

# COMPARING THE LIFE CIRCUMSTANCES OF OLDER PUBLIC HOUSING TENANTS TO OLDER PRIVATE RENTERS IN SYDNEY

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## ABSTRACT

Due to a virtual freeze on the building of new public housing and a decline in housing affordability, an ever-increasing number of older Australians are dependent on the private rental market for their accommodation. Using in-depth interviews, the situations of older renters in Sydney, in public housing and private rented accommodation who are dependent mainly on the age pension are compared. It is illustrated that older people in public housing are generally in a superior financial position, have far greater security of tenure and, drawing on Amartya Sen, have a far greater capacity to live a life they value than do their counterparts in private rented accommodation. The latter were often in a desperate financial situation and extremely anxious about their future. Their capacity to control their present and their future was, in most cases, very limited.

## 1 INTRODUCTION

In 2003, 83 per cent of older Australians were homeowners and only 13 per cent of older Australians (65 and over) were renters (ABS, 2005). About 44 per cent of older renters were in the private market and the remainder were public housing tenants (ABS, 2005). In this study the situations of older renters living in public housing in Sydney are compared to those dependent on Sydney's private rental market. Although older renters at present constitute a small proportion of the older population, there is no doubt that the proportion and number will grow substantially in the coming decades (AHURI, 2007) and it is thus important that we establish how older people are faring in the respective rental tenures.

If the present housing policies are retained, almost all the growth in the number of older renters in the coming decades will be in the private rental market. At present, most non-homeowners reaching retirement age are forced to find accommodation in the private rented sector. They are able to access Rent Assistance which is set nationally at a maximum of \$104 a fortnight for single person households and \$98.20 for couples. Rent Assistance does not take account of the variations in the rental market. Thus, many older private renters in Sydney who are dependent on the age pension as their primary source of income are generally paying a major proportion of their income in rent and are paying a far greater proportion of their income in rent than their counterparts in other parts of the country. By way of illustration, in Sydney, in March 2007, the median rent for a one-bedroomed unit in the inner ring was \$340 a week, in the middle ring it was \$270 and in the outer ring it was \$190 a week; in comparison, the median rent for a similar dwelling in Newcastle or Wollongong was \$150 (NSW Government, 2007). In Sydney, in March 2007, a private renter living by themselves who was dependent on the age pension and rent assistance for their income and who was paying the median rent in the middle ring, would have been spending 86 per cent of their income on rent.

Public housing tenants invariably are in a far better situation in regards to rent. Nationally, the rents of public housing tenants are set at a maximum of 25 per cent of their income. Thus, in March 2007, older public housing tenants dependent on the age pension were paying a maximum of \$66 a week.

This study is based on 29 in-depth interviews - 15 with older public housing tenants and 14 with older private renters. All of the interviewees lived in Sydney. Interviewees were recruited through advertising in Seniors publications and by word of mouth. The study focuses on the life circumstances and security of tenure of the respective groupings. The life circumstances of the older public housing tenants were generally far superior to that of older private renters. The former had security of tenure and were able to engage in community activities and look after themselves adequately. In contrast, the financial circumstances of the older private renters were often so parlous that they were barely able to sustain themselves and had little financial or emotional capacity to engage in community activity. Most of the private renters were constantly anxious about their security of tenure.

Amartya Sen's concept of capabilities is a useful way of capturing the differing situations of older renters. Freedom, Sen argues, 'refers to the expansion of capabilities of persons to lead the kind of lives they value-and have reason to value' (Sen, 1999, p. 18). Thus we can judge an 'individual's advantage in terms of the capabilities that a person has, that is the substantive freedoms he or she enjoys to lead the kind of life he or she has reason to value' (Sen, 1999, p. 87). Inadequate income is a key predisposing factor for a lack of capability, but is not the only factor shaping capability. Sen makes the point that 'the relationship between income and capability would be strongly affected by the age of the person (e.g., by the specific needs of the old and the very young)' (Sen, 1999, p. 88). An older person would usually have greater difficulty converting income into capability than a younger person. Security of tenure and the cost of accommodation would also be key factors determining capability. A person who lives in accommodation where security of tenure is guaranteed and where the rent is a constant proportion of income and is affordable, will have far greater capacity to lead a life they value than a person who has minimal or no security of tenure and who has little income left after paying the rent. This is especially so in the case of older renters whose ability to make alternative plans in the event of crisis is often limited due to frailty and a reluctance to move.

## **2 DISCUSSION**

### **2.1 COMPARING THE FINANCIAL CIRCUMSTANCES OF OLDER RENTERS**

The rent that interviewees paid was usually the primary determinant of their financial situation. In the case of the public housing tenants, their rent, as mentioned, is pegged at a quarter of their income. At the time of the interviews in mid-2006, most of the older renters were paying just over \$60 a week for their accommodation. All of the public housing interviewees were adamant that their low rent meant that despite being dependent on the age pension (about \$260 a week) for all or the bulk of their income, they had, to use Sen, the capability to live a life 'they had reason to value'. They were able to cope with everyday expenses, engage in activities that they desired to, maintain their health, save a few dollars for emergencies and set aside money for an annual holiday. Dora, who was 85 at the time of the interview, commented:

Well the rent's very good here ... I'm always ahead of me rent ... I'd never be able to live if I had to go out private [rent]. I look at it that way. It [life] would be a lot different. It's only because the rent's so light here that I got a few shillings for myself to spend ... I feel lucky.

All of the public housing tenants commented that although they had to budget very carefully, they generally had the capacity to purchase what they required for everyday living. Robert (75), who had been in public housing for 23 years, was adamant that he was financially secure: 'I'm quite comfortable. I don't really want for anything ... If I want anything I can just save up for it'. Tony (67) had a similar sentiment: 'Yeah, it's cheap [living] and I've usually got plenty of money for food and stuff.'

The situation of older private renters was very different. If we utilise the generally accepted definition of housing stress to be a situation where a low-income household is spending more than thirty per cent of their disposable income on accommodation (NATSEM, 2006) then all of the older private renters interviewed were in severe housing stress. Three were paying \$250 or more a week, four were paying between \$200 and \$240, six were paying between \$140 and \$160 and the one interviewee living in a boarding house was paying \$110 a week. The private renters who were dependent on the age pension and rent assistance for their income and paying \$200 or more a week, were devoting seventy per cent or more of their income to paying the rent. Even the one interviewee living in a boarding house was spending just over forty per cent of his income on rent. A couple of the private renters had savings which they were able to draw on, but there was much anxiety about what would happen when their savings were depleted.

Almost all of the older renters in the private market felt that the rent they had to pay was a crushing burden which severely curtailed their capacity to pursue 'a life that they valued'. This was especially so for those older private renters who had minimal or no family support. Debbie, who in regards to her weekly rent was relatively fortunate, she was only paying \$150 a week, had the following comment:

Things have got harder lately ... They're squeezing us. They're absolutely squeezing us. I have never felt this squeeze like this. So desperate ... A couple of weeks ago I had eggs for three days. And I bought a cup of soups.

Leah (68), whose rent was \$240 a week, told of how she had to rely on charity to help her pay essential bills like the electricity and phone and she could not replace everyday items: 'Well, I've had a few things break down since I've been here that I can't replace. I mean I haven't got a microwave oven ... and I don't own a vacuum cleaner. And I haven't got a heater.' She said that even if she had a heater she would not use it because she could not afford the running costs. Her dire financial situation contributed directly to her increasing isolation as she could not afford the \$2.50 daily fare (unlimited travel) for public transport: 'Well you sort of think what you can do with \$2.50. That's a loaf of bread type of thing.'

Sarah (67), who had been a private renter paying \$250 a week, had moved into community housing (rent, \$100 a week) a few weeks prior to the interview. Her life and disposition had been totally transformed by the move:

I feel very differently now ... I only pay \$100 a week and that stress is gone. I feel a different person, I really do ... I am so happy here ... I've been very lucky ... I really thank God for it but it's unrealistic. You cannot [as a private renter] live on that [the age pension]. I mean what would you live on? It's a joke.

For almost all of the interviewees who were in private rented accommodation, their financial situation was a constant source of anxiety. Sue, who was extremely anxious about the future, commented:

It's a battle that can get you down. I think I'm quite a strong reasonably intelligent woman and I do reason quite well. I think, I'm fairly grounded,

but it's still getting the better of me ... Rather than me getting the better of it, it's getting the better of me.

She felt that her situation had precipitated her serious depression.

Another private renter told of how her situation had worn her down so that at times she felt suicidal: 'And there have been times when I've thought what is the point to life. I really have thought this can't go on' (Alex).

## 2.2 SECURITY OF TENURE

An enormously important issue for older renters is security of tenure. All of the public housing tenants felt secure and had no intention of moving. In contrast, eleven of the fourteen older private renters felt vulnerable and were concerned that a rent increase or the selling of the property could force them to move. A public housing tenant had the following observation about the importance of feeling secure:

I do feel that there is a terrific lot of security here. It makes for a far more peaceful life especially when you get older. When people get older ...they sort of become easily stressed and the accommodation is probably at the top of the list where you live and so on (Robert).

Robert told of how his low rent and sense of security, allowed him to pursue his interests and had a positive impact on his health. It had certainly enabled him to extend his capabilities:

When you know your accommodation is right, this is especially when you're older, you can pursue other interests. You're more relaxed and ... I really feel you're in for a longer life you know. [It's a] ...nerve-wrecking thing, especially if ... you don't own your own home and especially if you're in the rental market when you get older. It's a very dodgy situation.

The interviews suggested that security of tenure was fundamental to enabling older public housing tenants to live a life they valued. They were able to form strong bonds and engage in local activities. Many participated in community centre activities on a regular basis. Pam and Carol, although they were in their mid-eighties, taught English to their fellow residents. Chris (73), had been able to develop a beautiful garden in his and neighbouring properties. It gave him tremendous pleasure and he had won several prizes.

Eleven of the fourteen older private renters were concerned that any further rent increase would force them to move. This fear is captured in the following comment:

My landlord ... he was sort of saying well there hasn't been an increase for a couple of years and we're really looking to increase it ... If he put it up I'd have to go. There's no way in the world that I could do it.

A rent increase of as little as \$10 a week was viewed with trepidation. Tony, who had been fortunate and had managed to find accommodation for \$150 a week, felt that he would not be able to cope if his rent was increased by more than ten dollars a week: 'He [his son] said to me, "you might cop a rent increase." I said, "Yes, I'll cop \$10 a year." Failing that, I couldn't afford it.'

Another fear was that their dwelling may be sold or redeveloped. Sue, who was living in a cottage surrounded by high-rise apartments, was convinced that the cottage would soon be sold. She described this scenario as a 'nightmare'. When asked what she would do if the house was indeed sold, she tearfully responded, 'I don't know. I don't know. I really don't know. I don't know.'

### 3 CONCLUSION

The desperate situation of many of the older private renters and the relatively secure and comfortable position of older public housing tenants, illustrates the enormous power the provision of affordable and adequate housing has for enhancing or alternatively undermining the lives of older people dependent on the age pension as their primary source of income. Sen's concept of capabilities and freedom is a useful way of understanding the respective positions of older renters. The older renters in public housing had a sense that they had a good deal of control over their lives and felt secure. In many areas of their lives they had the capacity to lead the kind of life they valued. In contrast, most of the older private renters had minimal control over their present and future and had little capacity to lead the kind of life they valued. Their negligible disposable income, combined with their lack of accommodation security, meant that life was a constant struggle.

The interviews illustrated that the present level of Rent Assistance does not allow private renters in Sydney on the age pension, to access affordable and adequate housing. Older private renters are particularly hard-hit by the dire shortage of adequate, affordable housing as they are extremely reluctant to share accommodation and often do not have the physical or emotional capacity to seek out cheaper accommodation in the event of an untenable rent increase or impending eviction. Often they have expenses related to the maintenance of their health which younger renters are less likely to have.

If present trends continue it is likely that the number of older private renters will increase substantially over the coming decades. This is primarily due to three factors. Firstly, the number of older people as a proportion of Australia's population 'will increase rapidly over the next 50 years, from 2.6 million in 2004 to between 7 and 9 million people in 2051' (ABS, 2005).

Secondly, the absolute number of public housing dwellings is declining (AIHW, 2005). Although the community housing sector is expanding, it is still relatively small. Finally, the proportion of households and individuals who cannot afford to purchase a home is constantly increasing. The recent release of the 2006 Census has led to the lack of housing affordability being described as a 'national crisis' (Munro & Irvine, 2007).

The question that needs to be asked is why, in a period of substantial budget surpluses and fifteen years of continuous economic growth, do an ever-increasing proportion of older Australians find themselves in desperate straits due to a lack of affordable accommodation? Two definite conclusions can be reached. Firstly, it is evident that the rent assistance policy at its present level is not an adequate policy response or replacement for public or community housing. Secondly, if a way is not found to properly accommodate older people in adequate, affordable housing in the coming decades, tens of thousands of older Australians could find themselves living in marginal housing situations when they reach the end of their working lives.

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