

Locational advantage and disadvantage in public housing, rent assistance and housing loan assistance in Perth

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EXECUTIVE SUMMARY

This study draws on the concept of locational disadvantage to evaluate three different housing assistance programs in relation to a whole of government response to major shifts in welfare provision, and with due consideration to current trends in social economic restructuring. The housing assistance programs considered include those associated with supporting low and moderate-income households to access homeownership, public rental housing and the private rental market.

The approach is to undertake a comparative assessment of the social and physical qualities of a locality as it relates to the needs of the target recipients in each of the programs. Key questions driving the research include:

- How do the three types of housing assistance compare in their locational characteristics? That is, what are the locational outcomes for recipients of the different forms of housing assistance?
- Are locational factors exacerbating or improving the lives of the people receiving housing assistance?
- Considering the different spatial distributions of housing assistance programmes, do these housing assistance programs encourage or discourage social and economic participation for those receiving the assistance? That is, does the spatial distribution of different housing assistance programs serve to ameliorate or consolidate the 'new' patterns of social inequity?

The products from this research include the development of evaluative tools appropriate to each of the housing assistance programs in the assessment of locational advantages and disadvantages. The choice of the evaluative criteria used in developing these tools is informed by the national literature on locational disadvantage and, this is integrated together with a critical understanding of key dynamics within each of the housing assistance programs. Although metropolitan Perth provides the case study for this assessment, the nature and character of the results, as well as various aspects of the method will have transferable relevance for other metropolitan settings and other similar housing assistance programs.

The approach is largely quantitative. A range of indicators of social and physical advantages and disadvantages feed into the development of a 'dynamic relative index' which is linked to the metropolitan wide distribution of each of the housing assistance programs. This relative index forms the basis of a flexible query tool with the final results presented as a series of maps. Important features of the study include the following:

- It is feasible to compare the three housing assistance programs in terms of the locational disadvantages that each program offers to its recipients.
- The comparative analysis is undertaken at the scale of suburbs rather than Statistical Local Areas or Local Government Areas. This 'finer grained' analysis reveals the diversity that is often overlooked in national level studies of locational advantage and disadvantage.
- This study is explicitly oriented towards evaluating the locational disadvantages and advantages of housing assistance programs rather than individual localities or suburbs. The choice of criteria and the various weightings on each indicator are oriented to reflect the particular needs of housing assistance recipients.

- The results will be indicative rather than conclusive, and the approach allows for enhancement over time. The different criteria can be added to and the relative weightings adjusted to reflect changes in urban settings and in housing assistance programs.
- For Western Australian policy makers, the results will provide a practical foundation for evaluating the local administration of housing assistance programs in respect to the locational needs of the people receiving the assistance.
- Nationally the study feeds into the developing dialogue on the applications of the concept of locational disadvantage in respect to both policy implications and methodological refinement as per the AHURI research agenda 2001.

1. INTRODUCTION

Publicly-assisted housing is generally thought of as housing that is developed and managed by government housing agencies for rental to low-income households. However, people on low incomes may also be eligible for assistance to access privately owned rental housing, or even assistance to purchase their own homes. This study considers the distribution of these different forms of publicly-assisted housing in relation to the concept and the realities of locational advantage and disadvantage.

At its most basic, the concept of locational advantage and disadvantage considers housing in terms of its access to physical and social amenities. Within the literature, more complex interpretations have fostered some important insights (see for example the *Urban Policy & Research* - 'Forum Special', 1994), and these will be drawn upon to develop the study's methodology.

This is a concept-led inquiry that seeks to compare the locational advantages and disadvantages associated with different forms of government housing assistance. Metropolitan Perth is the setting for analysis and, from a whole of government perspective, the study serves to test the larger policy concern that locational factors may undermine rather than improve the quality of life of people receiving housing assistance.

The analysis is based on the creation of 'dynamic relative index' from a range of indicators of locational advantage and disadvantage. These consider the presence of amenities such as transport, education, training, employment, health, recreation and retail services, as well as crime and other negative social indicators. The index is dynamic in that it can be attuned to the different housing assistance programs under consideration, and to the different profiles of the target populations they serve. It is also a relative index in that it facilitates relative comparisons internal to each of the programs. This internal testing regime is informed by an appreciation of current policy debates and trends in socio-economic restructuring., thus enabling the study to contribute to broader research discussions.

The flexibility and utility of this policy and program evaluation tool is enhanced through the use of Geographical Information Systems (GIS). By collecting quantitative information on the distribution of services, amenities and various types of housing assistance, these issues can be understood in spatial terms. The resultant maps can also be overlaid with the mapped results of previous studies of locational advantage and disadvantage undertaken in metropolitan Perth. Importantly though, neither these maps nor the approach that underpin them are considered as final outputs. Rather, they should be understood as indicative of trends and as interim steps to be enhanced through more refined, qualitative methods and evaluative tools such as detailed interviews of the people involved.

Beyond its immediate policy relevance in Western Australia, the research also serves as a bottom-up response to several important top-down national studies covering different questions related to locational advantage and disadvantage. Together, these national studies offer useful empirical findings and conceptual clarity that both inform and contrast with this research agenda. One of these studies, the program for Local Area Research Studies (LARS), created under the last Federal Labor Government, produced ten different area reports including one from Western Australia. More recently, Baum et al (1999) created a set of common criteria and used ABS census data to statistically identify clusters of opportunity and vulnerability

throughout Australia. In a somewhat more reflective vein, the last thoughts from Chris Maher on locational advantage and disadvantage, published in his honour by AHRUI (O'Connor ed.1999), also offers a typically thorough and comprehensive review of the main debates.

In contrast to these national studies, which focus on concentrations of advantage and disadvantage within and between Local Government Areas (LGAs), this study begins with a focus on the distribution of different forms of housing assistance in metropolitan Perth. As such, it has more relevance for program evaluation by enabling comparisons within and between different housing assistance programs. While acknowledging the fact that different programs deliver different housing and non shelter benefits (see AHURI website for other studies on this topic), the use of consumer oriented locational benefits as a basis for assessment enables comparison between different types of housing programs - ownership and rental, private and public.

Exploring the relationship between housing assistance and locational advantage and disadvantage feeds into several major policy debates. Considering the scale (see Thorpe, 2000) of ongoing publicly sponsored housing developments on the fringe of metropolitan Perth, there are direct implications in respect to the urban consolidation versus suburban development debate (see for example the *Urban Policy & Research Forum Special*, 1991). The study also has the capacity to provide insights into the question of the supply of affordable rental housing (public or private). Furthermore, given that 'mutual obligation' has become such a strong theme in current welfare reform, the degree to which public housing facilitates the 'required' level of social and economic participation is a highly pertinent policy question. The Final Report from the Reference Group on Welfare Reform (2000) stated:

Central to our vision is a belief that the nation's social support system must be judged by its capacity to help people participate economically and socially as well as by the adequacy of its income support arrangements (p3).

In turn, this concern relates to the broader concept of 'social exclusion', which also includes political and cultural participation (Green 1997).

Such policy concerns become even more compelling with the spectre of current trends in socio-economic restructuring. Fragmented patterns of employment, unstable family structures and the threat of increasing social-spatial polarisation are integral to what has been variously described as the emergence of a 'new urban poor' in the 'new geography of disadvantage' (Wilson 1997, Badcock 1997). This understanding not only provokes the question as to whether the location of housing assistance serves to ameliorate or consolidate the 'new' patterns of social inequity, it also suggests that the literature on socio-economic restructuring is an appropriate source for giving direction to its investigation.

From a whole of government perspective, locational advantage and disadvantage is a potentially powerful concept in terms of evaluating housing assistance programs. However, the concept is not without its pitfalls in terms of its research applications. It is not just a simple question of social or physical barriers, but rather involves a complex matrix of social, psychological and physical factors. Ultimately, it amounts to comparatively assessing the social and physical benefits of a locality as it relates to the particular needs of its residents. Some of these pitfalls will persist in limiting the study's conclusions, but others can be avoided or at least mitigated.

One of the most confounding aspects of the concept comes with the understanding that one person's advantage is another's disadvantage. This issue is addressed in this case through the use of selective demographic profiles when assessing access to various amenities. For example, certain assumptions can be made regarding the locational needs of families with young children compared to, say, retired households.

Another important methodological aspect of the study is that the focus on one metropolitan area (Perth) facilitates a more detailed level of analysis. In contrast to most national level studies, which tend to use Local Government Areas (LGAs) as a unit of analysis, this study uses the 'suburb' wherever possible for a finer and more consistent scale of resolution. In addition to being considerably bigger than suburbs, LGAs vary considerably in the size: the largest LGA in metropolitan Perth comprises thirty-four suburbs, while the smallest encompasses just one.

As well as demonstrating locational diversity, which is obscured by the size of LGAs, we argue that the suburb is more closely aligned to the scale at which community amenities are distributed and experienced. In this way, the study serves as a 'ground-truthing' exercise in respect to previously dominant national level perspectives on locational advantage and disadvantage.

The concept of locational advantage and disadvantage has been the subject of considerable interest in both academic and policy circles since the mid 1980s. This paper argues that the combination of a significantly different policy environment, together with emergent trends in socio-economic restructuring, gives additional merit to locational advantage and disadvantage as an evaluative tool in relation to housing assistance interventions.

Furthermore, although the literature on locational disadvantage has laid a valuable foundation in conceptual understanding, the conclusions generated by this project will suggest that, in practice, these nationally applied perspectives on locational advantage and disadvantage are limited in two respects. Firstly, they have tended to use LGAs as a unit of analysis which, in the case of Western Australia at least, are inappropriate in the obscuring of diversity that results from their scale. Secondly such national perspectives, unless locally grounded, will invariably be misleading in that the generalisations upon which they must rely are unable to accurately reflect the local dynamics that they seek to comprehend.

1.1 Aims and Objectives

In positioning the study within current literature and policy frameworks, this paper aims to:

1. Inform housing policy and program development initiatives in Western Australia by:
 - Considering the spatial distribution of the recipients of different housing assistance programs in relation to current trends in socio-economic restructuring and contemporary shifts in the broader social policy environment.
 - Developing practical evaluative tools specific to the nature and spatial distribution of different housing assistance programs in metropolitan Perth.
2. Inform the application of the concept of locational advantage and disadvantage in national housing research and policy forums by:
 - Critically reviewing national perspectives on locational advantage and disadvantage in relation to the Western Australian context.

- Contributing to the national development of alternative methods and applications of the locational advantage and disadvantage concept in relation to broader urban research.

To provide a basis for the achievement of these aims and objectives, this paper draws on the following themes to position the study:

- Socio-Economic Restructuring and Policy Concerns
- Housing Assistance and Program Evaluation
- Locational Advantage and Disadvantage – Pitfalls and Potentials

2. SOCIO-ECONOMIC RESTRUCTURING AND POLICY CONCERNS

Locational disadvantage became a focus of attention among urban researchers and policy makers during the 1980s. In general terms, it was an outgrowth of the social justice concerns that underpinned the policy initiatives of the Federal Labor Government (*Urban Policy & Research*, 1994, editorial). For most of that period Australia experienced very rapid growth, however, following global economic trends, that growth was uneven over time, across economic sectors and geographically (Stillwell 1993).

Since the mid 1990s, during a period of more subdued but prevailing uneven growth, the Federal Government has maintained a tighter focus on economic expansion with a stronger emphasis on competition policy. As a consequence the interest in locational advantage and disadvantage has been limited to regional Australia among policy makers and, perhaps to a lesser extent, among researchers.

We anticipate a revival in interest among policy makers in respect to locational advantage and disadvantage and the implications that it has for developing appropriate social policy and program responses. This is likely to arise out of an awareness of the gathering inequalities associated with the new knowledge economy and the spatial implications of globally-oriented, information-based jobs (Newman and Kenworthy, 1999; Newman, 2001). On one hand this outlook recognises that uneven patterns of development continue and that subsequent social-spatial polarisation has, for example, become more apparent in an increasingly fragmented housing market (Berry et al 1999). On the other hand, while Australia has only just begun to apply the concept of 'mutual obligation' to welfare, the use of this concept in the US has meant that locational disadvantage became a focus for program reviews and evaluations (U.S. Department of Transportation, 1998; U.S. General Accounting Office, 1998).

2.1 Socio-Economic Restructuring

One of the most consistent themes within the literature on socio-economic restructuring is the recognition of the increasing social-spatial polarisation brought about through the restructuring of employment markets, the deregulation of global finance, the loss of tariff protection and unstable commodity markets and the new knowledge-based economy. More specifically, the ongoing technological displacement of many jobs in manufacturing and in middle management has polarised income distributions into highly paid, full time professional elites, separate from lowly paid part time and casually employed labour and service personnel (Reich 1991). These trends are now being expressed geographically:

The new spatial division of labour is forging a realignment of class relations which are increasingly being drawn on geographical lines resulting in a polarisation of social well being in large metropolitan cities (Knox 1995: 14).

Thus the concerns that stimulated the academic interest in locational advantage and disadvantage during the 1980s have not dissipated. Rather, the evidence presented in recent Australian research has largely confirmed the spatial dimension to be at the centre of the growing gap between the haves and the have nots (Low 1995: Gregory and Hunter 1995).

As Stillwell (1993) suggested, the total volume of work may not have declined dramatically in the new economy, but the proportion of part time and casual employment significantly increased from 9% in 1966 to over 25% in 1996 (ABS 1996). The average unemployment rate during the 1990s was 9%, which is almost

eight times higher than the average for the 1960s (EPAC 1991; Gregory and Sheehan 1998). Moreover, considering the increasing casualisation of labour, it is likely that this high rate of unemployment hides an even higher rate of under-employment.

The uncertainty that comes with fluctuating incomes and job insecurity also impacts upon household consumption and saving patterns. The net effect of these trends is, as Lepani (1994) suggests, a squeeze on the middle class and, by association, a squeeze on the quintessential middle class product - the suburban house and land package. In reference to 25-35 year olds, Yates has suggested that:

...their unwillingness to enter the housing market may reflect an increasing unwillingness to make the long term commitment required for home purchase because of the uncertainty they face, both about their future incomes and about the future demands on those incomes if they commit themselves to large mortgages (Yates 1997:274).

Given the findings by Berry et al (1999) which highlighted the links between labour market restructuring and escalating trends in mortgage arrears and defaults, the lack of confidence among potential first homebuyers is not surprising. While preliminary research conducted by Kupke and Marano (AHURI, 2001) suggests that confidence among potential homebuyers is a complex issue, their findings indicate that factors such as job security and relocation are indeed a concern to home buyers. Not only do these trends point to the 'falling out of homeownership' scenario but, as Yates and Wulff (1999) note, the prospect of more long-term renters also suggests a tightening of the private rental market, with those more capable squeezing out those less able to compete in terms of income and tenancy history.

This insecurity in employment and housing markets is compounded by several key demographic trends, particularly those associated with the break down of kinship networks, including the prevailing high rate of divorce and the corollary high rate of single headed households, the aging of the population, with the associated increasing health care expenses, and the rise of non-family households (Yates and Wulff eds, 1999).

In relation to the concept of locational advantage and disadvantage, the implications of these findings are that although there is broad agreement in respect to the depth and pervasiveness of social-spatial polarisation within Australian city regions, inequity does not necessarily give rise to large uniform and entirely separate clusters of rich and poor. Rather, the research suggests that these economic and social influences, together with the structural tendencies in the supply side of the housing market are, in combination, driving increasingly differentiated patterns of housing choices, constraints and outcomes. According to Wulff and Yates (1999) this complexity is creating a '**mosaic**' of effects on homeownership and rental propensities across sub-groups in the population. Harvey (1996:405), describes this phenomena as:

...a dissolution of the 'doughnut' urban form of inner-city decay surrounded by suburban affluence, and its replacement by a complex checkerboard of segregated and protected wealth in an urban soup of equally segregated impoverishment and decay.

The methodological implications of this understanding are the need for an appropriate scale to reflect diversity and for some degree of 'ground-truthing' of the results in recognition of their inherent complexity.

In metropolitan Perth, the dynamics behind the formation of this checkerboard become apparent in the process of inner city gentrification whereby expanding areas of affluence are displacing remnant pockets of poverty (Greive et al 1999). Similarly, on the peri-urban fringe, new estates being developed by Homeswest (and various private developments with mixed markets) in some cases lie adjacent to the 'lifestyle seekers' who earlier had paid a premium for relatively large holdings, with what was once an appealing rural aspect on the edge of the city.

Researchers such as Fincher (1991) have long recognised this complication in respect to the practical application of the concept of locational advantage and disadvantage. The key point Fincher makes is that locational advantage and disadvantage is not necessarily spatially confined but it is spatially expressed (Fincher 1991:134). This problem can be mitigated to some extent by adopting finer grained statistical analysis (ie suburb rather than LGA) and by supplementing the results of quantitative analysis with qualitative research.

2.2 Policy Environment

The most significant policy development in recent times was the release of the McClure Report. This report was commissioned to rationalise a major restructuring of the nation's welfare system. Importantly, the report emphasised that:

Obligations are reciprocal and they extend across the whole community not just between government [on behalf of the community] and the individual in receipt of income support (Reference Group on Welfare Reform, 2000).

The experience in the United States is insightful in this regard by virtue of their earlier implementation of welfare-to-work reforms. Currently in the US, there is growing recognition that the success or failure of the welfare-to-work reforms now largely rests on the ability of policy makers to address housing, land use and transport related barriers to economic and social participation (see for example Coulton et al, 1997; U.S. Department of Labour, Employment and Training Administration, 1997; U.S. Department of Transportation, 1998; U.S. General Accounting Office, 1998). As a response, the U.S. Department of Housing and Urban Development, along with agencies such as the U.S. Department of Transport and the Federal Transit Authority are now playing a prominent role in the implementation of welfare reforms. Housing initiatives such as the 'Bridges to Work' and 'Moving to Opportunity' programs have been implemented to address the housing-jobs spatial mismatches that often act as barriers for welfare recipients trying to make the transition to work.

The extent to which housing assistance has been used to seed and cross subsidise new developments on the metropolitan fringe is important when considering the emerging whole of government perspective in respect to housing assistance. Supporting new housing development and the growth of the metropolitan area has been seen by policy-makers as beneficial in encouraging construction jobs and leveraging private investment in housing and infrastructure – as exemplified by the introduction of the \$14,000 first homeowners grant to stimulate general economic growth. Equity problems are exacerbated, however, when such benefits are not shared by those who are already socially and economically disadvantaged.

This issue is particularly relevant in WA where, compared to other states, the state public housing provider has unusually strong land development commitments permeating its various policy and program initiatives. Current estimates are that approximately 30% of all new housing starts in Metropolitan Perth are on newly subdivided lots developed through Homeswest, often in conjunction with private sector partners (UDIA, 2001). As a result of major Joint Venture Developments such

as Ellenbrook, as much as 40% of all new housing starts have been publicly sponsored in particular periods (UDIA, 1999). Yet across Perth the urban development market has shifted to being 45% focussed on Inner and Middle suburban redevelopment and small lot subdivision. Thus a substantial part of the Fringe market must be based on government-backed projects.

Ellenbrook, one of Perth's newest and largest public sponsored land and housing developments, is located 35 km north east of Perth. Once completed it will have a population of some 50 000 (Lumsden, 1998). It is characterised by very high concentrations of first time homebuyers on low and moderate incomes, and one in twelve households will be a public rental. Currently, the nearest sub regional employment centre is 15 km away, but in the absence of local employment opportunities, very many of Ellenbrook's working population could well face daily commutes of more than 60 km. A bus service is provided by the Ellenbrook Estate though the car dependence of this area remains a major issue..

The mismatch between housing and jobs in relation to the trends within the 'new global economy' were highlighted by Derek Kemp (WAPC, 1998). Kemp's analysis focused on the casualisation of labour, the new skill sets required, and the contrasting rise and decline of different economic sectors. Similar studies have been undertaken earlier elsewhere in Australia, notably in Brisbane, but the application of this methodology in Perth was the first to highlight the relevance of these issues to local policy makers. The key finding in Kemp's report was that, even by Australian standards, Perth is very mono-centric in terms of the distribution of employment opportunities. Despite this, state housing development continues to occur in isolated locations such as Ellenbrook. Amarillo, 60 km south-east of Perth, is another government owned site earmarked for future public housing.

Just as the implications of the casualisation of labour in respect to concentrations of assisted homeowners on the outer fringe were slow to be recognised by Western Australian policy makers, the issue of stagnant property values has seldom been broached. A recent publication by the Western Australian Planning Commission was the first local high profile policy document to acknowledge that 'many of the people now on the outer fringes of metropolitan Perth are in negative equity situations' (WAPC 2000:61).

In Melbourne, Burbridge and Winter (1995) found that prices for dwellings in inner areas increased by more than \$40 000 over an eight year period, compared with only \$20-30 000 for dwellings in outer areas. This research illustrated how families who buy into areas of low capital appreciation increasingly fall behind families who buy into areas that appreciate rapidly. Over time, such families become less and less able to move into areas more advantaged in locational terms. Alexander and Greive (1997) drew similar conclusions in metropolitan Perth, and as with Burbridge and Winter they found that homeowners in certain suburbs faced negative equity (i.e. they owed more on their mortgage than the dwelling was worth). Recent conversations with *pro bono* legal councillors suggest that negative equity is a contributing aspect to home mortgage foreclosures in some areas. This situation is likely to eventually be overcome, though factors like continued high oil prices could alter this prospect. Nevertheless the idea that housing will always be the source of later wealth is less certain when locational issues are not as clearly on the agenda as the market is now suggesting.

While his more recent articles consider the impact of stagnant and depreciating property values (O'Connor, 1999), the delay in the recognition of these issues is highlighted by comments made as late as 1994 by Chris Maher:

A concern with the possible impact on locational disadvantage focuses predominantly on the lower income home purchaser. There is some irony in the situation that lower income groups purchasing tend to move toward the periphery because of the incentives to seek home ownership, and because considerable public effort has been applied to keeping this housing affordable, while at the same time there is a concern that households moving to the periphery may be disadvantaged in terms of their lesser ability to overcome some associated burdens of lower access. But lower income buyers are already the recipient of rather favourable treatment. The very nature of home ownership entails, for the vast majority, the acquisition of an appreciating asset, the real cost of which will fall over time. Those who have been identified as disadvantaged on the outskirts in this sense are likely to be better off in the long run. Maher (1994:190).

The implications of economic restructuring are that public assistance to enter into homeownership is potentially a big step down for the recipient. Rather than providing an 'appreciating asset' that can be traded off against their locational disadvantage, Australian housing assistance may be entering an era where it is contributing to a growing 'poverty trap'.

3. HOUSING ASSISTANCE AND PROGRAM EVALUATION

The three housing assistance programs evaluated through this study include the Keystart homeownership assistance program, public rental housing, and the rent assistance supplement (formally known as Commonwealth Rent Assistance (CRA)) received by welfare recipients on unemployment and disability benefits. Keystart and the public rental housing programs are formulated and administered through Western Australia's public housing provider – the Department of Housing and Works (and its agencies Keystart and Homeswest). The original source of the funding is the Commonwealth State Housing Agreement (CSHA), however, funds are increasingly generated through various land development and financing initiatives, often as joint ventures with private sector partners. By contrast, Rent Assistance is administered by the Commonwealth Department of Family and Community Services. It is tied to welfare payments in recognition of the costs associated with private renting, and varies according to the particular form of welfare payments - unemployment, disability, pension - in line with national standards.

Each of programs produces different housing outcomes, is distributed differently across the metropolitan area and has significantly different institutional structures and client bases. As such, a host of different measures may be applied to evaluate these programs. Ultimately though, they are all ultimately federally supported housing assistance programs with targeted recipients who must meet strict income and other eligibility criteria. A comparative assessment is thus possible and, in keeping with the aims and objectives of this study, will be undertaken to consider the social and physical qualities of a locality as it relates to the needs of the target recipients in each of the programs. Key features of each program that will need to be considered in this assessment are outlined as follows:

3.1 Public Rental Housing

A comprehensive geographical overview of public housing in metropolitan Perth is provided by the doctoral thesis of John Selwood (1981) for the post war period through to the end of the 1970s. As well as describing and mapping the stock, his analysis went some way to explaining the main policy shifts and institutional developments of the State Housing Commission (SHC) – the previous name of the State's housing agency. Recent updates to this work are presented in the respective honours theses of Adams (1999) and Thorpe (2000). The two main trends that emerge from this research are that in recent years the stock has experienced policy driven declines and, over a longer period, the stock has become more dispersed.

The decline in the stock of public rental housing is due to a significant reduction in both new construction and in spot purchases of existing housing, particularly when compared with the increasing growth of private housing (Thorpe, 2000). In addition to this, Federal and State policies have promoted substantial sales of government-owned properties. As a consequence, the proportion of public housing as part of the total housing stock in Perth has dropped from around 14% in 1966 to below 5% (Adams 1999). This in turn has resulted in a significant increase in the number of people waiting to access public rental housing. Currently there are some 16 500 households waiting for public rental housing, and in some desirable areas such as Fremantle, the wait can be more than five years (Homeswest, 2001).

Housing policy in WA has focussed on increasing the number of households able to move into home ownership. Existing tenants in public housing are encouraged to purchase their homes, and potential tenants are encouraged to build or buy houses through Keystart. In concert with Federal and State Government subsidies for private market rents through income supplements for welfare recipients, the result of this has been a reduction in the state's capital investment commitments and its tenant management obligations. Wulff and Evans (1999) provide a national perspective on these policies.

The increasingly dispersed pattern of public housing, as mapped by Thorpe (2000), is the result of several shifts in policy (SHC, 1944 – 1945; Homeswest 1986-2001, Homeswest 1988-1992). From the 1950s through to the 1970s, the major emphasis was on meeting the demand for low cost housing. In doing this, the State Housing Commission took advantage of economies of scale wherever possible, so that whole suburbs were pioneered through the SHC in this period.

By the 1980s a range of social problems had been attributed to the concentration of public housing in certain areas. To address these, efforts were made to increase the distribution of public rental housing, including 'spot purchases' of established dwellings in suburbs with little or no public housing. This policy shift was symbolised in the early 1990s by the construction of several high profile inner city and middle suburb housing developments that not only created more social mix, but were advantageous in location for jobs and services.

In the 1980's a policy of no more than 1 in 9 public housing in an area was adopted. Following the change of government in 1993 this policy was modified to focus on increasing social mix by selling off large parts of older estates. In addition to providing for a 'desirable' ratio of 1 public rental property for every 12 houses, these sales enabled the State to capitalise on increasing land values in its older estates.

The redevelopment of older estates is now a major part of the Department of Housing and Works' activity. These publicly sponsored redevelopments ('New Living') are undertaken in partnership with private companies, and are currently replacing some of the oldest and most centrally located public rental houses.

While these policies have been successful in achieving a more even spread of public housing across the metropolitan area, there are some troubling aspects to this distribution, particularly with regard to New Living. The purchase of their renovated houses is beyond their means of most public tenants, so that the majority of the remodelled stock is sold to new buyers. With only one in twelve dwellings are reserved as a public rental stock, many former residents face the prospect of being reassigned to new suburbs, which may not be as well located. In addition to this, local tenant support groups have expressed concerns that the loss of rental stock is leading to a decline in choice and quality. More specifically, the concern is that the break up of long established tenant communities has been accompanied by a loss of locational services and amenities.

In this context, suburb-by-suburb comparisons of locational advantages and disadvantages can be used to test whether such initiatives as New Living improve the lives of housing assistance recipients. Given that the housing is either new or totally refurbished, 'origin suburbs' can be directly and fairly compared with 'destination suburbs' to reveal any significant net amenity loss or gain for the recipient. Furthermore, this evaluation has added significance considering that the 'refuse and lose' policy (where tenants who reject accommodation offered to them are relegated to the end of the waiting list) virtually forces tenants to accept the housing assigned to them (Adams 1999).

With reference to the one in twelve 'salt and pepper' policy, it is worth noting that these displaced tenants become the 'pepper' added one part in twelve to the 'salt' who are very likely to be Keystart recipients (see below) under first home buyer schemes. Under these conditions, the concern is that the socio-economic distinction between assisted homeowners and tenants is marginal and that the net result creates concentrations of people on low and moderate incomes on the outer fringe. According to the criteria advanced by Baum et al (1999:11) such concentrations are characteristic of vulnerable communities.

3.2 Keystart - Homeownership Program

In its first ten years (1989-1999), the Keystart program assisted over 30 000 families into homeownership and continues to provide assistance to over 3,000 families a year (Homeswest, 2000). As with earlier government-backed finance schemes, the program was designed to assist households on incomes too high to be eligible for public housing, but too low to be considered for private mortgage financing. Keystart works by providing access to loans on generous terms including flexible eligibility criteria and very low deposit requirements. In recent years, following Federal and State Government policies, targeted schemes have been introduced to encourage particular groups not meeting the Keystart criteria – such as Aborigines and people with disabilities – to enter into homeownership.

Although Keystart relies upon private financing, its ability to borrow is based on the government's credit rating and its ability to underwrite the risk. In this capacity, Keystart serves as an anchor for public and private land development activities, which attract private corporate investment, together with individual savings and mortgage investment.

The use of private finance has meant that Keystart has been particularly significant in the context of declining CSHA funding. As a result, Western Australia's share of government-supported home loans has increased from around 8% to more than 50% of the National total (Housing Assistance Act Annual Report 1996-97). As Thorpe (2000) suggests, a key mechanism in this growth lies in the program's uncompetitive interest rates, so that once the loan has been secured, borrowers are implicitly encouraged to repackage the loan opting for the lower interest rates found among private lenders. This in turn frees up government funds that can then be used to assist new households to enter into homeownership.

The other aspect of the program that has important consequences in terms of both its growth and distribution is that private land developers and builders undertake much of the marketing and promotion. These are local firms and many of them are small. Their advertisements highlight the prospect of attracting government assistance in financing new home construction (even more so after the Commonwealth's First Home Owners Scheme) but in so doing they implicitly link this assistance to new housing, generally on the fringe of the metropolitan area. As Thorpe (2000) has argued, the distribution of this housing assistance is largely a reflection of entrenched housing construction and land development practices. She notes, for example, that although there are some older homes in established suburbs available at similar prices, these are not promoted. Moreover, given that the Department of Housing and Works, together with various consortiums of land developers, is involved in sales of land on the outer fringe there is unlikely to be any institutionally led shift to curtail this distributional trend.

Keystart is a nationally significant innovation in social housing. It has enabled a broader range of households on increasingly marginal incomes and circumstances to become homeowners. Furthermore, in terms of the growing number of recipients being assisted into homeownership, the massive amount of private funds leveraged and the numbers of businesses and employees engaged in land development and construction, it is arguably a highly efficient program.

However, given the distribution of Keystart purchases, the use of locational advantage and disadvantage as an evaluative concept may yield different results. This is not as simple as it might seem, however. As Chris Maher (1994; 1999) consistently argued, people may be quite happy to trade-off locational disadvantage for the opportunity to enter into homeownership.

Previous research has indeed shown that the desire for homeownership is very strong, and that first home buyers in particular, are willing to compromise on location so that they can afford to buy a house (NHS 1992, Kupke & Marano, 2001). As such, it would seem appropriate that any measurement of locational advantages and disadvantages in respect to the Keystart program acknowledge this desire for homeownership. Accordingly, this study includes along with the other amenities and services a comparative assessment of the property values for each suburb in respect to trends in property appreciation/depreciation over time.

However, it is important to consider the locational aspects of this program. As the Housing and Location Choice Survey revealed, 'access difficulties appear related to lifestyle stage, exacerbated by location and means of transport used to access services' (National Housing Strategy No11 1992:xiv). As Keystart recipients are generally young couples - with children (60%) and without children (12%), the issues of location may not be obvious unless negative equity sets in. When children get older and other work-related changes occur, location may become a more pressing issue, as employment opportunities are not evenly spread around the metropolitan area (data provided Ministry for Planning, now DPI).

To some extent this complexity can be considered \ through indexing and weighting systems. While there can be no claims of a fully inclusive or definitive evaluative system, the relative importance of the various indicators of locational advantages and disadvantages can be weighted to reflect their particular significance for home purchasers (eg trends in property values over time can be attributed particular importance).

3.3 Rent Assistance

In terms of housing affordability, it has been recognised since the early 1990s that Australian social security recipients who receiving rent assistance are significantly worse off than those living in public rental housing (Industry Commission 1993). As Wulff and Evans (1999:101) argue, this finding has a growing significance given that 'eligible households requiring housing assistance are now more likely to be renting from a private landlord rather than a State Housing Authority'.

The shift from public sector rental housing to subsidised private rental housing has received critical reviews on several fronts (see Harloe 1993; Badcock 1999). In this study, the metropolitan spatial distribution of rent assistance (CRA) is assessed in relation to locational advantages and disadvantages. Importantly, in conducting this assessment the implications of current property investment trends will be considered in speculating on how these distributions may change over time.

Nationally, the static supply of public rental housing has been overwhelmed by the rapid increase in the number of people needing assistance. In Western Australia the sale of former public housing, together with lower production rates have resulted in significant declines in rental stock together with longer waiting lists (Homeswest, 2001). As a consequence of these National and State level policies Australia together with the USA have the smallest social housing sector among the OECD group of countries (Badcock 1999:81). The excess demand is accommodated by the private rental sector, with corresponding impacts in respect to both affordability and housing quality (Wulff & Evans 1999).

Given this context it is hardly surprising that the cost of financing rental housing assistance has soared from some \$9.65 million in 1992 to more than \$1.6 billion in 1998. As alarming as this increase is, the rationale for the policy shift is that it costs significantly more to house a public tenant than to provide an income supplement to offset higher private market rents. In 1993 the figures were around \$4,000pa to house a public tenant, compared to \$1,600 for CRA (Industry Commission 1993). While criticism in respect to the longer term implications of this policy shift have been articulated on several fronts, the trends are still unfolding and there is no definitive study on the implications.

Although several studies pose the question, the work by Wulff and Evans (1999) is one of the few that has examined the spatial dimension. Focusing on Melbourne, Wulff and Evans showed that the distribution of rent assistance was much more dispersed than other programs. They also demonstrated that the distribution of rent assistance is aligned with different social security programs: those receiving unemployment benefits are clustered in the inner and middle suburbs, while those receiving family income supplements tend to be concentrated in the middle and outer suburbs. These patterns reflect a combination of factors related to housing structure and household composition. For example, younger unemployed singles tend to live in flats or shared housing in inner urban areas, while households with dependent children tend to live in larger houses located further from the CBD.

Similar results can be anticipated for metropolitan Perth (ABS Social Atlas 1997; Alexander & Greive 1998). By mapping the data that has been provided by the Commonwealth Department of Family and Community Services, this study will have the capacity to confirm the current distributional patterns of rent assistance in Metropolitan Perth. This itself would be a significant contribution in respect to facilitating further quantitative and qualitative studies.

On the surface, the prospect of a broad distribution is aligned with the progressive ideals that have accompanied the rent assistance policy thrust. However, there are several important socio-economic and property development trends that need to be considered for a fuller appreciation of how these distributional trends are likely to evolve over time.

By integrating the distribution of different forms of rent assistance with an assessment of locational advantages and disadvantages, the study will provide a suitable base-line for examining changes over time. As Winter and Stone (1999:68) point out, 'longitudinal analysis is needed to accurately map the extent to which housing markets are or are not becoming more polarised'. Processes such as gentrification, which displace affordable housing opportunities in many high amenity inner-city areas could also be monitored using such a format.

4. LOCATIONAL DISADVANTAGE – TOWARDS A METHODOLOGY

The concept of locational advantage and disadvantage has been used in a variety of ways to consider the notion of spatial inequity as it relates to housing and life chances. A common understanding is that a person's real standard of living is closely related to where he or she lives (Fincher & Nieuwenhuysen, 1998). Beyond the physical determinism that equates disadvantage with distance, more contemporary interpretations recognise a much more complex interrelationship between people and place (O'Connor, 1999). In this part of the discussion, some of the pitfalls and potentials of the concept are considered in relation to the development of a suitably informed methodological approach.

4.1 Pitfalls

In respect to socio-economic restructuring, broad demographic shifts and trends in housing market analysis, much of the national housing research agenda has demonstrated its relevance for the Western Australian context. However, while the national dialogue on the concept of locational advantage and disadvantage has generally been instructive, there have been several prominent nationally applied research initiatives that have not. This may be because of some unusual Western Australian characteristic or, more likely, may stem from the inherent difficulty in attempting to analyse local dynamics from afar.

Specifically, both the Local Area Research Studies (LARS) project and *Community Opportunity and Vulnerability in Australian Cities and Towns* (Baum et al 1999) generated results that were at odds with the local Western Australian experience. While these studies did acknowledge these limitations and were explicitly oriented to the national policy dialogue, their results were hard to apply for the local housing policy and research community. Significantly, these studies obscured the extremes of advantage and disadvantage that they sought to reveal. In this light, this study may be viewed as a locally oriented response to the national perspective, in terms of both the anticipated findings and the methodological approach.

Both the LARS project and the study on 'Community Opportunity and Vulnerability' were based on nationally applied modelling of census data. Importantly, both studies used Local Government Areas (LGAs, or the equivalent census-derived Statistical Local Areas (SLAs)) as the areal unit of analysis. This scale of inquiry may be less problematic in other cities, but the large size of LGAs in Perth means that an analysis at this level tends to 'smooth out' the extremes of both poverty and affluence. Indeed, contrary to the view that they 'might be seen as something akin to a local community' (Baum et al 1999:15), one of the anticipated outcomes from this study is to demonstrate that locational advantages and disadvantages are expressed more at the suburb level than by LGA due to the finer level of detail it provides. Testing this would entail examining the diversity of amenity rankings assigned to each of the constituent suburbs within the different LGAs in metropolitan Perth. A high diversity of suburban amenity levels within particular LGAs would suggest that LGAs are inappropriate for inquiries into locational disadvantage.

In reviewing the LARS project, Maher (1999) highlighted several problems associated with the top-down methodological approach. He drew attention to the prospect of pockets of acute poverty in LGAs exhibiting generally low socio-economic characteristics. He also recognised the need for longitudinal analysis in respect to

determining whether a community was improving or in decline and for more refined comparative analysis between different areas. Baum et al (1999) addressed most of these concerns, acknowledging that it was still compromised by its top-down national perspective.

The LARS project included the Shire of Swan and the Shire of Tenant Creek. Researchers familiar with Tenant Creek make the point that the difference between European and Indigenous populations is so great in terms of access to amenities and services that it makes no sense to consider the town as one community. Similarly, the LARS project results in respect to the Shire of Swan were not helpful for local policy makers. On the ground, the amenity rich town sites of Guildford and Midland in the south-west corner of the Shire are simply not comparable to the Ellenbrook estate, 20 Km away on the north-eastern fringe.

These Western Australian results also illustrated the need for local ground-truthing of nationally applied top-down studies into locational advantage and disadvantage. For example, the Shire of Gingin was profiled as a 'vulnerable peri-urban extractive-industry-based cluster' because of three main factors: increasing youth unemployment; low level of household earnings; and a high proportion of owner occupiers purchasing their homes (Baum et al 1999:56). Interpreted from afar, these trends suggest that 'Gingin has above average numbers facing household financial stress'.

Those who know the area, however, would recognise that Gingin is less a peri-urban extension of metropolitan Perth than it is an agriculturally based town which has increasingly been the focus of lifestyle led development. From this perspective, the youth unemployment scenario would be on par with rural rather than metropolitan unemployment norms and, in particular, many of those buying their homes on low incomes would be recognised as early retirees buying their second or third homes, perhaps with considerable savings in the bank. This is what Baun et al (1999:iv) mean when they recognise the need to caution readers in interpreting their results based on statistical averages.

The more important point is that with more local (quantitative or qualitative) information, the same few statistical criteria can be interpreted to produce quite different results. Or, in other words, the experience has shown that it is essential for any nationally applied research into locational disadvantage to be locally grounded as a basic methodological step. In a similar way, although this study is predominantly quantitative, its results will also need to be grounded by local observations and, ideally, with a follow-up study incorporating more qualitative approaches to research that can indicate why some people choose certain locations. In this manner, the study is positioned to provide an important 'meso' level contribution to the dialogue on locational advantage and disadvantage.

4.2 Potentials

Locally oriented research initiatives have also yielded important findings that can be used to inform this study. In particular, the Housing and Location Choice Survey (HALCS) collected responses from 8 500 households in Melbourne and Sydney concerning their perceptions and experiences regarding access to services and amenities (Burgess & Skeltys, 1992). A similar study among the residents of Adelaide produced comparable results (Stevens et al 1996). The main findings from HALCS have been used to inform the weighting system used in this study to comparatively rank locational advantages and disadvantages in various areas. These include:

- The facilities seen as most important (ranked from most to least important) were as follows: shops, doctors/health facilities, hospitals, friends, public transport, parks, open spaces, entertainment, city centre, beaches, sports facilities, clubs/societies, schools, and child care.

This list was important in developing the relative weightings for access to various amenities. The houses of friends and relatives, however, cannot be located in this study. Access to these should be addressed in future field work.

- The mode of transport is very important, with those relying on public transport, experiencing the most difficulties, followed by those who are reliant on others to drive them (p39). Average travel times do not vary greatly, although reliance on car travel increases with distance from the city centre. (pxiv).

The quality of available public transport was assessed for this study. Recognising the additional cost of travel for residents of outer suburbs (either in the time taken to use public transport or in the need to own one or more cars per household), distance from the CBD is also included as an amenity in this study.

- Access difficulties appear to be related to lifestyle stage, exacerbated by location and means of transport used to access services. Older single people, sole parents and couples with young children, consistently report more access difficulties than the population as a whole (pxiv). In recognition of this, different weightings were developed for different household types. Separate categories were developed for each of the household types listed above.

Findings from the HALCS study that will be used to add a qualitative dimension to the analysis of the quantitative results of this study include:

- Public tenants dislike the limited choice of location but value the affordable rents (pxv).
- For private renters, employment related concerns are more prominent in making housing decisions (pxiv). Private renters appreciate the choice of location but are concerned about the cost of renting and the lack of security of tenure (pxv).
- Households have a very strong desire to own a home, with first homeowners making compromises about travel time to work and house size in order to afford a house (pxvi). Changeover homebuyers are very conscious of locational amenities in respect to their decision to upgrade (pxiv).

The relevance of such findings to the Perth study will be examined and applied as appropriate.

4.3 Approach in Study

The approach in this study is to collect a range of indicators of locational advantages and disadvantages for each suburb, and then to assess these in terms of importance to particular household types. As this is a quantitative approach, the results will be necessarily indicative rather than conclusive. As discussed earlier, the issue of locational disadvantage is fraught with subjectivity in the sense that it stems from a combination of both people and place. In this study, the subjectivity is also apparent in both the choice of criteria and in the relative weightings that each factor is given within each of the tests.

One of the advantages with this approach is that it can integrate diverse data sets and can easily be adapted to include new data and more sophisticated perspectives. In this respect, one of the study's outputs is the capacity to become systematically better at answering key research questions. As more data becomes available, and as the limitations become apparent, so too can the modelling be enhanced. More

indicators can be developed, they can be weighted differently and qualitative data types such as post-occupancy evaluation surveys can also be added. In this way, indicators befitting and obtainable at the meso-scale of inquiry can supplement and complement broader scale coverage, together with those adding temporal and more qualitative dimensions.

To reduce the extent to which the study's conclusions are drawn from data analysis conducted from afar, the output from this research project should be grounded with field-based studies. While beyond the scope of this project, observations and opinions from future fieldwork would provide verification, clarification and facilitate further refinements to the modelling process.

One of the strengths of the methodology is that the testing regime has been developed around the particular needs of different demographic groups within each of the housing assistance programs. In this way, there is greater definition to the nature and character of the mix of people and place under consideration. The following items broadly set out and explain the initial testing regime:

4.3.1 Scale

As most national level studies of locational advantage and disadvantage have used Local Government Areas (LGAs) or the equivalent census-derived Statistical Local Areas (SLAs) as a unit of analysis, this test uses a combination of suburban and LGA boundaries to highlight the degree of diversity within LGAs in terms of the range of amenity rankings. A high degree of diversity within LGAs would indicate the need to reconsider how Census based longitudinal studies can be better developed to accommodate a finer grained level of analysis.

4.3.2 Amenities

Based on the findings of studies such as HALCS, on discussions with WA's housing providers and on data availability, a list of amenities for study has been determined to enable comparison of locational advantages and disadvantages between suburbs. These amenities include schools, tertiary education/training, shops, health facilities, public open space, sports facilities, entertainment/cultural facilities, community facilities, employment, crime rates and property values.

4.3.3 Demographics

Given that certain amenities are important to some people and yet unimportant to others, a list of key demographic groups with particular needs has been determined to allow weighting of the amenity factors listed above. The demographic groups identified include: sole parent households (broken down into those with children under or over 13 years), families (again, either with children under or over 13 years), people with disabilities, people over 65, home-purchasers, and people with no special needs (couples, singles etc, generally these are un- or under-employed people).

4.3.4 Weightings

For each of these groups, weightings will be developed to indicate how important the various indicators of locational advantage and disadvantage are to the particular types of households under consideration. For example, schools will be ranked as important for households with children, but not for people over 65. Similarly, training, further education and employment will be ranked as unimportant to people over 65, but as key issues for households with no special needs.

4.3.5 Analysis of Results

Using the weighted amenity scores developed as described above, a score for every household in each program can be determined. From these, an average can be calculated to allow for comparison between the three programs in terms of overall performance. These averages can also be compared with metropolitan averages to determine how public housing compares with housing in general.

More complex comparisons are also possible, for example it will be possible to determine how the three programs compare with regard to particular households (for example, which programs provide best for people with disabilities, or with children, etc).

These results also provide a basis for more program-specific analysis, such as:

- Investigating whether there is a relationship between the distribution of Keystart loans and suburbs which are characterised by stagnant or declining property values. There are synergies with the recently funded AHURI research into home mortgage foreclosures - *Falling Through the Net* - undertaken by a Curtin University based team led by Professor Jean Hillier.
- Investigating the impact of the New Living Program on tenants living in areas subject to renewal through a comparison of origin and destination suburbs.
- Investigating the impact of processes such as gentrification on rent assistance recipients by plotting how their distribution changes over time.

4.3.6 Qualification of results

Post-occupancy surveys have been obtained from the Ministry for Housing and the Department of Family and Community Services. Other reports, such as the NHS papers on the Housing and Locational Choice Survey and Local Area Research Studies, and AHURI papers such as the recently-funded study at Curtin University, *Falling Through the Net*, will also be used to test and to add a qualitative dimension to the findings of the quantitative analysis conducted in this study.

In setting out this testing regime, this part of the discussion has clarified the role and direction of the first round of the analysis. A more thorough explanation of the methodology, inclusive of each of the criteria to be used in the study, is discussed in the forthcoming progress paper.

5. POSITIONING STATEMENT

The study is positioned to provide an important meso-level scale of inquiry into the distribution of housing assistance using locational advantage and disadvantage as an evaluative concept. On one hand it offers a local response to nationally applied census based studies, on the other it can both inform and be informed by future field surveys and other ethnographic bottom-up approaches

For Western Australian policy makers, the results will provide a practical foundation for evaluating the local administration of housing assistance programs in respect to the locational needs of the people receiving the assistance. The recent change of government and associated review of policy in Western Australia means that this is a particularly opportune moment to develop such an evaluative tool.

As it now stands, the study is well placed to respond to the following key policy questions:

- How do the three types of housing assistance compare in their locational characteristics? That is, what are the locational outcomes for recipients of the different forms of housing assistance?
- Are locational factors exacerbating or improving the lives of the people receiving housing assistance?
- Considering the different spatial distributions of housing assistance programmes, do these housing assistance programs encourage or discourage social and economic participation for those receiving the assistance? That is, does the spatial distribution of different housing assistance programs serve to ameliorate or consolidate the 'new' patterns of social inequity?

Analysis of the results of this study, however, will need to consider the limitations in methodology and, particularly, in data availability. As more data becomes available and as other studies feed into the national dialogue on locational advantage and disadvantage, this modelling capacity can be enhanced.

6. PROGRESS

All the data have been collected from the three housing program types for the most recent period (2000 or 2001). The spatial data for amenities provided across Perth have been collected from various State and Federal Government agencies. These have been compiled into suburbs and weighted for significance with different demographic groups. The next step is to correlate these with the housing program types to evaluate locational advantage and disadvantage.

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