

OFFICE OF HOUSING RENT DEDUCTION SERVICE

EVALUATION OF THE MARCH 2003 CHANGES

1. BACKGROUND

The Rent Deduction Service (RDS) was introduced in 1993 and is jointly administered by Centrelink and the various State Housing Authorities. The service allows Centrelink customers in government housing to have their housing payments deducted from their Centrelink payment and forwarded directly to the appropriate housing authority.

In March 2002, a range of initiatives were announced to better support tenants with complex needs and to help people who were struggling to pay their rent to establish a regular payment pattern.

One of these initiatives was that, as a condition of tenancy, transferring tenants with a poor payment history and all new tenants who are eligible are expected to sign up to Centrelink's RDS. Similarly, tenants with 'broken' arrears agreements would be given the opportunity to enter a second local arrears repayment agreement if their rental payments were made via RDS.

2. EVALUATION PROCESS

In July 2004, the Brotherhood of St Laurence (BSL) on behalf of the Office of Housing (OoH) undertook an evaluation to explore to what extent the changes had achieved their policy aims and objectives, the impact on tenants and the success of the implementation process.

The evaluation involved both quantitative analysis of OoH data and qualitative analysis of the perceptions and experiences of key stakeholders, including tenants, Public Housing Advocacy Program managers, housing advocacy workers and Office of Housing staff.

This summary of the evaluation is for participants in the study, Public Housing Advocacy Program managers and housing advocacy workers.

3. KEY FINDINGS

From OoH Statistics

The quantitative analysis of RDS participation data covered:

- comparison of the proportion of RDS eligible households paying rent via RDS at June 2004 and June 2002.
- comparison of the proportion of tenants signed up between 1 March 2003 and 30 June 2004 (referred to as the 'March cohort') and of the general tenant population who were paying their rent via RDS, and the level and nature of their arrears status as at 30 June 2004.

In relation to **participation**, the data showed:

- Of all RDS eligible households, 61% were on RDS at 30 June 2004, compared with 39% at 30 June 2002.
- Of the March 2003 tenant cohort, 85% commenced their tenancy on RDS.

- Ongoing participation rates for the March cohort was very high – over 90% of all RDS eligible households who had signed up to RDS between March 2003 and June 2004 were still on RDS at 30 June 2004.

In relation to **improved management of rental payments**, the data showed:

- Between 2002 and 2004 there was a decrease in the number of households in arrears – 26% at 30 June 2002 compared with 21% at 30 June 2004.
- Approximately 20% of RDS eligible households were in arrears at 30 June 2004, of whom 9% owed more than 14 days' rent.
- Of the total tenancy population there was little difference in the percentage of households in arrears based on their rental payment methods – 21% not on RDS compared with 18% on RDS. However, the tenancies that commenced after March 2003 and were not on RDS were more likely to be in arrears (36% who were not on RDS were in arrears, compared with 19% on RDS).
- Households who had signed up to RDS between March 2003 and June 2004 were less likely to be evicted in arrears or to have abandoned the property (tenancy failure) than households who had never signed up to RDS. However, tenancy failure was strongly associated with discontinuing of RDS at any stage.

From interviews of tenants, housing workers and OoH officers

RDS as a payment method

There was very strong support and general acceptance of RDS as a payment method by almost all the tenants consulted. Very few of them, and none on RDS, were particularly concerned by the requirement to sign up at tenancy agreement stage. All saw the sign-up requirement at arrears repayment agreement stage as necessary and positive. Getting a public housing unit and then sustaining the tenancy were seen as far more important than the sign-up requirements, particularly for vulnerable, disadvantaged and complex households, as well as families with children.

Housing/tenant support workers and agencies, while supportive of RDS as a preferred payment method, voiced (in some cases strong) concerns about the mandatory nature of the March 2003 changes. Some front-line workers, however, considered it a 'sort of godsend' for those households at potential risk of debt accumulation and tenancy failure.

Flexibility

Housing/tenant support workers also highlighted the importance of RDS flexibility for their clients and the right of tenants to be fully informed so as to have a wider range of choices in given situations. It was unclear to what extent the flexibility available through RDS was being used as a case management strategy by OoH to maintain tenants on RDS in the longer term. Most OoH Housing Services Officers (HSOs) considered suspension a preferable alternative to cancellation.

Cancellation

Those tenants who had cancelled and then restarted RDS after getting into arrears considered that tenants should not be able to cancel their RDS at any stage. However, other tenants and almost all housing/tenant support workers and HSOs felt strongly that tenants should have the right to cancel RDS, from a client's right as well as a budget and debt management point of view. Participants were very clear that the final decision to cancel should remain with the tenant, and that tenants should not be subjected to undue pressure not to cancel.

The overall conclusion was that the balance between mandatory nature of RDS sign-up and tenants' rights is about right, provided that tenants retain the right to know about RDS options (including suspension, cancellation and credit build-up) as well as the right to exert them.

Limitations of the current system

Consultation participants identified the following factors which have most effect on successful participation and continuation on RDS.

Knowledge of RDS flexibility

As currently offered by Centrelink, RDS provides a built-in, albeit limited, degree of flexibility to respond to individual household needs and circumstances. While many established tenants knew about RDS cancellation and the cancellation process, very few newer tenants did. Few housing/tenant support workers, and almost no tenants, knew about – or how to go about – suspending RDS or building up credit through RDS. Most individually interviewed tenants were clear that these had not been explained at tenancy agreement sign-up. A significant number of tenants who had cancelled RDS would have considered the suspension option had they known it was available. This is important, as built into the suspension option are a restart date and an arrears repayment strategy.

Tenants felt strongly that they should have been given information on RDS options and/or should have had it explained to them, but not necessarily at sign-up stage. Most seemed unaware of the Centrelink RDS information provided on sign-up.

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Correlation between cancellation of RDS and at-risk tenancies

RDS cancellation was seen by participants as a major factor behind households ceasing to pay rent, accumulating arrears and putting their tenancies at risk. This was especially so for complex, highly disadvantaged and crisis-driven households, many of whom have difficulty taking on board the long-term consequences of not paying rent.

Benefit of early intervention programs

Early intervention (into tenancies at risk of failure) was also announced in March 2003, to underpin RDS participation of tenants most likely to cancel and accrue arrears. Most tenants, housing/tenant support workers and agencies and a substantial number of OoH staff considered early intervention programs to be crucial in sustaining tenancies at risk. Such programs include more effective use of home visits at an early point, to address tenancies that are under duress and to promote the use of RDS. Mainstreaming of the Victorian Homelessness Strategy pilots should also be explored.

4. CONCLUSION

This study suggests some general improvements to the RDS but was not able to determine how well the changes have assisted public housing tenants with complex needs to sustain their tenancies.

There is an indication that, for many tenants, participation in RDS does establish an appropriate regular payment pattern early in the tenancy and reduces the risk of rental arrears accumulation and tenancy failure, but ease of cancellation and stopping RDS appear to increase this risk. It therefore seems reasonable to assume that a cancellation or suspension of RDS that triggers early intervention may sustain the tenancies of all public housing tenants, including those with complex needs that may not have been identified.

Although the overall conclusion from the evaluation is that the balance between mandatory RDS sign-up and tenants' rights is about right, there is a need to maintain and strengthen tenants' rights and level of understanding of the RDS process.

It is therefore recommended that:

- the OoH improve its general promotion and marketing of RDS through its local offices, Centrelink offices, on housing estates, and housing/tenant support groups, with easy-to-read posters and brochures, including promoting suspension and weekly payment options.
- the OoH explore the opportunity for tenants to cancel and suspend over the phone via the local housing office (in the same way that they can cancel RDS over the phone via Centrelink), and investigate, and if appropriate promote, the option for tenants to have a weekly payment option.
- the OoH continue to emphasise early intervention as a strategy to support RDS, with an improved effort at HSO level to intervene at cancellation or suspension as well as in the early stages of arrears accumulation.
- the OoH investigate and review the error rate associated with RDS and seek regular tenant feedback on RDS and related issues, in line with the Tenant Participation Framework.

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