A conceptual analysis of social housing as infrastructure

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Social housing as infrastructure

FOR THE

Australian Housing and Urban Research Institute

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Acronyms and abbreviations used in this report

AHURI  Australian Housing and Urban Research Institute Limited
CHC   Commonwealth Housing Commission
CHP   Community housing provider
COAG  Council of Australian Governments
CRA   Commonwealth Rent Assistance
EIB   European Investment Bank
EU    European Union
GFC   Global financial crisis
GTE   Government trading enterprise
IPA   Infrastructure Partnerships Australia
NHFIC National Housing Finance and Investment Corporation
NHRP  National Housing Research Program
NSW   New South Wales
PPP   Public–private partnership
UK    United Kingdom

Glossary

A list of definitions for terms commonly used by AHURI is available on the AHURI website www.ahuri.edu.au/research/glossary.
Executive summary

Key points

Safe, adequate, affordable and appropriate housing is critical to health, wellbeing, and social and economic security. However, many Australians cannot find housing in the private market, and the social housing system is under-resourced and manifestly unable to meet demand.

In response to this, there is emerging interest in whether reconceptualising social housing as a form of essential infrastructure might help to attract additional investment, especially from private sector sources.

The case for social housing as infrastructure rests on the following findings.

- Social housing can more strongly position itself as a form of infrastructure by making better use of infrastructure policy conventions, including cost-benefit analysis and business cases.

- Government intervention in response to significant housing needs, challenges and failures in the Australian housing market is both reasonable and warranted, but the true extent of the problem needs to be accurately recognised as extending beyond the margins of the market.

- Government budget priorities—in particular the lack of priority given to social housing—are the principal reasons for the lack of investment in the Australian social housing system.

- There is a strong historical precedent for the Australian social housing system as a contributor to economic growth and productivity, and as providing the basis for a decent and equitable society.

Although the case can be made that social housing is infrastructure, this is not sufficient for making the case for social housing.

- Policy makers need to make better use of cost-benefit analysis techniques and other methods for making the business case for social housing, while ensuring that those aspects of social housing that are not easily quantified or monetised are not overlooked or excluded.

- Policy makers, together with academics, providers, advocates and tenant groups, need to advance stronger arguments in favour of direct government involvement in the provision and financing of social and affordable housing that focus on the achievement of a broader set of social and economic purposes.
Key findings: the case for social housing as infrastructure

The aim of this research was to develop a persuasive, robust and credible case for social housing to be treated as a form of essential infrastructure, in order to create a viable basis for private investment in the social housing system.

This aim arose from an understanding that although safe, adequate, affordable and appropriate housing is widely recognised as critical to a range of health, wellbeing and socio-economic outcomes, the Australian private housing market fails to decently and affordably accommodate people on low incomes or facing other forms of disadvantage. Although social housing is intended to act as the safety-net provider for these households, long-term underfunding, policy neglect and a stigmatised reputation mean that the social housing system is unable to meet need. There is urgent need for investment, and reconceptualising the role of social housing to accommodate a broader purpose than that of a ‘safety net’ might offer one way forward.

The research made four interrelated findings that underpin the contention that social housing is a form of essential infrastructure and provide a way forward for policy makers.

**Finding 1: Social housing can be considered infrastructure**

The ways in which infrastructure and social housing are conceptualised within the literature and by policy makers overlap in several important ways. Infrastructure is understood to be a form of spatially fixed, materially realised capital expenditure, the provision of which enables the delivery of economic or productivity outcomes or essential services. Social housing has similar attributes. However, the proposition that social housing is a form of infrastructure is merely rhetoric unless this claim is translated into infrastructure practice in the form of a robust business case. This involves the development of credible, costed arguments for the benefits of social housing relative to the cost of providing it, in order to provide a pragmatic and concrete basis upon which social housing can be assessed as a form of infrastructure. As one interviewee stated:

‘... it’s about being able to quantify the economic benefit and actually make the case ... how you’re actually being able to prove that it’s essential’ (interviewee 13).

However, there are risks involved in an uncritical adoption of this approach. Focussing on aspects of social housing that can be quantified and monetised for the purposes of cost-benefit analysis may exclude or obscure other important values, aspirations and qualities that are relevant to the purpose of social housing. More importantly, it may negate the experiences and perspectives of tenants. Thinking of tenants primarily as the targets of interventions designed to achieve particular outcomes—often, an outcome of a transition out of a social housing ‘asset’—masks the fact that tenants are individuals, families and households living in homes and communities.

‘Cause it’ll pigeonhole it into private investment, ’cause that’s what infrastructure does ... and yeah, you’ll kind of lose some of the argument for investment because we stop talking about people’s lives and start talking about the asset like the bricks and mortar’ (interviewee 16).

**Finding 2: Market failure provides a starting point for intervention**

According to mainstream economic theory, goods and services are most efficiently and appropriately allocated through the unfettered market, but government intervention and involvement is accepted as necessary and appropriate in cases of market failure. It is well-documented that the private housing market fails to meet the housing needs of a growing proportion of Australian households, even in cases where subsidies, such as Commonwealth Rent Assistance (CRA), or other incentives are provided by government. The impact of this
market failure extends beyond the narrow group of people targeted by the present-day social housing system.

There is a strong desire within government to achieve outcomes in the most efficient and cost-effective way. The provision of an appropriate stock of dwellings that can be made available at affordable rents remains one of the most efficient and effective means of addressing housing market failure. This is because there is stable demand at the lower end of the market and holding stock limits the risk of exposure to market volatility.

*I do think it’s infrastructure. I think it’s a valuable asset stock, and when we build it we’re building [something] that makes society work* (interviewee 4).

**Finding 3: Change requires engagement with the politics of housing**

Recent policy innovations, including establishment of the National Housing Finance and Investment Corporation (NHFIC) and the City Deals program, address, respectively, financing barriers and the political economy challenges of intergovernmental relations. Yet according to the literature and policy makers, the biggest barrier to any significant expansion of the social housing system, including through the community housing system, is the shortage of funding, both capital and recurrent.

*All of the banks want to lend money to community housing providers, everyone wants to do ethical investment. The thing that doesn’t exist is the cash flow to make those investments possible* (interviewee 3).

There is a deep-seated, normative belief within government—and in the wider community—that government resources are inherently finite. In the Australian political context, a budget surplus has come to be defined as the most prominent marker of ‘good’ government, with constraints on expenditure rather than increases in revenue the preferred means of achieving this. This means that all proposals for new expenditure are assessed in a context in which it is believed that there is not sufficient funding to cover everything and that, in any case, increases in expenditure are inherently undesirable. These norms have become institutionalised within the budget process at state and Commonwealth levels, such that even if the case for social housing is articulated through rigorous cost-benefit analysis and a business case, it may still not be recognised as sufficiently high priority for meaningful levels of funding to result. If this situation is to change, a technical discussion about social housing as infrastructure is not enough.

*Unfortunately it comes back to the boring business of how governments work, that social housing fits into agencies and portfolios … [which do] operating business, that just work year on year, they’re not viewed as individual projects like large infrastructure projects … [Social housing is] not seen as a project, it’s seen as a sort of operating enterprise, and it’s a bucket of money that needs to be provided and it’s just about how do we mitigate government’s recurrent cost exposure to funding social houses?* (interviewee 17)

Advocates need to meaningfully engage with the politics of housing and the underlying assumptions about the role and purpose of government, to reframe the task at hand from one of rationing expenditure in order to ‘balance the budget’ to ensuring the necessary levels of expenditure in areas of vital social and economic need.

**Finding 4: Social housing can and should play a role beyond the ‘safety net’**

Historically, the Australian public housing system was built and operated directly by government. It met the needs of households unable to find adequate housing within the private market, but it also functioned to promote other aims—for example, the post-war reconstruction effort, improvements in public health and sanitation, and national and economic development. Public housing encouraged the uptake of the rights and responsibilities of citizenship and
provided the basis upon which people in Australia could establish and maintain a decent life for themselves and their families. In this form, public (social) housing functioned and was recognised as a form of essential infrastructure. An annual report of the Housing Commission of New South Wales (1966: 13) described public housing as:

\[ a \text{ social necessity, an essential facet of growth, development and decentralisation in a country such as this, and a positive, productive factor in our national progress and economy. Both in the social and material sense it is a valuable asset to the State. } \]

More recently, the sector has become increasingly residualised. This is due to a number of factors, including the adoption of neo-liberal ideas about the purpose and proper function of government and wider economic changes. The latter have produced significant levels of unemployment and underemployment in some sections of the community and undermined the viability of the Australian welfare system, which relied upon a ‘breadwinner’ model of full employment supported by relatively high wages. The social housing system is now only a small component of the wider housing market, the quality of the housing is generally poor, and tenants frequently have a need for high levels of additional support as well as for affordable housing.

\[ [\text{There is}] \text{ a real question now about what its [social housing’s] role is, because it’s clearly not meeting demand, it’s clearly not addressing the problem that we’ve set for it, which is to house the most disadvantaged (interviewee 15).} \]

The obvious shortcomings of this residualised sector are that not only is the sector unable to achieve its existing purpose, but large numbers of households who are ineligible or insufficiently ‘needy’ enough to get into social housing are living in unacceptably poor conditions in the private rental market. Greater recognition must be given to the breadth of the Australian housing market failure and the powerful and legitimate role that an expanded social housing system could play in effectively and efficiently addressing the problem.

**Conclusions**

Together, these findings lead to the following conclusions.

- Social housing policy makers could make better use of infrastructure policy tools, including cost-benefit analysis, to build a convincing business case for investment into the social housing system.

- Given the ample evidence of housing market failure in Australia, government intervention in the housing market to meet the housing needs of all Australians is both reasonable and warranted.

- The lack of adequate investment in social housing arises because it is not considered a priority for governments that are believed to be inevitably financially constrained.

- There is a strong historical precedent to consider social housing as performing a broad social and economic role, a role which added to economic development and productivity growth, but which also provided the basis for decent living conditions for all Australians, regardless of their income.

\[ I \text{ think if you ask most people do they think we should have it [social housing], I think the answer would be yes. Is it valuable? Yes. Should we spend money on that rather than something else? I think that’s when the problem arises (interviewee. 13).} \]

In summary, the case can be made that social housing is infrastructure, but this is not sufficient for making the case for social housing.
This research suggests a way forward for policy makers in which pragmatic adoption of particular tools and techniques (e.g. cost-benefit analysis, business case preparation) must be aligned with strategic arguments to promote the value of social housing and the need to place a higher priority on achieving adequate investment into the system at all levels of government.

**A way forward for policy makers**

This research suggests that there are two strategies for action, one pragmatic and one discursive, which need to be pursued together if there is to be a meaningful change in the level of investment provided to social housing.

1 Social housing policy makers need to develop the capacity, skills and expertise to effectively articulate the benefits of investing in social housing relative to the costs of doing so (e.g. through cost-benefit analysis and more dynamic techniques of business case presentation and evaluation).

In doing so, the following matters need to be considered, to avoid the risk of unforeseen and undesirable consequences.

— Social housing delivers a diverse range of ‘outcomes’, many of which are central to the work of social housing but are not easily quantifiable or monetisable.

— The work of social housing is presently constrained by its inadequate resources and this can distort perceptions of what social housing is for and what it achieves. Any cost-benefit analysis should take into account the much broader range of outcomes that the provision of decent and affordable housing for households at the lower end of the income spectrum can achieve, rather than confining itself to the limited range of outcomes achievable by a residualised and underfunded system.

— Any methodology used by policy makers needs to be applicable to a diverse range of development and project contexts.

— Any methodology used must take into account the perspectives of social housing tenants (and applicants), the values they place on housing, and the housing and life outcomes they aspire to.

2 Participants in the social housing sector, including academics, providers, advocates and tenant groups, need to advance arguments in support of direct government involvement in the provision of social (public and community) and affordable housing that specifically and actively engage political leaders, policy makers and other key stakeholders with the implications of the following issues.

— The societal purpose of housing in Australia, explicitly including its purpose beyond its role as a targeted welfare safety net, in meeting a range of social and economic needs and enabling the achievement of a range of social and economic aspirations.

— The manifest housing market failure in many parts of Australia, meaning the widening group of Australians who, all else being equal, have no reasonable prospect of being appropriately and decently accommodated in the existing housing market—due to a range of reasons, including affordability barriers, absolute or relative supply shortfalls, discrimination or requirement for a modified living environment.

— The risk that the artificial priority presently given to budget surplus actively contributes to worsening the housing crisis, exacerbating social inequality, inhibiting productivity and adding to the damage (social, economic and cultural) that is caused by failing to provide decent and affordable housing for Australian households on lower incomes (including but not confined to households with high and complex needs).
The potential of alternative means of financing social housing investment—such as bonds, state investment banks or monetary financing—to provide the resources needed, not just to address Australia’s welfare housing challenges, but to build a social housing system that contributes on multiple levels to a broader agenda of social and economic inclusion and development.

The study

This research is part of a wider AHURI Inquiry into Social housing as infrastructure. It is the first in a series of sequential reports; the second considers methodologies for undertaking cost-benefit analysis in social housing, and the third examines options for an investment pathway. This report focusses on the conceptual case for social housing as infrastructure.

The fieldwork and analysis were carried out during 2017 and 2018. The findings were derived from the following methods.

- **Stage 1** of the research was an assessment of the current national and international literature on social housing and infrastructure, with the international literature contextualised by a small number of interviews with key international informants.

- **Stage 2** was a series of detailed interviews with 19 policy makers in Victoria and New South Wales and at the Commonwealth level, seeking their insights into social housing and infrastructure policy and practice, with a particular focus on how social housing might be brought into closer alignment with infrastructure and the implications of this for the social housing system.

- **Stage 3** was a critical policy analysis, drawing on a methodology developed by Carol Bacchi (2009) called ‘What’s the problem represented to be?’, and examining the proposition that social housing should be reconceptualised as infrastructure in order to attract private investment, within the context of the policy debate, the literature review and the interviews with policy makers. This methodology involves scrutinising not policy prescriptions themselves, but the way in which policies represent or frame the problem that is to be solved. This provides a structure within which to examine the meanings attached to social housing and infrastructure, the ways in which these meanings, and their conceptual frameworks, could be reconfigured and reimagined, and the implications and effects this could have on institutions, systems and people.
1 Introduction: infrastructure and social housing

Safe, adequate, affordable and appropriate housing is widely recognised as a critical determinant of health, wellbeing, educational attainment, social and economic participation and community cohesion. However, there are significant problems in the Australian housing market that mean people on low incomes or facing other forms of disadvantage are frequently denied access to accommodation.

Market failure in the private housing market was one of the key justifications for the development of the Australian public housing system after the Second World War, and investment in public housing construction underpinned substantial expansion in the supply of decent, affordable housing for low-wage earners in the post-war period.

Since then, the quality and quantity of public housing has been significantly eroded, and direct government involvement in its construction, operation and, to some extent, ownership is no longer considered appropriate or desirable.

There are few credible large-scale alternatives to social housing provision for households unable to find decent or affordable housing within the private market, but the prospects for a supply increase through the public sector seem limited. A number of recent initiatives have sought to encourage new social housing supply through the non-government sector, including the newly established National Housing Finance and Investment Corporation (NHFIC), stock transfer programs and City Deals, but the efficacy of these measures is undercut by the lack of subsidies to support the operation of the system.

There is growing interest within government as to whether a different conceptualisation of social housing, as a form of essential infrastructure, might support the creation of the necessary structural conditions to attract investment into the system. This research responds to this interest by seeking to develop a persuasive and robust conceptual case for social housing to be considered infrastructure.

1.1 Origins of the research

The aim of this research is to build a persuasive, empirically and conceptually robust case for social housing to be treated as essential infrastructure, in order to open up opportunities to attract private investment into the social housing system.

The critical importance of safe, adequate, affordable and appropriate housing is widely recognised: housing is one of the key social determinants of health, and stable housing has been linked to improved health and wellbeing, better educational outcomes, greater capacity for social and economic participation, and community cohesion (Baker, Beer et al. 2017; Baker, Mason et al. 2014; Beer, Baker et al. 2011; Berry 2003; Bridge, Flatau et al. 2003; Hulse and Saugeres 2008; Phibbs and Young 2005). In Australia, with the significant exception of remote Indigenous communities, housing is generally of reasonable standard and many if not most Australians are adequately housed (Baker, Lester et al. 2016), the majority through the private
housing market. This generalisation, however, masks specific problems within some segments of the private market. In particular, insecure, poor-quality and unaffordable private rental housing is identified in the literature as a contributor to social exclusion, poverty and instability (Hulse and Burke 2000). Despite this, measures to improve access to, and the affordability of, private rental housing are prominent in state housing strategies, and the private market is promoted as the preferred, normalised tenure in government discourse (e.g. FACS c.2016).

The inadequacy of the private rental market has been observed by Australian policy makers and reformers for more than a century (Martin 2018). It was private rental market failure that led the Commonwealth Housing Commission (CHC) in 1944 to recommend government intervention in the form of subsidised housing, a recommendation which laid the framework for a substantial public building program and our present-day social housing system. The commission argued that in contrast to private landlords, public housing would provide eligible households with secure, affordable, appropriate and adequate accommodation—at least relative to what they could reasonably expect to receive in the private rental market, where access to these qualities frequently rested on the goodwill of individual landlords (CHC 1944: 17–18, 24–25).

Unfortunately, the quality of the social housing offering has been significantly eroded since the post-war period. Nationally, the waiting list is 189,404, compared to a total stock of 417,736 dwellings (SCRGSP 2018). Waiting times for even high-priority applicants may be long. Waiting lists are also generally conceded to underrepresent need, because prospective applicants are well aware of their poor chances of actually securing a home and many will not bother to apply.

The erosion in social housing capacity and supply has been partly material—due to long-term neglect of maintenance needs—and partly discursive—as public housing has been depicted as a drain on the public purse, poorly targeted and poverty-producing rather than poverty-countering (Jacobs, Atkinson et al. 2010). These changes are in part linked to changing views on the role of government; it is no longer considered appropriate for governments to be ‘rowing’ (delivering services directly), rather they should focus their efforts on ‘steering’ (shaping policy and strategic direction) (Osborne and Gaebler 1993). There has also been a shift in the emphasis of economic policy, away from Keynesian ideas of government investment to stimulate growth, to a neo-liberal concern with containing the size of government and restricting the scale of government expenditure, even if this is an objective more honoured in the breach than the observance (Quiggin 2005). These changes are reflected in parallel discursive shifts: problems like homelessness are no longer interpreted as arising from structural injustice but are instead attributed to personal pathology (Bullen 2015).

All of these things have contributed to the present state of public housing as an underfunded, residualised and stigmatised tenure. Recently, governments have sought to reinvigorate the sector by transferring public housing stock and public land to the community housing sector in the hope of stimulating growth in better, more appropriate supply (Pawson, Milligan et al. 2013). This growth has been slow to eventuate and many of the pressures within the system persist, including unfunded maintenance liabilities, inadequate rental revenues and poorly located stock (Pawson, Martin et al. 2016; Milligan, Martin et al. 2016). As the burden of meeting need shifts to the community housing sector, it too is becoming vulnerable to stigmatisation (Legacy, Davison and Liu 2016; Ruming 2014, 2015).

Despite the lack of support within some sections of the community, social housing persists, and there is as yet no credible option to replace it. Australia’s main private rental subsidy,

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1 Figures derived from Tables 18A.5, 18A.6 and 18A.7. These tables report data, including waiting list data, for public, community and state-owned and managed Indigenous housing as at 30 June 2018. Figures have been added to form the total given for ‘social housing’. Applicants for internal transfer are excluded. Some states have common waiting lists and others don’t, which means there may be some double-counting in waiting list figures.
Commonwealth Rent Assistance (CRA), has been heavily criticised for failing to keep households out of housing stress (National Welfare Rights Network 2014) and for functioning more as a ‘landlord subsidy’ that inflates rents (Jacobs 2015: 60). Other programs, such as tenancy guarantees or landlord incentives, are frequently time-limited, which means they cannot guarantee affordability long term and are arguably neither efficient nor effective in the face of market forces (Parkinson and Parsell 2018).

Social housing is the best, and indeed only, option that has been effective historically in addressing housing disadvantage. If Australia is to continue to benefit from this, or even if we are just to retain public (or at least social) housing as our principal safety net response to serious housing need, then governments need to find politically plausible ways to ensure that the system is adequately funded. One proposal is to reconceptualise how public housing is understood, so it is treated as a form of essential infrastructure rather than as a welfare service, with the aim of attracting a greater diversity of investment into the sector, thus allowing it to function more as intended. The proposal arises because infrastructure is seen as a credible destination for private sector funding in other areas, like transport, and because of synergies with the emerging government agenda around cities, productivity and functioning urban environments.

This research responds to the above proposal as expressed in the 2017 AHURI National Housing Research Program (NHRP) Research Agenda. The research agenda was developed in consultation with a range of housing policy stakeholders, including representatives of state and territory governments and housing agencies, and therefore reflects those areas where there is active interest from stakeholders and where the issues are of ‘high priority for housing policy development’ (AHURI 2016: 1). The relevant section of the agenda is reproduced in Appendix 1.

In response to the research agenda and its context, the research reported here was designed to address the following questions.

1 What are the dimensions, themes and conceptual underpinnings of the existing body of knowledge on housing as infrastructure?

2 What are the structural and contextual factors that determine funding flows for other forms of essential infrastructure in Australia, and how do these factors map onto housing policy processes?

3 What are the barriers (e.g. knowledge gaps, conceptual differences, prior experiences) operating within central government agencies that inhibit the recognition and acceptance of social housing as essential infrastructure, and how might these be overcome?

These questions have informed the approach taken and the data collection activities, but the project’s overarching aim was:

- to build a persuasive, empirically and conceptually robust case for social housing to be treated as essential infrastructure.

1.2 The policy context

Securing appropriate capital and recurrent expenditure for social housing is a challenge and governments have sought a range of solutions.

- Private sector finance has been seen as something of a holy grail for a number of public services facing shortfalls, not just social housing. However, in order to attract institutional private sector investment, an even greater operational subsidy is needed to guarantee an appropriate rate of return, on top of covering the costs of running the system. Current initiatives for improving access to finance for the sector, such as the NHFIC (bond
aggregator), have not resolved this underlying issue of how to cover the gap between the
cost of operating the system (and generating a return for private investors) and the amount
that tenants, most of whom are reliant on Australia’s meagre income support system
(Saunders and Bedford 2017), can afford to pay.

- Stock transfer programs (where management of, and sometimes title to, public housing
stock is transferred to community housing providers [CHPs]) have tapped into one source of
additional ongoing revenue: CRA. Because community housing tenants have access to
CRA, CHPs can charge higher nominal rents while maintaining income-linked tenant
contributions. CHPs can also leverage tax concessions and other financial benefits. But
even in the case of apparently successful stock transfer models, such as the Better Housing
Futures program in Tasmania, providers have found that while CRA might deliver adequate
operational funding to meet costs like maintenance, it is not sufficient to simultaneously
deliver substantial levels of growth (Pawson, Martin et al. 2016). Although there have been
periodic calls for CRA to be extended to public housing tenants (see, most recently,
Productivity Commission 2017: ch. 5), it is questionable whether this would be sufficient to
support both operational costs and significant supply growth. Modelling by KPMG found that
significant levels of operational funding would be needed to permit even a modest growth in
social housing stock, even if rents were permitted to increase from a general 25 per cent
of tenant income to 30 per cent (FaHCSIA 2009).

- Traditionally, ‘infrastructure’ in Australia has referred to spatially-fixed capital like electricity,
water and sewerage, and transport networks. Although ‘social’ or ‘soft’ infrastructure, like
schools and hospitals, is included in definitions and typologies, in practice addressing these
needs has been left to line agencies for education and health, not to infrastructure agencies.
More recently, the Commonwealth has pursued a City Deals program, which involves the
Commonwealth, in a coordinating role, bringing together different levels of government and
governance to discuss city-level needs (Department of the Prime Minister and Cabinet
c.2017). City Deals are often organised around a centrepiece item of infrastructure,
although they do not have to be. They are emergent rather than established policy, and as
yet social housing has not been central to their discussions, although there is scope within
the developing City Deals process for it to be included (see Section 3.3.3). There may also
be benefits to thinking about social housing as part of an integrated agenda of promoting
more functional urban environments (Infrastructure Australia 2018).

Despite these governmental efforts, an adequate level of capital and recurrent funding to
support a viable, growing and capable social housing sector is yet to be achieved. Efforts to
attract private sector institutional investment have had limited success and there is a lack of
political willingness to provide the necessary supporting subsidies in a structured and
guaranteed way. The tenant group is now generally too poor to allow for substantial levels of
cross-subsidy, so the quantum of funding needed is significant and often well beyond what state
governments—which are charged with managing and delivering social housing policy and
services—can afford. It is in this context that the idea of classifying social housing as
infrastructure has emerged.

1.3 Methodology

As noted above, this research was developed as a direct response to the call for proposals
outlined in AHURI’s 2017 NHRP Research Agenda (specifically, Evidence-Based Policy Inquiry
2017A [see Appendix 1]). The agenda sought proposals related to the key policy issue of
whether social housing could ‘be successfully reconceptualised as an indispensable form of
publicly supported infrastructure investment’ in order to encourage involvement and investment
by long-term or institutional private investors along the lines of that achieved for other forms of
infrastructure, such as roads (AHURI 2016: 5). This research set out to address this by
developing a persuasive, empirically and conceptually robust case for social housing to be treated as essential infrastructure, and thereby to form an attractive destination for outside investment. It forms the first of three linked research projects examining the issue.2

The research proceeded in three stages.

- **Stage 1** was a desktop review of national and international literature to establish the existing knowledge with respect to housing, especially social housing, as infrastructure. This literature review was supplemented by a small number of interviews with selected international informants, to provide some contextual insights to guide interpretation of the international policy literature.

- **Stage 2** was a series of in-depth, semi-structured interviews with policy makers and practitioners working in infrastructure, housing and financial policy at the state and Commonwealth levels. Ultimately, 19 policy makers took part in 14 interviews across three jurisdictions (New South Wales, Victoria and the Commonwealth). The choice of the two state jurisdictions was due to the potential to glean useful insights from their past and current policy experiences. Victoria has an extended history of public–private partnerships (PPPs), was an early adopter of the ‘growth provider’ model of community housing provision, and has a statutory infrastructure agency, Infrastructure Victoria, with an active interest in social housing. New South Wales (NSW) has explored new infrastructure policy initiatives including ‘asset recycling’ and the Restart NSW fund, and is also pursuing an intensive program of asset-centred social housing reform. Most interviewees were public servants, but three were working as consultants or in the industry at the time of interview. Providing further details of participants would lead to the risk that individuals could be identified, but all were approached on the basis of their seniority and applicable expertise and experience. These interviews were recorded and transcribed, and the transcripts were thematically analysed.

- **Stage 3** was a critical policy analysis of the data obtained in Stages 1 and 2, as well as of the initial call for proposals contained within the research agenda. The aim of the project, as described above, was to develop a credible and persuasive policy case for the reconceptualisation of social housing as a form of infrastructure. To do this, we needed to develop an understanding of the underlying conceptual frameworks and discursive strategies used in the literature (Stage 1) and by policy makers (Stage 2) to articulate common-sense understandings of social housing and infrastructure, and to develop this understanding through a methodology that would allow these frameworks and strategies to be reconfigured and reimagined.

The methodology used for this analysis is an adaptation of Carol Bacchi’s (2009) ‘What’s the problem represented to be’ approach. This approach is an unusual choice in research of this kind. Rather than examine policy prescriptions for what they say should be done about a particular social problem—and whether this is the best or most effective approach—this method examines the ways in which policies represent or frame the problem that is to be solved. The reason for doing this is that ‘problems’ do not pre-exist in an objective, self-evident kind of way, waiting to be discovered and solved. Social problems are constructed and contingent—what is a ‘problem’ in Australia in 2018 may not be a problem at all in another time or place. The meanings that are ascribed to particular behaviours, events, situations or groups of people to define them as ‘problems’ are based on deep-seated assumptions, norms and values, and understanding these can help us see alternative ways of thinking about the ‘problem’ and therefore alternatives ways of thinking about the

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2 See Dodson, Denman et al., forthcoming and Lawson, Pawson et al., forthcoming.
solution. Bacchi’s method has been adapted for use here because this research is about the meanings commonly attached to ‘social housing’—i.e., the way it is conceptualised—and how these meanings might be changed into something better and more useful with regard to attracting funding.

Bacchi’s framework is complex and integrated, but for greater clarity can be broken down into a series of questions that can be applied to a particular policy proposal (see Table 1). We have adapted the method to reflect the fact that our policy ‘proposal’ exists primarily at the level of a hypothesis rather than as a fully developed policy document, and thus we do not have access to what Bacchi (2009: 34) refers to as ‘practical texts’. The object of our analysis is, therefore, the original proposition (that social housing be reconceptualised as a form of essential infrastructure in order to be understood as a more viable destination for private sector investment), in the context of the policy thinking that underpins this proposal (the research agenda), the literature (Stage 1) and the views of current policy makers (Stage 2).
Table 1: Summary of analytical method: What’s the problem represented to be?

<table>
<thead>
<tr>
<th>Question</th>
<th>Principal analytical tasks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>What’s the problem represented to be in a specific policy?</td>
</tr>
<tr>
<td></td>
<td>• ‘Reading off’ from the policy proposal and associated documents the implied ‘problem’ which the proposal is addressing.</td>
</tr>
<tr>
<td>2</td>
<td>What presuppositions or assumptions underlie this representation of the ‘problem’?</td>
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<tr>
<td></td>
<td>• Identifying the conceptual logics and ways of thinking inherent in the policy, with particular emphasis on its key concepts, any binaries it implicitly creates, and the ways in which it categories people or things.</td>
</tr>
<tr>
<td>3</td>
<td>How has this representation of the ‘problem’ come about?</td>
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<tr>
<td></td>
<td>• Examining the practices and processes by which this particular problem representation has become the dominant one (the accepted or ‘true’ explanation).</td>
</tr>
<tr>
<td>4</td>
<td>What is left unproblematic in this problem representation?</td>
</tr>
<tr>
<td></td>
<td>• Identifying what is not included in the problem representation (e.g. the ‘silences’ or simplifications).</td>
</tr>
<tr>
<td></td>
<td>• Examining how the problem might be thought of differently.</td>
</tr>
<tr>
<td>5</td>
<td>What effects are produced by this representation of the problem?</td>
</tr>
<tr>
<td></td>
<td>• Identifying the consequences of this problem representation for:</td>
</tr>
<tr>
<td></td>
<td>— the way in which the problem is thought about and talked about (discursive effects)</td>
</tr>
<tr>
<td></td>
<td>— the way in which the problem representation situates or labels people in relation to the problem and solution (subjective effects)</td>
</tr>
<tr>
<td></td>
<td>— the way in which the problem representation affects individuals, groups and communities at a material level (lived effects: who is benefited and who is harmed—and how?).</td>
</tr>
<tr>
<td>6</td>
<td>How/where is this representation of the ‘problem’ produced, disseminated and defended? How could it be questioned, disrupted or replaced?</td>
</tr>
<tr>
<td></td>
<td>• Identifying the groups or institutions responsible for defining the problem in this way.</td>
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<tr>
<td></td>
<td>• Identifying past and current challenges to this problem representation.</td>
</tr>
<tr>
<td></td>
<td>• Identifying alternatives for ‘re-problematising’ the issue that may result in less material harm.</td>
</tr>
</tbody>
</table>

Source: Adapted from Bacchi (2009).

The results of the research are reported in the following four chapters. Chapter 2 contains a synthesis of the literature and key informant international interviews (Stage 1). Chapter 3 contains the results of the thematic analysis of the interviews with Australian policy makers (Stage 2). Chapter 4 describes the results of the critical policy analysis (Stage 3). Chapter 5 draws together the three stages, distilling the key findings with implications for the future of the social housing system and developing from these the critical challenges for policy development.
2 Concepts from the literature, history and international experience

Within academic and policy literature, ‘infrastructure’ is conceptualised as both a special type of object and a field of practice.

- As an object, infrastructure refers to large-scale, spatially-fixed public works that support or enable the functioning of economies and societies, but where externalities are diffuse and adequate private investment consequently less likely.

- As a field of practice, infrastructure involves diverse actors, discourses and practices. The recent ‘infrastructure turn’ in Australia and internationally has led to the consolidation of the field, with statutory infrastructure agencies established to promote objective, rational decision-making.

Infrastructure raises questions regarding the relationship between the private and public sectors. In the post-war period, public infrastructure investment was integral to Keynesian economics, but under neo-liberalism, public investment has been declining and public monopolies have been converted into private infrastructure markets.

Conventionally, increased public investment in infrastructure is seen as problematic because governments are considered inherently budget-constrained, and the achievement of a budget surplus is regarded as more important than achieving adequate levels of investment to meet vital social and economic needs. There is an emerging counter-discourse which argues that states should self-finance innovation and essential social infrastructure through ‘mission-oriented investment’.

There is a strong historical precedent in Australia and elsewhere for seeing social housing as a form of infrastructure that delivers benefits, including industrial development, better public health, and security for working-class households. This status has been eroded under neo-liberalism: supply has declined and residualised, the complexity of tenants’ needs has increased, and the policy focus is now on enhancing competition and contestability within the social housing sector.

There are recent international precedents for using social housing as a form of infrastructure investment, particularly with regard to energy efficiency and urban cohesion.

This chapter reviews conceptualisations of ‘infrastructure’ as a special type of object and as a field of practice. It considers the questions raised by infrastructure for relations between the public and private sectors, particularly in terms of finance. It also reviews the case for conceiving of housing, especially social housing, as infrastructure. This has historical precedents, such as in the post-war period when Australia’s state housing authorities were
major builders of housing. It is also evident in some current international practice, where investment in social housing has grown.

2.1  Infrastructure

2.1.1  What is infrastructure?

There is no single definition of ‘infrastructure’. Chong and Poole, writing for the Reserve Bank of Australia, define infrastructure as ‘the structures and facilities that are necessary for the functioning of the economy and society—infrastructure supports economic activity and social services, rather than being an end in itself’ (Chong and Poole 2013: 66). They identify two further qualities that distinguish infrastructure from other investments. First, the large up-front cost of infrastructure assets generates large economies of scale and monopoly characteristics. Secondly, infrastructure assets may generate positive externalities through network effects, or operate in a non-excludable way—either of which means private investors would tend to underprovide relative to the potential public benefit. Both these qualities mean governments are often involved in infrastructure provision. The OECD offers a consistent, if more concrete and descriptive definition: infrastructure is ‘the system of public works in a country, state or region, including roads, utility lines and public buildings’ (OECD 2002).

The association of infrastructure with ‘public works’ and externality problems goes back to Adam Smith (1904: 205), who does not use the word ‘infrastructure’ in his Inquiry into the Nature and Causes of the Wealth of Nations, but describes ‘public works facilitating the commerce of any country, such as good roads, bridges, navigable canals, harbours, &c’ and ‘public institutions’, such as coinage and post offices. According to Smith, provision of these works and institutions is the third duty of states, after provision for defence and justice, and it is specifically a duty of states, because ‘though they are in the highest degree advantageous to a great society, [they] are, however, of such a nature, that the profit could never repay the expence [sic] to any individual or small number of individuals’ of erecting and maintaining them (1904: 205—emphasis added).

Smith’s examples and rationale are quite closely reflected in the enabling legislation of Infrastructure Australia, the national statutory agency for infrastructure, where ‘nationally significant infrastructure’ is defined to include transport, energy, communications and water infrastructure, ‘in which investment or further investment will materially improve national productivity’ (Infrastructure Australia Act 2008: sec. 3). Elsewhere, further examples and descriptors enlarge the infrastructure category. There is a commonly applied distinction between ‘economic infrastructure’ and ‘social infrastructure’, the former being ‘the physical structures from which goods and associated services are used by individuals, households and industries, including rail, roads and public transport, water and energy networks, ports and airports’ (Productivity Commission 2014: 54), and the latter being ‘the facilities and equipment used to satisfy the community’s education, health and community service needs, such as hospitals and schools’ (Chong and Poole 2014: 66). Both categories are contemplated by Infrastructure Victoria, a state-level statutory infrastructure agency, which takes ‘a broad view of infrastructure’ and covers ‘nine key sectors’, among them ‘culture, civic sport, recreation and tourism’, and ‘health and human services (including social housing)’ (Infrastructure Victoria c.2018). Writing for the United States Government in 2004, Moteff and Paformak refer to ‘critical urban infrastructure’, although those adjectives still accommodate a wide range of works: ‘the basic facilities, services, and installations needed for the functioning of a community or society, such as transportation and communications systems, water and power lines, and public institutions including schools, post offices, and prisons’ (cited in Steele, Hussey et al. 2017: 76).

The Productivity Commission also refers to ‘public infrastructure’, which reflects an expansion of the conventional definition to incorporate privately provided works. As the Productivity Commission notes, “There is no single definition of infrastructure, although those adjectives still accommodate a wide range of works: ‘the basic facilities, services, and installations needed for the functioning of a community or society, such as transportation and communications systems, water and power lines, and public institutions including schools, post offices, and prisons’ (cited in Steele, Hussey et al. 2017: 76). The Productivity Commission also refers to ‘public infrastructure’, which reflects an expansion of the conventional definition to incorporate privately provided works. As the Productivity Commission notes, “There is no single definition of infrastructure, although those adjectives still accommodate a wide range of works: ‘the basic facilities, services, and installations needed for the functioning of a community or society, such as transportation and communications systems, water and power lines, and public institutions including schools, post offices, and prisons’ (cited in Steele, Hussey et al. 2017: 76).
Commission observes, the ‘public’ category is itself ‘complicated’ by the changing ways in which the private sector is involved in ‘public’ provision (Productivity Commission 2014: 53–54). Maclennan, Ong and colleagues argue strongly that privately owned assets must be included within conceptualisations of ‘infrastructure’, which they define simply as ‘spatially fixed investment’. More specifically, they define ‘urban infrastructure’ as ‘durable, spatially fixed capital that comprises structures and spaces for urban activities, as well as the built physical systems that connect them’ (2015: 20). Echoing Smith, they also observe the special nature of these investments—public or private—in terms of the economic benefits and other effects they produce, and the difficulty of properly accounting for these effects at the level of individual economic units.

Most infrastructure investments are likely to create, for a whole range of private and community users, a series of externality, spillover or network effects. These effects may imply complex patterns of beneficial impact (and complicated tax and pricing) and are likely to feature market failures. These market failures and spillovers attract public policy interest precisely because they may impact, either beneficially or adversely, a wide range of producers and consumers within a metropolitan economy (Maclennan, Ong et al. 2015: 21).

Finally, Larkin reflects on the ‘poetics and politics’ of infrastructure, highlighting its operations in time and space.

Infrastructures are built networks that facilitate the flow of goods, people, or ideas and allow for their exchange over space. As physical forms they shape the nature of a network, the speed and direction of its movement, its temporalities, and its vulnerability to breakdown. They comprise the architecture for circulation, literally providing the undergirding of modern societies, and they generate the ambient environment of everyday life (Larkin 2013: 328).

In other words, ‘infrastructures are matter that enable the movement of other matter … they are objects that create the grounds on which other objects operate, and when they do so they operate as systems’ (Larkin 2013: 328–329). Larkin suggests that this conceptualisation of infrastructure harks back, again, to Smith, and:

the Enlightenment idea of a world in movement and open to change where the free circulation of goods, ideas, and people created the possibility of progress. This mode of thought is why the provision of infrastructure is so intimately caught up with the sense of shaping modern society and realising the future (Larkin 2013: 332).

2.1.2 How infrastructure works

As well as a special type of object, or a built network or system of objects, ‘infrastructure’ can be thought of as a field of practice or performance (Dodson 2009, 2017). Diverse players carry out ‘infrastructure practice’: ministers and their offices, government departments and special agencies, and engineering, financial services, legal services and consultancy firms (O’Neill 2017: 38). Despite the diversity of players and the different registers of discourse they use (engineering, economics, law), there appear to have been decisive shifts in infrastructure practice in the last decade or so that have increased the cohesiveness and political prominence of ‘infrastructure’ as a category. This ‘infrastructure turn’ has occurred in Australia and internationally (Dodson 2009, 2017).

One aspect of the infrastructure turn is the establishment of special statutory agencies for infrastructure. Infrastructure Australia was established in 2008 as a statutory corporation to advise the Australian Government on infrastructure matters. It has produced an audit of Australian infrastructure (in 2015), a national infrastructure plan (in 2016), and research reports on infrastructure finance and funding. Under amendments made in 2014, the agency was given
new powers and independence, including an independent board. A non-statutory agency, the Infrastructure and Project Financing Agency, was established within the Commonwealth Infrastructure, Regional Development and Cities portfolio in July 2017. Statutory infrastructure institutions have been established at state level in NSW (Infrastructure NSW, established 2011) and Victoria (Infrastructure Victoria, 2015), and one is pending in Western Australia (McGowan 2018). The pattern extends internationally: for example, New Zealand’s National Infrastructure Unit within the Treasury (established in 2009), the G20’s Global Infrastructure Hub (GI Hub), which is headquartered in Sydney (2014), and the United Kingdom’s Infrastructure and Projects Authority and National Infrastructure Commission (both 2016). The infrastructure agencies’ remit transcends the sectoral departments in which infrastructure policy has traditionally been conducted, and their rise has eclipsed spatial strategies and land-use planning as conducted by state planning departments (Dodson 2009).

The infrastructure turn has been shaped by a range of factors. One is a sense of ‘crisis’ around infrastructure. References to an ‘infrastructure crisis’ predate the global financial crisis (GFC), but the GFC spurred interest in infrastructure development as a means of economic stimulus. According to Legacy (2017: 62), the period invested infrastructure with an ‘urgency politics’ that has supported an unusual level of activity but also strained relations with strategic planning. Another influence on the infrastructure turn is the ‘financialisation of infrastructure’, by which infrastructure assets are conceived of as financial assets, and the flows that they enable are conceived of as streams of income for private investors (O’Neill 2013, 2017). O’Neill argues that this conceptual shift, with roots in the privatisation programs of the 1970s and 1980s, and quickening in the 2000s, is in tension with aspirations for infrastructure as an urban planning tool and the optimisation of urban flows and positive externalities (2017: 32). Yet another influence is the increasing concern about climate change, reflected in state commitments under international law for reductions in carbon emissions: in particular, the Kyoto Protocol of 2005 and the Paris Agreement of 2016, both under the United Nations Framework Convention on Climate Change 1994. These commitments have underpinned various national initiatives for investment in green energy generation infrastructure and energy-saving technologies.

2.1.3 Private or public?

Infrastructure has always provoked questions about relations between public and private sectors, especially in terms of finance and funding. It is common for investment in infrastructure, especially the conventional ‘public works’ varieties, to be publicly financed through a government’s budget appropriations process. Other forms of public infrastructure investment include those by government trading enterprises (GTEs)—which may finance infrastructure investment from their own business revenues, bond issues and bank borrowings—and government-owned investment or development banks (a type of GTE that finances investment by other public and private sector entities and which often have an infrastructure focus) (Chong and Poole 2014: 66–67). Private investment in infrastructure may be in the form of assets wholly financed and owned by private sector entities, or in PPPs, where the government commissions the project and contracts with a private sector entity for project finance and asset management (Chong and Poole 2014: 68).

Public–private relations in infrastructure have changed over time. Although Smith (1904) characterised infrastructure provision as a state duty, he maintained that public works should be paid for through user charges, without public subsidies. He also considered that for some—but not all—types of public works, it was appropriate to assign to private persons the revenue rights and maintenance liabilities, to harness private interest in the proper upkeep of

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3 Canals, yes; high roads, no—because, according to Smith, users could avoid an improperly maintained canal, but could not avoid a bad road (Smith 1904: 217).
infrastructure. Throughout the nineteenth century, it was common for investment in roads, bridges, railways and energy generation to be privately financed and entirely funded by user charges (O’Neill 2017: 34).

Box 1: Financing and funding

Infrastructure discourse differentiates between ‘financing’ and ‘funding’.

- **Financing** refers to the provision of money to an infrastructure project, to be spent on making and operating the infrastructure asset. Finance may be public (money provided by government through its budget process or GTE activities) or private.

- Private finance comprises two main categories: debt and equity.
  - **Debt finance** is money provided in return for a right to receive payments of principal and interest. Typically in the form of loans from banks or bonds issued in money markets, debt finance is also known as ‘fixed income’ and is the larger part of private infrastructure finance.
  
  - **Equity finance** is money provided in return for an ownership interest in the asset. Equity finance may be provided by firms involved in the construction of the asset or investors in an initial public offering for a project. Once the project is up and running, these ‘primary’ investors may sell their equity to more risk-averse ‘secondary’ investors, such as super funds (although super funds are increasingly involved as primary investors).

- There are also **mixed or hybrid finance** instruments that combine features of debt and equity finance (such as *mezzanine finance*, in which a debt may convert to equity in specific circumstances).

- **Funding** refers to the means for paying finance costs, whether as principal and interest payments on a debt, or a dividend on equity. Funding may come from user charges or payments from government.

Sources: Chong and Poole (2014); Infrastructure Australia (2012); OECD (2015); O’Neill (2017).

Infrastructure became most closely identified with *public works*—i.e. commissioned, owned, maintained and operated by state agencies—in the twentieth century. This arose from a desire to address the monopoly effects of very large infrastructure assets and networks; the establishment of state-led urban and regional planning; and the advent of Keynesian economic theory and policy. Developing his theory over the course of the 1930s depression, Keynes gave express support to popular calls for public works as a means of providing employment, but more than that, he also showed how new credit expended by government would pay for itself via the multiplier effect (increased aggregate income and savings equal to the investment), and not crowd out private expenditure (Keynes 1933a). In the post-war period, the interpretation and application of Keynesian theory by governments embraced discretionary public spending, including on infrastructure, as a counter-cyclical stimulus, but also reverted to earlier thinking about loanable funds and crowding out (Chick and Tily 2014).

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4 Keynes’s references to ‘public works’ include public housing, roads and railways (Keynes 1933a) and, famously, the recovery of buried bottles stuffed with banknotes. Intended to highlight the even greater waste of doing nothing, the example of the bottles has been used to characterise government spending as wasteful (e.g. Kates 2009), though Keynes himself said ‘it would, indeed, be more sensible to build houses and the like’ (Keynes 1957: 129).
Box 2: Keynes on infrastructure, public finance and ‘the wonder city’

Instead of using their vastly increased material and technical resources to build a wonder city, the men of the nineteenth century built slums; and they thought it right and advisable to build slums because slums, on the test of private enterprise, ‘paid’, whereas the wonder city would, they thought, have been an act of foolish extravagance, which would, in the imbecile idiom of the financial fashion, have ‘mortgaged the future’—though how the construction today of great and glorious works can impoverish the future, no man can see until his mind is beset by false analogies from an irrelevant accountancy. Even to-day I spend my time—half vainly, but also, I must admit, half successfully—in trying to persuade my countrymen that the nation as a whole will assuredly be richer if unemployed men and machines are used to build much needed houses than if they are supported in idleness. For the minds of this generation are still so beclouded by bogus calculations that they distrust conclusions which should be obvious, out of a reliance on a system of financial accounting which casts doubt on whether such an operation will ‘pay’. We have to remain poor because it does not ‘pay’ to be rich. We have to live in hovels, not because we cannot build palaces but because we cannot ‘afford’ them.

Source: Keynes 1933b.

In the early 1970s, in reaction to rising inflation and unemployment, Western governments began to turn against even this modified Keynesianism, and by the 1980s were embracing a neo-liberal agenda of balanced budgets, debt minimisation, and market-based competition and efficiency (Brenton and Pierre 2017). Since then, public investment in infrastructure has generally declined relative to private investment. In Australia, over the period 1987–2006, public investment in ‘economic infrastructure’ declined from 2.5 per cent of GDP to 1.8 per cent of GDP (Coombs and Roberts 2007), driven by the privatisation of GTEs and infrastructure assets ($194 billion in GTE sales from 1987–2013: Abbott and Cohen 2014: 432) and by policies favouring the extraction of budget surpluses over new capital expenditure (the federal budget was in surplus for 12 years, and combined state budgets for 10 years, over 1987–2006: Reserve Bank of Australia 2018: 14). Over the same period, Australian private investment increased from less than 1 per cent to almost 3 per cent of GDP, with especially strong growth from 2000 in private transport infrastructure investment associated with the mining boom (Coombs and Roberts 2007; Chong and Poole 2014: 72).

This trend was interrupted by the 2008 GFC, which prompted policy makers in Australia and elsewhere to re-embrace stimulatory government spending, including on ‘nation building’ infrastructure projects. The return of large-scale public expenditures on infrastructure was, however, short-lived—a case of ‘12-month Keynesians’ (Blyth 2014)—with governments quickly committing again to the pursuit of budget surpluses and debt reduction.

In Australia, the strongly stated position of governments and infrastructure sector stakeholders alike is that the ‘infrastructure turn’ will not be publicly financed. According to this view, the private sector is better placed to finance infrastructure investment, and governments are constrained in their capacity to fund, let alone finance, new investment. For example, this is the position put by the Australian Government’s Infrastructure Finance Working Group (IFWG).

[A] major constraint on the delivery of social and economic infrastructure is the funding capacity of Australian governments. This is distinct from the capacity of the private sector to provide financing capital for infrastructure projects … Under current

arrangements, governments do not have sufficient headroom on their budgets to fund the level of infrastructure required (2012: v, 1).

The peak industry group, Infrastructure Partnerships Australia (IPA), constructs the issue similarly.

There is no evidence of any shortage of debt or equity finance for Australian infrastructure projects, indeed all indicators show that the appetite to invest is substantially higher than the number of investable projects; rather, there is a shortage of public and/or user funding to repay the costs of required projects (IPA 2017: 2).

The IPA, in particular, presents a Morton’s fork argument against publicly financed infrastructure investment, whereby public finance, ‘if directed to credit-worthy, commercial infrastructure projects, could only “crowd out” efficient private investment … [but if it] avoids “crowding out”, this will see it take equity or debt positions in (very) marginal and risky projects, where normal private investment is not willing to go’ (IPA 2017: 2). According to the IPA’s construction, the ‘problem’ is the budget constraint that prevents governments from funding infrastructure investment, and the solution is further privatisation of state-owned assets to generate income for infrastructure investment. This approach, under the banner of ‘asset recycling’, has been encouraged by the Federal Government, and state governments have lately embarked on new rounds of privatisations of existing assets and new PPPs.

An alternative vision for state involvement in infrastructure investment comes from the emerging body of work on state innovation and mission-oriented investment, of which Mariana Mazzucato is a leading proponent. Mazzucato highlights the underappreciated role of the state in fostering innovation and, more fundamentally, markets themselves, and criticises policy frameworks that focus solely on the correction of ‘market failure’ as too limiting.

While [market failure theory] provides interesting insights, it is at best useful for describing a steady-state scenario in which public policy aims to put patches on existing trajectories provided by markets. It is less useful when policy is required to dynamically create and shape new markets; that is, ‘transformation’. This means it is problematic for addressing innovation and societal challenges because it cannot explain the kinds of transformative, catalytic, mission-oriented public investments … that created new technologies and sectors that did not previously exist (Mazzucato 2016a: 144).

The limitations of market failure frameworks are also implicit in associated policy tools, such as cost-benefit analysis. This technique typically focusses on assessing a market price for government interventions at the margin—that is, without changing the market from which the pricing is derived. As such, cost-benefit analysis is ‘mostly aimed at preventing costly government failures; by their nature, they cannot tell us very much at all about proactive market creating and shaping’ (Kattel, Mazzucato et al. 2018: 13—original emphasis).

Documenting how many commercially successful products depend on state investments in technology and infrastructure, Mazzucato calls for policy makers to embrace the role of the ‘entrepreneurial state’ as a patient investor in risky enterprises, and a deliberate co-creator and shaper of markets for specified public purposes (Mazzucato 2015; 2016b).

A fundamental reappraisal of the role of the public sector is required that goes beyond the traditional ‘market failure’ framework derived from neoclassical economics to a ‘market co-creating’ and ‘market-shaping’ role … This new role would enable shifting not only the rate but also the direction of economic growth; and a shift in focus from marginal improvements in allocative efficiency driven by notions of ‘value for money’ to a broader notion of public value creation driven by public purpose (Kattel, Mazzucato et al. 2018: 3).
Mazzucato and colleagues characterise this new role as 'mission-oriented', with business cases for government action focussed on systemic change, dynamic efficiency effected through spill-over and multiplier effects, and ongoing reflexive evaluation of projects undertaken in support of a mission (Mazzucato 2016a: 149–152; Kattel, Mazzucato et al. 2018: 20).

To finance mission-oriented investment, Mazzucato looks particularly to state investment banks, which are themselves constituted with a distinctive sense of mission to develop the real capital of the economy (Mazzucato and Penna 2015a, 2015b; Mazzucato and Macfarlane 2017). Existing examples include Germany’s KfW, Brazil’s BNDES, the European Investment Bank (EIB) and the China Development Bank, which have significant roles in their respective economies, including investment in infrastructure and technological innovation. These institutions use a range of financial instruments—for example, short- and long-term loans, guarantees, equity instruments and grants—and provide advisory, planning and capacity building services in pursuit of their investment missions (Mazzucato and Macfarlane 2017: 40). By contrast, anglophone countries have in general made much less use of state investment banks.

While state investment banks are themselves financed conventionally by government budget allocations, bond issues and investment incomes, the state mission literature also connects with post-Keynesian analyses of the fiscal capacity of states and alternative possibilities for public finance (for a specific connection, see Mazzucato and Wray 2015). Building on Keynes’s original theorisation of money, these analyses highlight the currency sovereignty enjoyed by most modern states—that is, they issue their own national currencies—the implication of which is that they can meet any liability denominated in the currency (Kelson, 2011; Wray and Nersisyan 2016). As such, currency-issuing governments are not constrained, as private households or firms are, by the need to raise revenue prior to spending. This raises the prospect of ‘monetary financing’ of government spending—where the government’s central bank advances money directly to the account of the government for spending—either in exceptional circumstances where economic stimulus is required (Turner 2016), or as a matter of course (Bell 2000).
Box 3: Monetary financing of government

Monetary financing of government creates additional money on deposit for the government in its account with the central bank, and so is an expansion of the national monetary base, rather than a borrowing of money from another party. This does create a liability for the government, but not in the form of interest-bearing debt; rather, the liability is the money itself, in that it can be used by the households and companies who receive it to settle their tax liabilities with the government. According to proponents, monetary financing radically recasts the roles conventionally ascribed to taxes and bond issues: ‘[t]axes can be viewed as a means of creating and maintaining a demand for the government’s money, while bonds, which are used to prevent deficit spending from flooding the system with excess reserves, are a tool that allows positive overnight lending rates to be maintained’ (Bell 2000: 613–614).

This also breaks from conventional fiscal policy guidance that seeks to balance government revenue and expenditure; instead, governments can set fiscal policy to target full employment of labour, and the budget balance becomes a residual effect of the private sector’s propensity to save money.

Interest in monetary financing of government spending has recently increased in response to the protracted period of low economic growth following the GFC. In particular, it is presented as an alternative to the ‘quantitative easing’ pursued by some countries, where central banks create additional money to make large-scale purchases of existing government bonds from private sector financial institutions, while the state contracts its spending in the name of ‘austerity’. By contrast, monetary financing of government spending entails the coordination of the Treasury and the central bank in fiscal and monetary policy operations (Ryan-Collins and van Lerven 2018). Monetary financing does not mean that there are no constraints on government spending, but the constraint is the productive capacity of the economy—that is, to respond to government spending with increased output, not undue inflation—not a budgetary or financial constraint.

The case for monetary financing of government is summarised by Kelton (2011: 63–64) as follows: ‘Governments that control their own currencies can co-ordinate their fiscal and monetary operations and prevent financial markets from dictating the terms of finance. They can spend first and borrow later … They can “afford” anything that is for sale in the domestic unit of account. They can sustain the debt at any level. They can restore growth and eliminate economic insecurity …’

2.2 Social housing

2.2.1 Housing and infrastructure

As noted above (see Section 1.1), the connection between social housing provision and a range of individual and household outcomes is well established in the literature. These household-level benefits add up to substantial societal benefit through collective improvements in public health, productivity, public order and social cohesion. A number of studies have sought to quantify these benefits, using cost-benefit analysis, for example, to demonstrate that social housing investment generates considerable non-shelter benefits that can lead to savings for other departmental budgets including education, health and community corrections (Bridge 2003; Phibbs and Young 2005; Ravi and Reinhardt 2011; Pawson, Milligan et al. 2014; Kraatz, Mitchell et al. 2015). Similar research has been undertaken in the area of homelessness, such as that by Parsell and Moutou (2014), who identify the long-term savings that can be made from supportive housing investment. Comparable research in the United Kingdom (UK) has drawn similar conclusions (e.g. HM Treasury 2011; Fujiwara 2013, 2014).
The case for conceiving of housing—all housing, not only social housing—as infrastructure is made strongly by Duncan Maclennan and colleagues (Maclennan, Ong et al. 2015; Maclennan, Crommelin et al. 2018). In this view, housing is not merely an end in itself and its significance for policy goes beyond its being a ‘merit good’ (i.e. a thing for which some degree of public provision is justified because it is, in itself, a basic need). Instead, housing can be regarded in terms of the themes of infrastructure in the abstract: a fixity amongst urban flows and a generator of externalities.

\[ The \text{ spatial fixities associated with dwellings and the externalities they generate through a range of mechanisms} \ldots \text{mean that they constitute an infrastructure investment of considerable weight and interest}. \text{Housing policy is not simply a matter of ensuring that adequate housing is affordable to poorer households. Nor is it simply about seeing that market systems respond as flexibly as possible to consumer and producer signals. It also involves maximising the flow of beneficial externalities that arise from housing outcomes and minimising those that are adverse. Clearly housing outcomes may have externality effects that are as significant as other forms of infrastructure (Maclennan, Ong et al. 2015: 21).} \]

Maclennan and colleagues emphasise the contribution of housing to productivity: ‘housing is one of a number of “infrastructures” that allow labour to be productive, that is, there is a supply chain for skilled labour flows that involves more than numbers of people and years of training’ (2015: 29). Specifically, housing affects productivity—for good or ill—through agglomeration economies (from the size and density of populations housed), costs of commuting, and impacts on health, ageing, and childhood development and learning (Maclennan, Ong et al. 2015: 31–43). This perspective reframes conventional housing policy problems, such as concentrations of disadvantage, as being problems also of productivity and economic efficiency.

\[ The \text{ interaction of housing choices, job locations and land values is a major ‘sorting’ system within metropolitan areas} \ldots \text{Where such income-based sorting occurs there is a potential for reinforcing, or ‘neighbourhood’, effects that either reduce the productive and innovative capacities of the workforce and/or add to the fiscal costs of dealing with, for example, adverse health, education and security outcomes (Maclennan, Ong et al. 2015: 34).} \]

While Maclennan and colleagues emphasise that all parts of the housing system, including privately owned housing, ought to be conceived of as infrastructure, the theme has been taken up most prominently as regards social housing. The Australian community sector (e.g. ACOSS 2015) and some housing industry representatives (Housing Industry Association 2015; Pradolin 2016) have recently called for more social housing and affordable housing expressly as ‘infrastructure’ that supports labour markets, educational attainment, health and other government policy objectives. This argument is also made in the academic literature, for example by Moore (2014) who reviews the range of ‘eco-social-technical’ outcomes that may be supported by social housing investment, including the implementation of energy efficiency and water quality technologies.

### 2.2.2 Public housing: the past

There are strong historical precedents for the ‘social housing as infrastructure’ argument, of which governments themselves have been amongst the strongest proponents. For most of its history, in Australia and elsewhere, social housing has been conceived of in connection with industrial development, sanitation and securing domestic life for working-class households (Troy 2012; Martin 2018). The Australian public housing system was, in the past, built and operated directly by government. The connection between South Australia’s public housing system and industrial development is historically the strongest and best known example (Troy 2012: 133), but it is evident in other Australian states too, such as Tasmania, where public housing was part...
of the state’s policy of ‘hydro-industrialisation’ (see Flanagan 2015: 122–123). Similarly, the Housing Commission of New South Wales linked its development of large suburban estates in the 1960s with industrial expansion, and characterised public housing as ‘not in any sense … a liability’, but rather:

> a social necessity, an essential facet of growth, development and decentralisation in a country such as this, and a positive, productive factor in our national progress and economy. Both in the social and material sense it is a valuable asset to the State (Housing Commission of NSW 1966: 13).

**Box 4: Industrial development and the Housing Commission of New South Wales, 1960**

*The expansion of Sydney in post war years to its present position as the nation’s Number One metropolis and one of the great cities of the world has been due in no small way to the State Housing achievements in massive estate development.*

A tour of the suburbs proves conclusively the importance of these estates as they radiate out from the city proper. Their establishment created a potential labour force in strategic areas which attracted and allowed ‘breathing space’ for industrial expansion—and the ‘castle’ for the working man and his family.

...  

*The Green Valley project will be a major boost to the industrial development of the Liverpool area. Many of the future residents of the new suburb will eventually be employed locally as more industries and business firms follow the movement of population to the outer areas of the city. Many large industrial organisations are already established near Liverpool and on present indications the tempo of industrial expansion will be stepped up considerably within the next few years, especially as a potential workforce will be ‘on the door step’ in the Housing Commission’s new estate (Housing Commission of NSW 1960: 8, 11).*

In making these claims, state housing authorities were echoing the sentiments of the CHC, which in 1944 laid out the foundations of the Australian public housing system in its report for the Department of Post-War Reconstruction. The commission made it clear that direct government intervention in the housing market was warranted due to the irrefutable evidence that ‘private enterprise, the world over, has not adequately and hygienically housed the low-income group’ (CHC 1944: 24). This statement situates the public housing system directly as a response to market failure. The ambition of the commission’s report, however, also suggests that housing was seen not just as a means to help to rid Australia of slums, but as a way to lead ‘the people to a fuller social life and a fuller exercise of the rights of citizenship’ (1944: 67); housing, it argued was ‘essentially an expression of the way of life of the people’ (1944: 27).

Yet even as the Housing Commission of NSW was making its claims for ‘massive estate development’, investment in public housing nationally was declining from its peak in the immediate post-war period (see Figure 1). The selling-off of a substantial part of the public housing stock to its tenants over the period 1956–1980 also points to the rising significance of housing as a consumption item and a store of value at the scale of individuals and households, and a diminution of the ‘infrastructure’ view (see Figure 2); although in the post-war period, it was also associated with theories of citizenship through ownership (see Flanagan 2015: 88–89). The moderate increase in public housing construction in the 1980s was framed more as a welfare issue of increasing provision to previously excluded, high-needs groups. The reduction of funding in the 1996 Commonwealth State Housing Agreement (CSHA), and its express objective of targeting assistance to need, further entrenched public housing in welfare policy and disconnected it from ‘infrastructure’.
Figure 1: Public housing construction as a proportion of total dwellings built: 1945–2002

2.2.3 Social housing: the present

As well as being a period of decline in the size of the sector, the 1980s and 1990s also saw reforms in the structure of the social housing system, with the addition of non-government CHPs and Indigenous housing providers changing it from a wholly government-provided public housing sector to a more diverse social housing sector. In parallel with contemporary thinking about infrastructure, this change was conceived of as opening up the ‘public works model’ of the housing commissions (NSW Commission of Inquiry into the Department of Housing 1992) to competition, innovation and efficiency. Three decades later, public housing remains the largest part of the sector, and visions of a growing community housing sector have been only intermittently supported. However, a substantial cohort of CHPs have grown their organisational capacities and housing businesses, accessing private finance and participating in housing procurement and development (Milligan, Martin et al. 2016).

Increasingly, policy makers are looking to this nascent affordable housing industry to renew the ageing public housing stock and improve service provision to social housing’s core clientele (Pawson, Martin et al. 2016). In an extreme variation on this theme that strikes a chord with current infrastructure practice, IPA has proposed a program of social housing asset recycling, whereby the proceeds of privatising state-owned public housing assets would be used to fund privately financed investment by CHPs in new social housing stock (IPA 2016). Another direction envisaged for the industry is that it should diversify its offerings from conventional social housing to other, less deeply subsidised ‘affordable housing’ services, often with a rationale that refers to a wider productivity or efficiency agenda such as key worker housing (Milligan, Pawson et al. 2017).

2.3 International experience

Internationally, social housing has been used as a tool for many public policy aspirations, including planned urban development, economic stability, inclusive neighbourhoods and more recently in Europe to address energy efficiency and social inclusion concerns. Today, most
social housing systems comprise a mix of public and not-for-profit providers, and involve a range of public and private funding and financing arrangements. These are variably regulated to ensure social housing providers operate and use public subsidies for intended policy goals.

In Western Europe and North America, social housing has become more narrowly targeted, despite growing and widening need and reduced access to home ownership. The funding and financing of social housing has also been transformed. Most systems have shifted towards demand-side assistance targeting tenants and reduced capital investment subsidies in buildings, driving increased reliance on private finance and declining supply, but this has not been a uniform trend. Systems which have maintained a role in capital investment, either directly or via public financial intermediaries, and broader tenancy profiles have attracted broader political support and been able to increase stock when need and economic stability requires. While the decline of publicly led investment in social housing in Australia has parallels in the United States and the UK, this trend is not exemplified by China, South Korea and Singapore, nor several European countries such as Finland, France and Austria.

Countries engage in varied ways with housing policy and ‘infrastructure’ themes, affecting the trajectories of their social housing systems. For example, in France, social housing has been elevated to national economic and urban policy. In the UK, on the other hand, the new National Infrastructure Commission has excluded housing, and in particular social housing, from its mandate, as the country’s perceived capacity for needs-based supply policy has weakened. As one National Infrastructure Commission Board member commented:

*We don’t think of social housing as infrastructure … the Infrastructure Commission doesn’t deal with housing at all, in theory, and it also doesn’t deal with what in the UK [we] call ‘fair issue’ infrastructure which is hospitals and schools … I guess social housing would naturally be thought of as social infrastructure … we deal with things that are systems—energy, water, transport … (key informant)*

Peak social housing bodies in Europe, such as the National Housing Federation (UK) and Housing Europe, are yet to formulate a comprehensive or consistent case for treating social housing as infrastructure. There is, however, a pragmatic awareness of the trends in infrastructure financing and growing interest from investors in social infrastructure, which hold implications for social housing, potentially including larger-scale investment and fast-tracked planning permission. There is also awareness that social housing has an important role to play with regard to policy concerns about economic stability, energy efficiency, social inclusion and harmony. For example, across Europe, in tandem with policy efforts to combat climate change and the threat of urban segregation and social disharmony, regional development banks are increasingly willing to consider social housing as a legitimate destination for their infrastructure investments. Below we outline how these institutions in different countries are pursuing social housing as infrastructure today.

**China**

In China, state investment in social housing has increased over the past decade, after three decades of privatisation of state-owned housing. Having committed in August 2007 to again developing public housing, the Chinese government escalated new public housing construction as part of its post-GFC stimulus, completing 3.3 million public dwellings in 2010. An even larger five-year program commenced in 2011, with a target of building 36 million dwellings across a range of types, including Public Rental Housing (for low- to moderate-income households), Cheap Rental Housing (for low-income households) and Shantytown Renovation Housing (for purchase by owners of housing acquired for redevelopment) (Chen, Jing et al. 2013: 23–25).

Developed by local governments contracting with commercial developers, the new public housing is positioned as supplementary to private market housing; as at 2011, about 11 per cent of urban households lived in some form of public housing (including purchased...
China’s so-called ‘Great Leap Forward’ in public housing provision is seen as meeting a number of policy objectives, including reducing housing costs and increasing consumer spending (and hence supporting China’s transition from an export-led to a domestic-consumption-led economy), and managing pressures arising from China’s rapid urbanisation (Chen, Jing et al. 2013: 27–31).

**South Korea**

In South Korea, public housing development started late (in 1989), but has increased its share of the housing system since then from 2 per cent in 1990 to almost 5 per cent in 2010. It is now subject to a target of 10 per cent of households by 2022 (Jang and Kim 2013: 124). Initially targeted to welfare recipients, South Korean public housing has expanded eligibility to low-income working households; from the late 2000s, the Seoul city government commenced providing public housing (known as ‘shift housing’) to middle-income households, and the central government has subsequently expanded the program. South Korean public housing is mostly provided by a GTE, the Land and Housing Corporation, and financed by revenues from other corporation development projects, central government grants and a centrally administered National Housing Fund (Jang and Kim 2013: 128–129). Recently, more experimental approaches have been taken by the Seoul city government, including PPPs (Jang and Kim 2013: 138–140).

**Singapore**

Singapore has long had an extensive system of public housing development, with the Housing and Development Board (established in 1960) having developed most of the country’s housing stock: 83 per cent in 2011 (Deng, Sing and Ren 2013: 103). Singapore’s public housing is allocated to eligible households, who may subsequently purchase a 99-year lease over the property. With access to their compulsory savings (equivalent to superannuation) and concessional rate loans, and purchase prices subject to public subsidies, almost 90 per cent of Housing and Development Board residents are purchasers (Deng, Sing and Ren 2013: 109–112). Originally conceived of with expressly corporatist objectives, the basic elements of Singapore’s public housing system have endured, with the most significant changes being the introduction in the 1990s of private firms to the development process, and the shift in allocations from ballots and waiting lists to processes allowing applicants to commission new projects.

**European Union**

There are a number of multi-lateral regional banks in Europe which are dedicated to long-term investments for national economic and social development. These banks were created for a variety of purposes during the twentieth century and their shareholders and investment mandates differ, promoting either post-conflict reconstruction, private sector growth in former soviet economies, social cohesion and, more recently, adapting to climate change. A number of these institutions are making connections between social housing and infrastructure, and co-finance a range of large social housing projects and development programs.

Recently there has also been a strong shift towards greater use of private sector financing instruments, leveraged via the European Fund for Strategic Investments in the form of loans and guarantees. However, only a small share (4%) of this fund has been used for social infrastructure, which includes social housing, and this has been uneven across European Union (EU) member states. The European Association of Long-Term Investors (ELTI) was formed in 2013 to address the lack of investment in social infrastructure.

In the realm of social housing, energy efficiency has received considerable attention. The EIB financed the refurbishment of over 185,000 units of social or affordable housing in 2015 to increase energy efficiency and sustainability (Hoyer 2016), and the bank claims to be the world’s largest investor in climate change finance, having comprehensively incorporated
sustainability objectives into its project appraisal process. The EU’s European Regional Development Fund also has a focus on investment in energy efficiency, renewable energy and smart energy management, which can be directed to social housing within the terms of the fund’s rules (Regulation (EU) No. 1301/2013).

The Council of Europe Development Bank’s Resettlement Fund was established after the Second World War to contribute to the relocation of refugees displaced by conflict (Bussière and Willaert 2006). It focuses on investments which support social stability and social development, and provides grants and financing for housing developments and projects relating to health and education. The bank supports the concept of housing as a human right and considers housing to be an essential building block for access to other important resources such as education and health. Current work is focussed on Eastern European countries, especially in the Balkans (key informant).

**France**

Broadly accessible social housing has been an integral part of housing supply and urban policy in France since 1949 and remains widely accepted in surveys of public opinion (Lévy-Vroelant 2013). Social housing was originally intended to provide for workers and promote economic productivity and social harmony, and is found in the suburbs and fringes of larger cities. Funded in part by employer contributions, it is sometimes located near sites of industry and employment opportunities. However, maintenance efforts lagged behind in the 1970s and many dwellings became run-down and areas stigmatised.

Much of this housing now accommodates migrants and is subject to an extensive urban renewal effort, driven by the central government. For several decades France has been able to maintain and increase investments in maintenance and supply more than many other European countries, especially after the GFC. Production targets and the share of deeply subsidised social housing have been maintained through government investment and preferential loans from the major public financial intermediary, the Caisse des Dépôts et Consignations (CDC). This effort has largely been driven by the goal of social mix and cohesion, as well as economic and labour market stability through residential construction (for further details on funding and financing social housing in France, see Schaefer 2015 and Lawson, Gilmour et al. 2010).

**Austria**

The Austrian federal government has pursued a range of policy objectives via its social housing system: ‘social solidarity by the promotion of decent housing, reducing housing costs and thus wage demands, economic growth and stability of labour markets, particularly construction, and improvement of housing quality and thermal protection to reduce the emission of greenhouse gases’ (Lawson, Legacy et al. 2016: 66).

Austria has maintained and continues to grow a large social housing sector (20% of all dwellings), comprising municipal housing companies and limited-profit housing associations. The latter are increasing their share of the housing system, with municipal housing declining slightly—although the city of Vienna, which owns the largest stock of municipal housing in Europe (216,000 dwellings), continues to grow its portfolio (Lawson, Legacy et al. 2016). The system is underpinned by federal government transfers to Austria’s provincial governments, which design programs to provide grants, low-interest loans, interest subsidies and rent assistance. Since the 1990s, private finance has been sought and made more efficient via specialist financial intermediaries, such as housing banks that aggregate bonds (for further detail, see Amann and Jurasszovich 2016; Lawson, Legacy et al. 2016; Deutsch and Lawson 2012).

Austria has integrated the provision of social housing via a range of strategic interventions in the development process relating to land banking, land use zoning, development agreements and
provision of conditional subsidies and financing arrangements. Supply-side subsidies are a key policy instrument and are funded via federal transfers, with regional governments designing specific programs. These, in turn, are delivered at the local level and thus the process is quite decentralised and demand driven.

Cities and municipalities in Austria make increasing use of urban development contracts and agreements relating to social, technical and transportation infrastructure. For example, the city of Vienna actively uses agreements between the public sector and private developers, in relation to zoning measures and building regulations, to define the infrastructure to be provided, such as schools and kindergartens, and to specify the number of social housing units required (Amann and Jurasszovich 2016: 16). Competitions are also conducted between proponents to promote development according to local planning and housing objectives (Deutsch and Lawson 2012: 13). Such competitions can be a mechanism for improving environmental quality, promoting socially inclusive design, encouraging innovation, and transparently reducing costs, as has been the case in Vienna.

Finland

Finland has lately attracted attention for its success in reducing homelessness—it is reportedly the only European country to have done so—and sustaining the trend over a 30-year period (ARA 2017). Finland’s emphasis on access and equal opportunity for housing has parallels with the country’s policy for other forms of social infrastructure, such as health care and education; the right to housing is enshrined in Finland’s constitution, which commits ‘to promote the right of everyone to a dwelling and to support the efforts of persons to provide their own housing’ (Finnish Constitutional Act).

While the government has largely promoted home ownership in the past, Finnish housing assistance policy now plays a strategic role in financing both social housing and other public infrastructure, which today involves direct investment and financing via a government owned investment corporation, as well as government guarantees and interest rate subsidies. This approach emerged from Finland’s earlier interventions in the housing market. A shortage of urban housing and the country’s lagging rate of urbanisation in the post-war period prompted the government to provide long-term loans for housing production in city areas. In the 1950s, these subsidies were targeted to provide housing for ownership by the broad middle class. In the 1960s, the focus switched to rental housing, and this remains the sole focus of government support today. In compliance with EU directives on state aid, assistance has become more targeted to households for whom the private market does not cater adequately. During times of recession, as in the 1990s, the government also increased production of state subsidised housing, with the objective of maintaining employment in the construction sector (Tähtinen 2003).

Current social housing policy in Finland focusses on addressing low-income housing needs and reducing the shortage of rental housing in growth centres (key informant). This approach generates about 9,000 social housing units per year, contributing 22 per cent of total annual housing production in 2016. Overall, social housing comprises 16 per cent of housing stock, with about 60 per cent of these dwellings provided by municipalities and the remainder by approved not-for-profit organisations (Lindén 2017).

As a member of the EU, Finland has had to conform to rules governing the subsidisation of services in the general economic interest. This has led to some tightening and redefining of the target of rental housing subsidies, which include housing allowances, grants, interest rates subsidies and guarantees and until 2007 long-term government loans (key informant). Today, half of the rental housing supported in Finland is targeted towards specific households: students, young people, the elderly, people with disability and the formerly homeless. This is achieved via a sliding scale of grants, the deepest support being for those households with
more complex needs, such as people who were homeless or who need complex support to address mental or physical disabilities (for further explanation, see Lawson, Pawson et al. forthcoming).

The Ministry of the Environment is responsible for Finland’s social housing policy and for promoting ecologically sustainable, high-quality and reasonably priced housing, while social housing is delivered by municipal governments and the not-for-profit sector. The central government operates a state subsidised housing finance system, The Housing Finance and Development Centre of Finland (ARA), which provides interest payment subsidies and guarantees to support broad access to affordable home ownership and a variety of rental models, while a government-owned financial institution, MuniFin (Municipality Finance), provides long-term loans of up to 41 years to the municipalities and not-for-profit housing sector. The central government also makes payments to the municipalities, which have significant rights of taxation themselves (Averio 2015).

2.4 Summary

Considered in the abstract, ‘infrastructure’ can readily accommodate housing in general and social housing in particular. This conceptualisation emphasises housing’s place in the flows of the economy and its contribution to economic production and other outcomes. However, infrastructure is also a field of practice, shaped by sectoral perspectives and wider ranging rationalities of government. The importance of this context in shaping the way in which social housing systems emerge and are situated within wider welfare systems is evident in the diversity of approaches adopted at the international level. In Australia, changing attitudes to the role of government and economic policy have meant that funding and other support for the social housing system has steadily declined over the past decades, and more recent interest in increasing diversity and contestability within the system has to date had only limited effect.
3 Perspectives of Australian policy makers

For policy makers, infrastructure is a form of material capital investment that enables economic or social activity, but is closely associated with economic or productivity gains. Direct government funding of infrastructure is warranted in cases of market failure, but governments should also work to create a functional infrastructure market if one does not already exist.

Social housing is perceived by policy makers as a safety net or non-market form of housing provision. This means it is most closely associated with ideas of subsidy, targeting and the provision of significant additional support services. It is also broadly conceded that past asset management practices have been poor.

There is conceptual common ground between infrastructure and social housing, with both being a form of subsidised provision to enable the delivery of an outcome, and infrastructure agencies are increasingly interested in including social housing within their remits. However, this requires the case for social housing to be expressed through credible cost-benefit analysis and an appropriate business case. The associated process of identifying, quantifying and costing the ‘outcomes’ of housing assistance is a complex one.

Private investment in social housing requires the provision of a publicly funded subsidy. This subsidy would need to be allocated through the government budget process, where it would be one of a number of competing priorities.

Reconceptualising social housing as infrastructure would mean social housing was considered through an ‘asset lens’, and this poses risks for some groups of tenants who are deemed not to have the potential for enhanced productivity or economic participation.

Social housing policy debates take place within the context of often-vexed intergovernmental relationships. There is modest hope that the emerging interest in place-based policy, especially through the mechanism of City Deals, might offer a ‘circuit-breaker’ by providing a forum in which the politics of housing can be more productively worked through and a broader vision for social housing can be expressed.

Chapter 2 provides a synthesis of the literature to outline current Australian and international knowledge with respect to social housing and infrastructure. The results indicate that there are no major conceptual reasons as to why social housing cannot be considered as infrastructure in a similar way to other forms of welfare provision such as hospitals or roads. However, such a reconceptualisation is challenging for governments because of social housing’s direct association with dependent households rather than the population as a whole.

This chapter develops the discussion provided in Chapter 2 by considering the transcripts collated from interviews undertaken with 19 people working in senior roles in state (NSW and Victoria) and Commonwealth financial, housing and infrastructure policy. Interviewees were asked to respond to a set of questions that encompassed conceptual and definitional issues.
relating to infrastructure, and practical concerns about the supply and funding of social housing provision in the current policy context. The data is organised into three sections that broadly align with the research aims.

1. How social housing and infrastructure is currently conceptualised.
2. Obstacles in the current policy settings that impede social housing being viewed as infrastructure.
3. The policy instruments that might facilitate social housing being viewed as a component of infrastructure investment.

3.1 Current conceptualisations

Interviewees were asked to describe their understandings of infrastructure and social housing. These views, and the common ground between the two concepts that became evident, are discussed below.

3.1.1 Infrastructure

Typically, our interviewees defined infrastructure in terms of some kind of material asset embodying capital investment. For example:

Infrastructure generally I’d define as a tool or a device for enabling social and economic activity … something that is generally provided by or under the—with substantial assistance by government with a view to facilitating the kinds of interactions and transactions that we take for granted in economic activity. And indeed in social activity … I guess it’s capital, so it’s bricks and mortar generally speaking or some form of communication network that is specifically intended to facilitate interaction and transactions (interviewee 14).

They also pointed to its spatial impact (interviewee 10) and the ‘longevity’ of the investment (interviewee 18). It was, said one interviewee, conventionally regarded as ‘bricks and mortar and ports and railways and airports and those sort of things that have a very clear … contribution to the economy’ (interviewee 14).

This close association with the idea of an economic or productivity gain was evident across many of the interviews: ‘the outcome is usually a financial or economic—usually financial actually—return on that and then there’s a cost from not doing it … [if] you don’t provide it, this is the cost to society … and if you do provide it, here’s the benefits’ (interviewee 1), and, similarly: ‘there’s a silent “productive” in front of the word infrastructure’ (interviewee 12).

‘Infrastructure’ was also closely associated with the idea of facilitation or enabling.

[W]e don’t value electricity for electricity’s sake, we value it ‘cause it powers other stuff … roads we value because it provides transport services … transmission wires are things that transmit energy (interviewee 12).

Through this enabling activity, infrastructure ‘improves the functioning of an economy or the functioning of a community or society’ (interviewee 15) and provides physical spaces within which service delivery can take place: ‘public infrastructure is there to keep the rain off services’ (interviewee 16).

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6 The size of the policy field in which interviewees were working and the sensitivity of some of the issues discussed means that in order to protect participants’ identity, we have chosen to identify them by interviewee number only, rather than include additional details such as agency or position.
Few interviewees drew on infrastructure typologies, such as the division between social and economic forms of infrastructure, to explain their understandings; one interviewee commented that the higher the level of government, the more likely infrastructure was to be identified as solely ‘economic’, but said that even within state government and industry, where the distinction was more meaningful, the division between the two was ‘a little bit blurred’ (interviewee 17).

A number of interviewees linked the definition of infrastructure to the broader context within which decisions and investments were made. One stated that the ‘definition’ of infrastructure was essentially related to the business case, meaning the expected return and the cost of not acting (interviewee 1). Others contextualised their definitions in relation to the market.

[Infrastructure means] large projects where government is required to provide support through financial or facilitation to really address a form of market failure … [T]he private sector doesn’t provide [because] it’s not economic … so government needs to get behind it. And there are other economic reasons to governments for doing so (interviewee 17).

According to a number of interviewees, as corporatisation and commercialisation processes have been rolled out and markets have developed in certain industries—rail, initially, and then energy—the view that such forms of infrastructure need to be owned and operated by government has become less prominent. Now, ‘these things are viewed less as pure public goods and more as goods where a market can be developed for the operation of them’ (interviewee 4). Energy, for example, is now almost entirely delivered ‘in a regulated private space, so the government doesn’t really provide the infrastructure at all but it does regulate it, and quite heavily’ (interviewee 12). The dominance of transport-related projects at the federal level was explained by the fact that in other sectors, like energy and communications, investment was ‘broadly taken care of within the market’ (interviewee 5).

In general, infrastructure was seen as a field in which decisions were best made in a rational and objective way, with the development of statutory infrastructure agencies, created to provide independent advice on ‘what needs to be built, [and] what can be afforded’ (interviewee 4), acting as a valuable corrective to politicisation of decision-making. This didn’t mean that interviewees thought politically motivated decisions were a thing of the past—infrastructure still ‘relies on allocations by politicians’ (interviewee 3), is ‘delivered through a political process’ (interviewee 12) and ‘ministers have their own patches that they argue for resources on behalf of’ (interviewee 19)—but independent agencies had introduced a greater degree of rigour into the process.

### 3.1.2 Social housing

If infrastructure was characterised as fundamentally ‘enabling’, social housing was primarily ‘perceived as a safety net’ (interviewee 12). It was, variously, ‘housing for the low and very low income, usually those who are unable to participate in an unregulated market’ (interviewee 12), ‘subsidised housing for different groups’ (interviewee 13), housing provided by government or by not-for-profits ‘on the basis that it’s targeted and it’s low cost [which] attracts a major subsidy one way or another’ (interviewee 14), part of the social security or ‘welfare’ system (interviewee 18) and ‘a range of subsidised housing’ enabling the delivery, through a range of means, of a submarket rent (interviewee 11). Critically, it was defined by the characteristics imputed to its tenants, who were ‘usually low income, with other factors … physical or mental health problems or addiction or that sort of thing’ (interviewee 12).

The additional needs of social housing tenants meant that social housing was explicitly differentiated from economic infrastructure by ‘that added complexity of different types of social support that’s needed alongside of that physical asset’ (interviewee 7). Support was inherent to the model—it offered ‘long-term tenure with affordability [and] with support’ (interviewee 15).
However, the social housing system was also seen as highly problematic. Interviewees reiterated the challenges facing the system: a stock profile misaligned to need with regard to dwelling size and location, and clients who were failing to move on from social housing to other opportunities and other types of housing (interviewee 4). Its assets were underutilised (interviewee 3) and there was a lack of overall ‘strategic intent’ with respect to the sector’s evolution (interviewee 11).

The problems of the system were attributed at least partly to the failings of public sector management. As one interviewee said, public housing authorities:

> haven’t really managed our assets terribly well. So a Treasury official will look at the value of the assets and how run-down they are, not really make the connection that it’s about investment into the system but think we’re not managing properly. They’ll look at vacancies in turnaround times, they look at the number of tenants that may be—are no longer eligible and what we do about them? … So whenever we ask for more money, Treasury often turns it back onto us, saying ‘Well, what are you doing about your ageing assets?’ (interviewee 15)

Other interviewees articulated further criticisms regarding the effect of public housing, and especially large public housing estates, on tenants: such developments were characterised by one as ‘social engineering’ (interviewee 3), another suggested more mixed developments delivered ‘more activity and more, sort of, normality’ (interviewee 1) and a third stated: ‘Affordable housing doesn’t guarantee that somebody will become independent, in fact history shows that often it doesn’t’ (interviewee 13).

For some interviewees, the large estates had been appropriate for social housing in an earlier era, but were now no longer appropriate owing to a change in tenants’ needs.

> And so really the reason that public housing has failed, and it has failed … is because the fundamental needs and realities have changed and the delivery models and assets have not (interviewee 3).

Public housing, interviewees argued, had changed significantly from its post-war role. Where once it had provided ‘short-term worker-based housing’ offering ‘a stepping stone transition’, there was ‘a real question now about what its role is, because it’s clearly not meeting demand, it’s clearly not addressing the problem that we’ve set for it, which is to house the most disadvantaged’ (interviewee 15). People in social housing were no longer solely in economic need, but had other complex problems as well: ‘they’re victims of domestic violence, drug and alcohol, mental health, all those other causes’ (interviewee 17). This degree of targeting and residualisation had direct consequences for how investment in social housing was regarded: in a targeted system, funding was seen to be a form of social service expenditure, ‘potentially essential spending, but of no—little or no actual economic value’ (interviewee 14).

### 3.1.3 Common ground

Despite the differences implied in the respective definitions offered by interviewees, there was a substantial amount of common ground between their conceptualisations of infrastructure and social housing. For some interviewees, this was partly because the question of (re)conceptualisation was an artificial one: Treasuries, said one, do not enter into debate over whether something was or wasn’t ‘infrastructure’—rather, ‘[i]t’s cap-ex [capital expenditure] investment’ (interviewee 18).

While interviewees defined social housing with specific reference to the subsidy being provided, they also pointed out that, despite popular assumptions, public transport and roads were also heavily subsidised due to inadequacies in fares and declining revenue from fuel excise and
registration. Over three-quarters of the cost of trains in Sydney was subsidy, said one interviewee, but ‘people have no idea’ (interviewee 5).

Another interviewee argued:

*I think it’d be an error to define infrastructure as something that’s productive … I don’t think it [social housing] needs to make the point that it makes a positive economic return, ’cause it does not, nor does public health, nor do railways, nor do most of the non-utility infrastructure* (interviewee 3).

Similarly, another pointed out that ‘housing’s in the same boat as a lot of the other infrastructure sectors in that it’s never going to be fully funded in the private sector, ’cause it doesn’t generate a return’ (interviewee 7), while another stated that:

*I don’t see there is any reason why the model that exists in other social infrastructure sectors can’t be applied to social housing. There is—it’s just a set of cashflows which the government supports, and that’s what happens now, even in tolls and other things* (interviewee 17).

Like infrastructure, social housing had an enabling purpose. As one interviewee put it:

*I do think it’s infrastructure. I think it’s a valuable asset stock, and when we build it we’re building [something] that makes society work* (interviewee 4).

This enabling purpose was valid even within a welfare context. Social housing was a safety net, but it also had other roles—for vulnerable young people, for example, it enabled them to access training or find employment, with consequent productivity gains for society (interviewee 12). As well as giving tenants the proximity, the stability and therefore the time they needed to participate economically and socially (interviewee 14), by reducing its tenants’ reliance on income support and other services, the provision of social housing also increased the net value that they were adding to the economy (interviewee 17).

For interviewees, social housing was clearly an essential service. One drew on Maslow’s hierarchy of needs, pointing out that in providing shelter, social housing was providing something required for the achievement of a whole list of subsequent attainments, such as independence, social participation and productivity (interviewee 16). Social housing, according to another interviewee, was ‘a core service that contributes to wellbeing on a vast number of fronts and incidentally—not incidentally, absolutely part of it—contributes therefore to participation in social and economic aspects of life and society’ (interviewee 14).

In addition, as with infrastructure, government provision of social housing was linked to the functionality of the market.

*[If] the overall role of government in this space is to create an economy and create a society or a community or a neighbourhood that functions well, that is relatively equitable compared to other parts of a city or a state, then just like schools or transport or bridges, an intervention in the [housing] market for those that it’s not working [for] is important* (interviewee 15).

Social—public and community—housing was the only available option for ‘vulnerable people who can’t pay full market price housing’ (interviewee 2). Ensuring that this housing was provided therefore became a fundamental responsibility of government.

*I think we’re seeing an unprecedented situation where lots of people from all sorts of parts of society are simultaneously, it seems to me, are deciding that affordability in housing is really important and they should be able to come up with any crackpot or cracker of a scheme that they’ve got and give it a go. And I think let it rip but do not*
confuse their role with the minimum needed here and the government’s role here (interviewee 1).

Implied within any provision of social housing, however, was the provision of a subsidy. 

Scale is definitely an issue, but I go back to my point. Cashflow is constrained. The business model does not stack up. Why anyone ever thinks that a social housing sector … can be sustainable is beyond me, it needs a subsidy (interviewee 18).

### 3.2 Barriers to change

This section reviews what the interview data indicated about the barriers to change—whether to a different conceptualisation of social housing or to converting any reconceptualisation into meaningful results. These barriers included the issues involved in discussing social housing in infrastructure policy language, intergovernmental tensions, and the risks that might arise from any policy change.

#### 3.2.1 Making the case

According to interviewees, although to date infrastructure agencies have tended to confine themselves to economic infrastructure, through growing maturity and the development of partnerships they were started to extend their scope to incorporate social and cultural infrastructure (interviewee 4). However, interviewees argued that the growing willingness to consider social housing within an infrastructure policy context would only produce results if the social housing sector could successfully articulate the value of its contribution. Definitions were irrelevant: ‘it’s about being able to quantify the economic benefit and actually make the case … how you’re actually being able to prove that it’s essential’ (interviewee 13).

‘Making the case’ did not mean finding a way to erase the existence of a subsidy. As another interviewee pointed out, most forms of infrastructure would never be fully privately funded, but:

in transport infrastructure … we’ve sort of gotten to a place where Treasury will look at a business case and they accept that while there’s an upfront cost to the government, there’s a broader economic productivity argument for putting in a new rail line (interviewee 7).

There were, of course, complexities to developing a cost-benefit analysis and associated business case for social housing. Different cohorts of recipients would benefit in different ways and attract different costs, and the analysis needed to reflect this (interviewee 12). Essentially, the challenge lay in accounting for social housing’s ‘welfare’ role. Its safety net status made it different to other forms of infrastructure, although ‘a universal service provision [as in postage stamp pricing], that’s effectively a safety net as well, it’s just a less obvious one’ (interviewee 12).

Social housing does not represent the entirety of the housing sector, but only a small fragment of it, and, theoretically at least, individuals do not spend their lives in just one section of the continuum, but move across and within it over time (interviewee 16). Some interviewees made a distinction between calculating the cost-benefit of accommodating ‘key workers’ and other groups in need of ‘affordable housing’ and the issues involved when undertaking the same exercise for social housing’s more ‘welfare’ client group: ‘both have economic benefits but they’re very different types of economic benefits’ (interviewee 17). Another pointed to the question of ‘value judgements’ when it came to the provision of government subsidies: ‘with affordable housing there’s a lot of value judgements about who deserves to have it and why should they have it? … [A] road is not subject to that value judgement of its use and its appropriateness’ (interviewee 13).
The following exchange between two interviewees as they talked through some of the implications of a welfare-relevant cost-benefit analysis is instructive:

interviewee 19: … clearly on average people who stay in social housing, particularly if they’re unemployed, do finish up having a lot longer-term costs both for themselves in some ways or the opportunity costs and also to government in terms of welfare, health, all these other issues, right? Whereas if you can get people on transition out of social housing, more importantly into the employment market—they’re contributing in the sense they’re employed, they’re contributing to the economy, obviously you’ve got all the benefits of having more people employed and all that sort of stuff and you’re always taking away the other potential long-term government costs of them staying you know on welfare, Commonwealth welfare and all the issues that may run with that, right?

interviewee 18: It’s a really interesting challenge, though—so you don’t want to trap people in social housing.

interviewee 19: Independence.

The argument being put as part of this exchange includes the question of cost offsets, as described by another interviewee.

In recent times it’s been the counterfactual that’s probably made the story sharper, and that is: what’s the consequence of not investing in social housing or not doing it adequately? So impact on social disharmony, whether that’s reflected in crime rates or even perceptions of increases in crime rates, public expenditure on a range of other social services that is stimulated by lack of investment in adequate housing—health, mental health, in fact health very generally, justice, prisons, police, ambulance services (interviewee 14).

For others, the contribution of social housing went beyond the savings to other areas of government. There were ‘other layers’ to social housing that meant it could be used ‘as a stepping stone to put people back on their feet and create an environment for them to move towards housing independence or financial independence’ (interviewee 2). Or as another put it:

One of the things that we’ve worked on here is looking at what are the economic and social benefits of providing social housing? Trying to cost them not just on improvements in health and education but what it means in terms of infrastructure, as a way of discussing these with Treasury to say, well, actually, there are flow-on benefits (interviewee 15).

Although ‘making the case’ involved bringing the way in which the work of social housing is described into alignment with the formats and templates used in infrastructure policy, a number of interviewees also emphasised that there remained fundamental technical differences between social housing and infrastructure that needed to be taken into account.

One interviewee stressed that the kind of cheap financing used for infrastructure could not simply be switched over to social housing. Social housing, she argued, had a very different risk profile: ‘if it all goes horribly wrong, the bank is stuck with a property with an old lady in it and it’s going to be on the front page of the Daily Telegraph if they evict her’. This type of risk made social housing investment a form of property development which meant a lower level of leverage and more costly finance: ‘at the end of the day—it is property. [If] you want to get investment into the sector it is very confusing to say, ‘Give me your infrastructure money to put into property’ (interviewee 16).
The ‘unpredictability’ of property investment (interviewee 14) was not the only point of difference. Another interviewee pointed out that the property investment market in Australia involved relatively low rental returns but significant capital gains. This raised questions about what kind of ‘investment’ was on offer.

“You are creating a social infrastructure product where the person never sells—capital growth only manifests if you realise it, you don’t get capital growth if you’re holding it forever because you’ve got an obligation to provide it for a social housing tenant (interviewee 17).

There were other challenges intrinsic to social housing. Social housing was not easily understood as a discrete, finite ‘project’, for example, although the same interviewee who made this point (interviewee 17) also described how social housing could reconfigure itself within a ‘project’ template: ‘[if] we’re going to design, construct, finance and operate a form of social housing for the next 60 years, that’s a project’. Another way of imposing boundaries around the social housing object was to take a cohort approach—calculating the benefits and costs of accommodating a fixed number of people over a fixed time frame. Finally, the interviewee pointed to the precedent of ‘distributed infrastructure’, such as distributed solar or wind farms, where it was accepted that there was geographical separation between the assets; this kind of concept could also enable non-estate public housing developments to fit into the bounded project frame (interviewee 17).

The capacity to cater for non-estate developments is an important one because, for a number of interviewees, there was already clear evidence that the product of a conventional ‘infrastructure’ approach to social housing was problematic. Mass housing developments meant concentrated disadvantage and social dysfunction.

I don’t think you want to be building mass communities of social housing … [B]alancing scope and scale versus the social outcomes is a really important part of any decision about how to run a finance or funding model (interviewee 4).

3.2.2 Paying for it

Reflecting the focus of the research, the interview schedule included questions specifically addressing the barriers to investment, and the answers to these once again raised the issue of a subsidy. For interviewees, investment in social housing could come from private sources, but there was a significant obstacle:

“All of the banks want to lend money to community housing providers, everyone wants to do ethical investment. The thing that doesn’t exist is the cash flow to make those investments possible (interviewee 3).

Some interviewees doubted that there would be institutional investor interest without reforms to recurrent funding and rent-setting:

‘[big investors] look through the capital returns which have been spectacular over a long period of time, but they look at recurrent—they look at margins and the margins are really, really thin’ (interviewee 11).

For others, the issue was very simply a matter of subsidy:

‘social housing isn’t sustainable on its own, it would have to have clear subsidy lines so investors could actually have faith that their money isn’t going to get sucked in and lost into the system as government money is’ (interviewee 15).
The establishment of the NHFIC was, on its own, insufficient:

‘We get institutional investment into social housing [through the NHFIC]. Fan-bloody-tastic. How are they going to pay it back? You still need government funding to repay it. Finance is just lending … So unless you have a funding source there’s no point even talking about financing’ (interviewee 16).

The subsidy needed was necessarily a public one, in part because it would not be provided any other way.

[I]t’s quite challenging for people [investors] to own an asset that’s provided at a subsidy or at lower than market rent, so at the moment government is absorbing that subsidy and providing the housing. So it’s almost—you know, other services that are provided at a discount to the actual cost, I suppose, is a role of government. And I don’t know whether there’s anybody out there at the moment who’s prepared to sort of take on the provision of social housing at the scale it’s currently being delivered, I suppose (interviewee 2).

One interviewee pointed out that the ‘subsidy’ was already being provided, but only in an implicit way. They referred to the example of New Zealand, where the gap between tenant contributions and the cost of running the system is funded by an outside agency. This arrangement meant that any decision to house a particular income cohort or increase the number of people housed ‘[comes] with a dollar cost that was quite transparent’. By contrast, in Australia:

that subsidy is kind of hidden, it’s kind of within our own budget and not very transparent, we just kind of keep absorbing this, I guess community service obligation, in a way, without government really understanding that the business itself isn’t—well, they keep saying, ‘Why isn’t your business sustainable? It’s because social housing is not a sustainable business (interviewee 15).

A public subsidy requires the allocation of funding through the government budget process (see Box 5) and in this context, social housing faces a difficult task. As one interviewee expressed it:

Unfortunately it comes back to the boring business of how governments work, that social housing fits into agencies and portfolios … [which do] operating business, that just work year on year, they’re not viewed as individual projects like large infrastructure projects … [Social housing is] not seen as a project, it’s seen as a sort of operating enterprise, and it’s a bucket of money that needs to be provided and it’s just about how do we mitigate government’s recurrent cost exposure to funding social houses? … [Y]ou have capital funding where unfortunately people like to cut ribbons and then [you] have recurrent funding, where agencies are established to provide ongoing services and yes, with changes of government those things can be amended, but projects are seen to be things with a finite life and with a finite set of outcomes for a specific project that can sort of be ring-fenced … But government doesn’t think of social housing as a business … that’s money we have to give out every year or—to subsidise, you know, people’s housing … it’s more assessed year on year as money going out the door (interviewee 17).

The ‘boring business of how governments work’ means that social housing agencies are competing with all the other calls on government budgets, and doing so in a context where it is accepted (as one interviewee put it) that ‘the reality is governments have to live within their means’ (interviewee 3). In this context, new expenditure generally is considered undesirable, to the extent that ‘a significant part of Treasury’s role is to prevent increases in expenditure’ (interviewee 14).
In many jurisdictions, housing is a small agency within a large department, and in these contexts:

> it’s hard to get air time for social housing in a department that now is so big and covers so many areas. So, effectively, when we seek new investment within our department we’re competing against lots of other bids … [from] disability services, youth justice, child protection, health—and housing’s just another one of them (interviewee 15).

Social housing is effectively ‘fighting it out with education services, health services, roads, maintaining roads and subsidising rail tickets’—and doing so in a context where there was often insufficient policy clarity or long-range strategic planning (interviewee 5). In a contest between different capital needs, cost-benefit analysis and benefit-cost ratios can provide some structure (interviewee 17), but in general, the question is one of differing views as to what is most important.

> I think if you ask most people do they think we should have it [social housing], I think the answer would be yes. Is it valuable? Yes. Should we spend money on that rather than something else? I think that’s when the problem arises (interviewee 13).

Allied to the question of arguing a case through the budget process, a number of interviews raised the issue of state government credit ratings. From inside the bureaucracy, the credit rating is something that must be managed—infrastructure agencies need to work with Treasuries on ‘understanding the limits … [to] what the state has available to it whilst maintaining its credit rating and what recommendations, in terms of infrastructure, based on likely costs and required program, need to be made’ (interviewee 4). But credit ratings are also highly politicised and a point of external vulnerability: governments ‘have ratings they exist within, they have levels of acceptable gearing that the community expect from them, and that’s really the problem we’re up against’. This politicisation means a high degree of sensitivity about how large investments, especially those requiring borrowing, might be perceived by ratings agencies.
Box 5: Social housing and the budget process

Government budgeting cycles are institutionalised processes. Although there are variations across states, the process usually includes the following elements:

- allocations made in the forward estimates for the previous year’s budget form the starting point for the new budget
- each department makes a submission to Treasury in which they provide information about changes to their operating environment which could affect delivery of their forecast outputs and outline any consequent requests for new or additional funding (within each department, the development of the submission to Treasury occurs on similar lines)
- the merits of such requests are assessed by Treasury in light of the total quantum of funding available, similar requests from other departments, political priorities and legislative or statutory obligations.

The principal implication of this process is that the overall distribution of funds between departments and within departments is rarely scrutinised; instead, each agency concentrates on finding ways to achieve their required outputs within a relatively settled funding envelope. Therefore, for example, although there may be cost offsets that arise within sections of the justice department as a result of expenditure in an agency in the human services department, the system doesn’t provide the opportunity for the justice department and human services department budgets to be developed in ways that take account of these. In fact, changes to the distribution of funding are perceived (and experienced) as increases or cuts by affected agencies, and funding cuts in particular can have significant political implications. In addition, prevailing discourses about ‘responsible’ budget management mean that requests for additional funds are evaluated in an environment where the total funding available is considered to be naturally and inevitably limited, and increases in overall expenditure levels, especially where expenditure would be ongoing, are therefore undesirable.

Alongside the challenge of arguing for the provision of a substantial subsidy through the budget process, interviewees raised other factors. Several emphasised the need for sustained, non-partisan commitment to the longevity of any scheme (interviewees 4, 13, and 14)—implying that the lack of long-term policy certainty has been a significant problem in the past. There were also perceptions that social housing itself was vulnerable to prejudice and misunderstanding.

A lot of people see infrastructure as like an investment, we’re investing in infrastructure, we’re investing to grow the economy, to—efficient transport, efficient systems, efficient water, electricity, all that sort of stuff … Yet people don’t see … investing in social housing is something that’s going to deliver anything other than the service of making sure the vulnerable [have] somewhere to live (interviewee 19).

The ‘social’ element of social housing provoked a level of anxiety from one interviewee, who argued that even where there was interest from infrastructure and development agencies in social housing, social policy decisions needed to remain the province of human services departments.

I wouldn’t want to be too definitive about that. I do think that, yeah, conditions, regulation and that sort of stuff around how the tenancies work and people’s use of this asset—these assets—needs to be part of the mix of conversation but it’s—like it’s quite a minefield when you think about mental health issues and unstable client base, client base who aren’t really in a self-representation in some cases and things like...
that, it’s not something that I think we could make a definitive statement on from the infrastructure point of view (interviewee 4).

Another interviewee felt very strongly that this was a question of relative values and gendered assumptions. Social housing, she argued, was regarded as ‘effeminate fluff’.

When you’re doing a big serious decision it always comes down to, you know, the money and the economic argument and if you talk about anything like, you know, the experience, or the social side, or the health side, I think it’s considered sort of almost like effeminate fluff, you know … It’s a bit like design, design sometimes gets, you know, put aside if it’s not absolutely thoughtful; it’s more like colouring in, you know, sandpit or something, not like something that actually could drive efficiency and experience and outcomes. Some of those things just fall to the wayside (interviewee 1).

3.2.3 Working together

Housing policy takes place within a broader context of federalism and vertical fiscal imbalance. Both these factors make intergovernmental relations an important consideration. For interviewees, recent indications of federal political leadership, and particularly the new focus on spatial policy and cities, were positive. For a long time, housing policy had been essentially ‘running itself … rolling along, business as usual’, but the attention now being directed at housing affordability and homelessness meant that central agencies were becoming more focussed on it, including Treasuries, and the issues were becoming topical in intergovernmental discussions. The broader portfolio interest also broadened the conversation away from social housing and homelessness to incorporate first home buyers, housing affordability more generally, and planning and zoning issues (interviewee 8). That said, there was a sense that this new interest remained ‘cyclical’ and ‘unstable’ (interviewee 1).

The Council of Australian Governments (COAG) provides an established forum within which local, state and Commonwealth governments can work together to ensure complementarity of policy across the federation, and provides structures and processes within which the necessary policy development work can be undertaken. However, there remain layers of tension between the different levels of government, including directly in relation to housing policy. In particular, intergovernmental funding negotiations are ‘messy’. According to one interviewee, tracing expenditure and accountability across the plethora of federal agreements and programs (the National Affordable Housing Agreement, the National Rental Affordability Scheme, CRA and tax concessions), let alone those operating solely at the state level, has become such a complex exercise, with so little transparency, that the Commonwealth has ‘given up’ on being prescriptive about outcomes (interviewee 11). Another interviewee summarised the competing goals as being, on the Commonwealth side, value for money and clear outcomes, and on the state side, sovereignty and policy autonomy (interviewee 15).

3.2.4 What might be lost?

The premise of this research is that, if social housing policy were reconfigured around an explicit infrastructure focus with substantial private investment, this would lead to marked changes at the level of everyday service delivery. Although interviewees were largely positive about the idea of social housing as infrastructure, some expressed concerns about the risk the adoption of an ‘asset lens’ posed to the ‘social’ element of social housing, suggesting that care would be needed to ensure ‘that notion of attractiveness doesn’t actually diminish the purpose and effectiveness of social housing as a service for people amongst other things with low income or other forms of disadvantage’ (interviewee 14).
Although some interviewees had suggested that the question of redefinition was essentially an artificial or irrelevant one, others argued that reconceptualising social housing as infrastructure set the debate into a different register.

> When you call something infrastructure you’re looking at—as to the validity of the asset itself and its ability to generate a return or even a saving or a whatever, whereas what we’re talking about is almost … I feel like when you’re in the conversation that relates to services you can use arguments as to the difference it makes to people’s lives in the long term to justify the spend, right? … So I feel like the services spend or the recurrent spend is a bit more sophisticated in terms of looking at those things whereas the asset is like, ‘What is it? Does it generate a return? If it doesn’t generate a return do we have to provide it?’ … I’m just realising that through this conversation. ‘Cause it’ll pigeonhole it into private investment, ‘cause that’s what infrastructure does … and yeah, you’d kind of lose some of the argument for investment because we stop talking about people’s lives and start talking about the asset like the bricks and mortar (interviewee 16).

At the more practical level of ‘making the case’, there were potential implications for tenants. One interviewee pointed out that the ‘case’ may be more persuasive for some cohort groups than for others. It could be easier to justify housing as early intervention for young people, or stability and security for schoolchildren, than for ‘adult people with mental health and abuse issues that some people are very judgemental about and it’s harder to quantify what the outcomes are’ (interviewee 13). Others suggested that if social housing were treated as infrastructure, then the system’s inherent priorities would change. There could be a ‘rewriting’ process, with social housing resources targeted towards cohorts, like youth, where there was an identifiable benefit (interviewee 12). The focus would shift to locations offering the best payoffs in terms of economic or productivity gains, with flow-on effects for eligibility criteria, maintenance and asset management (interviewee 14). Allocation decisions might also change to the detriment of cohorts, like the aged, deemed to lack the potential to be ‘productive’, though to the benefit of others, such as families with school-aged children who might be given preferential allocation to areas where there were high-performing schools, and young people or the unemployed, who would be allocated with regard to the presence of good job networks (interviewee 15).

### 3.3 Making it work

This section reviews interviewees’ comments on prospects for a new approach to the provision of social housing. Their modest and cautious expectations reflect the resource-constrained environment within which social housing and infrastructure policy is currently situated.

#### 3.3.1 Learning from international experience?

Policy transfer is not uncommon in Australian housing policy (e.g. Parsell, Fitzpatrick et al. 2014; Pawson and Hulse 2011), with City Deals and NHFIC the latest examples of initiatives adopted from overseas. But international examples were only infrequently raised by interviewees, and generally only in response to explicit prompts. The different cultural and market contexts in other countries meant that although specific policies could be appropriated, deep-seated conceptualisations about the purpose of government and government programs were less easy to translate.

> In parts of Europe] they fundamentally see social housing as a different good. It’s social because it’s an expectation that government will provide it as a basic good in many of those countries and not as a welfare [option] … in a sense housing was a commodity that ought to be distributed more broadly and that the community or the
public and its agencies could join together to get better outcomes from the market than could be done individually. I don’t think that kind of concept exists broadly in Australia where obtaining housing is generally seen as an individual transaction (interviewee 15).

3.3.2 Housing as ‘outcomes’

The interviews suggest that with respect to the future of the social housing system, there is a range of different models in active consideration. Perhaps linked to the concern with ‘making the case’, the merits of the different models were conceptualised very much in terms of housing ‘outcomes’.

I see social housing and buying the outcomes in exactly the same way …. I keep coming back to capital versus recurrent. I see capital as infrastructure, recurrent as non-infrastructure. I see it in the same kind of dimensions. I just want the most efficient way of procuring those outcomes (interviewee 18).

A focus on ‘outcomes’ introduces a number of implications. Outcomes operate independently of ownership. Interviewees defined the responsibility of government in terms of facilitation rather than delivery: ‘I don’t see government’s role to provide the services, I see government’s role as to ensure that the services are provided, if you see the distinction’ (interviewee 16). In fact, one of the advantages of an outcomes focus is that it provides a means of escape from asset management challenges: ‘If you just purchase an outcome and you contract to a certain standard of that housing product, you don’t have to worry’ (interviewee 17).

Nonetheless, outcomes in a social housing context are not straightforward. Social housing is entangled in a complicated web of provision of other services and support, all of which make a contribution to ‘results’ for an individual client, household or community. Outcomes are therefore inherently variable.

Apart from secure stable housing and that fundamental—a roof over someone’s head—the outcomes for different cohort[s] over and above that will be quite different … So you need actually quite sophisticated understanding of the cohorts and outcomes and not in a prescriptive way, ’cause people’s circumstances change but those outcomes and how you facilitate those outcomes, it’s pretty darn complex (interviewee 18).

The other major quality of outcomes is less ‘inherent’, but nonetheless very clearly identified in the way that outcomes were discussed by interviewees: this is calculability.

So they’ve come up with formulas to actually determine if a dollar here—what it will save over the entire system, and that is the argument that you really need to use with these sort of sectors, because no sector is going to stand up on its own in terms of its own returns and the worthwhile investment, the cost-benefit ratio (interviewee 16).

Outcomes purchasing was not the only option discussed, although variants of it could probably fit within all the others. Perhaps not unexpectedly given that one of the fieldwork sites was NSW, interviewees referred repeatedly to two current NSW Government initiatives: the Social and Affordable Housing Fund (SAHF) and Communities Plus. These policies were depicted in large part as a means of coping within constrained resources by ‘an organisation [under] siege’ (interviewee 1), ‘Scarce resources. It’s not saying that we’re meeting demand but we’re at least being smarter about how you allocate the scarce resources’ (interviewee 18). CHPs, either as managers of government-owned stock or as recipients of title transfer, were positively regarded, especially in comparison to government. They were considered to perform ‘more efficiently and effectively than government’, and to be ‘way, way, way, way, way, way more innovative than
government and way more responsive to needs, 'cause they don't get tied up in the bureaucracy that we get tied up in' (interviewee 18).

However, the community housing advantage was, one interviewee pointed out, because they did not have to deal with the same challenges as government: ‘they are not managing 140,000 dwellings, they’re managing 2,000 or what have you’ (interviewee 16). There appeared to be little to no support for a complete government divestment of stock: ‘there is still a role of government in enabling and ensuring supply even if they don’t manage it. Without government intervention there will not be enough social housing stock to house the people that need to be housed. I think it’s a pretty fundamental case for action’ (interviewee 4).

According to one interviewee, ownership of at least some stock is attractive to state housing agencies, both for social reasons—it guarantees to tenants a degree of security and stability and the benefits that flow from that—and because it limits exposure to a rapidly moving market: ‘no matter what market prices do, they’ve [governments] always got stock to meet the community need’ (interviewee 17). But more than this, the case for retaining some government ownership can be expressed in infrastructure policy terms.

> Why do we need to define social housing as infrastructure? … I don’t really care whether it’s infrastructure or not, you’re just buying an outcome and it’s no different on transport … I want to buy a transport outcome that gets someone from A to B … Whether it’s capital or recurrent actually doesn’t bother me in the slightest, it just happens that if I run a rail track it’s highly, highly capital intensive, if I run a bus network it’s less capital intensive upfront and a bit more weight towards recurrent, but I’m just buying the outcome … [If you have high degree of certainty of passenger loads from A to B and they’re predominantly, you know, peak with some off-peak loading, you’ll build a train or a light rail. There’s uncertainty; it’s mixed you know—[bus]. (interviewee 18).

For social housing, then, whether it is the capital intensive or the recurrent intensive option depends on two issues: the certainty of the demand and the long-term cost-effectiveness. ‘[I]f you have absolute guaranteed certainty of demand for a certain portion of your demand, then you can say, well, look, wouldn’t matter what’s going to happen over the next 10 years … okay, we’re going to at least always have 50,000 [people in social housing]. I think over the long term you will find you are better off having [the] stock owned’ (interviewee 19).

### 3.3.3 Emerging opportunities

Despite the sense that there is a shift in focus underway with regard to social housing and infrastructure policy, interviewees were cautious with regard to the chances of genuine change occurring. One noted the potential for the emerging, significant challenges in population growth to force a governmental response, saying that one of the key emerging challenges for Australia was how to ‘do a more sophisticated job’ of understanding and directing this growth. However, the same interviewee (interviewee 5) bemoaned the lack of integration in infrastructure planning in general, saying the funding dynamic was for piecemeal projects rather than projects that are ‘presented as part of the system … [where] people are going to live and work and what broader contribution the investment’s going to make to society and how it’s going to enable economic growth …’ (interviewee 5).

At the Commonwealth level, interviewees noted nascent interest in agglomeration economics: ‘how the city, by bringing people together, is increasing productivity’ (interviewee 10). State interviewees pointed to similar interest with respect to social housing specifically, such as ‘a growing realisation that inequality, lack of access to jobs, lack of productivity or depreciated productivity associated with long travel times … do mean that investment in social housing has an economic value’ (interviewee 14). There was potential to better align housing delivery with
reforms in transport (interviewee 2) or to make better use of data to identify patterns of social infrastructure and transport need (interviewee 18).

More specifically, the City Deals program was hailed by interviewees as a potential ‘circuit-breaker’ (interviewee 5) that might enable an escape from the inertia of current practice. A City Deal, said one interviewee, was about ‘looking at the city as a functioning unit and trying to connect infrastructure and policy areas across multiple layers’ (interviewee 15). The program offers a structured process within which parties that would not normally be in direct negotiation are brought together to develop a package of integrated measures, usually around the centrepiece of a major investment. Essentially, it gets all three levels of government ‘sitting round the table pointing in the same direction, focussed on delivering good outcomes’, with the centrepiece functioning as the ‘excuse’ for ‘everyone to play nice and line up and decide what outcomes you want’ (interviewee 5). There is also a distinctly local focus to the City Deal process: ‘it’s an attempt at place-based policy’ (interviewee 10). Being one voice of three frees local government from the more difficult power dynamics of COAG (interviewee 8), while the direct Commonwealth attention to local engagement around local needs is seen as something new (interviewee 10).

City Deals also offered potential solutions to ‘some of the political economy problems of government’ (interviewee 10). The existence of a tripartite negotiation process deflects pressure on ministers to rule specific measures immediately ‘in’ or ‘out’, while having three levels of government at the table not only provides ‘proper’ information exchange, but means that in the event of potential conflict, one can act as an honest broker for the other two. Finally, the City Deal program is a package of initiatives, which means that particular ideas can’t be ‘picked off’ and unpopular provisions, like density increases, can be balanced and justified by the inclusion of other elements that are popular and by the overall regional benefit (interviewee 10).

Although not part of any of the City Deals to date, there is scope for housing, and even social housing, to be included in the future (interviewee 9). However, City Deals do not themselves make available new investment—if they are ‘circuit-breakers’, they ‘break’ process circuits, not funding circuits. The prospect of a City Deal opens up space for new conversations and different levels of intergovernmental negotiation, but participants cannot evade their normal methods of arguing for, obtaining or distributing funding: ‘ultimately the funding has to come from existing funding pools within the budget’ (interviewee 10).

3.3.4 Will it work?

Although interviewees acknowledged the historical precedent of the post-war social housing system, the consensus view seemed to be that a future social housing system operating at a comparable scale was unlikely at best and undesirable at worst. According to one interviewee, there was neither fiscal capacity within government nor community support for:

*a return to the mass settlement-type approach of public housing … I think it’s a mistake to sort of dream that we’re going to go back to 30 per cent of people living in government-provided housing. At the moment we’re struggling to keep the 3.6 per cent who are currently living in public housing accommodated in standards that we would consider appropriate (interviewee 3).*

The following exchange between an interviewee and the interviewer further illustrates this point:

*interviewee 11: [What is the] aspirational growth ambition for the sector … because it would take an extraordinary change in circumstances for them to be able to absorb all those people who now aspire to be in there—in social housing.*

*interviewer: Yeah, it’d almost be sort of post-war building program kind of—*
interviewee 11: And you know that’s not going to happen. Not going to happen. So where does that leave us realistically as to who we should focus on, what our goals should be, what is realistic success?

Moreover, interviewees emphasised that a reconceptualisation of social housing on its own was not enough to resolve the serious housing problems facing Australia.

*Infrastructure is not the silver bullet to all problems. Economic policies are also incredibly important, and I think that [this] is the case in point in social housing when you’re dealing with a lot of other complex issues. It’s not just about providing more—or even maintained—housing. Both of those things would be great but there is a broader range of issues. Just considering infrastructure, those problems wouldn’t necessarily go away (interviewee 6).*

In asking questions such as whether ‘supplying more social housing and viewing it purely from an infrastructure supply perspective is the right way to deal with the social policy issue’ (interviewee 4), interviewees were also implicitly asking whether a focus on social housing as a form of infrastructure was in fact missing the point.

*There’s been a lot of noise in the last couple of years around the need for innovative financing and so on and so forth. Actually, we’ve got some of the most innovative people in financing and procurement and delivery of infrastructure in the world … The principal issues are, I think, in this space, particularly having clarity of policy, having clear policies from government of what outcomes they want to achieve and then actually getting organised with the planning and then actually coming up with some funding models and that is the broader issue … The broader issues we see are funding ones (interviewee 5).*

However, some interviewees suggested, more optimistically, that a reconceptualisation could allow social housing to be reimagined beyond its current safety net role (interviewee 13). The extent of the contemporary housing crisis meant that ‘future housing provision can’t just be the social housing as we know it now. It has to be much broader’ (interviewee 15). One interviewee argued that ‘social housing and the National Disability Insurance Scheme should go together in terms of how people think about them—they’re essential for a standard of living and a society that sort of meets what I would call the Australian pub test’ (interviewee 4). As another interviewee put it:

*the upside to calling social housing ‘infrastructure’ to me is that it actually conveys that it is essential. Essential, and it’s the government’s job to do it (interviewee 16).*

### 3.4 Summary

A number of issues are apparent from the insights and commentary the respondents provided. Firstly, although interviewees articulated different views, in general their perception was that among decision-makers social housing is still largely judged as a service to disadvantaged households reliant on government benefits. This categorisation of social housing means arguments to cast social housing as a necessary component of urban planning have yet to gain traction. At a time when governments prioritise reducing tax rates and discretionary spending, there is little enthusiasm for increasing investment in affordable housing for disadvantaged communities.

Secondly, there is increasing interest in methods of calculating the benefits of social housing relative to cost—including the savings that might accrue in other areas of government expenditure, but extending to the broader economic contribution that social housing can make by enabling economic and social participation among tenants. New investment is required to
ensure cities function well and that aggregate demand is not adversely affected by rising housing costs, and the provision of social housing has a part to play in these efforts. A number of interviewees saw City Deals and other spatially oriented initiatives as a potential vehicle by which social housing could secure much needed investment for new housing. However, these initiatives are embryonic and operate at a localised, rather than system-wide, scale.

Thirdly, it is evident that the long-term residualisation of social housing, whereby accommodation is prioritised for disadvantaged households, is one of the most significant obstacles, not just to convincing policy makers that social housing can boost productivity, but to attracting significant private sector investment. Interviewees repeatedly emphasised the importance of a publicly funded subsidy to ‘fill the gap’ and for government funding to supplement the finance that will be made available through the NHFIC. However, there are difficulties in advancing a case for increases in recurrent expenditure through existing budget processes. As a result, most of the interviewees were pessimistic about the prospects for a reconceptualisation of social housing as infrastructure, however convincing, to achieve much in the way of meaningful change.
4 Infrastructure and social housing: a critical policy analysis

In this chapter, the findings reported in Chapters 2 and 3 are subjected to a critical policy analysis derived from Carol Bacchi’s ‘What’s the problem represented to be?’ method. The aim is to use a series of guiding analytical questions to examine how the present policy proposition (that reconceptualising social housing as infrastructure may attract additional investment) constructs the ‘problem’ of social housing and what implications this has for social housing policy.

This analysis draws attention to the way that the current policy debate:

- is premised on the presupposition that public funding is naturally and inevitably limited and that private sector investment is therefore the only viable alternative
- reflects a loss of faith in public provision, which is constructed as inherently inferior to ‘private’ or non-government intervention, and as appropriate only in situations of market failure
- offers opportunities to articulate a broader understanding of what social housing is and could be—as an enabler of a better and more equitable society—but requires these to be expressed through conventional benefit-cost analysis in which outcomes must be quantifiable and costed
- positions tenants as objects of intervention designed to promote ‘outcomes’ like social and economic participation, while providing little scope to consider tenants’ own aspirations and values.

As outlined in the Introduction, this research project set out to address whether reconceptualising social housing as a form of infrastructure would create a framework within which social housing would be a more attractive destination for investment, especially private investment. This idea has had sufficient support within policy circles for the proposal to have been included in AHURI’s 2017 NHRP agenda. Building from that context, this research approached the problem through a three-stage process. The first component was a review of national and international academic and policy literature, supplemented by a small number of international interviews with representatives of jurisdictions where practice in this area is more advanced (see Chapter 2). The second involved interviews with 19 key Australian informants in two state jurisdictions (Victoria and NSW) and at the Commonwealth level (see Chapter 3). The third component, detailed in this chapter, is a form of ‘critical policy analysis’ adapted from the ‘What’s the problem represented to be?’ analytical framework developed by Carol Bacchi (2009).

This third stage is essentially reflexive, in that it critically reflects on the implications of the original research agenda, and the concepts and ideas set out in the literature and articulated by policy makers, as identified in the first and second stages of the research. This more reflexive approach is valuable because to be effective, policy development requires engagement not just with research ‘findings’ or ‘evidence’, but with the implications of those findings and evidence for the way in which the work of policy is understood, approached and carried out.
As described in Section 1.3, turning the analytical lens on the way in which policy proposals imply particular types of ‘problems’ means examining the framing of the ‘problem’, rather than taking the problem as self-evident. Although, as a form of ‘discourse analysis’, this appears to be an abstract exercise, ‘discourse’ (the underlying norms and ‘rules’ determining how we think about and act upon the world) has significant effects within the ‘real’ world of policy, and engagement with the discursive is therefore central to the process of policy change.

Bacchi’s method can be applied by asking a series of six questions, each triggering a series of analytical tasks (see Bacchi 2009). These questions and tasks were summarised in Table 1 in Section 1.3. Section 4.1 presents the ‘answers’ to the questions in some detail. The detail is needed because it is from this that the insights available from this research method emerge. Throughout, where the analysis is drawing on findings from the literature review or data from the interviews, the relevant section in which this information was presented is provided in brackets, should the reader want to refer back to the original. Where the analysis draws on the 2017 NHRP Research Agenda, the reader is referred to Appendix 1, where the relevant section is presented in full.

4.1 Results of the critical policy analysis

4.1.1 The problem representation

**Question:** What’s the problem represented to be in a specific policy?

**Analytical tasks:** ‘Reading off’ from the policy proposal and associated documents the implied ‘problem’ which the proposal is addressing.

The ‘specific policy’ being examined here is the proposal that conceptualising social housing as a form of essential infrastructure will attract private investment into the social housing system. This proposition summarises the essence of the policy argument contained initially in the NHRP agenda for 2017 and subjected to initial analysis in the second and third chapters of this report.

The implied problem representation can be initially ‘read off’ as a lack of private investment in social housing, which in turn is due to the way in which social housing is currently conceptualised.

The first two stages of this research, the literature review and the interviews with Australian policy makers, both confirm this identification of the ‘problem representation’ and also indicate that there are a number of underlying assumptions upon which this problem representation rests.

4.1.2 Underlying assumptions

**Question:** What presuppositions or assumptions underlie this representation of the ‘problem’?

**Analytical tasks:** Identifying the conceptual logics and ways of thinking inherent in the policy, with particular emphasis on its key concepts, any binaries it implicitly creates, and the ways in which it categories people or things.

After identifying the problem representation in the policy proposal, the next step in this form of analysis is to identify the presuppositions or assumptions which underlie this representation of the ‘problem’. This does not mean pointing to particular individuals or ideas as ‘right’ or ‘wrong’. Instead, it is about identifying the normative explanatory frameworks that are available to us and which we all use to make sense of the world and construct meaningful knowledge about it. These explanatory frameworks are formed by various ideas, concepts and categories, and by the logics that are used to tie these ideas, concepts and categories together in a meaningful and useful way. They function as common-sense understandings of how the world works and why it works that way.
Concepts

Concepts are ‘abstract labels that are relatively open-ended’ and which can therefore be ‘[filled] with different meanings’ by different actors (Bacchi 2009: 8). In this policy discussion, infrastructure and social housing are clearly two of the most important concepts, and one of the principal tasks of this research has been to identify what meanings currently ‘fill’ these concepts and how different meanings may be inserted in their place.

The literature review made it clear that the meanings attached to ‘social housing’ have changed over time (Section 2.2.2). In decades past, and especially in the post-war period, social housing was considered a core responsibility of government for both social and economic reasons. This meant that in Australia, and in other countries, there was substantial public investment and direct public involvement in housing. This housing was primarily for households on lower wages who were excluded from the private market, but the investment also achieved important goals in public health, economic development and urban redevelopment. Infrastructure has had a more complicated history, but in the post-war period it too was closely associated with ideas of state provision and Keynesian economic theory (Section 2.1.3).

Although investment in social housing and other infrastructure after the GFC was, at the time, hailed as a return to Keynesianism economics, it is now more commonly seen as a temporary rather than permanent shift in practice (Blyth 2014; Farrell and Quiggin 2017). The policy literature identifies infrastructure most closely with private rather than public investment (Section 2.1.3), and interviewees also implied that government should have a restricted role in infrastructure provision and be directly responsible only in cases of clear market failure (Section 3.1.1). Social housing is an area where there is academic and policy consensus that direct government support is warranted, but the amount of support is no longer essentially unlimited, as it was in the post-war period (see Flanagan 2015: 125–126). Instead, it is now conventional wisdom that government funding for social housing is constrained and that this constraint has consequences, including residualisation, unfunded maintenance, and pressure on operational budgets (Hall and Berry 2007). Due to these pressures, government housing agencies are increasingly investigating alternative ways to meet housing needs that do not rely on significant capital investment in dwellings themselves (Section 3.3.2).

Flanagan (2015) has argued that one of the key differences between past and present government attitudes to social housing is that social housing is no longer conceptualised as the permanent provision of a home in order to enable a fuller realisation of citizenship, but rather as temporary provision of a housing service linked to extreme need. This, and the associated residualisation of the social housing system, has led to a contraction of the economic role of social housing and it is now seen very much as ‘welfare housing’ (Chalkley 2012). In contrast, ‘infrastructure’ as a concept is primarily ‘filled’ with economic meanings (Sections 2.1.2 and 3.1.1).

In addition to ‘social housing’ and ‘infrastructure’, there are two other important concepts at work in this debate: ‘the market’ and ‘outcomes’. The market is widely seen as natural, inevitable and universal (Pusey 1991). However, interviewees did point out that some infrastructure markets had not always existed, but had been created through the corporatisation and commercialisation of former government monopolies (Section 3.1.1). Once a ‘market’ has emerged, the role of government shrinks to that of providing an appropriate level of regulation (Section 3.1.1), and outcomes are part of this regulatory framework—a ‘fair’ market appraisal of the merits of different investment proposals would include consideration of likely ‘outcomes’. ‘Outcomes’ might also be critical to a service delivery framework (Section 3.3.2) or the identification of a community service obligation (Section 3.2.2). To be legitimate, ‘outcomes’ must be objective and independent, able to be defined, measured and expressed in quantitative and preferably monetary terms—that is, they must be able to be counted and ‘costed’ or ‘purchased’.
Binaries
A binary is a dichotomy between two ideas, in which the second idea in the pair is defined by the fact that it is not the first idea. That is, a binary means ‘X’ and ‘not-X’. Because X is the starting point in a given binary, it is treated as the norm, making not-X implicitly inferior (Bacchi 2009: 184).

In representing the ‘problem’ as a lack of private sector investment in social housing, the problem representation considered here creates a binary between ‘private sector’ and ‘public sector’. The first, the private sector, is presented positively as a source of investment for social housing, with reference to the way that it has brought viability and legitimacy to other types of infrastructure, like roads (see Appendix 1). In contrast, the public sector is constructed in much of the literature (Section 2.2.3) and some of the interviews (Section 3.1.2) as cash-strapped and responsible, through mismanagement of assets, for the failure of the public housing system.

Conventionally, because privatisation is associated with the introduction of market forces, there is a tendency to perceive marketised areas of infrastructure investment as ‘government-free’ spaces, even though in reality government regulation may involve significant intervention (see Parfitt 2018). Some interviewees pointed to government involvement in infrastructure—roads, for example, still attract substantial subsidies, and the need for these is increasing as other sources of revenue, such as petrol excise, decline—but said that this information was not widely known outside the sector (Section 3.1.3).

Categories
Categories are ways of organising and giving meaning to concepts. In infrastructure policy discussion for example, there are established categories for both infrastructure (economic, social) and housing (public, social, private; non-market, market; rental, ownership), many of which also operate in binary form (economic/social). Categorisations that apply to people (see Bacchi 2009: 8) are less obvious (partly because, as will be noted below, people, and particularly tenants, are frequently absent in the problem representation), but one area where ‘people categories’ are implied is in relation to outcomes.

The way in which interviewees talked about ‘outcomes’ indicates that in contemporary housing policy, ‘outcomes’, both actual and desired, vary depending on the cohort being discussed (Section 3.3.2). Although interviewees—and policy makers generally—were not deliberately setting out to do so, the effect of thinking and talking about tenants as ‘cohorts’ is to divide a large group of people into smaller groups based on a shared demographic characteristic (age, household type, life stage) or need (for a particular kind of intervention). When ‘outcomes’ are then applied to these groups, they become the collective subject of interventions (configurations of housing and support services), with ‘success’ defined by what aspects of these interventions can be quantified and costed. What disappears is the sense of tenants as individuals living in individual homes.

What are the implications for this research?
The problem representation above (i.e. that the ‘problem’ is that social housing does not attract private investment due to the way it is currently conceptualised) is based on presuppositions that have important implications for how policy might be or is enacted. It is assumed that public action is limited and inferior to private action, which is unlimited and enables innovation (Section 3.3.2) and viability. The logical flow-on from this is that because public funding is undesirable, it should be used only in cases where there is no alternative, like market failure. Government funding for social housing in times past was justified as a response to market failure (Section 2.2.2), but the investment was also understood to make a broader social and economic contribution. It would be possible within contemporary infrastructure practice to once again frame social housing as making this broader contribution—but to be effective, the argument would need to be attached to legitimate ‘outcomes’. ‘Legitimate’ in this case means
quantifiable and monetised. That is, policy makers would need to describe a series of quantifiable changes, preferably with a cost saving attached, to be effected on tenants in exchange for the provision of a given amount of investment in social housing provision (Section 3.2.1).

4.1.3 Tracing the ‘problem’

**Question:** How has this representation of the ‘problem’ come about?

**Analytical tasks:** Examining the practices and processes by which this particular problem representation has become the dominant one (the accepted or ‘true’ explanation).

**Contingencies**

The representation of the social housing ‘problem’ as a lack of private investment and an inadequate conceptualisation has not just happened by chance. There are reasons why it has become logical to think about social housing (and infrastructure) in this way. Subjecting these reasons to critical review is one way of identifying alternative ways of seeing or understanding the ‘problem’ and its representation, and therefore alternative approaches to its resolution.

Interviewees (and many commentators) attributed the current state of the social housing system to a particular version of its history. According to them, the core client group of social housing has irretrievably changed: where once social housing accommodated working families, it is now a form of provision restricted to people with significant, complex needs who are facing serious, multi-faceted barriers to economic and social participation (Section 3.1.2). Therefore, they argue, it is no longer sufficient to provide tenants with a house—they need a house and extensive support; a system that just gives them a house cannot help them. In presenting this version, interviewees were not denying the existence of other factors—a decline in core funding leading to extreme rationing and therefore extreme targeting, or the ‘past mistakes’ of earlier administrators, particularly with respect to asset management and the accumulation of a significant maintenance deficit—but the change in the client group was given particular emphasis as the reason the system could not return to the way it once was (Sections 3.1.2 and 3.3.4).

There are additional reasons why this problem representation is the dominant one. There is a strong perception that in other areas of infrastructure policy, private sector investment has produced ‘success’ and, therefore, the private investment model is one that holds promise for social housing (see Appendix 1). However, this claim to success relies on its own presuppositions. For example, the way in which interviewees discussed the energy market suggests that the degree to which government has to contribute to investment is the main indicator of success or failure. That the government role in the energy market need extend no further than that of regulator was regarded very positively (Section 3.1.1). In contrast, the substantial public subsidies that still underpin other forms of privatised infrastructure (Section 3.1.3) are indicators of an as-yet less developed sector. For many consumers, especially low-income consumers, electricity prices are a significant and growing contributor to cost of living pressures (Dufty and Macmillan 2016). These customers might well argue that ‘success’ should be measured in terms of affordability, reliability and accessibility, not the fact that government no longer has to contribute funding.

The other important factor is the long-term erosion in support for social housing in general and public housing in particular. New social housing developments in existing areas tend to attract

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7 The literature associates these and other trends with the series of changes in public administration that occurred from the 1970s onwards and which have been attributed to neo-liberalism (for a summary, see Flanagan 2015: 17–23).
public backlash (see Appendix 1), but this stigmatisation has not arisen on its own—nor is it just a function of sensationalist media coverage or public prejudice. Public housing has become stigmatised, in part, because it has lost support within government and the community sector as well (see Flanagan 2015). Arguably, the relatively new label of ‘social housing’ is promoted partly to rehabilitate subsidised housing by disassociating it from the old, tainted public housing brand (see Ruming 2015), which is associated with monopoly government provision, inflexible bureaucracy, state paternalism and a lack of innovation. These connotations reinforce the view that the private (non-government) sector uniquely offers the answers, and explains why, even when interviewees argued for public subsidies to assist the provision of social housing (Section 3.2.2), they were largely focussed on directing this subsidy to services provided by the community housing sector (Section 3.3.2), not the public housing system.

**What are the implications for this research?**
Public housing has lost public, government and even academic support, and is therefore no longer seen as an appropriate or feasible mechanism through which to deliver substantial new housing supply. Instead, CHPs are being presented as the logical delivery point. In infrastructure policy, public provision is similarly regarded as the last-resort option, and the measure of policy success appears to be the degree of private activity within a market, rather than the quality or efficacy of the services provided. Overlaying infrastructure policy settings onto housing policy could therefore have unforeseen consequences if ‘success’ is to be defined by the amount of investment, rather than the nature of the services on offer as they are subjectively experienced by households.

4.1.4 **Silences and consequences**

**Questions:** What is left unproblematic in this problem representation? What effects are produced by this representation of the problem?

**Analytical tasks:** Identifying what is not included in the problem representation (e.g. the ‘silences’ or simplifications) and examining how the problem might be through of differently. Identifying the consequences of this problem representation for:

- the way in which the problem is thought about and talked about (discursive effects)
- the way in which the problem representation situates or labels people in relation to the problem and solution (subjective effects)
- the way in which the problem representation affects individuals, groups and communities at a material level (lived effects: who is benefited and who is harmed—and how?).

**Absences: what is not included**
Methodologically, analysing what is not included in problem representations is important because it offers a way in which we can recognise ‘that specific policies are constrained by the ways in which they represent the ‘problem” Bacchi (2009: 13). As already suggested, one of the absences in the policy discussion about social housing as infrastructure is the lack of discussion of tenants and tenant agency. The lack of a ‘people focus’ may not be entirely surprising given that infrastructure policy is largely concerned with ‘assets’, but this does not make it any less significant. In the same way that individual electricity customers’ struggles with affordability are absent from characterisations of energy infrastructure markets as ‘successful’, tenants’ views on social housing—as infrastructure or as something else—are invisible. In fact, as noted above, when tenants do appear, it is not as individuals with values and purposes of their own, but as ‘cohorts’ who need to be helped to achieve certain ‘outcomes’ (Sections 3.1.2 and 3.3.2). The absence from the policy debate of tenants as a diverse mix of individuals with a diverse mix of views means that policy proceeds as if tenants’ opinions, feelings or reactions are unimportant or even non-existent.
Similarly, there is silence about public housing as a successful system. Community housing is endorsed as more ‘innovative’ than public housing (Section 3.3.2), while the ongoing achievements of the public housing system do not get discussed. Although such data is usually presented in unfavourable comparison to community housing, a large majority of public housing tenants are satisfied with their housing and their communities (AIHW 2017). Despite this, the problem representation described above is focussed on failure: the long-term neglect of maintenance obligations, the long waiting lists and the lack of new supply (Section 3.1.2, Appendix 1). Even ‘good’ performance, such as the degree of targeting to need, is downplayed by the emphasis on tenants’ failure to transition through the system (Section 3.1.2). If the policy presumption is that public housing is less effective than community housing, then policy options that involve public investment in the public system are removed from consideration. This does not just narrow the range of alternatives open to government but has implications for existing tenants living in public housing properties.

The silence around public investment as a policy solution is reinforced by the way in which the present policy proposition represents the problem as being a lack of private investment in social housing. Although the problems facing social housing in the present day are arguably attributable to a long-term decline in public funding, when the problem is represented as a lack of private funding, the focus becomes not a lack of investment but the lack of a particular kind of investment. That is, if the problem with the system is that social housing lacks private investment, then no amount of additional public investment is enough to resolve the issues.

**The unproblematic: what is taken for granted**

The ‘taken for granted’ is another type of ‘silence’—it refers to those ideas or concepts that are present within problem representations, but in such a way that they are never opened up to scrutiny or contestation. For example, one of the assumptions underpinning calls for private investment in social housing is the view that government is naturally and inevitably resource-constrained and that, therefore, budgeting decisions by government are not solely about the merits of individual proposals, but require the weighing of priorities and comparison between competing ideas (Section 3.2.2). The idea that ‘not everything can be funded, so governments have to choose’ was treated as self-evident by interviewees and is also present in much of the literature. There are academics, such as those who advocate ‘monetary financing’ (e.g. Bell 2000; Kelson 2011; Turner 2016; Wray and Nersisyan 2016), who argue that this constraint is an artificially imposed one. However, few would deny its ‘taken-for-granted’ nature in Australian public policy—that is, governments and commentators act as if it was true, and therefore, for the purpose of government policy-making, it is true.

**Effects: discursive, subjective, lived**

One of the main justifications for this kind of analysis is that the ideas, concepts and assumptions that underpin policy are as important as the terms of the policy itself in shaping effects on people, places and communities. According to Bacchi (2009: 15), a focus on problem representations begins with ‘the presumption that some problem representations create difficulties (forms of harm) for members of some social groups more so than for members of other groups’, although these consequences are not consistent or predictable. She points to three types of ‘effects’ that problem representations can have: discursive effects (effects on the way issues are talked about), subjective effects (effects on the way that people are talked about) and lived effects (effects on the real world experiences of individuals, especially those

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8 The NSW interview data offers a partial exception, in that a number of interviewees were largely positive about the government’s agenda for public housing redevelopment through programs like Communities Plus. However, these statements were still contextualised by an overarching narrative of constrained resources and living within means (Section 3.3.2).
who are already vulnerable or disadvantaged). The focus in analysing these effects is to look for patterns of benefit and harm. Bacchi (2009: 44) acknowledges that her methodology takes a particular normative stance on this, in that it ‘takes the side of those who are harmed’, but she also points out that being clear as to the potential for harm also allows policy makers to reconsider interventions if required, producing better policy (2009: 18).

A number of the discursive effects in the problem representation above have already been introduced. The construction of public investment and intervention as undesirable or problematic and of private investment and private markets as efficient and effective influence how the relative capacities and contributions of government and non-government actors in the system are more broadly understood. Discussing social housing as a form of infrastructure has the effect of narrowing the way in which social housing is discussed, so that it is presented solely as an asset that delivers certain outcomes (Section 3.2.4), limiting the scope to speak about other aspects of social housing and social housing tenants. The quantitative, monetised attributes assigned to housing ‘outcomes’ (Section 3.3.2) privilege the economic over the social, thereby positioning the primary objective of housing assistance as the delivery of economic outcomes (either in terms of productivity or in terms of cost savings), rather than a broader array of social, cultural and community benefits. Finally, certain actors in the field of practice are given privileged status as offering the ‘solution’ to the ‘problem’. That is, in claiming that reconceptualising social housing as infrastructure will deliver increased private sector investment, arguments that social housing should be supported by government and on its merits are submerged in the need for the system to reshape itself into a more infrastructure-like form, and for government to provide public subsidies to private investors to persuade them to bestow their largesse on this redesigned system.

In representing the social housing ‘problem’ as a lack of private sector investment and shortcomings in the conceptualisation of social housing, the proposition above also results in a number of subjectification effects. As noted, it positions the ‘public’ as inferior to the ‘private’: ‘private’ investors, investment, markets and sectors are associated with potential, innovation, opportunity, growth and hope; while ‘public’ agencies, providers, housing and subsidies are linked to constraint, past mistakes, inflexibility, burden and problems. This creates an implicit bias away from public solutions and in favour of private solutions. Another important subjectification effect applies to tenants. Although tenants themselves are largely absent from this problem representation, key components of it nevertheless rest on the claim that today’s social housing tenants are very different from their post-war counterparts, and this difference is because contemporary tenants have multiple, complex and urgent needs for support as well as for housing (Section 3.1.2). This emphasis on ‘complex’ and ‘multiple’ needs implies that being a social housing tenant is a pathological status—tenants are being talked about in terms of dysfunction, powerlessness and dependency. This dependency is set against the aspirational ‘outcome’ of independence—the tenant whose ‘success’ is evident in the fact that they no longer require housing assistance (Section 3.2.1).

As the policy proposal under discussion cannot yet be said to have been enacted, it has not yet produced actual lived effects. However, when asked what might change as a result of a successful reconceptualisation of social housing as infrastructure, a number of interviewees suggested modifications in practice that posed considerable risks to some tenants, although they might result in considerable benefits to others. An ‘infrastructure’ frame, which privileges economic outcomes, risks excluding those ‘cohorts’ whose prospects for economic attainment are limited (Section 3.2.4)—the allocation criteria for well-located social housing stock, for example, might become capacity for economic and social participation rather than a need for health and welfare services. This would advantage younger tenants or those with school-aged children, but could relegate older or disabled tenants to areas with less amenity and fewer support services.
It is important to note that not only could the problem representation actually have this effect, but that it provides the conceptual space in which this kind of effect becomes possible. That is, by categorising tenants in terms of their demographic or need cohort, identifying certain outcomes as applicable to some cohorts and not to others, and privileging economic outcomes over social outcomes, it becomes possible to see some tenants as better ‘prospects’ for success and others as significant problems. Furthermore, treating tenants as ‘cohorts’ who are to achieve ‘outcomes’ rests on the assumption that all tenants want the ‘outcomes’ that are deemed—and costed—to be appropriate, desirable and beneficial. Therefore, another significant lived effect that is rendered possible by this problem representation is the imposition of ‘outcomes’ on tenants that are not the ‘outcomes’ that they actually want, value or need for themselves or their families or in relation to their housing.

Alongside these risks, another important potential lived effect is the possibility that this policy will achieve its goals and, in redefining social housing in such a way as to make it an attractive destination for private capital, attract substantially more investment into the system. Such investment, by creating greater capacity within the system to plan strategically, respond to need and build greater public support for the system and its tenants, has significant potential to benefit many people in need of housing assistance, including households in considerable need who are currently on the waiting list with little prospect of being accommodated.

What are the implications for this research?

In a policy that aligns the conceptualisation of social housing with that of infrastructure, the prospects for promoting explicitly social values and outcomes are downplayed or silenced, along with any dissenting or differing perspectives or agency on the part of tenants. Alternatives to private investment, such as direct public investment, are also implicitly silenced by the tacit acceptance that public capacity is both naturally limited and inherently undesirable. In this way, the problem representation makes it difficult to talk about public investment as anything other than problematic and public housing as anything other than a failure. It positions social housing tenants as dependent and dysfunctional, and independence (from housing need) as the only desirable aspiration. This poses risks to tenants who are deemed incapable of attaining this independence, as well as to those who might place value on other qualities and achievements, such as interdependency or the mutual provision of care. However, these risks can be set alongside the possibility that repositioning social housing to be more attractive to private capital could result in increased provision and capacity to meet need.

4.1.5 Spaces for change

Questions: How/where is this representation of the ‘problem’ produced, disseminated and defended? How could it be questioned, disrupted or replaced?

Analytical tasks: Identifying the groups or institutions responsible for defining the problem in this way. Identifying past and current challenges to this problem representation. Identifying alternatives for ‘re-problematising’ the issue that may result in less material harm.

The ultimate effect of an analysis of problem representation, as opposed to an analysis of problems, is that it opens up space to think differently about issues, including ['enabling] us to think about whether or not this is the way we wish to be’ (Bacchi 2009: 46). By reflecting on and responding to these issues, policy makers can ‘develop proposals that come as close as possible to desired objectives’ (96), while minimising the risk of undesirable harms. Two ways of commencing the process of opening up space for alternatives are to consider the ways in which existing problem representations are promoted and disseminated, and the ways in which they might be (or previously have been) questioned, disrupted or replaced.
Production, dissemination, defence

The existing problem representation is promoted in various ways, most obviously through the setting of government policy and research priorities, which have directly resulted in the production of this report (Appendix 1). It is also reinforced through government and financial sector practice, both of which are influenced by a dominant set of ideas about how things ‘should’ be done. These ideas privilege private markets, promote the shrinking of government and government responsibilities (‘steering not rowing’), and see dependency, particularly on government, as highly problematic. They therefore shape the way in which policy is framed, and which courses of action seem both appropriate and feasible. They filter down into the everyday work of government, such as the particulars of the budget process (see Box 5), which is predicated on the ‘natural’ limits on government expenditure, and provide the underlying context for many of the disputes between sectors of government about appropriate levels and methods of funding and delivering government services (Section 3.2.3). Finally, these ideas have permeated into advocacy strategies in ways that have had unintended consequences. For example, it has been argued for some time now that in order to achieve change, advocates need to recast their arguments in economic terms (Edwards 2007), but this has the effect of reinforcing the claim that mainstream economic frameworks and prevailing economic norms are the only ones that have any validity. The experience of the past indicates that the social housing system experienced its greatest successes and highest levels of support in periods when the field of legitimate government interest and action was defined more widely (Sections 2.1.3 and 2.2.2).

Questioning, disruption, replacement

If the ways in which a ‘problem’ is represented are important and influential, this implies that similar strategies can be used to present alternative options (Bacchi 2009: 45–46). As discussed in the Introduction, key community sector organisations, such as the Australian Council of Social Service (ACOSS), have purposefully drawn on the language of infrastructure as part of their campaign for increased government funding to address the affordable housing crisis. However, as the doubts expressed by some interviewees indicate (Section 3.3.4), simply explaining the connection between the two concepts is not enough to radically disrupt the status quo and trigger either substantial new private sector investment or increased government support.

The literature review pointed to the nation-building role of public housing in the post-war period (Section 2.2.2). Importantly, this role was not just about using investment in housing to contribute to Keynesian-style economic growth, but about using the public housing system as a way for government to create the conditions in which citizens could live better, more meaningful lives (CHC 1944). Enabling people to live better lives is arguably still seen as a core responsibility of government (Section 3.3.3)—it is just that under neo-liberalism, the mechanisms by which government can legitimately deliver on this responsibility have been reduced to one, that of being a ‘good economic manager’.

The interview findings draw attention to another approach that could be used to disturb and reform the existing problem representation and serve as the basis for an enhanced role for government in relation to housing. The transcripts include material with the potential to, discursively speaking, rehabilitate the ‘public’ while acknowledging the limits of the ‘private’. The interviews undertaken were primarily with public servants and these public servants described their work and contribution in ways that indicate that government is hardly failing. In fact, the complex nature of intergovernmental negotiation and agreement, the day-to-day operationalisation of policy development and service delivery, and the importance of public knowledge, effort and commitment are implicit throughout the transcripts. Importantly, none of the interviewees denied the need for some kind of non-market housing provision in Australia (see Sections 3.1.3, 3.2.1 and 3.3.4), although they may have differed with regard to their
preferred methods for delivering it. Thus there is broad acceptance that there is a group of people in the community whom the market will not house—and this, of course, situates the need for social housing squarely in the context of market failure. Recognition of this market failure opens up the possibility of a legitimate role for government in meeting social need at the lower end of the housing market.

**What are the implications for this research?**

Government policy and practice, from everyday activity through to strategic policy direction, is informed by dominant ideas about the desirability of a small public sector, minimal regulation of markets and reducing recurrent government expenditure, particularly on welfare services. However, there is scope within social housing and infrastructure policy for the idea of social housing as a means of enabling better lives, and for government as having a legitimate and meaningful role in achieving this, starting with a response to evident failure in the private housing market.

**4.2 Summary: implications for policy development**

The central contention behind Bacchi’s (2009) ‘What’s the problem represented to be?’ method is that this approach to policy analysis produces insights that are not just of academic interest but are of genuine policy value. By engaging with problem representations, we are engaging with the assumptions, simplifications and silences inherent in the way particular claims are put forward, ideas are presented and interventions are justified. Policy purports to be a rational, technical discipline, in which governments implement programs on the basis of evidence, and defects in these can be remedied if more evidence, or the right kind of evidence, is presented. However, change comes about not just because policy makers engage with ‘evidence’ but because they engage with the implications of that evidence. On that basis, some important implications of the ‘evidence’ presented here are as follows.

- Social housing was once understood in terms much more compatible with an ‘infrastructure’ conceptualisation, in that it was seen as an enabler of public health, economic development and nation-building outcomes. It was also seen as providing the basis for the genuine improvement of citizens’ lives and the creation of a better and more equitable society.

- Private investment has come to be seen as the only real solution to shortfalls in public expenditure because we accept as self-evident the claim that the government’s budget is naturally and inevitably constrained, that investing in one area of policy must always be at the cost of another area of policy, and that a balanced and preferably surplus budget is the primary objective of economic policy.

- Expressing the costs and benefits of social housing within the framework of a conventional business case may result in greater investment, but the issues involved in seeking to quantify and monetise the work of social housing are not just technical or practical—they involve quantifying and monetising the individual lives and aspirations of tenants as well, and doing so in ways that may not be compatible with what tenants themselves value and desire.

Despite the perception that private, or at least non-government, action is always preferable to government action, intervention and investment by governments is regarded as acceptable in cases of market failure. Historically, the goals that governments sought to achieve in responding to housing market failure were defined more broadly: in providing housing for workers at the lower end of the market for whom private housing was unavailable, government would not just improve the housing quality for individual households, but promote economic productivity and create the conditions in which society in general could flourish. Genuine engagement with these implications opens up alternative pathways for policy makers. Such engagement would not
preclude reconceptualising social housing as infrastructure, nor would it result in the rejection of any private investment. However, it might deliver policy settings that were more cognisant of a broader set of values and aspirations for the social housing system and for Australian society more generally. These ideas are taken up further in the next, concluding chapter.
5 The case for social housing as infrastructure

The key findings of this research are that:

- there is scope for social housing providers to make more use of infrastructure policy tools (like cost-benefit analysis) to articulate the case for greater investment in social housing, but these tools and associated conceptual frameworks may implicitly limit the scope of intervention

- there is consensus that direct government intervention in cases of market failure is necessary and appropriate, but the conventional understanding of ‘market failure’ is too narrow to encompass the extent of housing market dysfunction in Australia or the positive role that could be played by government in addressing housing need

- investment in social housing suffers from both the perception that governments are naturally and inevitably financially constrained, and the artificial political emphasis placed on the importance of budget surplus as the most important economic objective of government

- there is both a strong historical precedent and a strong contemporary case for the social housing system to be seen as making a broad economic and social contribution to Australian society.

Engagement by policy makers with the implications of these findings could lead to policy development in the following areas:

- the development of appropriate cost-benefit analysis techniques to quantify and qualify the case for social housing in a variety of project contexts and with due consideration of the aspirations and perspectives of tenants and applicants

- a national commitment to social housing that recognises the full extent of its social purpose, shifts current funding priorities, and invests at a level sufficient to reshape outcomes in the broader housing market.

5.1 Social housing as infrastructure: policy and practice

The aim of this research was to build a persuasive, empirically and conceptually robust case for social housing to be treated as essential infrastructure, in order to open up opportunities to attract private investment into the social housing system. The research began with an assessment of the current national and international knowledge base on areas of overlap and integration in social housing and infrastructure policy. Through detailed interviews with key policy makers in a number of different jurisdictions, the research then explored current attitudes within government towards the idea of social housing as a form of infrastructure and obtained insight into current social housing and infrastructure policy and practice, with a particular focus on how social housing might be brought into closer alignment with infrastructure. Finally, a critical policy analysis was undertaken, focussing on the proposition that social housing should be reconceptualised as infrastructure in order to attract private investment, but reading that
proposition against the context in which it was put forward, which includes the processes by which it was identified as a priority for research, the state of knowledge on the topic as evident in the literature, and the current policy debates on social housing and/or infrastructure that are taking place within government.

The case for social housing as infrastructure rests in particular on a number of interrelated findings.

**Finding 1: Social housing can be considered infrastructure**

There is common ground between the ways in which social housing and infrastructure are respectively conceptualised. Although the shift from dwelling-based subsidies to individual subsidies has problematised some aspects of the connection, social housing, like infrastructure, is still broadly understood as a form of spatially fixed, materially realised capital expenditure, the provision of which enables the delivery of a service (in this case, housing assistance) that could not otherwise be made available.

However, the claim that *social housing is infrastructure* is merely rhetoric, unless it is translated into practice by establishing the benefit of the social housing service relative to the cost of providing it via an enabling asset, and expressing this benefit-cost argument in the format of a conventional business case analysis. This need to operationalise the rhetoric implies that, in essence, whether or not social housing *is* infrastructure is less relevant than the need for social housing providers to *behave as if it is*. Using infrastructure policy tools like cost-benefit analysis enables social housing providers to press their claim to additional investment through channels previously unavailable to them.

There are notable risks involved in the uncritical adoption of such an approach. Current infrastructure practice prefers assessments of value and risk that proceed from private market pricing. Conventional cost-benefit analysis requires service delivery to be measured and expressed in quantifiable, monetisable forms, and this can exclude or obscure other important values, aspirations and qualities that are relevant to the work of social housing providers and the experiences of tenants.⁹

**Finding 2: Market failure provides a starting point for intervention**

Mainstream economic theory regards private sector markets, rather than direct government control, as the preferred method of efficiently allocating goods and services, but accepts that government intervention is necessary and appropriate in cases of obvious market failure. In conventional economic theory, market failure arises when circumstances prevent, distort or inhibit the efficient operation of markets. The four traditional forms of market failure comprise:

- the provision of public or partly public (mixed or ‘merit’) goods: those which once provided, are used by everyone regardless of market signals (for example, defence, the police or public roads), and those which will be systemically under-provided by the market, all else being equal (for example, education—or social housing)
- externalities: the costs and benefits of particular products that are not incorporated into the price of the product and therefore are excluded from the price signal (for example, pollution or immunisation—or the public health gains of decent housing)
- monopoly: where one provider controls the entire market and can therefore set prices irrespective of costs (for example, water or electricity infrastructure)

⁹ For more on the implications of cost-benefit analysis in a housing policy context, see Dodson, Denman et al., forthcoming.
• information asymmetries: where consumers lack the information they need to make a rational decision about a product (for example, because the cost of obtaining the information is too high or is perceived to be too high, or because the information is deliberately withheld) (Edwards 2007: 123–126).

The remedies for market failure vary depending on the context, but can include regulation, subsidies or the funding of services. The notion of ‘market failure’ itself, however, can constrain government action rather than promote it. As Kattel, Mazzucato and colleagues point out, inherent within conventional understandings of market failure is the idea of ‘government failure’. If the tacit assumption of policy is that markets are superior and governments inferior when it comes to the efficient allocation of goods and services, then it becomes credible and logical to believe that governments, in intervening in a case of market failure to promote certain social or welfare outcomes, may in fact ‘make things even worse than they would have been under conditions of market failure’ (2018: 4). The inevitable result is a preference for doing nothing—although inaction means a bad situation continues, action risks making it even worse (4–5). One of the effects of the neo-liberal turn in public policy has been to erode faith in the capacity and capability of government to act effectively and to effect positive change (Mazzucato 2016: 141).

The notion of market failure rests on an assumption that the ideal or perfect market can and does exist, and as economists have pointed out, this is not the case. Although presented as one of the few exceptional cases in which governmental intervention is appropriate, in the ‘real’ world, imperfection in the quality, availability and accessibility of information is a far more likely phenomenon than not (see Kattel, Mazzucato et al. 2018: 5). Edwards (2007: 127–140) also argues that the economists’ version of ‘market failure’ is dissociated from reality, but for different reasons; she suggests that the conventional definition is too narrow and therefore misaligned with the deeply embedded cultural norms and values of Australian society. She calls for an expanded definition of ‘market failure’ that takes greater account of ideas about ‘quality of life’: the importance of meaningful social relationships and social trust, capacity for all people to make a meaningful contribution to others, whether they are in the workforce or not, and avoiding the social costs to individuals and communities arising from excessively long, inflexible or unpredictable working hours—arguing that ‘[h]ow we organise our economy lies at the heart of our quality of life’ (130). These are similar sentiments to those expressed in 1944 by the CHC, which argued that public housing provision would lead ‘the people to a fuller social life and a fuller exercise of the rights of the citizenship’ (67) (see Sec. 2.2.2).

Notwithstanding the critique of ‘market failure’ as an explanation of social problems or as the only reasonable justification for government action, this research did find consensus among policy makers, supported by the literature, on the existence of market failure in the Australian housing system. The private housing market is not meeting the housing needs of a growing proportion of Australian households in the absence of—and sometimes in spite of—subsidies and incentives from government. For interviewees, this failure provides ample justification for all three levels of Australian government to intervene in the housing market in order to ensure that the need for safe, affordable and appropriate shelter is met across all sections of society. Although this intervention could take a number of different forms, the provision of an appropriate stock of dwellings that can be made available at affordable rents is one of the most efficient and effective options available, given the stable nature of demand evident at the lower end of the market and the risk of exposure to housing market and wider economic volatility if stock needs to be purchased or acquired on an ‘as needed’ basis. This is essentially the function that is filled by the social housing system today—although it is questionable whether the supply or quality of the stock at present could be accurately defined as ‘appropriate’.

Alternative takes on market failure could expand the dimensions of an appropriate response to housing ‘market failure’. Following the arguments of proponents for ‘mission-oriented investment’, government could act not just to ‘level’ the market playing field, but to actually tilt it
into a socially preferred direction (see Mazzucato 2016; Kattel, Mazzucato et al. 2018), by
taking on a more proactive role, to ‘shape markets and direct economic activity in socially
desirable directions … to achieve publicly accepted outcomes’ (Kattel, Mazzucato et al. 2018,
6). Adopting a broader view of what constitutes ‘market failure’ (see Edwards 2007) would
involve asking questions—What are the optimal levels of ‘consumption’ of this product for the
community as a whole? What are the types and nature of the externalities, positive and
negative, that it produces?—and redefining the role, size and form of the social housing system
accordingly.

Finding 3: Change requires engagement with the politics of housing
Recent innovations in housing policy include the establishment of the NHFIC (bond aggregator)
and the City Deals program. These address, respectively, financing barriers and problems with
the political economy of intergovernmental relations. Neither displaces the deep-seated,
normative belief that government spending is naturally and inevitably limited. This constraint
redefines the possible role of government from one in which government funds whatever is
necessary for public purposes to one in which government funds what it can within a budget
that is moving into balance or even surplus. Currently, social housing is not sufficiently highly
prioritised within state governments or at the Commonwealth level to allow for substantive new
funding to be allocated. It is not enough to assume that compliance with infrastructure policy
conventions (such as cost-benefit analysis and business case preparation) is sufficient on its
own to change this prioritisation. What is required then is not only a technical discussion about
social housing and infrastructure as concepts, but a meaningful engagement with the politics of
housing, especially the factors that determine how government activity is funded and financed.

The long-standing, bipartisan insistence within Australia that extraction of a surplus is the best
measure of a government’s capacity to ‘manage’ the budget has been described as both ‘a
disproportionate response’ to the problems it purports to solve and a ‘radical experiment …
[which] has not resulted in superior economic or budgetary outcomes, and has arguably
distracted [the government] from more meaningful reform’ (Brenton and Pierre 2017: 557). The
historical reasons why Australia, and certain other countries, adopted this approach to fiscal
policy are complex (Brenton and Pierre 2017; Haffert 2017), but the commitment to achieving a
surplus has had long-lasting effects. Not only has it ‘conditioned’ the public discourse, but it has
been institutionalised within the budget process and power structures of government. The
introduction of forward estimates, for example, functions to ‘lock-in’ future expenditure and
render subsequent variation, especially to incorporate new spending, more difficult (Brenton and

Haffert’s (2017: 10–11) analysis is that countries adopting ‘surplus regimes’ (or consistent
structural surpluses over extended periods) have tended to pursue expenditure reductions,
rather than revenue increases, as their principal form of budget adjustment, and this is certainly
the case in Australia. At the Commonwealth level, the budget processes outlined in Box 5,
above, are layered with other restrictions on expenditure, such as the ‘powerful’ expenditure
review committee (a subcommittee of the Australian Cabinet), which has an ‘instinct to cut and
to refuse proposals for new spending, regardless of the economic circumstances’, and the
annual ‘discipline’ of the efficiency dividend applied across government departments (Brenton
and Pierre 2017: 560). ‘Disciplines’ such as these are designed to manage the risk of
‘government failure’ (Kattel, Mazzucato et al. 2018), but when economic performance is broadly
assessed, despite the significant and enduring reductions in net debt (Haffert 2017), ‘the
benefits of aggressive budget discipline and debt containment are not compelling’ (Brenton and
Pierre 2017: 568). Brenton and Pierre also raise, although do not explore, the social
implications of a fixation on surplus, arguing that the pursuit of a result that is essentially a proxy
for ‘profit’ ‘can be viewed as a change in the role of government in society’ (561).
From the late 1990s in Australia, the commitment to surpluses was tied politically to a bipartisan narrative about the evils of public debt, such that ‘deficits and debt were linked to the mismanagement of public expenditure’ (Brenton and Pierre 2017: 658). More recently, the Australian Government has appeared to adjust its rhetoric—in 2017 the Treasurer stated that:

[i]t can be very wise for governments to borrow, especially while rates are low, to lock in longer term financing and invest in major growth producing infrastructure assets, such as transport or energy infrastructure. But to rack up government debt to pay for welfare payments, Medicare costs or other everyday expenses, is not a good idea. This is a critical part of ensuring that government lives within its means (Scott Morrison, quoted in Grattan 2017).

How far this change to rhetoric represents a meaningful shift in thinking or practice is questionable. Some commentators have pointed out that the formulation of ‘good debt’ and ‘bad debt’ being advanced leaves room for investment in ineffective or inappropriate infrastructure because it is ‘good debt’, and simultaneously cuts to certain services on the basis that these are ‘bad’ things to spend public money on (Jericho 2017). There is no substantive refutation of the underlying belief that governments must ‘live within their means’—the commitment to surplus and budget ‘discipline’ remains deeply engrained in the institutions and processes of governments in Australia, and the framework within which requests for new spending must be expressed remains inherently competitive. In the face of such strictures, interviewees argued that social housing was vulnerable. Therefore, destabilising the surplus orthodoxy and finding alternative approaches—be these government debt, the creation of a state investment bank, monetary financing, or others—is critical to achieving adequate resources for social housing.10

Finding 4: Social housing can and should play a role beyond the ‘safety net’

There is a strong historical precedent in Australia for regarding social housing as a form of public infrastructure. This precedent derives from both the number and location of houses built in the post-war period and the way in which the public housing program was articulated and justified within policy. Both the building program and the way it was framed positioned the provision of affordable accommodation to the Australian working class as central to promoting economic development, enabling a better, more equitable society, and fulfilling the core responsibilities of government. However, this status has been weakened in more recent decades as the sector has become residualised. This residualisation has been driven by a number of factors, including an ideological shift within government which has led to changed attitudes as to the appropriate role of government and the desirability of certain forms of government expenditure. In addition, substantial economic restructuring has produced significant levels of unemployment and underemployment (especially among the traditional ‘blue-collar’ working class) and critically undermined the viability of the Australian welfare safety net, which relied upon a ‘breadwinner’ model of full employment supported by relatively high wages. As a result of these changes, social inequality has widened and this is arguably nowhere more evident than in the housing market.

Beyond the definitional problem of whether or not social housing can accurately be conceptualised as ‘infrastructure—and whether or not this matters—discussions about increasing investment in the sector lead to other questions, including the amount of investment that would be necessary and/or desirable. Currently, social housing is a rationed resource. As some interviewees pointed out, even if the current system operated with perfect efficiency, it would still struggle to provide enough dwellings to accommodate every household currently both eligible and in urgent need. Were investment to be directed at changing this situation—at

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10 For more on financing and investment pathways, see Lawson, Pawson et. al., forthcoming.
expanding the number of households that can be accommodated—at what point would that investment be ‘enough’?

The answer to this question depends on the way in which the ‘problem’ is defined. A policy that restricts social housing to the very, very poor and disadvantaged or households with ‘complex’ needs, identifies the ‘problem’ as confined to this group. Yet the housing market failure in Australia is arguably broader than this. Many other households have difficulty in obtaining, affording and sustaining decent, stable housing, including: low-paid workers living in places where rents are high, supply is low, or both; low-income retirees living in the private rental market; single people; ‘key workers’ whose incomes are insufficient for them to be accommodated within a reasonable distance of their place of work; young people trying to establish themselves in independent housing; and people experiencing changes in income or housing need due to illness, unemployment or a relationship breakdown. For the growing numbers of households living long term in the private rental market, a systemic lack of guaranteed tenure security affects workforce and educational engagement and social cohesion, and imposes additional and significant transactional costs. Ordinary housing market processes fail to take account of these needs, with the distribution of new housing supply weighted towards higher priced stock rather than more affordable housing, despite sustained demand for the latter (Ong, Dalton et al. 2017). This broader perspective is not necessarily inherent in the way in which policy makers and the literature discuss social housing itself, but these are issues that arise when infrastructure and its associated ideas are introduced into the policy discussion. This suggests there is scope to extend discussion of broader housing market dysfunction to incorporate increased investment in social housing as a legitimate and powerful strategic intervention.

5.2 A way forward for policy makers

In summary, the findings of this research are as follows.

- Social housing providers can use infrastructure policy tools to make a convincing case for investment in the social housing system.
- Government intervention to address housing market failure is fairly well-accepted, but conventional understandings of ‘market failure’ do not encompass either the extent of the dysfunction in the Australian housing system or the positive and productive role that could be played by government in improving housing outcomes and contributing to wider economic and social objectives.
- Social housing suffers due to the misplaced focus on budget constraint as a marker of government achievement.
- There is a strong historical precedent to regard the social housing system as making a broad social and economic contribution by promoting decent living conditions for all Australians regardless of income.

Together, these findings lead to the following conclusions, which could be used to inform strategic policy development and practice.

- Social housing policy makers need to develop the capacity, skills and expertise to effectively articulate the benefits of investment in social housing relative to the costs of doing so (e.g. through cost-benefit analysis and more dynamic techniques of business case presentation and evaluation). 

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11 This will be further discussed in Dodson, Denman et al., forthcoming.
In doing so, the following matters need to be considered, to avoid the risk of unforeseen and undesirable consequences.

— Social housing delivers a diverse range of ‘outcomes’, many of which are central to the work of social housing, but are not easily quantifiable or monetisable.

— The work of social housing is presently constrained by its inadequate resources and this can distort perceptions of what social housing is for and what it achieves. Any cost-benefit analysis should take into account the much broader range of outcomes that the provision of decent and affordable housing for households at the lower end of the income spectrum can achieve, rather than confining itself to the limited range of outcomes achievable by a residualised and underfunded system.

— Any methodology used by policy makers needs to be applicable to a diverse range of development contexts, including the development of discrete social housing projects (e.g. site-specific development), dispersed social housing production (e.g. scattered-site development), and tenant-centred proposals (e.g. the provision of housing to an individual or group of individuals over an extended time frame).

— Any methodology used must take into account the perspectives of social housing tenants (and applicants), the values they place on housing, and the housing and life outcomes they aspire to.

- Participants in the social housing sector, including academics, providers, advocates and tenant groups, need to advance arguments in support of direct government involvement in the provision of social (public and community) and affordable housing that specifically and actively engage political leaders, policy makers and other key stakeholders with the implications of the following issues.

  — The societal purpose of housing in Australia, explicitly including its purpose beyond its role as a targeted welfare safety net, in meeting a range of social and economic needs and enabling the achievement of a range of social and economic aspirations.

  — The manifest housing market failure in many parts of Australia, meaning the existence of a widening group of Australians who, all else being equal, have no reasonable prospect of being accommodated in the existing housing market—due to a range of reasons, including affordability barriers, absolute or relative supply shortfalls, discrimination or requirement for a modified living environment.

  — The risk that the artificial priority presently given to government budget surplus actively contributes to worsening the housing crisis, exacerbating social inequality, inhibiting productivity and adding to the damage (social, economic and cultural) caused by failing to provide decent and affordable housing for Australian households on lower incomes (including but not confined to households with high and complex needs).

  — The potential of alternative means of financing social housing investment—such as bonds, state investment banks or monetary financing—to provide the resources needed, not just to address Australia’s welfare housing challenges, but to build a social housing system that contributes on multiple levels to a broader agenda of social and economic inclusion and development.

5.3 Final remarks

The case can be made that social housing is infrastructure, but this is not sufficient for making the case for social housing. Underinvestment in the social housing system over many decades is evidence of a failure to value the contribution made by social housing to the Australian community—a contribution that includes economic benefits but is not confined to them. The
policy debate over the potential of new initiatives, like the NHFIC bond aggregator or City Deals program, provides a contextual setting within which these substantive issues and the limited capacity of housing policy as it is currently practiced to address them, are made clearer. Without genuine engagement with these issues and with the implications they have for people, places and institutions, there will not be meaningful change in the way in which funding and financing decisions—and thus, housing policy—is made.
References


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ARA—see Housing Finance and Development Centre of Finland


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Appendix 1: Extract from AHURI NHRP Research Agenda 2017

*Inquiry 2017A  Social housing as infrastructure*

*Policy issue: Can social housing be successfully reconceptualised as an indispensable form of publicly supported infrastructure investment? If so, what economic and social benefits might be monetised so that investors yield an economic return? What mechanisms (from taxation and finance systems) have been successfully used to fund other forms of infrastructure investment and might be applied to generate new social housing?*

There is emerging evidence of greater inequality in urban housing markets, with those on lower incomes pushed to rent privately in cheaper outer areas, and low income private renters facing acute shortages of affordable housing, raising demands by advocates for increased social or affordable housing. There have been problems in getting timely delivery of affordable housing stock using present government programs and a lack of institutional investment despite investor interest. Meanwhile, there have also been issues around public acceptance of social housing, although urban renewal of public housing has private benefits in terms of house values in neighbouring suburbs.

Governments and not for profit providers have had an important role to play in providing social housing at the lower end of the housing market, filling a gap for decent and affordable housing that the private market finds difficult to meet. Other forms of public infrastructure (such as roads) provide economic and social benefits that can be calculated in a cost-benefit analysis, and have successfully involved long term private investors. However the wider benefits of social housing are not clearly understood outside government and the charitable sector, and private finance has been obtained through debt or retained earnings rather than equity investment.

Social housing is not generally understood as a form of infrastructure that is essential for the thriving of wider economic and social systems. This might require a program of public education as to the benefits of social housing and providing more robust economic arguments which would also support incentives to increase the supply of social housing and sustain existing affordable housing such as:

- Reforms to taxation and treatment of capital to prioritise new and affordable investment.
- Renewed public subsidies to affordable housing suppliers or low income renters to create income streams.
- Underwriting of debt and equity instruments aimed at institutional investors in support of social housing.

To address the policy issue identified above, researchers will need to develop appropriate conceptual frameworks, methods and research.

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