



Thinking regionally, acting locally: lessons for Australia from overseas housing and regional assistance policies

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INTRODUCTION

There is a groundswell of new interest in regional assistance policies in Australia to counter economic and social disadvantage, of which housing is a component. Current Australian debates make little reference to overseas policy experiences, which potentially hold lessons about the relative effectiveness of different policy approaches. This study, by Brendan Gleeson and Chris Carmichael of the AHURI UNSW/UWS Research Centre, examined the regional disadvantage policies (particularly housing policies) and practice of the European Union, the United Kingdom and the United States to see their relevance for Australia.

KEY POINTS

- Geographically targeted social support mechanisms - including housing assistance - can be regarded as productive, not 'unprofitable' investments that have a demonstrated potential to enhance regional and therefore national well-being.
- The EU is broadening its interest in combating social disadvantage - including, implicitly, through housing policy - with a new 'Poverty and Social Exclusion Agenda', which recognises that social policy is a productive force that lifts GDP in depressed regions.
- Overseas, in the areas studied, universal programs which provide the same assistance to all regional areas regardless of their economic/social 'success' are giving way to policies that allow greater targeting of programs to regions or to areas within regions which have greatest need.
- More effective targeting of assistance can occur when economic indicators are not the sole criteria for assessing disadvantage. A more 'rounded' focus recognises the economic and social interdependencies of resources such as housing, security, environmental quality, social participation and the importance of these relationships to individual and communal welfare.
- While the EU is - like Australia - highly urbanised, the approach there emphasises regional cohesion, rather than trying to prioritise the needs of rural areas over cities or vice versa. There is no sense of the 'anti-urbanism' which sometimes characterises the debate in Australia.
- Australia has an opportunity to better integrate housing with regional assistance programs. A strengthening trend is for assistance programs to be governed and funded at a regional level and implemented at a sub-regional, local or neighbourhood level, with housing included in the forms of social assistance applied at a local level.

CONTEXT

Many studies have charted and confirmed deepening regional inequalities in Australia in recent decades. By regions, this study means sub-state geographic areas which range from traditional rural areas (eg. the Mallee) to rural towns to regions within greater urban areas (eg. Sydney's western suburbs). There is evidence that the issue of regional inequalities is not simply a metropolitan-country divide. Some rural areas with specific endowments (viticulture or minerals, for example) have improved their well-being over time but others, including certain industrial regions, have become worse off. Analysis shows that lagging regions are emerging as pockets of high, and increasingly entrenched, disadvantage.

In Australia's major cities, a deepening segregation has emerged between advantaged and disadvantaged suburbs. Advantaged areas, such as coastal suburbs in Sydney and Perth, and inner urban areas, have become the preserve of higher income households, with lower income households becoming concentrated in middle and outer suburbs.

These changes have largely been driven by economic globalisation. In Australia, regional disparities have been worsened by the withdrawal of services in many rural areas by both private and public sector agencies. It has also been noted that services and resources have been withdrawn or not sufficiently supplied in metropolitan regions, especially in less advantaged areas.

Australia has a multi-level system of government within which regional policy is framed. However, Australia has not established a system of regional government at the sub-state/territory scale. Regional policy-making and some regional institutions have been attempted (such as the Regional Development Organisations set up by the Keating Government in the early 1990s).

Recent debates on regional policies to address social disadvantage have revolved around five key issues:

- **The need for regional policy.** There is evidence of a marked rise of interest in regional problems and regional policy solutions amongst a range of interest groups including policy commentators, policy makers, non-government organisations, peak lobby groups and grassroots community organisations.
- **Regional policy and social disadvantage.** Australia has a limited record of using regionally framed policy mechanisms to address social disadvantage.
- **Targeting versus universalism.**
- **Regional policy and housing.** Housing has long been identified as a key dimension of social well-being. It follows that housing should be a key element of policy mixes that address social disadvantage at the regional level.
- **The need to learn from overseas experience.**

INTERNATIONAL EXPERIENCE

The regional assistance policy framework

The European Union (EU)

A central premise of regional assistance in the EU is the belief that socio-economic disparities between regions can be harmful to the whole Union. Underperformance in weaker regions hinders economic development, distorts competition in the Single Market and ultimately reduces the EU's competitiveness on the global market.

The level of funding for regional assistance by the European Commission (EC) is enormous by Australian standards, even accounting for its much larger population - EUR 195 billion or AUD 331 billion.

Like Australia, the EU is highly urbanised. The EC recognises the critical roles that cities play in determining the economic, environmental and social health of the Union. The EU approach does not attempt to prioritise the needs of rural areas over cities, or vice versa, and there is no sense of 'anti-urbanism' in its political and policy outlook.

The United States (US)

In contrast to the EU, regional policy has not been a strong feature of the US federal framework in recent decades.

Two federal departments play a role in regional and housing policy: the Department of Housing and Urban Development (HUD) and the US Department of Agriculture (DoA). Both agencies specifically target areas of disadvantage through a range of initiatives and programs, although these are rather small in US funding terms.

The strategic emphasis in US regional policy is on 'community empowerment' through small, highly targeted projects and through the dissemination of information about 'best practice' in social and urban renewal.

HUD programs are largely directed at the sub-regional scale, often in distressed urban areas, ranging in size from neighbourhoods to larger sub-metropolitan districts. In the 2000 fiscal year, the US congress created the Rural Community Development Initiative. This USD 6 million program aims to develop the capacity of private, non-profit, community-based housing and community development organisations, and low-income rural communities, to undertake projects to improve housing, community facilities, community and economic development projects in rural areas.

The United Kingdom

In 1999 eight Regional Development Agencies (RDAs) were established in England by the British Government. They are expected to be the major vehicles for regional policy making. Each RDA has produced a Regional Economic Strategy. The RDAs have control over spending of regeneration funds for both urban and rural areas. In many instances this has involved devolving responsibility from central bodies to the regions.

The RDAs play a significant role in governing and delivering housing assistance, mirroring in some respects the sort of multi-scaling of housing policy - applied locally but embedded in regional governance - seen in the EU and the US.

FINDINGS

Integrating Housing And Regional Assistance Policies.

- In the EU, the US and the UK, locally applied housing assistance programs are sometimes embedded within regional assistance frameworks. There is evidence that this 'multi-scale relationship' - where programs are governed at a regional level but applied to specifically targeted local areas - is taking on increasing significance, especially in the EU.
- At the same time, there is little evidence of any explicit links between regional and housing policy frameworks.
- The growing importance of urban renewal projects means that the EC is increasingly engaged in housing related assistance. As the urban agenda strengthens as a strategic concern for the EU, housing is likely to gain more recognition in EC policymaking.
- Some national housing assistance mechanisms have a regional context - such as the US rural programs - which take account of differing accommodation needs (e.g. rural-metropolitan differences). The evidence from this study suggests that these mechanisms could potentially provide models for meeting the accommodation needs of specific rural population groups in Australia.

Targeted Versus Universal Regional Support Frameworks

- The clear trend is towards greater targeting of regional assistance through a variety of mechanisms. The EC now emphasises geographically targeted rather than universal social and economic support mechanisms. In the US, both HUD and DoA programs are highly targeted. In the UK, the advent of Regional Development Authorities is also enabling greater targeting of assistance to sub-regions, such as neighbourhoods.
- In the EU, evidence shows that regional assistance programs have made an impact, closing the gap between the richer and poorer regions and also significantly enhancing the well being of several regions and member states.
- More effective targeting of assistance can occur when economic indicators are not the sole criteria for assessing disadvantage. A more 'rounded' focus recognises the interdependencies of social resources such as housing, security, environmental quality, social participation and the importance of these relationships to individual and communal welfare.
- The EU is moving to broaden its focus on social disadvantage through a new 'Poverty and Social Exclusion Agenda', which moves the EU beyond assessing disadvantage solely in economic terms. Adopted at the European Council meeting in Lisbon in March 2000, the "Lisbon Agenda" for the first time establishes social cohesion as a key object in its own right.

City-Hinterland Partnerships In Regional Policy

- The research did not uncover much evidence of explicit city-hinterland partnership. However, the EU has recently underlined the importance of 'urban development within an integrated regional policy'. The EU aims to improve the 'synergy of urban and rural development'; an object that might well be advanced through the formation of city-hinterland partnerships which aim to secure mutually reinforcing and mutually beneficial growth patterns.
- The EU is now considering investment in certain metropolitan 'growth poles' (places with expanding concentrations of economic activities) in order to stimulate social and economic conditions in surrounding regions, especially 'lagging' hinterlands. In the past, growth poles did not qualify for regional assistance, but the new view reflects a more sophisticated analysis of the ability of metropolitan growth engines to enhance growth in nearby areas.

POLICY IMPLICATIONS

- Housing is a key component of the social disadvantage experienced by particular regions. To address this, Australia has an opportunity to better integrate housing with regional assistance programs by embedding housing assistance within regional social support programs. The study shows there is a strong case, based on overseas experience, that this 'multi-scaling' (governed regionally but implemented locally according to local needs and priorities) enables assistance to be better targeted to meet specific needs. It also ensures that there is coherence between the type of social assistance applied at the local level (eg. housing, crime prevention, community renewal) and regional level (eg. employment programs, industrial location, infrastructure development). A strengthening trend in the European Union (and evident also in both the UK and the US) is for assistance programs to be governed and funded at a regional level and applied at a sub-regional, local or neighbourhood level.
- More effective targeting of assistance can occur when economic indicators are not the sole criteria for assessing disadvantage. A more 'rounded' focus on disadvantage recognises the interdependencies of social resources such as housing, security, environmental quality, social participation and the importance of these relationships to individual and communal welfare.
- There are potentially profound lessons for Australian policy in the EU approach, which emphasises regional cohesion rather than trying to prioritise the needs of rural areas over cities or vice versa.
- Geographically targeted social support mechanisms - including housing assistance - can be regarded as productive not 'unprofitable' investments that have a demonstrated potential to enhance regional and

therefore national well-being.

- The targeting of certain forms of investment at the local, even neighbourhood, level may ensure that needy groups and places within relatively disadvantaged regions receive the most benefit from regional support. Housing, community renewal and crime prevention are key examples of locally appropriate support mechanisms that can be readily situated within regional assistance frames. Other forms of assistance, however, including economic and infrastructure investment, seem best applied at the regional scale. The challenge is to ensure that policies and programs at each level are mutually reinforcing, with a view to lessening both inter- and intra-regional disparities.

- US housing assistance programs that are targeted to specific regional groups (e.g., farm workers) may bear some consideration in the Australian context. These are a tightly targeted form of housing support that can be tailored to specific types of region (e.g., rural, regional urban). This form of tailored assistance might better match housing support to regional employment conditions (e.g., supplying or promoting accommodation appropriate for rural farm labourers).
- Recognising the inter-dependency of cities and their hinterlands, it may be appropriate to focus social and economic support in 'growth pole' urban areas with a view to raising overall regional well-being. In some contexts, investment in growth poles may return more aggregate benefit than investment targeted solely in depressed non-urban areas. This would be appropriate if a share of the benefits of such investment could be channelled towards outlying hinterland regions.
- Consideration should be given to establishing explicit city-hinterland relationships as part of regional assistance programs. Such relationships would carry the policy and program frameworks needed to ensure that the benefits of public investment in either area flowed through to the other area.
- It would be useful to monitor and evaluate the effectiveness of the EU's new growth pole investment strategy. The evaluation should seek to determine whether the benefits of targeted investment in urban growth poles can be effectively generalised to surrounding regions.

For more information about this research project, the following papers are available:

- Positioning paper
- Work in Progress Report
- Final Report

See www.ahuri.edu.au/research/summary/project30.htm

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