

# Could social housing be allocated and matched to tenants more efficiently and with better outcomes?



Based on AHURI Final Report No. 394: Innovations in stock matching and allocations: the social housing challenge

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## What this research is about

**This project examines whether current social housing allocation and matching policies and practices meet the needs of applicants or tenants and maximise social housing sector performance and efficiency outcomes.**

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## The context of this research

Australia's social housing sector remains under significant pressure with strong demand for social housing properties. In 2020, the total number of eligible households on public housing waiting lists was 155,141 households in Australia: 58,511 priority applicants on the waiting list; and 96,630 non-priority but eligible applicants. To allocate fairly, state housing authorities have developed complex structures of priority categories and definition of needs around who should get priority access to limited housing stocks.

There is also a degree of tenant churn and stock underutilisation that plagues the social housing sector in some places in Australia. Clear allocation and matching practices may help to reduce this.

## Defining allocation and matching

'Allocation' is the rationing of access to social housing—a practice now embedded in social housing policy as there are many thousands more households requiring social housing than there is housing available.

'Matching' is the process of trying to best fit the requirement of allocated households with the attributes of the available stock—including size, location and service access, as well as in terms of community harmony and individual wellbeing.

## The key findings

Demand for social housing across jurisdictions has remained high over the last five years, while stock has not increased significantly to match demand—despite recent plans in some jurisdictions to build new stock as a response to the COVID-19 crisis. This results in the allocation of dwellings to applicants with the highest needs.

While there is a national operational context for social housing, the way the social housing sector operates is largely the domain of the states and territories. Priority is determined by assessment of greatest need. Jurisdictions have in place different priority categories. All jurisdictions directly list homelessness as a priority category—apart from NSW, which refers to unstable housing circumstances or existing accommodation being inappropriate for basic housing requirements. Other priority categories vary between jurisdictions and include family and domestic violence, children at risk, health or medical condition (including mental health) or mobility (including disability and frail aged).

## International insights

A review of international and national policy and academic literature suggests several innovations to support efficiency or fairness. These include the common housing registers, choice-based letting and local allocation plans.

Common housing registers combine public housing and community housing applicants into one unified waiting list, while choice-based lettings (CBL) schemes allow prospective social housing tenants to apply to live in a social housing property they most would like to live in—allocations are usually decided based on tenants' needs. Allocation policies aim to provide both household choice and neighbourhood stability/sustainability, such that, for example, social housing providers have developed local lettings policies or plans that enable them to cater for specific estates or neighbourhoods, depending on place-based/local conditions and needs. Sometimes these needs have been related to tackling stigma attached to place, or to engineer a specific social mix in an estate to improve community harmony and sustainability.

Although the common housing registers have been adapted to the Australian social housing context, CBLs and local allocation plans have been piloted locally in SA and NSW recently, but without long-term plans to adopt them. There are plans to pilot them again in these jurisdictions, as well as in the ACT. Other innovative policies raised in policy review and interviews with stakeholders are responses to the issue of underutilisation—where policies that incentivise tenants to move to more appropriate dwellings could be adopted—and sustainable tenancy programs that integrate support with housing for tenants with very high needs.

However, the research argues that such manifestations of international and national innovations provide only incremental change and small-scale innovation. They are only 'tinkering at the edges' and cannot address the major challenges currently faced by housing providers in Australia.

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## Allocation and matching policy and practice

This research examined in detail allocation and matching policies and practices in four jurisdictions: QLD, VIC, TAS and SA.

Policies and practices around allocation and stock matching vary across jurisdictions, largely reflecting the context of local policy and systems. Providers have varying levels of discretion when allocating and matching properties to applicants, with some jurisdictions considering factors such as level of risk, location preference, dwelling size, and time of application. Additionally, applicants have varying degrees of choice when they are offered a property, with different numbers of 'reasonable' rejections accepted across jurisdictions.

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However, innovative policies and practices can only do so much in alleviating pressures in a very constrained system, and allocating a scarce resource to a growing number of people in need. Providers believed the best way to alleviate pressure in the social housing system (with wider housing market reach/implications) is significant government investment in social and affordable stocks.

## Social Return on Investment evaluation framework

Social Return on Investment (SROI) is an evaluation framework that involves measuring expenditures and revenues across two domains: government departments and tenants.

For the government, a SROI framework allows state treasuries to cost social housing across the 'whole of government', with the benefits of social housing measured in terms of the direct financial contribution of tenants and government rent support, as well as the reduction in the cost of services when housing assistance becomes available.

For tenants, a SROI framework acknowledges the measurement of direct benefits they may receive from social housing—some of which are difficult to measure in financial terms, and are considered 'intangible'.

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## What this research means for policy makers

### Expanding the concept of need for social housing

Due to the narrow definition of need and the eligibility rules around access to social housing, many people in need of housing are excluded from ever getting housed within the system. Therefore, policy makers could consider expanding the definition of need for social housing. The sector would benefit from expanding its limited target from tenants with highest need for housing integrated with other support, through to people with high need for housing but no need for other support, to people only in need of affordable housing in various forms.

### The multi-dimensional model

Australia would benefit greatly from establishing a multi-dimensional model of social housing. The current one-dimensional model identifies social housing for those with greatest needs only. It has administrative and political appeal because it has been in place for many years and it responds to political pressures, but it comes with a wide range of social and economic problems and costs. The multi-dimensional model recognises these problems and attempts to ameliorate them through diversity in social housing stock and housing offers, and more nuanced allocation policies and processes. The multi-dimensional model can also recognise that 'matching' can expand beyond the social housing sector, incorporating support to providers in allocation decisions. This model also has costs, such as a more complex provision structure, and these need to be thought through. There is potential here for using a SROI methodology as a means for providers (and state treasuries) to assess allocation strategies and their costs and benefits.

The affordable housing sector and its relationship to the social housing sector also needs to be worked through in this context. Such a model creates the opportunity for introducing a more nuanced rental system, whereby a range of rent models is offered (different household rents, property rents and mixes thereof), related to the locational and amenity attributes of the stock as well as the different income capacities of applicants.

A multi-dimensional model may also enable a rethinking of new stock provision. The one-dimensional model with its emphasis on high priority households (typically singles and smaller households) has meant a 'reprofiling' to smaller dwellings—typically one and two bedrooms. A broader and diversified system that enabled the housing of 'non-priority' but larger households—for example, those experiencing affordability stress—would suggest both construction of larger stock, but also rehabilitation of some existing larger stock rather than demolition.

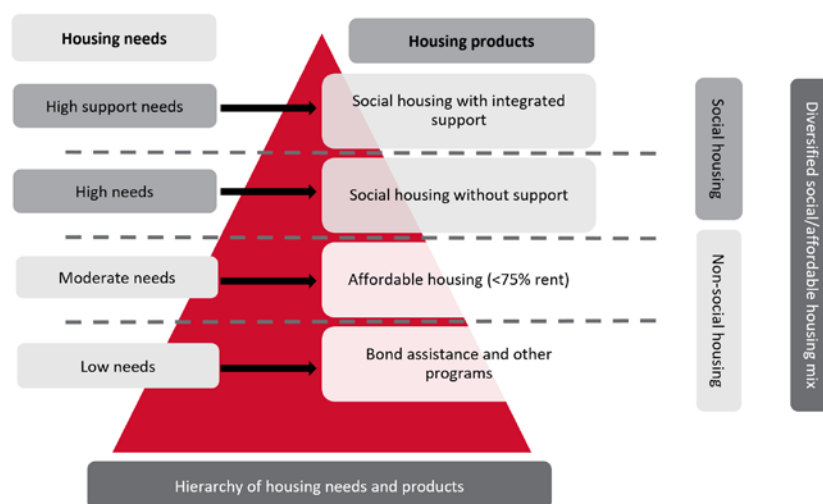
## Broadening and diversifying the social housing system

Governments should view the social housing sector as part of the larger housing market rather than as a separate, standalone system. An integrated system should include a range of housing products to fit the changing needs of the population, including:

- public housing with integrated support offered to those in greatest need
- public housing without integrated support
- community housing for people on low and moderate incomes
- affordable housing headleased from the private rental market
- housing-related programs such as Commonwealth Rent Assistance (CRA) or Private Rental Assistance (PRA).

Such a system would be able to better respond to people's changing circumstances, without necessarily forcing people to move out of social housing. A household could be allocated one housing product but could then be allocated a different housing product if their situation changes, without the need to change their physical housing arrangements. This approach recognises the emotional importance of housing.

Figure 1: A diversified housing system catering for diverse housing needs



Source: AHURI Final Report No. 394.

## Methodology

This research reviewed international and Australian policy, interviewed 24 stakeholders across four jurisdictions, developed an evaluation framework for housing allocation strategies and conducted a stakeholder workshop.

### To cite the AHURI research, please refer to:

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