INCREASED TARGETING OF HOUSING ASSISTANCE TO THOSE MOST IN NEED IS HELPING TO CREATE PLACES OF DISADVANTAGE.

KEY POINTS

• The creation of disadvantaged places is an unintended effect of housing assistance policies and programs.
• State Housing Authorities aim to house those most in need, but the houses now used were built many years ago for very different residents. This can result in a number of negative place-based outcomes for today’s public tenants.
• The targeting of public housing to those most in need is contributing to a concentration of disadvantaged people in particular neighbourhoods, perpetuating social stigma about these neighbourhoods and their residents, and heightening barriers to employment.
• The operations of the private rental market can also lead to geographic concentrations of low-income and disadvantaged households.
• Taking greater account of the outcomes for particular places by, for example, allowing regional public housing managers to respond to local conditions and needs, would help address the creation of disadvantaged places.

PURPOSE

With the exception of recent regeneration activities on some public housing estates, housing assistance policies and programs in Australia have not explicitly considered their effects on disadvantaged places. This research synthesis bulletin considers some of the unintended consequences of this.

This bulletin reviews evidence of the geography of disadvantage arising from the targeting of housing assistance to those most in need. It examines the interaction between people and place. It examines the eligibility, targeting, allocations, asset management and regeneration policies and programs of State Housing Authorities (SHAs). It examines the geographic outcomes of the Australian Government’s Commonwealth Rent Assistance (CRA) program. The socio-spatial effects of these policies and programs are considered under three headings: places of disadvantage, place-based stigma, and physical access to employment.

This bulletin by Lyn Luxford synthesises the evidence from a range of AHURI and other research on housing assistance and disadvantage. This bulletin was written whilst Lyn was on secondment with AHURI from the Queensland Department of Housing.
**CONTEXT**

Historically, cost effectiveness has been a key determinant of the location of public housing. During the 1960s and 1970s, SHAs concentrated on building a high volume of public housing to cope with growing demand. As a result, public housing was built in inner city suburbs that were subject to slum clearance programs, and in the fringe suburbs of capital cities and regional centres. Spot purchase practices in the 1980s and 1990s saw limited dispersion of public housing into other areas. Since the 1990s, reduced funding from the Commonwealth State Housing Agreement (CSHA) has resulted in the building of fewer public houses and the increased targeting of available stock to those people in greatest need. New tenants are less likely to be low-income working families and more likely to be on income support and/or have other support needs such as a disability or a mental illness. Some, typically female sole parents, are escaping domestic violence, and some are homeless. This policy shift means that the location and type of public housing stock inherited from previous decades generally no longer matches the needs of new tenants.

Coincident with diminished funding for public housing has been an increased reliance on the private rental market to house low-income people who might previously have entered public housing. Since the early 1990s, the Australian Government has increased Commonwealth Rent Assistance (CRA) to assist people on income support to pay rent in the private rental market. Compared to public housing, this is a ‘portable’ form of housing assistance – it enables renters to move within the private rental market without forfeiting that assistance. It offers greater choice of location and house type than public housing, although, in practice, constraints on affordability and availability of rental stock limit the locations available.

The outcomes of these two housing assistance programs are very different for particular places. The outcomes of public housing reflect the eligibility, allocation, and asset purchase decisions made over the past few decades by SHAs. The outcomes of housing assistance in the private rental market reflect the choices of CRA recipients in that market and the incentives and disincentives for investors to supply affordable and appropriate private rental housing in a range of locations.

**PLACES OF DISADVANTAGE**

Places of disadvantage are areas with high proportions of low-to very low-income households, whose residents experience poor access to employment, or weak social networks and/or a reduced ability to sustain health and wellbeing. For example, in Matchville, South Australia, where nearly a third of the population are public tenants, median household income is $500–599 per week, compared to the Australian average of $754 per week, and unemployment is at 17%. Poor public transport, low levels of car ownership and lack of access to employment compound the residents’ social disadvantage. 2001 Census data confirm that in New South Wales and Victoria the most disadvantaged localities had relatively high levels of public housing.

**Public housing: eligibility and allocations**

Allocation policies developed in the 1990s meet administrative transparency and accountability requirements but are less explicit about outcomes for particular places. The location of public housing combined with eligibility policies based on income and household circumstances contribute to spatial concentrations of socially disadvantaged households. Needs-based allocation policies ensure that public housing is predominantly allocated to income support recipients who generally have other social or support needs relating to health, mental health and/or homelessness.

Mobility within the public housing system is limited, as housing transfers are primarily for health-related reasons or the resolution of neighbourhood disputes. As a result, public tenants in areas with limited access to employment or ancillary services such as child-care are usually unable to relocate. Of a sample of people on public housing waiting lists who had previously lived in public housing, 10.5% had left because they did not like the area in which they lived and could not transfer.

The capacity of SHAs to make more sensitive allocations based on local conditions, social mix and employment or training opportunities is diminished because public housing allocation policies do not take account of the social mix of a neighbourhood. However, some SHAs are trialling new approaches. For example, in South Australia, local allocation systems are being used in some regeneration projects to take account of social mix – both people and place. In Queensland, the ‘local rules’ policy also allows some consideration of local conditions in allocations, including levels of demand and available public housing stock.

**Regeneration of public housing**

One type of public housing program that explicitly considers the effects of public housing on place is the physical regeneration of public housing estates. This includes dwelling upgrades and improvements to physical amenity, including landscaping. Improved maintenance, refurbishment of dwellings and a reduction in the concentration of public housing has been achieved in specific locations because of regeneration activities.

In Australia, regeneration activities are often accompanied by tenure diversification policies, which focus explicitly on creating areas with a social mix that includes home owners, private and public renters and, in some cases, community housing tenants. One of the expected outcomes of tenure diversification is the development of diverse, strong and sustainable communities. However, some residents from areas undergoing regeneration are concerned that, in the long term, the dispersal of public housing tenants and the introduction of other residents, as a result of the sale or redevelopment of stock, may result in communities that lack connectedness and strong social networks. These approaches may improve the place but at the expense of the community – the people.

People and the places in which they live are both key elements of regeneration. If the characteristics and dynamics of specific
neighbourhoods or communities are not fully understood and incorporated in planning, these programs will result in increased problems or displacement of the problem.\(^8\)

**Commonwealth Rent Assistance**

The spatial concentration of social disadvantage is also associated with the private rental market.\(^9\) CRA is a national program that offers the same level of assistance with rent regardless of location. Equity of assistance is prioritised, rather than equity of outcomes. It is not designed to address regional variations in market conditions. As a result, it has locational outcomes that reinforce the geography of disadvantage. CRA recipients living in the private rental market are becoming concentrated in disadvantaged areas, particularly older industrial suburbs. Typically, these areas have limited employment opportunities, large numbers of low-income, sole-parent and non-English-speaking families\(^10\), and the housing is generally older and of poor quality.

**PLACE-BASED STIGMA**

The genesis of public housing in Australia was in slum clearance\(^11\) and the building of housing for returning soldiers and new migrants. Later, the focus turned to housing low-income workers and, in the past twenty years, those in greatest need. These emphases have contributed to a poor public opinion of public housing.

Areas with high concentrations of public housing, particularly those with low physical amenity, poor-quality dwellings and/or poor access to services, have a poor reputation,\(^12\) or stigma, often contrary to the views of the residents themselves.\(^11\) Where public housing dwellings are of a similar standard and condition to private dwellings, stigma is less likely to be an issue.\(^13\)

Interviews with tenants in three areas of South Australia provided some insight into the ways in which place-based stigma affects people's lives. Residents said they felt a loss of control, stress, and that the land and dwellings were generally undervalued as local real estate agents perpetuated a negative view. Others identified 'postcode discrimination' in the form of higher insurance costs, difficulties in gaining finance for housing, and reluctance on the part of potential employers.\(^2\)

Although not explicitly identified, one of the expected outcomes of public housing physical regeneration and tenure diversification programs is a lessening of place-based stigma. The following comment from a resident in Leichhardt, Queensland, reflects the views of residents in regenerated estates in Queensland and Western Australia.

> It will take a long time to change the attitude in neighbouring affluent areas, but there has been a shift in local views.\(^3\)

However, simply changing the social mix of an estate through tenure diversification will not automatically overcome place-based stigma, because it is not necessarily the concentration of public housing per se that creates stigma. Rather, it is the allocation of housing to only those who are the most disadvantaged in our community. Tenure diversification may be a prerequisite to reducing place-based stigma.\(^14\)

**PHYSICAL ACCESS TO EMPLOYMENT**

For those public and private tenants who are job-ready, location and access to affordable transport are important to (re)gaining and sustaining employment. Typically, full-time employed public housing tenants spend more time commuting to and from the workplace than other commuters. Additionally, housing assistance recipients are less likely to have access to a motor vehicle and more likely to report transport difficulties.\(^15\) Of a sample of unemployed public and private renters interviewed, sixty per cent indicated that travel costs were one of the main barriers to employment. Affordable and accessible public transport was important, as more than fifty per cent did not own a car.\(^16\)

Decision-making regarding the location of public housing was historically influenced by the cost of land, but consideration was also given to proximity to industry and employment opportunities appropriate to the skills, education and qualifications of public housing tenants. With the changing labour market and the longevity of housing assets, much of this housing is now in areas with high unemployment rates. For example, decisions about the location of 'Newtown' (pseudonym of a suburb in Victoria) were influenced by industry expansion and the demand for skilled manual labour. However, job losses and increased unemployment have occurred as a result of economic restructuring within the manufacturing industry. Between 1966 and 1999, the unemployment rate for the men of Newtown rose from one per cent to almost fifteen per cent.\(^11\)

Reducing workforce disincentives for public tenants, particularly problems associated with physical access to employment, are a focus of the current CSHA, and yet, as a result of more stringent targeting, the number of public housing tenants who are work-ready is declining. The allocation criteria for the provision of public housing results in a disproportionately high incidence of tenants with a disability who are less engaged in the labour market than the general population.\(^17\)

The willingness and capacity of people to move in order to gain employment is also a key issue. In a recent study, forty-six per cent of a sample of unemployed public and private renters said they would be willing to move to another area in order to find a suitable job.\(^16\) However, the responses provided no indication about their actual capacity to move to areas with improved job opportunities.

As a 'portable' form of housing assistance, CRA is designed to be more flexible in assisting households to relocate. However, the evidence is that although CRA provides horizontal equity between similar households, it is not sensitive to location and the cost of housing. As a result, this form of subsidy is of limited effectiveness in assisting people to move to job-rich, high-rent areas.\(^15\)

**RESEARCH GAPS**

Further research on the relationship between the increased targeting of housing to those in greatest need and the existing housing assets of SHAs is required in order to
more fully understand the effects on particular places of contemporary housing policies. What are the implications for asset management in terms of transforming largely unsuitable housing portfolios? What additional mitigation strategies will be required to overcome the effects of socio-spatial concentration of disadvantage? Evaluation of some of the local management approaches being piloted in Queensland and South Australia will be invaluable, as will longitudinal evaluation of physical regeneration activities, to examine the long-term benefits to tenants of such place-based programs.

**POLICY IMPLICATIONS**

Currently both CRA and public housing policies exacerbate the geography of disadvantage, helping to create disadvantaged places that are stigmatised and provide tenants with poor access to employment. All SHAs operate through regional offices but their policies and programs typically operate without a focus on place-based outcomes. The development of local responses to housing need, based on local conditions, resources and opportunities requires a specific focus on the place effects of housing assistance.

The unintended effects of government housing assistance policies will be particularly important in the future as the legacies of increased targeting become clear. In order for increased targeting to be an effective method of providing housing to people in greatest need, SHAs must be able to provide appropriate and well-located housing. With their current housing portfolios, SHAs struggle to meet these two criteria, largely as a result of historic policies and practices in relation to location, type and design of public housing dwellings. Without significant resources, the capacity of SHAs to develop housing portfolios that can respond to the increasingly complex and diverse needs of existing and future public housing clients is uncertain.

The current focus of many SHAs is on the regeneration of large public housing estates, in an attempt to redress the policy directions of the past. These regeneration programs appear, at least in the short term, to be successful in terms of asset management imperatives but the long-term outcomes for the tenants involved in these programs are not yet clear.

SHAs will benefit from the adoption of approaches that explicitly account for the place-based effects of policies, programs and practices in the provision of housing assistance. Otherwise the cycle of ameliorative programs and policies will continue.

**RELEVANT RESEARCH**


**FURTHER INFORMATION**

Reports can be found on the AHURI website (www.ahuri.edu.au) or contact the AHURI National Office on +61 3 9660 2300.