



EXECUTIVE SUMMARY

Housing assistance need and provision in Australia: a household-based policy analysis

Inquiry into individualised forms of welfare provision and reform of Australia's housing assistance system

FOR THE

**Australian Housing
and Urban Research Institute**

PUBLICATION DATE

May 2016

DOI

doi:10.18408/ahuri-5105201

AUTHORED BY

Wendy Stone
Swinburne University of Technology

Sharon Parkinson
Swinburne University of Technology

Andrea Sharam
Swinburne University of Technology

Liss Ralston
Swinburne University of Technology

Title	Housing assistance need and provision in Australia: a household-based policy analysis – Executive summary				
Authors	Wendy Stone	Swinburne University of Technology			
	Sharon Parkinson	Swinburne University of Technology			
	Andrea Sharam	Swinburne University of Technology			
	Liss Ralston	Swinburne University of Technology			
ISBN	978-1-925334-24-1				
Subject	public policy, housing assistance, housing disadvantage, home ownership, private rental, social housing, young adults, families, ageing, wealth, health, disability, employment, unemployment, spatial				
Series	AHURI Final Report	Number	262	ISSN	1834-7223
Publisher	Australian Housing and Urban Research Institute Limited Melbourne, Australia				
DOI	doi:10.18408/ahuri-5105201				
Format	PDF, online only				
URL	http://www.ahuri.edu.au/research/final-reports/262 (full report)				

Recommended citation

Stone, W., Parkinson, S., Sharam, A. and Ralston, L. (2016) *Housing assistance need and provision in Australia: a household-based policy analysis*, AHURI Final Report 262, Australian Housing and Urban Research Institute, Melbourne, <http://www.ahuri.edu.au/research/final-reports/262>, doi:10.18408/ahuri-5105201.

Related reports and documents

Evidence-Based Policy Inquiry: Individualised forms of welfare provision and reform of Australia's housing assistance system

<http://www.ahuri.edu.au/research/research-in-progress/inquiry-41050>

Inquiry panel members

Each Evidence-Based Policy Inquiry is supported by a panel of experts drawn from the research, policy and practice communities. Panel members for this Inquiry:

Steve Bevington	Community Housing Limited
Bruce Bonyhady AM	National Disability Insurance Agency
Philip Fagan-Schmidt PSM	Housing SA
Patrick McClure AO	Institute of Strategic Management
Peter White	Department of Health & Human Services (TAS)

Executive summary

- Housing assistance provision in Australia has been historically effective but is no longer able to adequately offset problems of housing affordability.
 - Anomalies exist such that households with objectively similar needs receive fundamentally different levels and types of support depending on housing tenure rather than need.
 - Typically housing assistance is linked to the broader income support system, yet households not in receipt of income support may also require housing assistance support to sustain their housing.
 - An increasingly individualised model of housing assistance provision may provide policy opportunity to improve current housing assistance provision.
 - Findings in this research indicate that households in need of support are highly diverse, are not all eligible for housing assistance currently, and are distributed widely across tenures.
 - Nine out of ten purchaser owners and private renters in receipt of income support are in difficult financial circumstances due to mortgage or rental costs, based on residual after-housing costs measures.
 - Among outright owners who experience substantial difficulty financially, privately held housing wealth might raise opportunities for assistance options including household-government partnerships and options such as reverse shared equity schemes. Median property equity among lower income outright owners in receipt of income support, for example, is estimated to be around \$345,000, with equity held by higher income outright owners in receipt of income support estimated to be \$450,000.
 - In the views of expert stakeholders, a shift toward an increasingly diverse model of provision would need to support households with high and complex needs in different, more intensive ways than the ways households with less complex/intense needs can be supported.
 - Expert stakeholders caution that sufficient resourcing is required for choice to be genuine and effective and that conditional assistance is likely to be counterproductive.
-

Key findings

This report presents findings from a research project conducted as part of a broader Evidence-Based Policy Inquiry into the efficacy of introducing individualised and/or choice-based models of housing assistance into Australian housing assistance settings (Jacobs, Hulse et al. forthcoming).

The overarching questions addressed within this research are:

- What is the nature of cross-jurisdictional housing assistance (HA) provision and innovation in Australia?
- What is the nature of HA need among households, within and across housing tenures?
- How does current HA provision/innovation ‘fit’ diverse household need, and how well can it accommodate individualised choice-driven demand?

A review of current HA provision (Chapter 2) identified the fact that (i) housing assistance is provided according to administrative categories of housing tenure, rather than household needs for assistance per se and (ii) that within the current provision model direct assistance to home ownership is considerable, relative to the household-based outcomes achieved for each dollar of expenditure. Measured in quantum alone our research indicates a large discrepancy between current targets of housing assistance and households most in need of it.

Analysis of HILDA panel data (Chapter 3) shows that on the basis of three standard measures of housing assistance need, large proportions of households with diverse demographic characteristics living across the housing system in both ownership and rental tenures, experience high levels of financial strain and hardship and appear to be in housing need. Only some of these households are in current receipt of, or eligible for, housing assistance, however. Analysis of income-housing costs measures, residual income analysis based on modified Budget Standards based assessments, as well as an exploration of subjective evaluation of hardship indicates that:

- Large numbers of households with lower incomes in receipt of income support currently receive inadequate levels of financial assistance to alleviate financial strain based on three standard measures of need.
- High proportions of low to moderate income households who are not currently in receipt of income support appear to be missing out on housing assistance they need.
- Housing assistance appears to most effectively offset financial strain—although does not remove it completely—among households with moderate to higher incomes in receipt of housing assistance, rather than those with low to moderate income.

Additionally, results indicate that large proportions of households across income groups and housing tenures, and with diverse characteristics, face financial problems associated with living and housing costs.

The ability of households to manage these is substantially affected by housing tenure, with outright ownership playing a particularly buffering effect from hardship, as well as by life stage (in which younger households are at greater vulnerability and risk of hardship than either mid-life or older households), partnering (with those living alone at more risk of financial strain), indigeneity, as well as connection to employment, which has a clear impact on net wealth as well as housing opportunity (Chapter 4).

Policy development options

Implications of the findings presented in this research include the need for policy development to ensure a broader population approach to housing assistance that more effectively responds to the widely distributed need for assistance among highly diverse population groups, including those in receipt of income support as well as households that are not. A number of the core implications for policy development that stem from the findings of this research are:

- decoupling housing assistance from housing tenure and shifting policy focus to household need

- decoupling housing assistance eligibility from income support eligibility and shifting policy focus to household needs of various forms
- a wide approach to housing assistance provision beyond points of crisis, to include early intervention and prevention
- emphasis on enabling transitions between tenures toward secure, independent housing
- creation of partnerships of assistance to more effectively use household resources in conjunction with social insurance.

Where choice-based models of social policy provision are implemented without due resources or care, these have the potential to exacerbate rather than alleviate existing inequalities (Yeatman with Dowset et al. 2009; Lymbery 2014). With regard to housing assistance such cautions also apply. Based on findings of the present study (including expert views presented at Chapter 5) it would appear that for individualised, choice-based housing assistance provision to be effective the following conditions—at least—are necessary:

- adequate levels of system resourcing to achieve genuine choices of assistance and support options
- encouragement of genuine choice rather than models of conditionality and obligation in which housing assistance is embedded
- assistance and advocacy to negotiate any increase in housing assistance choices, particularly those that are market-based, for households with high and complex needs.

The study

This report presents findings from a research project conducted as part of a broader Evidence-Based Policy Inquiry into the efficacy of introducing individualised and/or choice-based models of housing assistance into Australian housing assistance settings (Jacobs, Hulse et al. forthcoming). The particular contribution of this research to the broader Inquiry is its novel approach to *tenure-neutral* needs-based analysis combined with practice and policy insights of key representative groups to provide an evidence base on the shorter and longer term implications of moving towards individualised-based or choice-based models of assistance.

In this research, our focus is primarily upon determining the degree to which a 'one size fits all' versus a more tailored, nuanced form of housing assistance provision is of potential benefit, given the increased diversity of Australian households in potential need of housing assistance (Hulse, Reynolds et al. 2015; AIHW 2014; Stone, Burke et al. 2013). To do so, we shift from an account of need and unmet need, such as via analysis of take-up rates of various forms of housing assistance or unmet need such as via public housing wait lists, to an analysis of the potential need for housing assistance.

This research involved:

- 1 An account of current national and cross-jurisdictional HA provision practice using desk-based review.
- 2 Detailed profiling analysis of in-confidence HILDA data (focusing on the four most recent waves 10, 11, 12 and 13) to provide up-to-date indicators including existing wealth that impact upon need for housing assistance, and their dynamics across housing tenures, diverse population and policy priority groups.
- 3 Analysis of in-depth interviews with government, community sector and industry stakeholder experts about the efficacy of current forms of housing assistance and the potential benefits

and risks associated with a model of housing assistance that includes increased individualisation and/or choice-based demand-side provision.

Findings provide a national account of current housing assistance adequacy, potential need for support and expert views about the efficacy of increasingly individualised policy models to more effectively respond to demand for housing-related assistance at the household level. The particular, novel contribution of the research is a thoroughgoing assessment of the incidence of housing need, across a wide diversity of households with varied income profiles, living across home ownership *and* rental sectors.

AHURI

AHURI is a national independent research network with an expert not-for-profit research management company, AHURI Limited, at its centre.

AHURI has a public good mission to deliver high quality research that influences policy development to improve the housing and urban environments of all Australians.

Through active engagement, AHURI's work informs the policies and practices of governments and the housing and urban development industries, and stimulates debate in the broader Australian community.

AHURI undertakes evidence-based policy development on a range of issues, including: housing and labour markets, urban growth and renewal, planning and infrastructure development, housing supply and affordability, homelessness, economic productivity, and social cohesion and wellbeing.

Acknowledgements

This material was produced with funding from the Australian Government and state and territory governments. AHURI Limited gratefully acknowledges the financial and other support it has received from these governments, without which this work would not have been possible.

AHURI Limited also gratefully acknowledges the contributions, both financial and in-kind, of its university research partners who have helped make the completion of this material possible.

Disclaimer

The opinions in this report reflect the views of the authors and do not necessarily reflect those of AHURI Limited, its Board or its funding organisations. No responsibility is accepted by AHURI Limited, its Board or funders for the accuracy or omission of any statement, opinion, advice or information in this publication.

HILDA Disclaimer

This paper uses unit record data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey. The HILDA Project was initiated and is funded by the Australian Government Department of Social Services (DSS) and is managed by the Melbourne Institute of Applied Economic and Social Research (Melbourne Institute). The findings and views reported in this paper, however, are those of the author and should not be attributed to either DSS or the Melbourne Institute.

AHURI journal

AHURI Final Report journal series is a refereed series presenting the results of original research to a diverse readership of policy-makers, researchers and practitioners.

Peer review statement

An objective assessment of reports published in the AHURI journal series by carefully selected experts in the field ensures that material published is of the highest quality. The AHURI journal series employs a double-blind peer review of the full report, where anonymity is strictly observed between authors and referees.

Copyright

© Australian Housing and Urban Research Institute Limited 2016

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License, see <http://creativecommons.org/licenses/by-nc/4.0/>.



AHURI Research Centres

AHURI Research Centre—Curtin University

AHURI Research Centre—RMIT University

AHURI Research Centre—Swinburne University of Technology

AHURI Research Centre—The University of Adelaide

AHURI Research Centre—The University of New South Wales

AHURI Research Centre—The University of Sydney

AHURI Research Centre—The University of Western Australia

AHURI Research Centre—University of Tasmania

Australian Housing and Urban Research Institute

Level 1

114 Flinders Street

Melbourne Victoria 3000

T +61 3 9660 2300

E information@ahuri.edu.au

ahuri.edu.au

ACN 090 448 918

 twitter.com/AHURI_Research

 facebook.com/AHURI.AUS

 evid.in/AHURI_LinkedIn