

# RENT ASSISTANCE: FICTION AND FACTS

## Martin Burgess

### Department of Family and Community Services

#### Introduction

Rent Assistance is a non-taxable income supplement paid to individuals and families who rent in the private rental market. Pensioners, allowees and those receiving more than the base rate of Family Tax Benefit Part A may be eligible for Rent Assistance. Rent Assistance is paid at a rate of 75 cents for every dollar above the minimum rent threshold until a maximum rate is reached. The maximum rates and thresholds vary according to a customer's family situation and the number of children they have. For singles without children, the maximum rate may also vary according to whether or not accommodation is shared with others. Rent thresholds and maximum rates are indexed twice a year (March and September) to reflect changes in the Consumer Price Index.

In 2002-03, \$1.848 billion of Rent Assistance was provided to 940,000 income units. Information on the programme and its performance is provided through the Department of Family and Community Services Annual Report, the Report on Government Services and in recent years it has been the subject of a number of research papers. For an important programme with an equally significant degree of reporting, there is very little knowledge or understanding of it. In the past, much research has also necessarily been based on ABS data, which does not clearly identify Rent Assistance recipients.

This has led to the growth of a number of Rent Assistance 'myths'. This paper looks at three areas most affected by the Rent Assistance myths and aims to distinguish between the fiction and the facts underlying them. The three areas are:

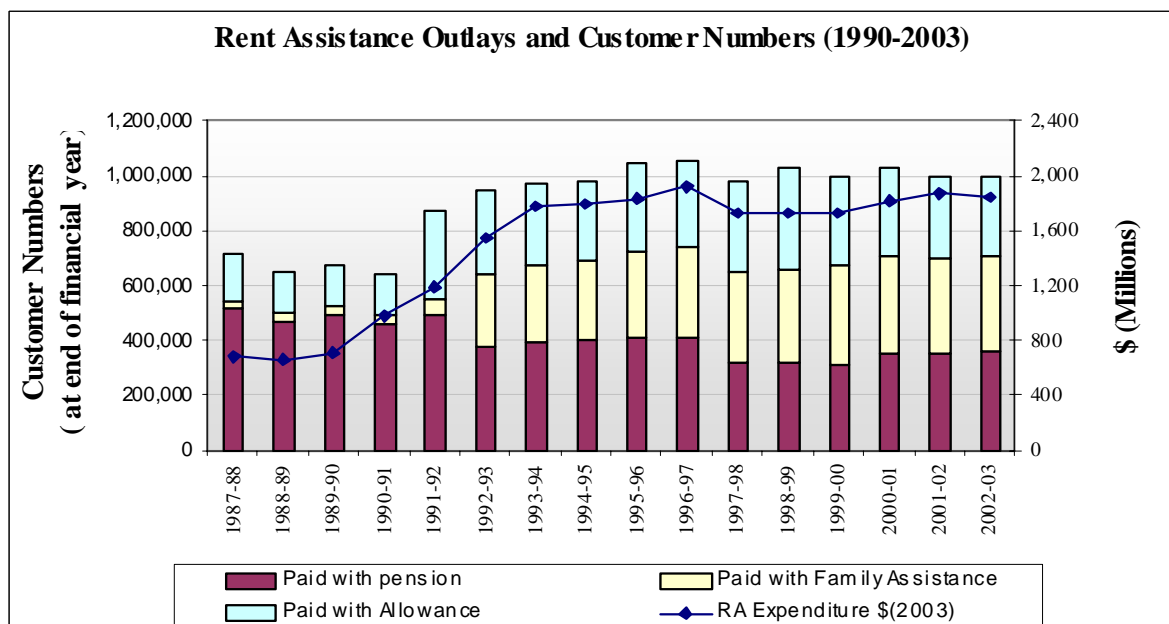
- Rent Assistance and Public Housing;
- Rent Assistance affordability outcomes; and
- Rent Assistance and regional variation.

This paper uses administrative data, to try and untangle the fiction and the facts. It is hoped that this will add to the general understanding of Rent Assistance and to a better-informed debate of the issues facing the programme. Unless otherwise stated all data provided in this paper is unpublished FaCS data.

#### Rent Assistance and Public Housing

One of the strongest myths regarding Rent Assistance is that Rent Assistance and Public Housing expenditure are somehow tied and one programme's expenditure has benefited at the expense of the other. The long-term trend has been for increased Commonwealth expenditure on Rent Assistance while expenditure on the CSHA has decreased. However, if we look at the policy announcements or at the underlying data we find little evidence of a causal connection.

**Figure 1 Rent Assistance Outlays and Customer Numbers**



Much of the growth in Rent Assistance occurred between 1989-90 through to 1993-4. By comparison, real outlays of Rent Assistance have since remained relatively flat. The drop in expenditure in 1997-8 was associated with aged care reforms and the transfer of around 100,000 age pensioners from Rent Assistance to the new aged care subsidy, and the increase in expenditure 2000-01 was associated with the introduction of the GST.

The growth in Rent Assistance outlays during 1990-1994 was an acknowledgement that income support recipients in the private rental market were disadvantaged and needed extra assistance compared to those in other tenures. As indicated by Figure 1, the main drivers for increased expenditure were an increase in the number of Rent Assistance recipients and higher average payments.

Rent Assistance first became payable to the long-term unemployed in 1986. The number of persons paid Rent Assistance with unemployment related payments more than doubled between June 1991 and 1992 when the 26 week waiting period for those without children was removed for most groups from 20 March 1992. The number paid with unemployment benefits would have continued to rise in 1992-93 but for the fact that Rent Assistance became payable with Family Assistance to those with children and those unemployed Rent Assistance recipients with children were counted under that program. The maximum rate of Rent Assistance payable to an unemployed person without children was increased from \$10 per week in June 1989 to \$30 per week in September 1990. The maximum assistance for a person with children increased from \$20 pw to \$40 pw over the same period. Maximum rates became subject to adjustment in line with the CPI from March 1991.

A major restructure of the program took place in March 1993. This included the introduction of higher minimum rent that varied with family type offset by a more generous government contribution rates increased from (50 cents in the dollar to 75 cents). This overall structure still exists although there have been one-off real increases in the maximum rates of assistance in 1996 and 2000.

It is difficult to see the increase in expenditure on Rent Assistance as being at the expense of public housing. The stock of public housing increased by 9% between 1990 and 1994<sup>1</sup>. The increased coverage of Rent Assistance largely benefited the short term unemployed. Very few of the unemployed assisted by this extension could have been assisted by public housing in a timely manner because of expected waiting times. This reflects some of the strengths and weaknesses of both programmes and is why the Australian Government is committed to both supply and demand side interventions in the housing market to support Australians in need.

For example, Rent Assistance assists slightly less than 1 million income units at a cost of around \$1.8 billion per year. The Australian Government also provides CSHA funding of around \$1 billion per year (this figure does not include funds allocated by States, conservatively estimated at around \$360million in 2002-03), which provides assistance to around 343,000 households<sup>2</sup>. In addition, most residents in public housing have security of tenure and are subject to a rent-setting practice (income related rents) that acts as a workforce disincentive through increasing effective marginal tax rates (EMTR's). On the other hand Rent Assistance improves affordability outcomes for recipients but does not guarantee affordable housing.

This brings us to the second of our Rent Assistance myths: that Rent Assistance does not assist affordability.

## **Rent Assistance and Affordability Outcomes**

### Measuring housing affordability

There is no consensus on the best measure of housing affordability or housing stress. The more common methods focus either on after housing income (a residual measure), or on the proportion of income/expenditure spent on rent (a ratio measure). Differences of opinion also arise over other details. Is income, after tax income or expenditure the better measure of economic capacity? Should individuals, income units or households be the base unit for comparison? Should Rent Assistance be treated as income or a housing subsidy? Should housing meet a minimum standard? Should a person spending more than the minimum amount on housing be regarded as being in stress if alternate appropriate and affordable housing is available? How do after-housing needs vary with household composition? Should different ratios apply to different household types or income levels and what ratio(s) are appropriate? Should trade-offs with other costs (for example, transport) be taken into account and if so, how?

---

<sup>1</sup> Housing Assistance Act 1989 Annual Reports

<sup>2</sup> 2003 Report on Government Services

Many of these issues are redundant when attempting to assess the Rent Assistance programme. The use of residual measures of housing affordability inevitably leads to debate about the adequacy and appropriate relativities between the primary payments that attract Rent Assistance. Such debates are necessary but it would be poor policy to attempt to address perceived inadequacy in the level of primary payment through a housing supplement.

The diversity of living arrangements, particularly the incidence of sharing, supports the use of income units as the base unit for comparisons. Of the 40% of recipients in multiple income unit households some 42% are sharing with at least one unrelated person. This is a substantial proportion of all Rent Assistance recipients and there could be no general assumption that income is shared. Even where the Rent Assistance recipient is sharing with a relative, other than a child, it may be inappropriate to assume any obligation of mutual financial support. There is a case for adopting a more conventional definition of income units to include Youth allowees, who are subject to a parental income test, as part of a parental income unit. This approach has not been adopted mainly due to technical difficulties.

It is vital that in any analysis of the impact of Rent Assistance, it be treated as a housing supplement to be offset against rent, and not as an income supplement. This is not simply a matter of convenience that can be balanced by the adoption of a different ratio as a measure of housing stress. The problems created by treating Rent Assistance as an income supplement become insurmountable if used in conjunction with a definition of housing stress that relies on a fixed ratio of rent to income. At a very basic level, if for example a person is regarded as being in housing stress if rent exceeds 25% of income then a \$1 increase in rent at that point requires a \$4 increase in Rent Assistance. More generally, even if the rules for Rent Assistance were changed to cover 100% of rent, a person would still be regarded as being in housing stress (at 25%) once gross rent exceeded 1/3rd of income from other sources:

For example, Rent at \$33, Income Support at \$99 and Rent Assistance at \$33 :

$$\text{Rent } (\$33) / \text{Income } (\$99) \text{ plus Rent Assistance } (\$33) = 25\%$$

In other words, treating Rent Assistance as an income supplement virtually guarantees that the programme will be seen as ineffective at improving affordability. Research using such an approach may shed light on the proportion of income spent on rent by different groups but will be of little or no value in any assessment of the Rent Assistance programme. Its main effect has been to perpetuate the myth that Rent Assistance does not assist affordability.

Some Rent Assistance recipients consume housing of higher quality or amenity than is required to meet minimum standards of appropriateness, to the extent that this makes the housing unaffordable. This may be the result of personal choice to place a high value on amenity. However, the housing may have been affordable when acquired and retained because of the economic and social costs of moving, or there may have been very limited choice within the local community when the tenancy commenced. Given that there is no single appropriate rental cost within an area, uncertainty about the choice available to an individual, and strong financial incentives for Rent Assistance recipients to restrain expenditure no attempt has been made to classify anyone paying a high proportion of income on rent as having access to affordable housing.

No single ratio is seen as a definition of housing stress. Instead, since 1997, FaCS has reported on the proportion of Rent Assistance recipients estimated to be paying more than 30% and 50% of income on rent, and on the proportions that would be paying more than those amounts if Rent Assistance were not available. Table 1 shows that Rent Assistance has a significant impact on affordability for recipients.

The intention of the performance indicators is to demonstrate the extent to which Rent Assistance is able to improve affordability. They are not intended to be a definition of housing stress. It is important to recognise that the rent assistance program has no specific benchmark for affordability. The adoption of an affordability benchmark would fail to recognize the element of choice exercised by customers who place a higher value on housing than others in comparable circumstances.

Table 1 Ratio of housing costs to income, before and after Rent Assistance<sup>3</sup>

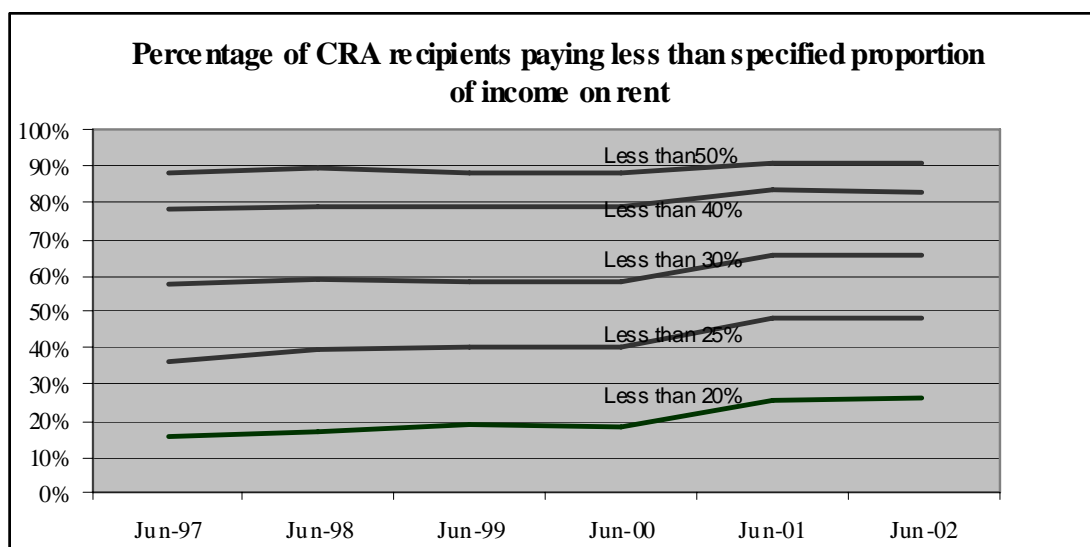
	If Rent Assistance not available		With Rent Assistance available	
Paying more than 50 per cent of income in rent	Dec 2002	27%	Dec 2002	9%
	June 2002	28%	June 2002	9%
	June 2001	27%	June 2001	9%
	June 2000	33%	June 2000	11%
	June 1999	33%	June 1999	12%
	If Rent Assistance not available		With Rent Assistance available	
Paying more than 30 per cent of income in rent	Dec 2002	69%	Dec 2002	34%
	June 2002	70%	June 2002	35%
	June 2001	69%	June 2001	34%
	June 2000	75%	June 2000	42%
	June 1999	76%	June 1999	42%

### Trends in Affordability Outcomes

Another myth about Rent Assistance and affordability is that the effectiveness of Rent Assistance in assisting with affordability is continuously deteriorating. This issue is investigated in this section through material derived from a series of files, the Housing Data Sets, created from administrative data with the primary purpose of monitoring the Rent Assistance programme. This data is the source of published information on affordability outcomes since 1997. The data sets are designed to include all income units paid Rent Assistance in a particular fortnight who were entitled to a relevant primary payment on the last day of that fortnight. In some cases the person may have been paid Rent Assistance but subsequently lost entitlement, for example because of a move to public housing, before the end of the relevant fortnight.

Figure 2 summarises trends from June 1997 to December 2002 at the national level, across all income unit types. The clear trend is one of near stable affordable outcomes except for a significant improvement in affordability between June 2000 and 2001. This improvement was a consequence of an 8% real increase in maximum rates of Rent Assistance, a 2% real increase in the maximum rates of pensions and allowances and more generous income testing arrangements for pensions and family assistance payments.

**Figure 2 Affordability trends June 1997 to June 2002**



<sup>3</sup> FaCS Annual report 2002-03

The global picture of improving affordability is influenced to some extent by a change in the mix of Rent Assistance recipients. For example, under the Aged Care Reform changes, approximately 100,000 persons in Australian Government funded aged care ceased to be entitled to Rent Assistance in 1997 when it was replaced by a subsidy paid to the care provider. Most of these were paying a very high proportion of their income on “board and lodgings” – that is for a combination of accommodation, meals and other care – and 2/3rds of this payment was treated as rent. The extension of Rent Assistance to students getting Youth allowance from 1 July 1998 and the GST compensation package also changed the composition of the population.

Figure 3 disaggregates the trends in affordability by looking at outcomes for the different family types/living arrangements. The global pattern of improving affordability remains the same. Couples without children and sole parents receiving a pension have been the main winners. Families receiving more than the minimum rate of family allowance (or FTB Part A from 1 July 2000) have been reported separately. This is because they represent a higher proportion of recipients than previously and are mostly low-income working families with much higher levels of private income than those reliant on income support payments (pensions or allowances). In June 1997 approximately 35% of couples with children getting Rent Assistance received no income support payment but this had increased to 49% by June 2002.

**Figure 3 Affordability time series by family type**

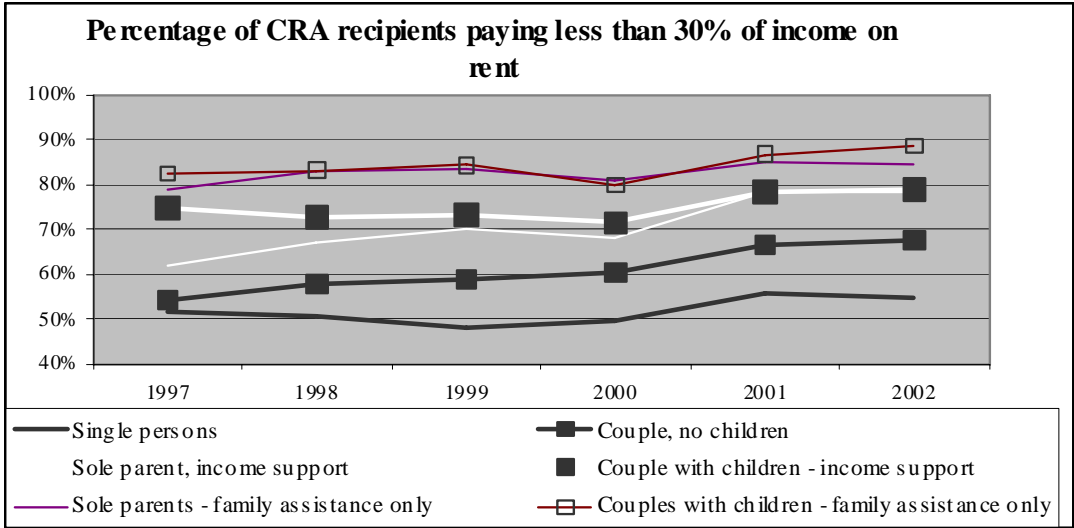


Table 2 further disaggregates results to reveal other patterns in affordability outcomes. In general terms, pensioners tend to have better affordability outcomes than allowees. This is in part because they are entitled to a higher base rate of payment and the minimum rent they must pay before receiving assistance represents a lower proportion of their total income. It is also clear that, when affordability is measured as a ratio of rent to income, it tends to improve with the number of children. Again, this is primarily because the minimum rent required to receive assistance is the same irrespective of the presence of additional income while the family assistance payments will tend to be higher.

**Table 2 Affordability by household type (June 1997 and June 2002)**

Household type	June 1997			June 2002		
	Number	Proportion paying less than 30% of income on rent		Number	Proportion paying less than 30% of income on rent	
		With Rent Assistance	Without Rent Assistance		With Rent Assistance	Without Rent Assistance
Single Allowee subject to lower rate for sharers	NA	NA	NA	128,327	44%	12%
Single Pensioner subject to lower rate for sharers	NA	NA	NA	14,369	63%	23%
Other Single Allowees	248,918	53%	8%	125,872	43%	7%
Other Single Pensioners	313,431	52%	16%	230,979	67%	21%
Allowee Couple No child	22,972	34%	12%	18,482	47%	19%
Pensioner Couple No child	51,291	64%	32%	55,585	74%	44%
<b>Families with children receiving a social security payment</b>						
Single Parent - 1child	88,646	60%	21%	96,051	75%	34%
Single Parent - 2 Children	50,286	60%	23%	59,169	79%	42%
Single Parent - 3 Children	18,194	73%	30%	22,266	87%	52%
Single Parent - 4 Children	5,046	81%	42%	6,141	91%	65%
Single Parent - 5 Or More Children	1,495	87%	63%	1,871	94%	76%
Couple - 1 Child	33,985	68%	33%	24,789	71%	35%
Couple - 2 Children	30,497	75%	42%	22,740	79%	45%
Couple - 3 Children	14,931	83%	53%	12,085	87%	59%
Couple - 4 Children	5,756	89%	66%	4,970	91%	71%
Couple - 5 Or More Children	2,436	93%	77%	2,473	95%	81%
<b>Families with children not receiving any social security payment - Family payment only</b>						
Single Parent - 1 Child	11,242	78%	58%	10,853	84%	73%
Single Parent - 2 Children	4,971	79%	62%	5,228	85%	74%
Single Parent - 3 Children	1,165	82%	66%	1,447	86%	73%
Single Parent - 4 Children	214	86%	71%	284	86%	69%
Single Parent - 5 Children	34	85%	79%	59	85%	59%
Couple - 1 Child	13,341	73%	54%	20,927	83%	69%
Couple - 2 Children	18,499	83%	70%	24,485	89%	81%
Couple - 3 Children	10,497	89%	79%	12,718	94%	88%
Couple - 4 Children	3,714	91%	84%	4,502	95%	90%
Couple - 5 Or More Children	1,234	93%	88%	1,608	95%	91%

Impact of Rents on Affordability Outcomes

Trends in housing affordability are the result of a complex interaction between rents, private income, rates of Rent Assistance and other social security payments. There is a myth that while the supply of private rental accommodation has increased in recent years there has been a contraction in the supply of affordable housing for low-income families. This may have grown out of research based on Census data for the period 1986 and 1996. Administrative data does not facilitate a direct examination of trends in dwelling level rents over that period but does enable an assessment of the extent to which income units on very low incomes have fared since 1997. The reality is that real rents have fallen for many family types and the increases that have occurred were not especially concentrated at either end of the market.

Centrelink data distinguishes between different rent types that can attract Rent Assistance. Prior to the Aged Care Reform changes a very high proportion of those in government funded aged care were paying for “board and lodgings.” This category is used when a person receives meals and other support as well as accommodation and is unable to separately identify the accommodation component. In those circumstances legislation requires 2/3rds of the total payment to be treated as rent and that rule has been applied in the earlier tables. Survey data

suggests that the overwhelming majority of those paying for “board and lodgings” are now living with relatives in private homes, although others may be living in supported accommodation.

In examining trends in the amount of rent paid “boarders and lodgers” and those identified as living in nursing homes or retirement villages have been excluded. This is because their accommodation costs are not directly comparable to those of other renters, and they are more likely to either have special needs that are not met through the normal private rental market, or have non-commercial arrangements.

Rents vary significantly with the number of children and other living arrangements, and the composition of the Rent Assistance population has changed over time. To minimise the impact of compositional change rents have been reported for a number of small sub-groups based on age and the number of children. Rather than rely on a single measure of rent an attempt was made to capture the spread of rents using median, lower and upper quartile rents as well as an average rent. Year by changes in median rents are provided in Appendix A.

Table 3 summarises the results for each of the main sub-groups considered. For ease of comparison rents were converted to \$2002 based on CPI. Average real rents decreased for single persons likely to be sharing accommodation, but were either unchanged or increased slightly for most other groups. Average real rents for single persons not likely to be sharing accommodation and for sole parent pensioners increased by about 3% over the 5 years. Median real rents tended to increase more slowly than average rents. However, there was no clear pattern of upper quartile rents rising faster than median or lower quartile rents. Closer examination of the data suggests that the direction of the observed changes in real median rents may have been heavily influenced by the tight clustering of rents around multiples of \$5 and \$10pw.

**Table 3 Real Rent increases by selected household types**

Sub group	Income units, June 2002	Increase in real rents, 1997 to 2002			
		Lower quartile	Median	Upper quartile	Mean
<b>Single persons recorded as sharing accommodation.</b>					
Aged under 25	71,465	2%	-7%	-3%	-1%
Aged 25 to 60	73,961	-6%	-2%	-4%	-2%
Aged 60 or more	17,704	6%	-2%	-8%	-5%
<b>Single persons, not recorded as sharing accommodation. DSP and Carer payment recipients sharing accommodation need not be recorded a sharing.</b>					
Aged under 25	29,634	6%	3%	9%	6%
Aged 25 to 60	135,351	4%	3%	-1%	3%
Aged 60 or more	85,736	8%	3%	-1%	2%
<b>Couples without children</b>					
Aged under 25	5,270	-4%	-2%	0%	2%
Aged 25 to 60	24,595	1%	1%	2%	0%
Aged 60 or more	40,812	3%	-1%	0%	0%
<b>Sole Parents</b>					
1 child	86,298	0%	2%	3%	4%
2 children	56,366	3%	-3%	1%	2%
<b>Couples with dependent children</b>					
1 child	24,249	-5%	-3%	1%	1%
2 children	22,844	2%	0%	1%	2%

The volatility in changing real rents at a national level is illustrated in Table 4, which expands on the outcomes for single persons aged 25 to 60 who are likely to be living alone. The pattern is similar, although not so

pronounced, for other groups. The nominal median, upper and lower quartile rents remained unchanged for up to three years in a row. This is primarily because of the strong tendency for rents to cluster about multiples of \$5 and particularly \$10 per week. A consequence of this clustering is that while average rents rise, the median can remain unchanged in nominal terms resulting in decreasing real median rents. Conversely, a small change in overall rents may be enough to change the median rent by \$5 per week giving a disproportionate increase in real median rents. The significance of this clustering decreases over longer time periods and for higher rents but makes it very difficult to predict future trends.

**Table 4: Rents for Singles persons aged 25 to 60 years not recorded as sharing accommodation 1997-2002**

	1997 (June)	1998 (Mar)	1999 (June)	2000 (June)	2001 (June)	2002 (June)
Lower quartile rent - nominal	75	75	80	80	82.5	89
\$2002	86	85	90	87	85	89
Median Rent - nominal	90	95	100	100	100	106
\$2002	103	108	113	109	103	106
Upper Quartile rent - nominal	115	120	120	120	125	130.38
\$2002	132	136	135	131	129	130
85 <sup>th</sup> percentile - nominal	155	160	165	165	175	185
\$2002	177	182	186	180	180	185
Average rent - nominal	91	91	94	96	100	107
\$2002	104	103	106	105	103	107

### Rent Assistance and Regional Variation

The above discussion on rents also shows that affordability outcomes will vary by location. This brings us to our final Rent Assistance myth that Rent Assistance does not take account of regional differences. Like all good myths some actually have some underlying basis to them and this issue falls into that category.

Rent Assistance does have a mechanism to pay higher levels of assistance, up to a maximum rate, to Rent Assistance recipients paying higher rents. This approach is based on the equity principle that applies to all Commonwealth national income support payments. That is, recipients who have the same household characteristics and who pay the same amount of rent receive the same amount of assistance regardless of where they live.

**Table5 : Relationship between Rents, Rent Assistance and Affordability by location, December 2002**

Location	Income Units	Average fortnightly entitlement	Average fortnightly rent	Proportion paying less than 30% income on rent
Sydney	166,787	\$76.60	\$310.11	51%
Rest of NSW	140,013	\$71.96	\$241.25	72%
Melbourne	138,197	\$73.54	\$263.65	62%
Rest of VIC	55,351	\$69.73	\$227.72	77%
Brisbane	99,435	\$74.71	\$259.43	68%
Rest of QLD	130,132	\$74.68	\$257.32	69%
Adelaide	49,970	\$72.05	\$241.36	70%
Rest of SA	13,586	\$68.95	\$224.66	79%
Perth	64,867	\$73.39	\$243.13	69%
Rest of WA	19,753	\$70.68	\$233.18	78%
Hobart	9,599	\$71.16	\$221.82	76%
Rest of TAS	12,582	\$67.27	\$210.27	82%
Darwin	3,732	\$73.37	\$269.18	62%
Rest of NT	1,704	\$71.36	\$263.93	67%
ACT	7,548	\$69.32	\$275.22	56%
Australia	914,647	\$73.54	\$260.21	66%

This means that as the maximum rates are fixed nationally, and while higher cost areas do receive on average higher assistance, the level of additional assistance is limited between areas. Table 5 shows that while average rents in Sydney at December 2002 were \$310 per fortnight (pfn), \$50 pfn higher than the national average the average Rent Assistance of \$76.60 was only \$3 higher than the national average. The next highest average rents, on a capital city/ rest of State basis, were in the ACT at \$275 pfn only \$15 higher than the national average. Melbourne and Darwin were the only other capital cities in which a higher than average proportion of recipients paid over 30% of income on rent.

#### Why not have a regional model?

To depart from the touchstone equity principle that applies to all national payments there are a number of complex issues that would need to be addressed.

The first of these is what would the new equity standard be? That is how would you determine what the regional boundaries are? Should they be based on physical geographical boundaries and/or on a rent standard such as proportion of recipients paying more than the median rent in a postcode? Should there be equity between family types? These are but a few of the questions that would need to be answered for setting relativities and regional boundaries. It is extremely difficult and in the end somewhat arbitrary. No matter what regional boundaries are defined, there will be particular situations in low-rent regions where high rents are unavoidable for those concerned. The converse is also true of high-rent regions and is illustrated in Table 6.

**Table 6: Proportion of Rent Assistance recipients paying enough rent to get maximum rates of assistance, December 2002.**

	Single Sharer	Single no children	Couple no children	Single 1-2 children	Single 3+ children	Couple 1-2 children	Couple 3+ children	All Income Units
<b>Sydney</b>	78%	54%	72%	77%	84%	87%	88%	71%
<b>Rest NSW</b>	47%	41%	50%	65%	67%	56%	53%	50%
<b>Melbourne</b>	66%	51%	70%	73%	83%	70%	69%	62%
<b>Rest VIC</b>	34%	38%	51%	56%	57%	36%	36%	43%
<b>Brisbane</b>	53%	49%	66%	72%	80%	72%	68%	60%
<b>Rest QLD</b>	53%	47%	59%	66%	67%	59%	53%	55%
<b>Adelaide</b>	43%	47%	66%	73%	77%	59%	56%	56%
<b>Rest SA</b>	34%	38%	44%	48%	44%	23%	23%	38%
<b>Perth</b>	44%	49%	61%	74%	77%	53%	52%	55%
<b>Rest WA</b>	38%	38%	45%	58%	57%	36%	37%	44%
<b>Hobart</b>	33%	37%	61%	56%	57%	32%	21%	42%
<b>Rest TAS</b>	20%	34%	35%	34%	31%	12%	14%	30%
<b>Darwin</b>	65%	55%	73%	76%	85%	57%	62%	64%
<b>Rest NT</b>	59%	43%	64%	70%	79%	67%	57%	57%
<b>ACT</b>	71%	47%	73%	77%	88%	85%	88%	66%
<b>Total</b>	48%	43%	29%	62%	30%	27%	26%	41%

The table above looks at regional issues only at a capital city/ rest of state basis as a means of illustrating both the existence of strong regional differences in outcomes and the equity issue that they raise. Regionally based rates could theoretically be introduced at any level. This brings us to the next issue of simplicity and administrative costs. The rule of thumb is likely to be that service delivery costs and disputes about appropriate boundaries and rates of assistance would increase as distinctions affect smaller areas.

In addition, the reality is that funds for housing assistance are limited and regionally based rules could only be justified if they improve the targeting of available funds. This is likely to mean that additional assistance can only be provided to one area at the expense of another. It is not simply a matter of identifying areas of high housing cost and increasing assistance – it is also necessary to establish principles that can be used to determine how much more, or less, assistance should be provided.

There is no doubt that Rent Assistance recipients in Sydney have substantially greater problems with rental affordability than those in other areas. For that reason it is tempting to consider introducing higher rates for them. But before we do so we must recognize that there are far more families living elsewhere that also have problems. Given the high costs involved in introducing and administering a regional model, a better approach may be to keep the current national system but with adjustments to improve outcomes.

## **Summary**

In challenging some of the Rent Assistance 'myths' and using administrative data to distinguish between the fiction and the facts underlying them, this paper has tried to add to the general understanding of the Rent Assistance programme and the issues it faces.

It is hoped that it will encourage different perspectives, more informed debate and use of administrative data in future research. This data is available to researchers through the Australian Institute of Health and Welfare under the conventions of the National Housing Data Agreement.

## Appendix A

The following tables provide lower quartile, median and upper quartile rents paid by rent assistance recipients in different living arrangements. They exclude recipients paying for “board and lodgings” or identified as being in nursing homes or retirement villages. Where possible they also exclude those who may have been entitled to payment for only part of a fortnight and subsequently lost entitlement to future payments, or were paid under old rules.

The rules used are as consistent as possible between years. Details are for dates close to the end of the financial except for 1998.

### Lower Quartile Rents by selected income unit type, nominal

	1997	1998 (March)	1999	2000	2001	2002
<b>Single, no dependent children</b>						
Under 25, sharing	\$60	\$60	\$60	\$63	\$65	\$70
25 – 59, sharing	\$70	\$68	\$70	\$70	\$70	\$75
60 or more, sharing	\$60	\$60	\$60	\$63	\$65	\$73
Under 25, unlikely to be sharing	\$70	\$75	\$75	\$80	\$80	\$85
25 – 59, unlikely to be sharing	\$75	\$75	\$80	\$80	\$83	\$89
60 or more, unlikely to be sharing	\$65	\$66	\$70	\$70	\$75	\$80
<b>Couple, no dependent children</b>						
Under 25	\$100	\$100	\$100	\$100	\$108	\$110
25 – 59	\$100	\$100	\$100	\$105	\$110	\$116
60 or more	\$85	\$87	\$90	\$95	\$100	\$100
<b>Social security recipient with children</b>						
Sole Parent, 1 child	\$100	\$100	\$100	\$100	\$110	\$115
Sole Parent, 2 children	\$110	\$110	\$115	\$120	\$120	\$130
Couple, 1 child	\$120	\$120	\$120	\$120	\$130	\$130
Couple, 2 children	\$120	\$125	\$130	\$130	\$135	\$140

### Median rents by selected income unit type, nominal

	1997	1998 (March)	1999	2000	2001	2002
<b>Single, no dependent children</b>						
Under 25, sharing	\$75	\$73	\$75	\$75	\$80	\$80
25 – 59, sharing	\$80	\$80	\$80	\$80	\$85	\$90
60 or more, sharing	\$80	\$75	\$78	\$80	\$80	\$90
Under 25, unlikely to be sharing	\$85	\$90	\$90	\$95	\$100	\$100
25 – 59, unlikely to be sharing	\$90	\$95	\$100	\$100	\$100	\$106
60 or more, unlikely to be sharing	\$85	\$85	\$90	\$90	\$95	\$100
<b>Couple, no dependent children</b>						
Under 25	\$120	\$120	\$120	\$125	\$130	\$135
25 – 59	\$126	\$130	\$130	\$135	\$140	\$145
60 or more	\$115	\$115	\$120	\$120	\$125	\$130
<b>Social security recipient with children</b>						
Sole Parent, 1 child	\$120	\$120	\$125	\$130	\$135	\$140
Sole Parent, 2 children	\$135	\$135	\$140	\$140	\$150	\$150
Couple, 1 child	\$140	\$140	\$140	\$145	\$150	\$155
Couple, 2 children	\$140	\$145	\$150	\$150	\$155	\$160

**Upper Quartile Rents by selected income unit type, nominal**

	1997	1998 (March)	1999	2000	2001	2002
<b>Single, no dependent children</b>						
Under 25, sharing	\$90	\$85	\$90	\$90	\$95	\$100
25 – 59, sharing	\$100	\$100	\$100	\$100	\$100	\$110
60 or more, sharing	\$100	\$100	\$100	\$100	\$100	\$105
Under 25, unlikely to be sharing	\$100	\$110	\$110	\$115	\$120	\$125
25 – 59, unlikely to be sharing	\$115	\$120	\$120	\$120	\$125	\$130
60 or more, unlikely to be sharing	\$110	\$110	\$110	\$115	\$120	\$125
<b>Couple, no dependent children</b>						
Under 25	\$140	\$140	\$145	\$150	\$159	\$160
25 – 59	\$150	\$154	\$160	\$160	\$165	\$175
60 or more	\$140	\$145	\$150	\$150	\$150	\$160
<b>Social security recipient with children</b>						
Sole Parent, 1 child	\$140	\$145	\$150	\$150	\$160	\$165
Sole Parent, 2 children	\$155	\$157	\$160	\$165	\$170	\$180
Couple, 1 child	\$160	\$160	\$165	\$170	\$180	\$185
Couple, 2 children	\$165	\$165	\$170	\$175	\$180	\$190

**Lower Quartile Real Rents by selected income unit type, \$2002I**

	1997	1998 (March)	1999	2000	2001	2002
<b>Single, no dependent children</b>						
Under 25, sharing	\$69	\$68	\$68	\$68	\$67	\$70
25 – 59, sharing	\$80	\$77	\$79	\$76	\$72	\$75
60 or more, sharing	\$69	\$68	\$68	\$68	\$67	\$73
Under 25, unlikely to be sharing	\$80	\$85	\$84	\$87	\$82	\$85
25 – 59, unlikely to be sharing	\$86	\$85	\$90	\$87	\$85	\$89
60 or more, unlikely to be sharing	\$74	\$75	\$79	\$76	\$77	\$80
<b>Couple, no dependent children</b>						
Under 25	\$114	\$113	\$113	\$109	\$111	\$110
25 – 59	\$114	\$113	\$113	\$114	\$113	\$116
60 or more	\$97	\$99	\$101	\$104	\$103	\$100
<b>Social security recipient with children</b>						
Sole Parent, 1 child	\$114	\$113	\$113	\$109	\$113	\$115
Sole Parent, 2 children	\$126	\$125	\$129	\$131	\$123	\$130
Couple, 1 child	\$137	\$136	\$135	\$131	\$134	\$130
Couple, 2 children	\$137	\$142	\$146	\$142	\$139	\$140

**Median Real rents by selected income unit type, \$2002**

	1997	1998 (March)	1999	2000	2001	2002
<b>Single, no dependent children</b>						
Under 25, sharing	\$75	\$73	\$75	\$75	\$80	\$80
25 – 59, sharing	\$86	\$82	\$84	\$82	\$82	\$80
60 or more, sharing	\$92	\$91	\$90	\$87	\$87	\$90
Under 25, unlikely to be sharing	\$92	\$85	\$88	\$87	\$82	\$90
25 – 59, unlikely to be sharing	\$97	\$102	\$101	\$104	\$103	\$100
60 or more, unlikely to be sharing	\$103	\$108	\$113	\$109	\$103	\$106
<b>Couple, no dependent children</b>						
Under 25	\$137	\$136	\$135	\$136	\$134	\$135
25 – 59	\$144	\$147	\$146	\$147	\$144	\$145
60 or more	\$132	\$130	\$135	\$131	\$129	\$130
<b>Social security recipient with children</b>						
Sole Parent, 1 child	\$137	\$136	\$141	\$142	\$139	\$140
Sole Parent, 2 children	\$155	\$153	\$158	\$153	\$154	\$150
Couple, 1 child	\$160	\$159	\$158	\$158	\$154	\$155
Couple, 2 children	\$161	\$164	\$169	\$164	\$159	\$160

**Upper Quartile Real Rents by selected income unit type, \$2002**

	1997	1998 (March)	1999	2000	2001	2002
<b>Single, no dependent children</b>						
Under 25, sharing	\$69	\$68	\$68	\$68	\$67	\$70
25 – 59, sharing	\$80	\$77	\$79	\$76	\$72	\$75
60 or more, sharing	\$69	\$68	\$68	\$68	\$67	\$73
Under 25, unlikely to be sharing	\$80	\$85	\$84	\$87	\$82	\$85
25 – 59, unlikely to be sharing	\$86	\$85	\$90	\$87	\$85	\$89
60 or more, unlikely to be sharing	\$74	\$75	\$79	\$76	\$77	\$80
<b>Couple, no dependent children</b>						
Under 25	\$114	\$113	\$113	\$109	\$111	\$110
25 – 59	\$114	\$113	\$113	\$114	\$113	\$116
60 or more	\$97	\$99	\$101	\$104	\$103	\$100
<b>Social security recipient with children</b>						
Sole Parent, 1 child	\$114	\$113	\$113	\$109	\$113	\$115
Sole Parent, 2 children	\$126	\$125	\$129	\$131	\$123	\$130
Couple, 1 child	\$137	\$136	\$135	\$131	\$134	\$130
Couple, 2 children	\$137	\$142	\$146	\$142	\$139	\$140