'we will not rehouse you if you become homeless as a result of giving up your council property'. (City of Westminster, n.d., p.8)

impulsively or under stress, and at times without full consideration of tenants' capacity to sustain alternative housing. Reducing the incidence of such high risk exits would require various complementary interventions, such as decentralising high concentrations of social housing (Pawson et al. 2012); and, applying best practice principles in management of anti-social behaviour among social housing tenants (Jacobs & Arthurson 2003; Atkinson et al. 2007).

Exiting social housing, despite very limited capacity to obtain or sustain private rental tenancies, can at times be a last resort for tenants who were unable to transfer to another social housing unit. This raises the need to review housing providers' existing internal transfer policies. In considering tenants' application for transfer, the risk of unsustainable sector exit potentially leading to homelessness should also form part of the assessment.

Unsustainable exits can be reduced by improving tenants' access to support services that could provide independent and emphatic advice before making exit decisions. For example, a Victorian study found that those who entered public housing under the Supported Housing Segment were most likely to have access to formal support services and were also most likely to have sustained their tenancy over a period of five years (Newman & Samoiloff 2005).

In some Australian jurisdictions, programs are currently being piloted to improve assessment of tenants' readiness for exit and to better prepare tenants for the exit, for example by training tenants' to work with private real estate agents⁶. Further research is required on the nature and costs of such programs and their impact on the incidence and sustainability of social housing exits.

For those tenants who do exit, despite being identified as at higher risk, financial and other supports to sustain private tenancies could also potentially reduce incidence of homelessness and re-entry into social housing. Exiting tenants, particularly those identified as such, need to be better informed about the supports available to them, and in some cases be linked with support agencies early on as a risk mitigation strategy.

6.5 Final remarks

While providing rich insight into the motivations to exit social housing, supported by a mix of quantitative and qualitative evidence, the research findings are inconclusive about some important aspects, such as the incidence of transition into home ownership. Given the major impact of tenant-initiated exits on effective social housing supply and the rental revenue for social landlords, it is important to continue building an evidence base about the incidence, motivations and consequences of social housing exits as well as re-entries. In addition to independent research, there is a need to review and improve practice in collection and recording of exits data by social landlords⁷.

⁶ As indicated by participants in an AHURI Policy Development Workshop on Social Housing Exits, 22nd July 2014, UNSW.

⁷ We are aware that Housing NSW is currently undertaking such a review.

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APPENDIX 1: SOCIAL HOUSING EXITS—TENANCY COHORT ANALYSIS

A1.1 Introduction

A1.1.1 Background

This appendix details findings from a longitudinal analysis of public housing administrative data from New South Wales (NSW) and Victoria. The data relate to lettings in calendar year 2007 (NSW) and in 2007–08 (Victoria). In mid-2013 the two state governments each kindly provided a dataset related to these lettings (some 8500 for NSW and some 6200 for Victoria). The datasets included end dates for all those tenancies which had subsequently ended. This enables us to probe the rates at which the initial tenancy cohort ‘decays’ over time. Also, with the inclusion of annually updated information on tenant income and associated rent charges, the data facilitate analysis of changes over time in tenant circumstances.

A1.1.2 Source data and researcher assumptions

In analysing and interpreting data of this kind it should be recognised that the recording frameworks will have been designed to fit with operational priorities rather than research requirements and that data entry practices will not have been managed with this latter use in mind. As might be expected, therefore, the data contains some ambiguities (especially in terms of missing data) calling for the exercise of judgement.

Particularly important as regards ‘exercise of researcher judgement’ on ambiguous data is the ‘reason for end of tenancy’ or ‘reason for vacation’ variable in both datasets. One issue here is what assumptions can be made in cases where a tenancy has been ended but where no specific reason for this has been recorded. In our analysis we assume this to mean that the reason for a tenancy coming to an end is genuinely not known by the landlord (rather than being known but not recorded). Thus, such tenancy terminations are assumed to have been tenant-initiated rather than resulting from events to which a landlord would need to respond (deaths) or moves which are landlord initiated (transfer to another property, eviction).

Following the logic outlined above it is assumed that tenancies ended for unspecified reasons (e.g. ‘vacated no reason given’ or ‘vacated without notice’) should be treated as moves to private housing. The importance of this assumption is emphasized by the fact that around 15 per cent of all tenancies ended within five years of creation in Victoria were coded as ‘vacated no reason given’—as compared with 21 per cent explicitly coded as ‘private rental’. Similarly, in the NSW sample around 11 per cent of tenancies ended within five years were coded as ‘vacated without notice’ as compared with 40 per cent coded as ‘private rental’. Working with ‘reason for vacation’ data tends to be problematic because of the ambiguity around whether the priority rests on recording the factor triggering the move (e.g. ‘neighbourhood dispute’ or the onward destination of the tenant—e.g. ‘to private rental’).

More broadly, the exercise of researcher judgement was needed in the interpretation of the numerous ‘reason for vacation’ codes to amalgamate these into a limited number of broader categories common to both NSW and Victoria.

Instances of tenancies recorded as ended due to re-assignment (e.g. to a widow following the death of her husband) have been disregarded, since such a process generates no lettable vacancy. Similarly, where (in NSW) some 2007 tenancies were ended through management transfers of tenanted properties to community housing these were removed from the analysis.

A1.1.3 Lettings overview

To contextualise the following analysis of tenancy turnover, Tables A1 and A2 show the household type profile of the relevant lettings cohorts. Unfortunately, the lack of consistent

classifications means the tables are not directly comparable. In both states, however, the dominant groups were single people of working age and single parent families. In Victoria approximately a third of total lettings were to existing tenants transferring to a more suitable home (or possibly displaced through redevelopment). However, the profiles of transfer lets and new tenant lets were perhaps surprisingly similar.

Table A1: Public housing lettings in NSW, 2007—household type profile

Row Labels	Number	% of total
Single 16–21	213	3
Single 22–64	3,310	39
Single 65+	879	10
Couple	202	2
Couple—tenant 65+	250	3
Mixed households, no children	42	0
Single with children <16	2,251	27
Single and descendants 16+	134	2
Couple with children <16	442	5
Couple and descendants 16+	23	0
Mixed households with children <16	362	4
Group households	190	2
Not known	173	2
Total	8,471	100

Source: Housing NSW

Table A2: Public housing lettings in Victoria, 2007–08—household type profile

Household type	Number (households)			% of total		
	New tenants	Transfers	All	New tenants	Transfers	All
Young single	117		117	3	0	2
Other single adult (working age)	1,124	537	1,661	27	26	27
Elderly single	374	341	715	9	16	11
Couple no children (working age)	78	23	101	2	1	2
Elderly couple (1+ >65)	64	60	124	2	3	2
Single parent family	950	446	1,396	23	22	22
Two parent family	239	118	357	6	6	6
Elderly multi-adult (1+ >65)	56	40	96	1	2	2
Multi-adult (working age)	393	157	550	9	8	9
Not known	800	349	1,149	19	17	18
Total	4,195	2,071	6,266	100	100	100

Source: Department of Human Services, Victoria

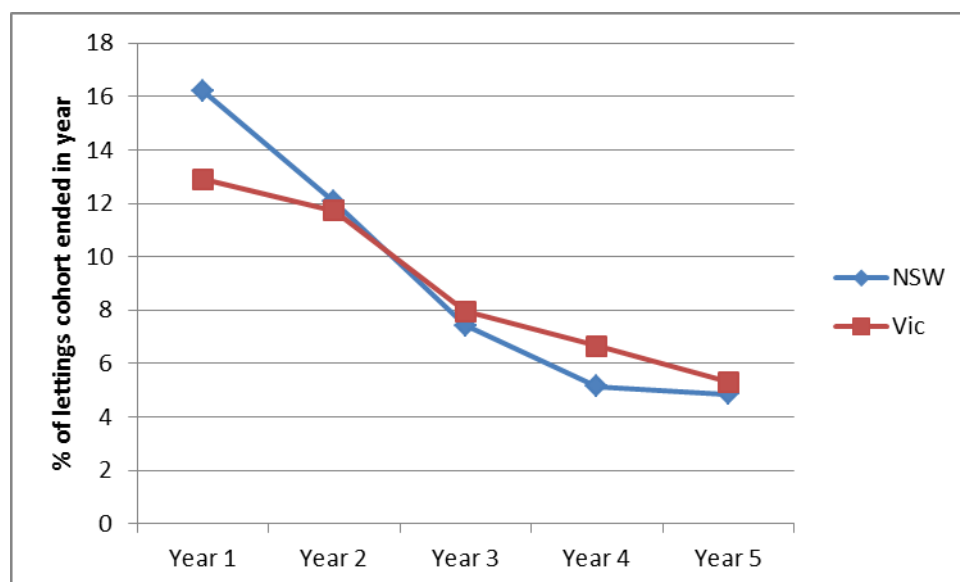
A1.2 Tenancy decay analysis

In both NSW and Victoria, just under half of all tenancies created in the base year had been ended within six years. As shown in Table A3 and Figure A1, the two sets of ‘decay rates’ were very similar.

Table A3: Decay rate for tenancies created in 2007 (NSW) and 2007/08 (Victoria)

		Tenancies ending each year					% of tenancies remaining after 6 years
		Year 1	Year 2	Year 3	Year 4	Year 5	
NSW	No	1,373	1,021	630	435	412	
	% of initial no	16	12	7	5	5	51
Vic	No	808	734	499	417	333	
	% of initial no	13	12	8	7	5	52

Figure A1: Trend of tenancies being ended



Note: Graphic relates to the cohort of public housing lettings made by Housing NSW in 2007 and by the Department of Human Services, Victoria in 2007–08.

Some 16 per cent of all tenancies created in NSW were ended within 12 months, while the comparable figure for Victoria was 13 per cent—see Table A3. A relevant benchmark for these figures is the overall rate of tenancy turnover; that is, the annual number of homes falling vacant across the entire dwelling stock as a proportion of that total. In NSW and Victoria in 2012–13 this equated to 9 per cent and 8 per cent, respectively (authors’ survey). Hence, the incidence of tenancies ended in their first year may be considered relatively high. As suggested by Figure A1 it may be only after two years that the rate of tenancy termination begins to level off.

As shown in Table A4 the most common reason for vacation was ‘move to private sector’, estimated as accounting for well over half of all vacancies. In Victoria a substantial proportion of tenancies were ended due to the tenant being transferred to a new home within public housing. The far lower incidence of such vacancies arising in NSW for this reason raises some doubts about the reliability of the NSW data in terms of our assumptions on how to classify originally assigned ‘reasons for vacation’ or how to treat instances of missing data. Since it has

been treated partly as a ‘residual’ (see above) this could imply that the NSW ‘move to private sector’ category has been somewhat overstated.

As might be expected, as a proportion of newly arising vacancies, the incidence of homes falling empty due to deaths or age related moves generally increases over time. Categories such as eviction and imprisonment seem to remain much more stable in terms of their proportionate representation—albeit that the latter may be understated for administrative reasons in Victoria.

Table A4: Incidence of newly arising vacancies within 2007 (NSW) and 2007/08 (Victoria) letting cohorts over time

Reason for vacation	NSW				Victoria			
	Ended in year 1		Ended by year 6		Ended in year 1		Ended by year 6	
	No.	Col %	No.	Col %	No.	Col %	No.	Col %
1. Transfer	74	5	284	7	230	28	867	29
2. Former tenant death	106	8	460	11	44	5	229	8
3. Age-related move	38	3	204	5	22	3	130	4
4. Eviction	142	10	474	12	56	7	197	7
5. Imprisonment	112	8	253	6	6	1	29	1
6. Move to private sector	881	64	2,347	57	432	53	1,448	49
7. Not known	20	1	78	2	18	2	70	2
Total	1,373	100	4,100	100	808	100	2,970	100

This study is primarily concerned with social housing exits involving a voluntary move to another dwelling outside of social housing which consequently generates a net vacancy. Therefore, the main interest is in category 6—‘move to private sector’. In principle, category 4—‘eviction’—is also of interest, especially since this includes (in NSW) ‘evictions’ resulting from fixed term tenancies brought to an end due to a tenant having increased their income above a specified threshold. In practice, however, such instances have been very few in number and will account for only a small minority of NSW vacancies resulting from evictions—far more numerous will have been tenancies ended by NSW due to unpaid rent arrears. According to the NSW Auditor General about 98 per cent of tenants granted two-year tenancies by Housing NSW have seen these extended rather than terminated at review.

A1.3 Rents and incomes

As shown in Table A5, the vast majority of lettings involved rents initially set at discounted rates. For the almost every new tenant their very low-income meant that the market rent for their new home would be unaffordable (i.e. in excess of 25% of household income). While still representing only a very small minority of lettings, rents set at market rates were slightly more common in regional rather than in metropolitan settings. It is also possible that there are significant variations within the ‘metropolitan’ and ‘regional’ categories.

Rents initially set at market rates were also slightly more common among the largest homes and, in Victoria, also the smallest homes—see Table A6.

Table A5: Rent status at letting by state

Area	NSW			Victoria		
	Market rent (%)	Discounted rent (%)	All lettings (no)	Market rent (%)	Discounted rent (%)	All lettings (no)
Metropolitan	3	97	4,486	5	95	3,356
Regional	7	93	3,985	11	89	2,840
All	5	95	8,471	8	92	6,196

Table A6: Incidence of market rent lettings by property size

Property size	NSW	Victoria
	%	%
Bedsit	6	13
1-bed	3	7
2-bed	3	6
3-bed	5	10
4-bed +	12	12
Total	5	8

As shown in Table A7, between a third and a half of tenancies initially designated for market rent charges have seen their rent status changing to a discounted charge within a six year period. Potentially, this could reflect instances where a tenant loses paid employment or has to accept reduced wages—for example through moving from full time to part time work. Alternatively, it could result from changes in the household such as separation or divorce resulting in a working partner vacating the property.

Table A7: All tenancies created in base year: change in rent status over six years (or less for tenancies terminated within this timescale)

Rent status	NSW			Victoria		
	Status at letting	Lettings subject to subsequent change of rent status		Status at letting	Lettings subject to subsequent change of rent status	
		No	Row %		No	Row %
Discounted	8,078	896*	11	5,709	433	8
Market	393	176	45	487	162	33
Total	8,471	1,072	13	6,196	595	10

* To a degree this will understate the extent of discounted rents increased to reflect a tenant's increased income, since that rent increase might fall short of the 'market rent' ceiling of the property concerned. Hence, according to our simple binary classification, rent status would remain unchanged.

It would appear relatively unusual that discounted rents are re-set to market rates. In NSW, for example, this was experienced in only 11 per cent of cases (see Table A7). Equally, however, the *number* of homes where a discounted rent is ramped up to a market rent is much greater than the *number* where a market rent originally set is later reduced to a discounted charge. Thus, within the two cohorts, the proportion of market rent tenancies increased over time. In NSW, for example, whereas only 393 tenancies were initially let on market rents, this increased over six years by (896-176=) 720. Hence, whereas market rent tenancies accounted for only 5

per cent of tenancies at the point of letting, the number of tenancies being let on these terms by the end of six years (or at the point where a tenancy was terminated) equated to 13 per cent of the starting number. It should also be borne in mind that our data on rent status relates to the 'year end position' only. There may have been instances where, having gained employment or improved their earnings, a tenant sees their rent consequentially increased to the market level, and then ends their tenancy before the next year end rent status reading.

Consistent with the above analysis, the proportion of tenants seeing their income status change from waged to unwaged (38% in Victoria, 49% in NSW) was much higher than the proportion of those initially classed as unwaged but later becoming waged (see Table A8). Equally, however, the *numbers* moving into employment (e.g. 353 in NSW) were substantially larger than the numbers of those becoming unwaged (e.g. 164 in NSW). Therefore, while remaining very small, the proportion of tenants in employment after six years (or at the end of their tenancy, if sooner) was higher than at the time this tenancy cohort was initiated. Thus, in NSW, with 337 tenants initially waged, by the end of the period 526 tenants were waged (337+(353-164)). Similarly, in Victoria, with 590 tenants initially waged, by the end of the period 869 were waged (590+(502-223)). In other words, expressed as a percentage of the number of tenancies originally created, the tenant employment rate rose from 4 to 6 per cent in NSW and from 10 to 14 per cent in Victoria. To this limited extent, it could be said that a public housing tenancy can provide a springboard into employment.

Table A8: All tenancies created in base year: change income status over six years (or less for tenancies terminated within this timescale)

Income status	NSW			Victoria		
	Status at letting	Subsequently changed		Status at letting	Subsequently changed	
		No	%		No	%
Waged	337	164	49	590	223	38
Not waged	8,052	353	4	5,606	502	9

Table A9: Rate of tenancy terminations according to tenant income status

Tenant status	NSW			Victoria		
	All lets	Move to private sector within 6 years		All lets	Move to private sector within 6 years	
		No	% of tenancies originally let		No	% of tenancies originally let
Tenant never waged	7,699	2,094	27	5,104	1,255	25
Tenant always waged	173	88	51	367	88	24
Tenant becoming waged*	353	113	32	502	76	15
Tenant becoming unwaged*	164	33	20	223	29	13
n.a at the start of tenancy	82	25	30	70	-	-
Total	8,471	2,353	28	6,266	1,448	23

* i.e. comparing status at letting with status at end of tenancy or—for tenancies remaining intact—the latest year.

It might be hypothesized that tenants gaining employment will be prompted to exit public housing by the resulting increase in their rent such that it ceases to be more expensive to rent an equivalent home in the market sector. However, the cohort study provides little evidence

that this occurs on any significant scale. In any case, as shown in Tables A8 and A9, relatively few tenants actually move into employment having gained a public housing tenancy. Table A9 suggests that, in NSW such tenants were slightly more likely to move to private sector housing than the cohort-wide norm (32% compared with 28%). In Victoria, however, only 15 per cent of tenants who became waged moved to private sector housing—lower than the cohort-wide norm—23 per cent.

Various factors could explain the lack of any strong tendency for tenants gaining employment to exit public housing. First, gaining low waged employment might still leave a tenant with such a low income that (at least in many parts of Sydney and Melbourne) a market rent would remain unaffordable. Second, even if earning enough to trigger a rent increase to a market level charge, a tenant might plan to delay any move for some years until having accumulated significant savings. Third, having one's public housing rent pushed up to a market level due to increased income might (theoretically) eliminate the economic incentive for remaining in public housing. But other aspects of the public housing package—in particular, open-ended security of tenure (in Victoria)—might be highly valued. Finally, related to the above point, the greater security of tenure in public housing (even in NSW) might be particularly attractive for a tenant gaining employment of a temporary nature or otherwise considered insecure or risky.

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