

The Eligibility Trap

Income eligibility limits, work disincentives
and social housing in Western Australia



The eligibility trap: income eligibility limits, work disincentives and social housing in Western Australia

APRIL 2026

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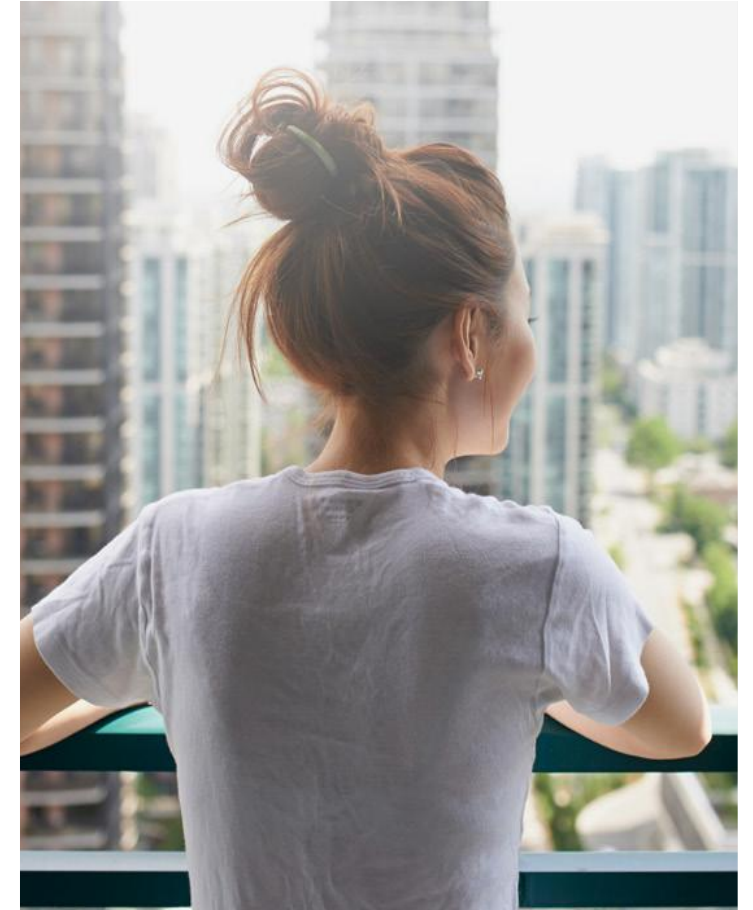
Why we did this research

Assess the evidence on whether WA's current IEL settings are achieving their intended objectives to effectively manage social housing allocations and the waitlist

Examine the impact of IELs on housing security, workforce participation and wellbeing

Model the financial consequences of earning above the IEL threshold to demonstrate in concrete terms the disincentives faced by those in or seeking social housing

Set out a practical program of reform designed to reduce work disincentives, build pathways out of social housing and restore trust in the system



About the research

Four streams of evidence

Literature review

National and international research on IELs, work disincentives and social housing exits

Policy analysis

Cross-jurisdictional comparison of IEL settings across all Australian states and territories

Modelling

Five scenarios showing how wages interact with IELs, social security payments, taxes and housing costs

Survey

181 WA social housing tenants and waitlist applicants (Feb-Mar 2026)

Designed and analysed with input from the Lived Experience Reference Panel

What are income eligibility limits?

IELs set the maximum weekly income a household can earn to be eligible to apply for and remain in social housing

WA's IELs are the lowest in Australia

WA single person	\$551/week		
QLD	\$609	SA	\$882
NSW	\$795	ACT	\$925
Vic (priority)	\$797	NT	\$1114

Source: ROGS 2026

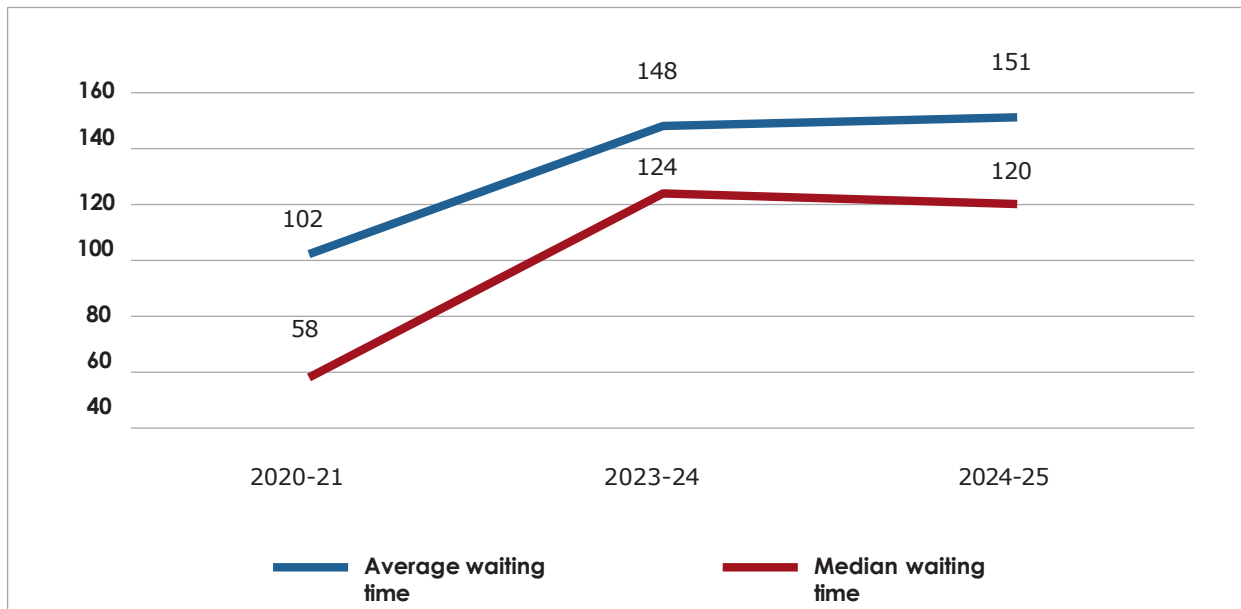


WA's social housing crisis

The median wait time for social housing has more than doubled in five years

166 weeks +3 years average wait time (Dec 2025)	100 weeks ~ 2 years priority wait time (Dec 2025)	22,409 households on the WA waitlist
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Social housing wait time in weeks, WA 2020-21 to 2024-25



Source: 2021 figures: WA Government, Department of Communities (2021) [Housing Authority Annual Report 2020- 21](#); 2024 figure: WA Government (2024) 2024-25 [Budget, Budget Paper 3 Vol. 2](#), p.510; 2025 figure: WA Government (2025) 2025-26 Budget, [Budget Paper 2 Vol.2](#), p.601.

Social housing in Australia

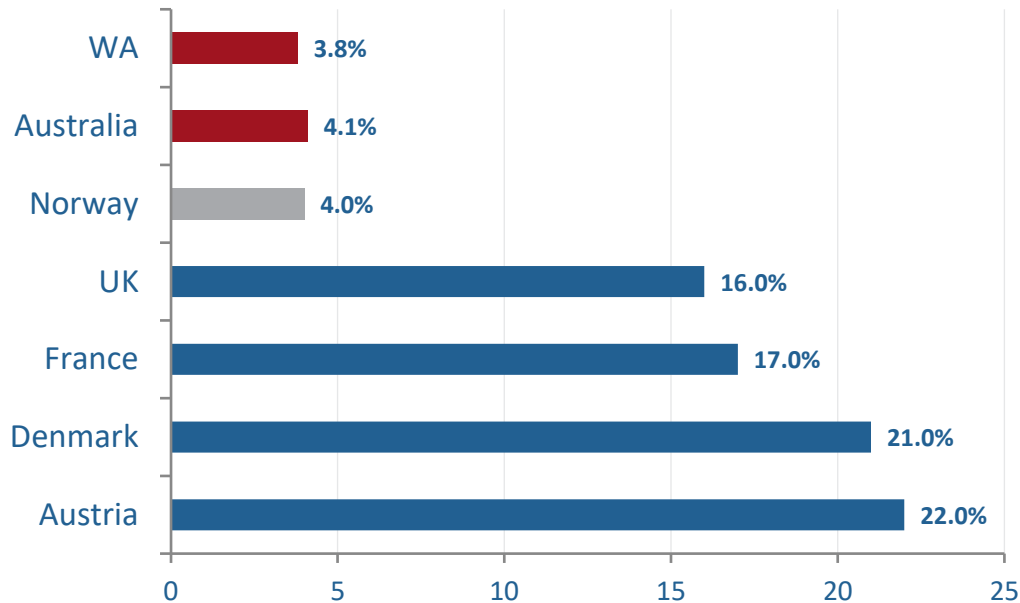
Social housing households as a proportion of all Australian households are declining:

- **National: 4.8%** (2011) to **4.1%** in 2024
- **NSW: 5.0%** (2015) to **4.5%** in 2025
- **VIC: 3.4%** (2015) to **3.0%** in 2025
- **QLD: 3.7%** (2015) to **3.5%** in 2025
- **WA: 4.3%** (2015) to **3.8%** in 2025

Source: AIHW 2025

Social housing and IELs internationally

Social housing as a % of social housing stock



Countries with larger social housing sectors tend to use higher income thresholds — or no IEL at all — because the sector is designed to serve broad community need, not only the households most in need. Australia's small, residualised sector uses strict IELs that are increasingly out of line with costs of living.

Not all countries use IELs to determine eligibility for social housing

No income threshold Denmark · Finland · Estonia · Portugal
Northern Ireland · Scotland

Social housing defined as general community housing, accessible based on need. Denmark's system is cost-based (almen bolig) and aims to house a broad range of the population.

High threshold Austria (~80% of households eligible)
France (~60% of households eligible)

Delivers broad access to social housing. High income thresholds encompass low- and middle-income households.

Targeted Norway · United Kingdom · Australia / WA

Small residualised sector targeted to the most vulnerable. UK is consulting on a national income test (currently local discretion). WA has the lowest IEL in Australia at \$551/week.

Impact of IEL changes on waitlists

Victoria

- **Major structural change** in 2023-2024
 - Single income eligibility threshold replaced with separate income bands for priority access and register of interest
 - Increased IELs, especially for register of interest, expanded eligibility
 - Aligned social housing with the broader *Big Housing Build* framework
- The initial increase in VHR applications has since flattened, in part due to an increase in the number of social housing dwellings
- **Demonstrates that wider policy settings, not just IELs, impact waitlists**

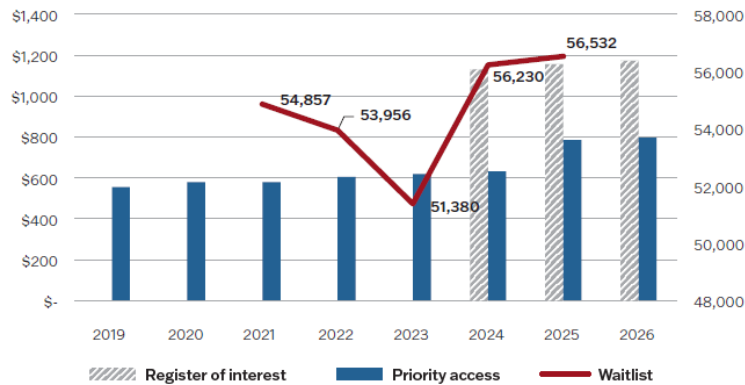
Queensland

- **No increase in IELs**
- Recent reforms (2025) focus on enforcing existing thresholds (annual eligibility checks, potential eviction of high-income tenants)
- **Demonstrates that waitlists increase without changes to IELs**

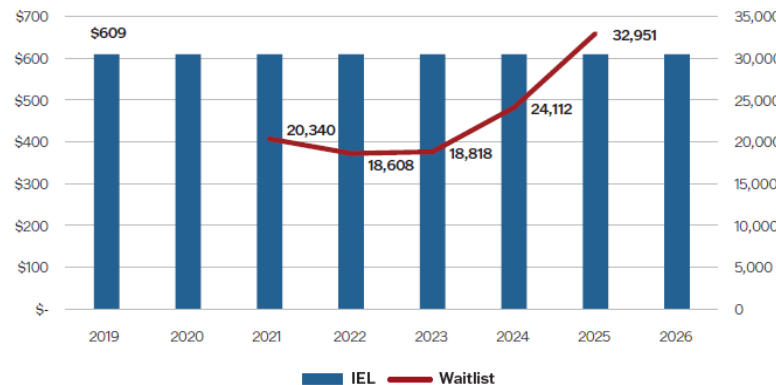
Western Australia

- **Modest increase in IELs** to ensure that those reliant on Commonwealth support payments remain eligible. This has effectively tightened applicant eligibility over time.
 - 2024: +\$13/week for single-income households and +\$20/week for dual-income households
 - September 2025: +\$14/week for single-income households and +\$21/week for dual-income households
- **Demonstrates that modest increases to IELs do not equate to limiting demand for social housing as expressed through the waitlist**

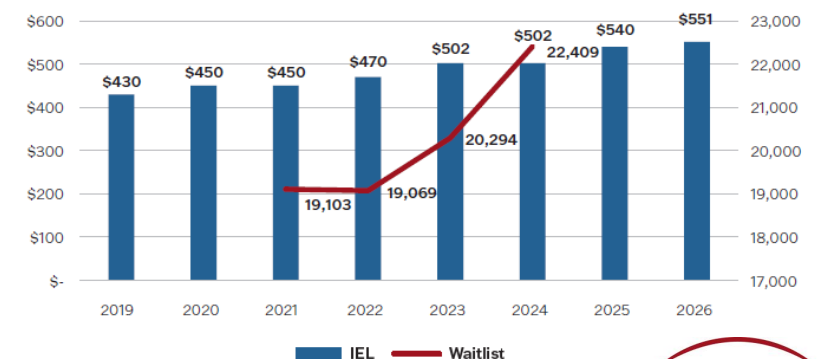
Victoria



Queensland



Western Australia



Finding 1: IELs are not effectively managing the waitlist

National and international evidence identifies five primary drivers

1

Supply of social and affordable housing

Insufficient social housing stock is the single most powerful driver of waitlist length.

2

Housing markets

Rising rents and declining housing affordability make it impossible for low-income households to rent in the private market.

3

Labour markets

Periods of high unemployment or casualisation increase the number of households unable to sustain private tenancies, adding to demand for social housing across the system.

4

Rates of homelessness

Systemic homelessness means sustained demand pressure independent of IEL settings

5

Eligibility criteria and enforcement

Allocation depends on waitlists, prioritisation, stock-matching and accessibility of the application process and whether discretion is applied.

The relationship between IELs and work



Employment cycles, unemployment and social housing

Australia's long-term unemployed

- More likely to be male, without Year 12 or university qualifications
- Significantly less household wealth and disposable income
- More likely to have worked in agriculture, manufacturing or retail and lived in regional areas
- 65% lower chance of finding work after 2+ years of unemployment
- Each additional unemployment instance reduces re-employment probability
- The average duration of unemployment is longer for men, older people and those without university qualifications

Social housing and unemployment

No causal link between living in social housing and low employment. Residents face complex personal and environmental barriers:

- Age discrimination
- Disability, poor health, poor mental health
- Gender, family structure, dependent children
- Education and training levels
- Limited transport access

Long-term unemployment increases barriers to employment:

- Skill stagnation or loss during extended periods out of the workforce
- Employer discrimination and stigma
- Feelings of discouragement diminish job search motivation and openness towards potential opportunities

Social housing helps

Stable and secure housing creates a platform to workforce entry by:

- Enabling further education and training
- Creating mental and practical capacity to seek work
- Improving social networks and job search skills
- Improving physical and mental health.

Sources: Cassidy et al. 2020; Dockery et al. 2008a, 2008b, 2008c; Hulse and Randolph 2004; Vuuren et al. 2024; Turtianen et al. 2024; Wiesel et al. 2014; Liu et al. 2023

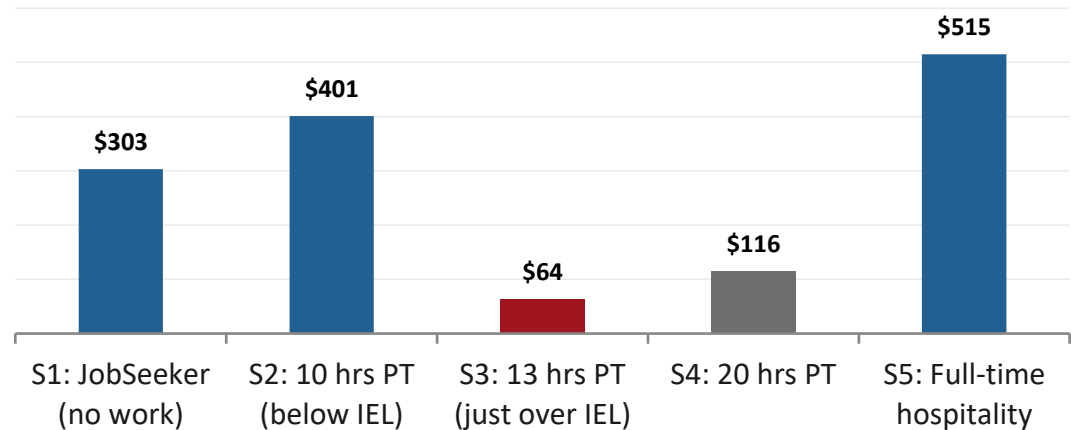
The income cliff: what the modelling shows

Single person on Jobseeker

	No additional income	Wage just under IEL, PT hospitality worker (10 hours @ \$24.95)	Wage just over IEL, PT hospitality worker (13 hrs @ \$24.95)	PT hospitality worker (20 hrs @ \$24.95)	Single FT hospitality worker ^^
	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
WA IEL	\$551	\$551	\$551	\$551	\$551
Income					
JobSeeker single	\$404	\$404	\$404	\$404	
Money REMOVED from JobSeeker		-\$99	-\$144	-\$249	
Wage earned		\$250	\$324	\$499	\$1,379
Tax paid	\$0	-\$9	-\$14	-\$22	-\$123
Disposable income after tax and loss of benefits	\$404	\$534	\$554	\$605	\$1,115
RENT 1 BR unit					
Rent	\$101*	\$134*	\$600**	\$600**	\$600**
CRA^			\$110	\$110	
Rent after CRA	\$101	\$134	\$490	\$490	\$600
Affordability					
Rent + CRA as a proportion of income	25%	25%	88%	81%	54%
Disposable income after rent	\$303	\$401	\$64	\$116	\$515
What would be affordable rent at 30% of income plus CRA	\$121	\$160	\$276	\$291	\$334
How much would a person need to earn rent affordably?			\$1,890^	\$1,890^	\$2,000^

*25% of income; **Greater Perth median rent 2024; ^Income above IEL; ^Equivalent to an annual salary of \$98,400-\$104,000
^^ SGS 2025

Weekly disposable income after rent (\$)



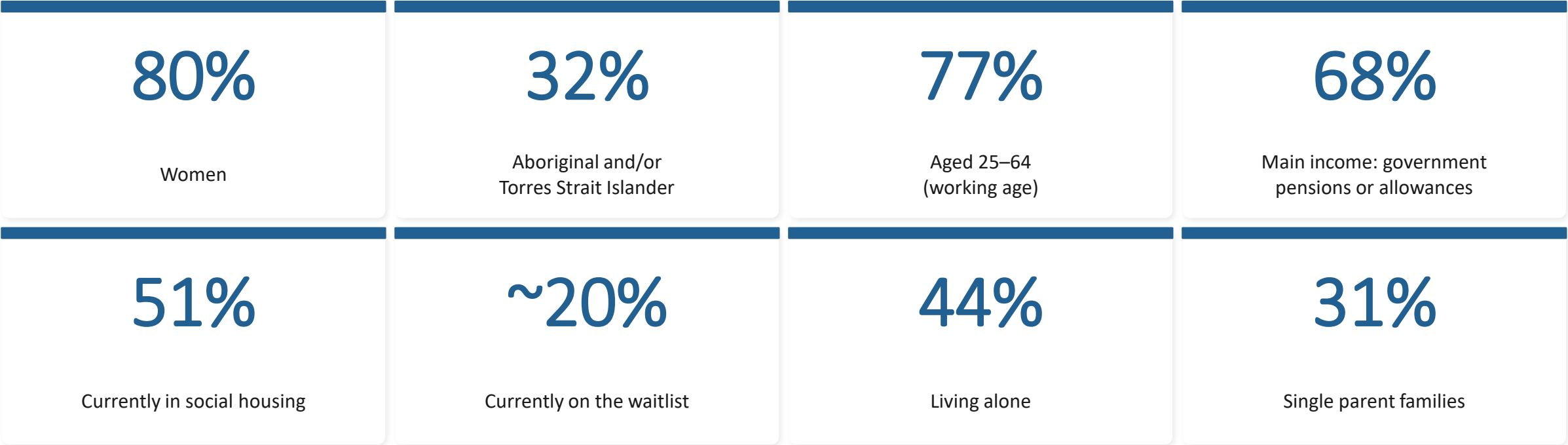
Employment only becomes affordable at ~\$98–104k/year/
Mid-level professional roles, which are out of reach for most social housing tenants (e.g. civil engineer, financial accountant, warehouse supervisor, social worker, aged care manager, draftsman, refrigeration mechanic, FIFO logistics officer, senior bookkeeper, executive assistant)

The survey: How IELs affect tenants and waitlist applicants



Survey respondents

181 respondents across WA; ~130 completed the full survey



Finding 2: People want to work but IELs stop them

Only 5% of respondents stated that they did not want to work

86%

Had managed their work hours because of IELs

46%

Had turned down work or additional hours to stay below the IEL threshold

22%

Had avoided looking for work altogether out of fear of losing housing or waitlist place

78%

Were very concerned that getting a job or working more hours would affect their ability to keep housing or waitlist place

23%

tenants

Felt they would be financially better off if they got a job or worked more hours

13%

waitlist

“

It would change my life — I could actually live, not just survive.

Existing skills

Respondents reported skills particularly in community services, care, hospitality, education and trades — sectors with strong labour demand in WA

Barriers to work – what respondents told us

40%

Social housing tenants

48%

Waitlist applicants

The single most common barrier for both groups was fear of losing housing or waitlist eligibility

34%

Social housing tenants

33%

Waitlist applicants

Poor health or disability was the second most common barrier, consistent across both groups

46%

Said decisions about staying or leaving social housing would change if IELs were higher

45%

Could only work episodically due to health

35%

Had received conflicting advice about how IELs would affect their housing or waitlist place

Other barriers include caring responsibilities (21% of tenants), age (23% of tenants), and fluctuating or episodic income

The impact on housing stability

Social housing is not optional for most residents there is nowhere affordable to go

100%

of respondents in private rental were experiencing housing affordability stress

80%

cited the cost of private rental as the main barrier to moving out of social housing

63%

said there were no realistic alternative housing options they could afford

59%

said moving out of social housing would be 'a huge risk'

43%

could not afford the bond needed to enter the private rental market

11%

had already lost their social housing because they exceeded the IEL

“

I am and my child homeless for 3 years now, I can't get private rent or social housing because I am earning too much for social housing and not enough for private rent.

“

I got a job and now earn too much and am being punished by being kicked out of my HomesWest house. This is why people don't go and find work.

“

Sleeping in lounge. Overcrowded. No routine. Health impact. Mentally not ok.

Many waitlist applicants were living in sheds, garages, cars, motels and overcrowded temporary accommodation at time of survey

Finding 3: Waitlist applicants face deeper disadvantage

Work disincentives are particularly severe for those on the waitlist

- People on the waitlist face an extended period during which earning above the IEL can cost them their eligibility

The consequences of being removed from the waitlist are significant

- Survey respondents described being removed from the waitlist after taking up short-term or casual work, subsequently becoming homeless, and in some cases being unable to regain waitlist eligibility
- Several gave up traineeships or declined promotions to protect their place on the waitlist
- Applicants reported living in sheds, garages, cars, overcrowded temporary accommodation, or private rentals consuming most of their income.

Waitlist applicants face deeper structural disadvantage

	Waitlist applicants	SH tenants
Skills gap	29%	9%
Education gap	29%	4%

“

I was on the housing list for 2 years ... then got a job ... I was removed from the housing list. I have been homeless 2/3 year.

— Survey respondent

Finding 4: The current system traps people in poverty and undermines wellbeing

The human cost of IELs is considerable

- Discourage work and force people to limit income
- Create chronic stress, fear, and mental health deterioration
- Undermine long term goals, including education, career development, and home ownership
- Force people into poverty, even when they want to work
- Punish honesty, with people reporting that truthful income reporting led to eviction or removal from the waitlist
- Break trust in the housing system due to inconsistent advice and opaque decision making
- Create impossible choices between safety, income, family wellbeing, and housing

“

It feels like you are being punished for trying to better your life.

“

I feel that income limits set people up for failure and don't leave room for personal growth. As a parent I want to be a positive role model for my children, this is made difficult due to stress with financial and housing instability.

“

Improving my life and giving back to society came at a huge cost ... homelessness again. This system does not empower people to improve their life. It totally disempowers. Society looks at you as a bludger. But if you get a job, you lose your house.

Finding 5: The information trust problem

Work disincentives are compounded by confusion and distrust

47% were unclear about how long they could remain in their housing if they earned over the IEL

35% had received conflicting advice from different sources including property managers, housing providers, and Centrelink

Some respondents reported deliberately not disclosing income out of fear of triggering a review or losing their housing

Many described the emotional and cognitive burden of navigating multiple, inconsistent systems as overwhelming

This information deficit is not a minor administrative inconvenience, it is itself a source of work disincentive, driving avoidance behaviours and eroding trust in the housing system

“

Housing/Communities/Centrelink never provide same information. They all refuse to provide written advice - except when notifying of penalties.

Finding 6: Reform is feasible and the risks are manageable

Evidence from other jurisdictions shows that IEL reform can be managed without producing waitlist blowout

WA starts from a low base

Bringing IELs into line with national figures corrects a setting that has drifted well outside the national norm

Victoria shows reform can be managed

Major IEL reform in 2023–24 led to only a temporary uptick in applications that subsequently flattened, assisted by increased housing supply

Queensland shows inaction carries risk

Holding IELs static does not prevent waitlist growth — list grew from 18,608 to 32,951 with no change to IEL settings

Most impactful short-term reforms are administrative

Protected waitlist periods and graduated income buffers do not require primary legislation and can be implemented quickly

Recommendation 1: Raise and index WA's IELs

Immediate

Regardless of which option is adopted: raise IELs immediately and introduce annual indexation

OPTION A

Raise IELs to align with national median

\$795–\$882/week

Impact

Lowest implementation risk.
Minimal impact on the waitlist, while providing meaningful relief for tenants and applicants in part-time or casual work whose incomes fluctuate around the current threshold.

OPTION B

Raise IELs to align with average weekly earnings in WA

~\$2,193/week

Impact

Allows households where one member works full-time at average wages to retain social housing. Requires accompanying housing supply investment.

OPTION C

Raise IELs to align with the real rental cost

~\$1,892–\$2,000/week

Impact

This is the most ambitious option and would represent a fundamental reorientation of WA's social housing system, ensuring that no household is forced out into a private rental market they cannot afford. It would require significant complementary investment in social and affordable housing supply to be workable in practice.

Recommendations 2–6

2

Protected waitlist period

Immediate

- **Introduce a protected waitlist period** during which applicants who take up employment retain their place on the waitlist for a defined period. Implementable administratively — no legislation required
- **After 12 months, conduct a holistic review** of applicants' circumstances
- **Extend priority status protections to applicants who lose employment** after a protected period and return to income below the IEL.

3

Graduated income limits and rent freezes

Short-term

- 6–12 month **rent freeze** when a tenant starts new employment
- **Graduated income taper** above the IEL rather than a hard cutoff
- **Average income over longer assessment periods**, e.g. 12-month rolling income average for fluctuating earners
- **Review the definition of assessable income**
- **Higher exit IEL for continuing tenants** at a level that reflects the income needed to sustain private rental affordably

4

Build real pathways out of social housing

Medium-term

- **Audit available affordable/Band B housing stock** in WA and publish the findings
- **Set targets for Band B growth** as proportion of total portfolio
- **Transition support package** for tenants moving out of social housing: realistic bond assistance, rental history support, housing navigator
- **Shared equity or progressive purchase scheme** for long-term tenants with rising incomes
- **Formal framework for converting Band A social housing tenancies to Band B affordable housing tenancies** for tenants whose incomes exceed the IEL.

5

Skills and employment support

Medium-term

- **Fund targeted employment and training brokerage services** for tenants and waitlist applicants
- Scholarships for Certificate III/IV and higher education for tenants and applicants
- **Flexible, part-time, remote training options**

6

Fix the information and trust deficit

Immediate

- **Plain English guide** to how income changes affect housing eligibility, rent, waitlist status
- **Written advice** on request within 10 business days
- Consistent **staff training** for property managers and housing officers
- **Independent income and eligibility advice service** to provide consistent advice



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