

CHAPTER 17

PRIVATE SECTOR ACCOMMODATION

'You're nice girls. Shame you're on the dole.'

COST

17.1 One major obstacle preventing young people renting in the private market, their traditional source of independent accommodation, is cost. (As for the possibility of buying a small flat or cottage, which may have been an option for a small number of well-to-do young people several years ago, the recent rapid escalation in housing prices in all major cities now makes this virtually impossible.) The Inquiry received evidence that 'average rent increases have far outstripped increases in inflation and average weekly earnings in each of the last three years' to September 1987.'

Youth incomes have been steadily eroding and more and more young people have been cut off benefits and allowances so that they have no income whatsoever. Housing costs have steadily increased to the point where many young people cannot even afford a caravan. Obviously these two factors are related. Affordability is determined by one's income.'

A young homeless person told the Inquiry:

I could not move onto the private market because the rents are too high. I cannot afford the bonds anyway but, if the flats were cheap enough, the real estate agents and landlords do not like renting to young people.'

17.2 State governments acknowledged in their submissions to the Inquiry the difficulties young people face in securing tenancies in the private rental market. The Victorian Government stated:

The private housing market is characterised by a shortage in affordable rental housing. In recent years, vacancy rates in rental markets have been tight and many submarkets have experienced significant increases in rent above the general level of inflation. This creates real difficulties for the capacities of young people on low wages or receiving statutory incomes in terms of their access to adequate housing. The percentage of young people in housing-related poverty has been increasing and this poverty is primarily concentrated in the private rental market.'

17.3 Although the Western Australian Government advised that 'Western Australia had the cheapest average rental rates of any capital in Australia during 1987'⁶ with 'average weekly rental for a one-bedroom flat around \$60 to \$75, only those receiving both JSA and YHA or independent Austudy (\$76 maximum) could consider paying these rents. Only 163 young Western Australians are in receipt of YHA and 99 receive the independent Austudy allowance. Even in a regional centre, such as Port Hedland, rents for single accommodation range between \$50 and \$70 per week.' A young person obliged to take such accommodation, will obviously be paying much more than 20%, and very often more than 50%, of his or her income in rent.' In another regional centre, Bunbury, average rents at the end of 1987 were between \$120 and \$125 and the vacancy rate was only around 1%. 'Bonds and associated costs are often in excess of \$500.'

17.4 The Inquiry heard evidence that the private market in Queensland is also difficult for young people to enter' Rents on the Gold Coast are around \$95 per week for a one-bedroom flat and \$120 per week for a two-bedroom flat." In Port Augusta, South Australia, a two-bedroom, partly-furnished flat rents for between \$60 and \$70 per week."

17.5 In other cities, the chances of finding adequate, affordable housing without overcrowding are even lower because of both high costs and low vacancy rates." In Sydney, a 'bedsitter' or one-bedroom apartment rented for an average \$115 per week in 1987." The average cost of renting a two-bedroom

Anecdotal evidence indicated that landlords are well aware of the difficulties young people have in affording rents and are reluctant to have them as tenants. Research indicates that landlords discriminate in favour of tenants that they consider to be more reliable and not subject to major financial problems if one or more members of the group must leave. This seriously disadvantages young people, sole parents and the unemployed.'

This is partly a matter of stereotyped assumptions about young people, leading to unfair discrimination.

...real estate agents are not going to accept young people that are earning \$25 a week, Why should they, when they can get an older person who is working and who is obviously going to be much quieter [and] cause no disruption for the neighbours..."

17.11 The Fremantle Youth Accommodation Service in Western Australia gave evidence of the way in which the requirements of landlords and agents in the rental market exclude low income young people, and the homeless in particular:

They have to be working and therefore prove their ability to pay the rent. They have to have references...a previous agent through which they have rented, or a person with standing within the community...When they make an appearance they should be clean especially their hair, their feet, and their fingernails, was the comment. I do not know how you do that when you have not got a place to live and a shower to clean yourself in...And with those sorts of attitudes, which are quite prevalent, and we are' running up against all the time with young people, it is very difficult for them to break into the market, let alone their ability to pay the rents that are asked for."

17.12 Some young people possibly face more discrimination than others. Some groups suffer from stereotyping, having characteristics imputed to them which lead to them being regarded as undesirable tenants. Evidence was given that young males are regarded as 'not particularly desirable, because they make lots of noise and cause damage'." One witness noted that discrimination against young people is intensified 'when they are not seen to be socially acceptable...Some of the young people to fall into this category are migrants, Aboriginals, disabled young people, gay young people and young people with children, including single parent families'." Another stated:

...even if a young woman was lucky enough to land a decently-paid job so that she could afford it [i.e. to rent in the private market], the levels of discrimination are so great that there is really no point in her looking. This discrimination is probably tripled if she has children and then I have not even talked about other forms of discrimination that come from class and race and disability and what have you."

These characteristics obviously do not relate to any legitimate reason for refusing someone as a tenant. But it is also quite clear from the evidence presented that the majority of homeless young people do not in fact have sufficient income to meet the demands of the rental market. They would not have effective access to the rental market even if effective measures against discrimination existed in this area.

17.13 Evidence to the Inquiry indicated that even caravan parks are no longer an option for many unemployed young people, although almost 200,000 Australians do live in such accommodation.³² Caravans are, in many places, too expensive and young people also face discrimination in parks.

CAPACITY TO SIGN A LEASE

17.14 While evidence to the Inquiry clearly indicated that the major barrier to access to rental accommodation for young people is lack of income and financial resources, many witnesses also referred to legal problems. As Lord Mansfield stated in 1765:

Miserable must the condition of minors be; excluded from the society and commerce **a** the world; deprived of necessaries, education, employment, and many advantages; if they could do no binding acts. Great inconvenience must arise to others, if they were bound by no act."

Common Law

17.15 The general common law rule is that minors (now meaning persons under 18)" lack capacity to enter contracts, including leases. However, the consequence is not that minors' contracts are totally

arising from perceived or real legal problems in enforcing contracts against minors. If a contract or lease is unenforceable (due to one party being a minor), a guarantee of obligations under that contract may also be unenforceable.⁴⁷ In New South Wales and South Australia such guarantees are made enforceable by statute.' However, as was noted in evidence, 'a lot of young homeless people are homeless because they do not have support from their family and they also do not wish to be legally obliged to their parents for that sort of support.'⁴⁹

17.23 Another response is to have an adult sign the lease. It is clear from the evidence, however, that many children would not have available a parent or other adult willing to do so. Evidence was given that some youth refugees sign leases on behalf of 'suitable' young people.⁵⁰ Even where young people are able to find a refuge worker willing to undertake this responsibility, however, such a scheme poses problems. The refuge worker, rather than the actual tenant, has rights and responsibilities under the lease, a situation which could pose problems for the worker, and to which many landlords might object

FINDINGS AND RECOMMENDATIONS

17.24 Young people generally face insuperable difficulties gaining access to accommodation of the type which they have traditionally relied upon. The combination of high teenage unemployment rates, the reduced value of youth unemployment benefits, escalating rents and continuing low vacancy rates in many areas, discrimination against young prospective tenants and the perception that people under 18 are not entitled to sign a lease, have been compounded by a continuing reduction in cheaper forms of accommodation such as boarding-houses. These factors have forced many young people into homelessness. For example, in Sydney in 1987 some 28 boarding-houses which had long provided cheap accommodation in the inner city, were demolished and replaced with expensive units — initially for visitors to the Bicentenary. As far as we are aware, no provision was made for the occupants of the boarding-houses. The structure of the private rental market appears to have changed permanently to exclude the young tenant, particularly where that person is unemployed.

RECOMMENDATIONS 17.1:

- **The Inquiry recommends that, as a matter of urgency:**
 - **the Federal Government review taxation laws affecting the housing market;**
 - **the Federal Government clarify the effect of receipt of income from boarders by pensioners and other social security beneficiaries;**
 - **State, Territory and local government authorities review planning and zoning laws and policies with a view to their effect on the availability and cost of housing for young people; and**
 - **all levels of government confer in order to identify and remove disincentives to the provision of appropriate and affordable rental and boarding-house accommodation for young people, and implement measures to encourage such provision.**

RECOMMENDATION 17.2:

- **The Inquiry recommends that all States and Territories which have not already done so legislate to remove any legal impediments to young people entering into leases.**

RECOMMENDATIONS 17.3:

- **The Inquiry recommends that anti-discrimination legislation be extended or enacted in all jurisdictions to prohibit discrimination on the basis of age in the provision of rental accommodation.**

People who are on incomes of a quarter or less of an average wage have little chance of finding good accommodation in the private rental market?

The full Job Search Allowance is 11% of average weekly earnings. For homeless young people who can obtain the Young Homeless Allowance (only a small proportion of the homeless are able to do so), their total income is still only 17% of average weekly earnings. Homeless young people do not have parental support to fall back upon.

11.13 The parents of unemployed young people are also likely to be dependent on social security or to be relatively low income earners. Youth unemployment has been found to be sited predominantly in such families." There is an:

...increased likelihood of unemployment for young people with unemployed parents and for children of sole parents where the parent is either unemployed or not in the labour force!

11.14 Moreover, having been the child of a sole parent renders one more likely to be unemployed. The first Australian longitudinal survey of young CES registrants found that:

...people with experience of living in a single parent family appear to be over-represented [among CBS registrants of three months plus duration j]? These families, particularly those without a breadwinner (where the parents are excluded from labour force participation by unemployment, sickness, disability or by single parenthood), are most likely to have insufficient income — that is, to live in poverty" — and to be unable to support their adolescent offspring. These adolescents are at great risk of becoming homeless.

Accommodation

11.15 Possibly because young unemployed people are likely to come from poorer families and because (or in spite of the fact that) the levels of income support payments are so low, unemployed teenagers are less likely to live at home than employed teenagers."

Youth unemployment is the single factor most frequently associated with homelessness and is strongly inter-related with the two other major contributing factors of family conflict and youth's lack of income...Unemployment is often inter-related with family conflicts in situations where youth are unable to contribute to family income, where youth's lack of activity produces tension in the home and where lack of income constrains youth to stay at home when they prefer independence."

In 1984, only 62% of unemployed people aged 15 to 24 (who had been registered at the CES for three months or more) lived at home with their parents and another 20% lived either in households with unrelated people or on their own."

11.16 Yet many unemployed young people living on income support payments are unlikely to be able to afford secure and adequate accommodation away from their families. The private tenancy, once the most common form of accommodation for young single people, is increasingly difficult to secure, both for reasons of cost and because the number of places for rent is shrinking. (We detail these issues in Chapter 17, Private Sector Accommodation.)

11.17 Despite significant recent advances, at least at the policy level, the public sector is still virtually inaccessible to most young single people as we describe in Chapter 16, Commonwealth-State Housing Agreement. Recently the Federal Government has encouraged State and Territory housing authorities to open up public housing stock to young single people and, indeed, some State housing authorities have been quite creative in meeting their demands for accommodation." Others, however, continue effectively to deny access to homeless young people. There have also been efforts made to encourage local government authorities to enter the accommodation services field. (We consider these issues in detail in Chapter 16.)

11.18 For those who leave home and become homeless, often the only accommodation open to them is a youth refuge. There is often an obligation to pay a small amount of board at refuges and some young people, particularly the unemployed, are unable to afford even this. In addition, as we describe in Chapter 15, Youth Supported Accommodation Program, refuges are often full or unwilling to accept certain young people.

Notes

1. Anon., *Transcript* at 1341.
2. *Outreach*, November 1982 at 21 (Uniting Church in Australia (Victoria), Division of Community Services).
3. S.96, Westir, at 5.
4. I. O'Connor, *Most of us have got a lot to say and we know what we are talking about' Children's and Young People's Experiences of Homelessness* (1988) at 89.
5. D. Otto, Youth Accommodation Coalition (Vic), *Transcript* at 902.
6. A. Buxton, Casey House Darwin, *Transcript* at 1603.
7. S. Starts, Young House Albany (WA), *Transcript* at 752.
8. P. Sulley, *Transcript* at 834.
9. S.97, Central Highlands Youth Accommodation Coalition (Vic), at 5.
10. R. Passfield, North Queensland Youth Accommodation Coalition, *Transcript* at 468.
11. S.146, Coalition on Employment (NSW), at 3-4.
12. Bureau of Labour Market Research (1986), *The First Wave of the Australian Longitudinal Survey, Facts and Figures About Young CES Registrants* (AGPS, 1986) at 42.
13. C. Penn, Youth Advocacy Centre Brisbane, *Transcript* at 229.
14. M. O'Neil, National Youth Coalition for Housing, *Transcript* at 1068.
15. *Skills for Australia*, at 16.
16. S.146, Coalition on Employment (NSW), at 5.
17. Bureau of Labour Market Research (1985), *Youth Employment Patterns* (Research Report S, AGPS, 1985) at 10-11.
18. S.146, Coalition on Employment (NSW). at 7.
19. *Id.* at S.
20. S.147, Brotherhood of St Laurence (Vic), at i.
21. S.146. Coalition on Employment (NSW), at 9 (emphasis added).
22. T. Moore, Developmental Youth Services Association (NSW), *Transcript* at 60.
23. S.147, Brotherhood of St Laurence (Vic), at 15.
24. S. Rimmer, 'Long-Term Youth Unemployment, Training Programs, and the "Youth Guarantee" (1988) 7(2) *The Bulletin of the National Clearinghouse for Youth Studies* 7, at 7-8..
25. R. Eckersley, *Casualties of Change* (Commission for the Future, 1988) at 29.
26. S.147, Brotherhood of St Laurence (Vic), at 6.
27. *Ibid.*
28. *id.* at 2.
29. B. Cass, 'Children's Poverty and Labour Market Issues Confronting the Causes', Paper presented at Conference on Child Poverty in Australia (Melbourne, April 1988) at 19.
30. Bureau of Labour Market Research (1986), *op cit.* at 44.
31. B. Cass, *op cit.* at 3.
- 3¹. C. Kilmartin, 'Leaving Home is Coming Later' (1987) 19 *Family Matters* 40, at 41.
33. L. Hancock and T. Burke, *Youth Housing Policy* (Australian Housing Research Council Project No. 123, 1983) at 22.
34. Bureau of Labour Market Research (1986), *op cit.* at 51.
35. For example, the NSW Housing Department's Head Leasing Transfer Scheme, the Victorian Ministry of Housing and Construction's Youth Housing Program and the South Australian Housing Trust's Direct Lease Scheme: see generally, Chapter 16, Commonwealth-State Housing Agreement.
36. T. Upstell, Offenders' Aid and Rehabilitation Services Organisation (SA), *Transcript* at 1289.
37. R. Eckersley, *op Mt* at 27.
38. W. Borgen and N. Amundson, 'The Dynamics of Unemployment' (1987) 66 *Journal of Counselling and Development* 180, at 183; R. Gurney, 'The Effects of Unemployment on the Psycho-social Development of School Leavers' (1980) 53 *Journal of Occupational Psychology* 205.

- 39 Minors' Contracts (Miscellaneous Provisions) Act 1979.
- 40 M. Jones, Housing Information and Referral Service Sydney, *Transcript* at 121; L. Upham, Youth Advocacy Centre Brisbane, *Transcript* at 236; G. Roberts, North Queensland Youth Accommodation Coalition, *Transcript* at 459; N. Clay, Wollongong Youth Refuge (NSW), *Transcript* at 1792; J. Pearce, Maitland Youth Crisis Centre (NSW), *Transcript* at 1970.
- 41 J. McLearn, aged 16, stated that 'you cannot sign a lease until you are 18 years old': *Transcript* at 231. G. King of the Gold Coast Youth Service (Qld), observed that while young people under 18 were legally able to enter into tenancy agreements, this was 'contrary to popular belief': *Transcript* at 369.
- 42 T. Howe, Youthcare, Anglicare (Tar), *Transcript* at 1498.
- 43 C. Tilbury, Adolescent Parents Support Group Brisbane, *Transcript* at 304. See also, G. Roberts, North Queensland Youth Accommodation Coalition, *Transcript* at 459.
- 44 E. Vos, NT Department of Plans and Housing, *Transcript* at 1624. See also S.120E, Northern Territory Government.
- 45 B. Vos, NT Department of Plans and Housing, *Transcript* at 1623.
- 46 S. Mir, Welfare Rights and Legal Centre Canberra, *Transcript* at 590.
- 47 *Coutts v. Browne-Lecky* [1974] *Kings Bench* 104.
- 48 Minors (Property and Contracts) Act 1970 (NSW), s.47; *Minors Contracts (Miscellaneous Provisions) Act 1979* (SA), s.5.
- 49 S. Mir, Welfare Rights and Legal Centre Canberra, *Transcript* at 590.
- 50 L. Wheatman, Cessnock Youth Refuge (NSW), *Transcript* at 1958.