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Thirty years of public housing supply and consumption: 1981–2011

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ACRONYMS

ABS	Australian Bureau of Statistics
CPI	Consumer Price Index
CRA	Commonwealth Rent Assistance
CSHA.	Commonwealth State Housing Agreement
CURF	Confidentialised Unit Record File
DHS	Department of Human Services (Victoria)
EMTRS	Effective Marginal Tax Rates
GFC	Global Financial Crisis
GCCA	Greater Capital City Area
LGCHP	Local Government and Community Housing Program
NAHA	National Affordable Housing Agreement
NHSC	National Housing Supply Council
PBLCI	Pensioner and Beneficiary Living Cost Index
SIH	Survey of Income and Housing
SRSs	Supported Residential Services

EXECUTIVE SUMMARY

This report provides data on some of the major changes in, and major issues around, the Australian public housing system over recent decades. The public housing sector has gone through major transformations in recent decades. Its original broad roles encompassing working family affordability, urban renewal, economic development, and decentralisation have narrowed in focus to serve as a housing safety net for high needs households. Changes in funding levels, in eligibility and allocations policy and asset management strategies have been major contributors to the recasting of the role of public housing, along with a paradigm shift in public policy from broad universalistic models of service delivery to highly targeted welfare models. These changes have major implications for what, where, and how much social housing is built and for the socio-economic attributes of tenants. The changes have, among other things, also put on the policy agenda issues of the potential role of public housing in accentuating employment problems for tenants, accentuating social disadvantage and the viability of the public housing system.

The Australian Bureau of Statistics (ABS) data, notably census data and the Survey of Income and Housing (SIH) can provide rich data that can help get a better understanding of what has happened to public housing and what might be the implications of changes in this tenure. This paper uses the release of the 2011 ABS census results and other recent ABS data sets to address the research questions of:

- What have been the major changes in public housing supply over the past 30 years (1981–2011), and how have these played out geographically?
- What have been the major changes in the attributes of tenants (income, household type, employment status, age, etc.) over the past 30 years?
- What does the census data tell us about the need for public and or social housing?

The 30-year period has been chosen as it marks the transition from one model of public housing, that is a more universalistic model, to a welfare delivery model. For much of the analysis census data was customised to include a number of demographic and dwelling characteristics by tenure for each of the three census years, for Australia and for the six state capitals. The focus is on capital cities in part because this is where most Australians live, but also because it is easier to make comparisons between cities than for entire states where there can be marked variations in economic and socio-demographic development—for example mining areas in Western Australia and Queensland, the coastal development of Victoria, New South Wales and Queensland, or the rural decline in parts of Tasmania, Victoria and South Australia. Capital cities—with certain qualifications—tend to be subject to similar economic and demographic drivers. Moreover, few AHURI, or other housing studies, have documented housing changes at the metropolitan level, more often than not confining analysis to Australia as a whole or just a few jurisdictions.

The paper is about public housing only. Social housing, which sweeps up all forms of not-for-profit housing, both public and community managed, is not the focus of this study as community-managed stock in earlier census periods was so small as not to need an identifier in the Census and therefore was not separately recorded. It is therefore buried in the 'other rental' category which is mainly private rental. The growth of community housing mainly occurred in the 2000s and particularly in the latter part of that decade, either by transfer of stock to the community sector or by new growth. Much of this new growth related to the stimulus package post the 2008 Global Financial Crisis (GFC). Where relevant, the implications of this growth for public housing will be noted.

Chapter 2 of the report reviews the policy and market context that shaped public housing provision and tenant attributes over the study period. This is broken into two subsections—one concerned with the external or indirect factors potentially shaping the supply and tenure

attributes of public housing, and the other at the internal or direct shaping of public housing, such as targeting. The sum of the effect of all these identified changes was a perfect storm whereby public housing was hit by a wave of challenges that pushed, or required, a range of adaptive responses.

Chapter 3 looks at broad trends, both nationally and by capital city. The first, and most obvious one, is the relative decline in the role of public housing, indeed social housing generally. Given the policy and financial context during the last three decades it would have been surprising if the public housing sector had sustained its relative share of tenure in Australia and even its absolute numbers over this period. In fact there was growth in both share and numbers to 1996 but declined thereafter. Some of this was made up by growth in the community sector, but while factoring this in, there was still absolute decline with the proportion of social housing of all stock falling to 4.8 per cent from 5.2 per cent in 1996.

Turning to dwelling type, a surprising finding over the 30-year period of analysis was that there was only a slight decrease in the percentage of detached dwellings in public housing and an actual increase between 1996 and 2011. This runs counter to the broader housing market trend to more multi-unit housing. However, there was considerable re-profiling of stock to smaller bed-roomed dwellings, but with major variations across metropolitan cities with Melbourne having relatively little change and Brisbane substantial change.

In Chapter 4 of the report, the analysis switches to changes in the spatial distribution of public housing in the various cities The first general observation is about the geographical spread of public housing across Australian cities. It is much more dispersed than in the USA or UK and this may be a reason why spatial disadvantage in Australia tends to be much less of a problem than in those two countries. Related to this is the fact that the bulk of the Australian stock is not high-rise which, by the nature of the building form, requires concentration.

The spatial analysis over the 30 years looks at where public housing stock numbers have increased and decreased within the urban areas. The most interesting finding here is that there is no national pattern. In some cities, stock decline is in outer areas; in other cities, in the more inner areas; all of which suggests that the geography of asset strategies are driven more by local housing market imperatives than by any national drivers.

Looking at tenant attributes (Chapter 5) the major trends were fairly obvious, such as the ageing of the tenant profile. But in terms of household type, the significant change, reflecting targeting was the growth in lone-person households from around 8 per cent of tenants to over 40 per cent. This trend has meant that the displacement of families as couples with children has fallen sharply and even the early growth in sole parents had stabilised by 2011.

Given the dominance of three-bedroom stock in public housing and the benefit of hindsight, the trend to singles raises the question of whether targeting in the public sector was the most appropriate strategy to deal with the housing needs of smaller family types, particularly singles. As the needs analysis in the report showed, many families still had ‘affordable’ housing needs over these years and would have been eligible for public housing if affordability and appropriateness had been the key allocation criteria, rather than greatest need. It could be argued that singles may have been better accommodated in the private rental sector where there was already a substantial existing stock of studio, one-bedroom and two-bedroom apartments leaving public housing for families. This might have required appropriate support arrangements, changes to security of tenure and a restructuring of CRA with higher payments. But such a strategy may have produced a better long-term outcome than diverting hundreds of millions of dollars to public housing stock re-profiling.

Another major trend is that of tenant mobility. Between 1996 and 2011 the rate of mobility in public housing has almost halved, although there are variations across the capital cities. The difference between cities hints at public housing’s relationship to the wider housing market with mobility rates lowest in cities with the poorest private rental affordability and lowest vacancy

rates, such as Sydney. This suggests that any policy reforms to transition public tenants out of the sector will be constrained by the problems in the low end of the private rental sector.

The sub-section on labour market participation reveals two broad trends. Public housing workforce participation has worsened considerably since 1981. However, it shared its decline with the low-income end of the private rental market suggesting that many of the problems of accessing the labour market for public tenants are ones faced by low skilled households generally. But, and this appears particularly the case for female public tenants, there are factors operative over and above the nature of the labour market. Targeting would also appear to have affected the overall labour market participation rates of the public housing system by taking in larger proportions of households who demonstrate weak workforce participation, for example singles and those with less than year 10 education. Given targeting and its constrained financial environment, the public housing system's ability to get better workforce participation outcomes seems limited. The major, and not surprising finding from the household income data, is the sharp contraction in median household income.

How do stock levels compare with need? In Chapter 6, the Victorian Department of Human Services' (DHS) eligibility criteria are applied to Australia as a whole and indicates that, on the most conservative assumptions, in 2011 there should have been an additional 158 593 social housing dwellings. This, when added to existing stock numbers (366 000), would have taken the social housing stock to around 524 000 dwellings or 6.6 per cent of stock if a 50 per cent affordability benchmark for eligibility was used. And around 630 000 dwellings and 8.2 per cent of all stock if a 30 per cent benchmark was used! That public housing, or more generally social housing, was falling well short of need would be less problematic if the private sector was showing evidence of better performance at the low cost end of the market, but as recent AHURI research has shown (Hulse et al. 2014) the opposite holds.

The overall conclusion of the report is that it is difficult not to see, following the changes in public housing over the last 30 years, a problematic future for public housing. These changes would appear to signal multiple problems: insufficient stock; increasingly targeted households representing both a social and financial problem for housing agencies; declining rates of turnover meaning more households are on the one hand unable to exit and on the other hand unable to enter; a stock which is poorly adapted to tenants needs, but in re-profiling the stock to meet such needs creates a risk of having inflexible stock in the future; and in some cities too much stock in outer areas where tenants are likely to suffer transport disadvantage. The current affairs programs of the populist media are too ready to frame stories of public housing management which imply incompetence or insensitivity. The reality is that the changes to the sector are so great, and the competing problems that have to be balanced so challenging, that it would not be surprising that social housing agencies and staff, including that of public housing have to make decisions that may be unpalatable or appear inappropriate.

1 INTRODUCTION

This report provides data on some of the major changes in, and major issues around, the Australian public housing system over recent decades. The public housing sector has gone through major transformations in recent decades. Its original broad roles encompassing working family affordability, urban renewal, economic development, and decentralisation have narrowed in focus to serve as a housing safety net for high needs households. Changes in funding levels, in eligibility and allocations policy and asset management strategies have been major contributors to the recasting of the role of public housing, along with a paradigm shift in public policy from broad universalistic models of service delivery to highly targeted welfare models. These changes have major implications for what, where, and how much social housing is built and for the socio-economic attributes of tenants. The changes have, among other things, also put on the policy agenda issues of the potential role of public housing in accentuating employment problems for tenants.

The Australian Bureau of Statistics (ABS) data, notably census data and the Survey of Income and Housing (SIH) can provide rich data which can help get a better understanding of what has happened to public housing and what might be the implications of changes in this tenure. This paper uses the release of the 2011 ABS census results and other recent ABS data sets to address the research questions of:

- What have been the major changes in public housing supply over the past 30 years (1981–2011), and how have these played out geographically?
- What have been the major changes in the attributes of tenants (income, household type, employment status, age, etc.) over the past 30 years?
- What does census data tell us about the need for public and or social housing?

ABS census data can potentially provide valuable answers to questions about such issues, as well as to questions related to the appropriateness and effectiveness of the public housing system.

Over the past decade, AHURI research has used ABS survey data, including that of the census, primarily as contextual data for wider studies, for example, into management issues around older people in public housing (McNelis 2007), or as part of broader modelling or statistical exercises (Yates et al. 2008; McDonald & Temple 2008; Wood et al. 2005), but not to draw out a data-based story on the changing nature of public housing in Australia. That is the objective of this report and as such it can be seen as a quantitative complement to the AHURI qualitative review of the past and future of public housing (Jacobs et al. 2010).

ABS Census data is a complement to the information provided about social housing by the Productivity Commission in its *Annual Report on Government Services* (SCRGSP 2006–2013) and by the Australian Institute of Health and Welfare's *Housing Assistance Overview* (AIHW 2005–2009). Their data relies on performance reporting and client information from state housing authorities and community housing agencies, whereas census data is built up from observations provided by households occupying social housing. The two different types of data sources do not mesh perfectly as household's observations can differ from the documentation of official records. For example, the total number of households in social housing may not accord with the numbers provided by housing agencies as the occupants may not be fully aware of their own tenure status and may record private rental when they mean public, or public housing when they mean community-managed. Nevertheless, the differences are not so great that they weaken findings from the data. For example, in 2011 the census recorded 314 000 public rental dwellings in Australia while the Productivity Commission reported 331 000 such dwellings, of which at any one time around 2 per cent may be unoccupied. This suggests that the census is correctly capturing around 97 per cent of public sector dwellings. The census, however, has the advantage in that it records data that official sources either do

not collect or, if they do, are not published. It also covers a longer time period than much of the client and performance reporting data.

The key data sources for this paper are therefore the 1981, 1996 and 2011 ABS *Census of Population and Housing* ('the censuses'). This 30-year period has been chosen as it marks the transition from one model of public housing, that is a more universalistic model, to a welfare delivery model. For much of the analysis, census data was customised to include a number of demographic and dwelling characteristics by tenure for each of the three years, for Australia and for the six state capitals. Over three decades the boundaries of the capital cities have changed considerably so for comparison purposes the geography for the capital cities was made constant using the 2011 Greater Capital City Area boundaries (GCCA). The focus is on capital cities in part because this is where most Australians live, but also because it is easier to make comparisons between cities than for entire states where there can be marked variations in economic and socio-demographic development—for example, mining areas in Western Australia and Queensland, the coastal development of Victoria, New South Wales and Queensland, or the rural decline in parts of Tasmania, Victoria and South Australia. Capital cities—with certain qualifications—tend to be subject to similar economic and demographic drivers. Moreover, few AHURI or other housing studies have documented housing changes at the metropolitan level, more often than not confining analysis to Australia as a whole or just a few jurisdictions. Reinforcing the geographic theme, this study takes the analysis even deeper by looking at a number of case study estates in some detail. The objective is to identify the degree to which localised trends can vary from the national and metropolitan.

In some parts of the report, census data is complimented by ABS Survey of Income and Housing (SIH) data The SIH has the advantage, of a broader range of questions enabling more nuanced analysis. However, unlike the census, the SIH data is derived from samples of the population (typically 8–10 000 households), so that there is limited ability for any spatial analysis. The paper is about public housing only. Social housing, which sweeps up all forms of not-for-profit housing, both public and community-managed, is not the focus of this study as community-managed stock in earlier census periods was so small as not to need an identifier in the Census and therefore was not separately recorded. It is therefore buried in the 'other rental' category which is mainly private rental. The growth of community housing mainly occurred in the 2000s and particularly in the latter part of that decade, either by transfer of stock to the community sector or by new growth. Much of this new growth related to the stimulus package post the 2008 Global Financial Crisis (GFC). Where relevant, the implications of this growth for public housing will be noted.

Within the general framework of the broad questions about changes in public housing supply and tenure attributes, the paper addresses itself to a number of more specific questions:

- How have these changes played out across different jurisdictions?
- How appropriate has supply been to the level of need?
- Are the changes in the attributes of tenants generally the same across jurisdictions or are there jurisdictional differences?
- What do changes in the attributes of tenants tell us about the changing role of public housing?
- What problems either for the public housing system or wider society are implied by these changes?
- What does public housing eligibility criteria when applied to private rental affordability conditions tell us about the scale of housing need and therefore potential size of the social housing sector?

The report is structured as follows. Chapter 2 summarises the contextual factors that have influenced public housing provision and consumption over the past 30 years. The overall

supply trends by tenure for Australia and the six state capital cities are set out in Chapter 3, followed by a mapping of the geography of public housing supply in each of the capital cities (Chapter 4). Chapter 5 is an analysis of the demographics of public housing tenants, including age, household type, income, mobility, and workforce participation while Chapter 6 looks at supply in relation to need. Finally, the implications of the identified trends for policy are reviewed.

2 POLICY AND MARKET CONTEXT

This chapter considers the policy and market context that shaped public housing provision and tenant attributes over the study period. Other AHURI reports have documented the major contextual factors that have influenced housing provision and consumption over recent decades, particularly that of Jacobs et al. (2010), while an even longer term historical perspective can be found in Howe (1988), Hayward (1996) and Troy (2012) The major themes of such histories is that public housing at, and following its immediate post-war inception, had a much stronger and broader rationale than it has had for the last three decades; stronger because of the influence of policy, and the support of the Australian public which had clear recognition of its need, that is addressing the housing shortages of the depression and war years, provide affordable and appropriate homes of a standard not being provided at the low end of the market, and meet the needs of returning soldiers and families generally for such housing. Broader because to meet these needs it required public housing venturing into a range of urban and housing market issues such as slum renewal in the inner cities, developing and making greater awareness of the potential for new building materials and construction techniques, and locating new housing in areas that might assist decentralisation or development of manufacturing by attracting and providing a ready labour force.

These early years, that is 1940 to the mid-1970s, were characterised by a national confidence in the reforming capacity and role of government generally, although it waxed and waned a little with changes between Liberal and Labor governments. In Australiaand in most developed countries, direct housing provision, that is public housing, was seen to be the key plank of low to moderate income housing policy (Harloe 1995) although Australia never took to public housing with quite the same enthusiasm as the UK or Northern Europe. Nevertheless, by 1981 the public housing system in Australia had grown from almost zero to 204 000 dwelling (5% of stock) by 1976 (ABS 1976). The bulk of this stock was detached or semi-detached dwellings because:

1. Allocations in these early decades were mainly to families for which the detached house was considered the most appropriate dwelling form.
2. There was a view that public housing should by and large fit with the existing urban form (Victorian and NSW high rise were exceptions).
3. Land costs in urban areas were not the barrier to detached housing construction that they are today.

The following section covering the years 1981 to 2011 provides a brief summary of the major housing and housing-related policy and program changes that have implications for the patterns of change observed in the subsequent analysis, as well those that have occurred in the wider housing market. The focus of the study is on public housing as while we now use the term social housing, which embraces both public and community provided not-for-profit housing, the data (and story) is about public housing. This is because the study period is a 30-year one and for the bulk of those 30 years community housing was not an important player in the social housing domain. Keeping the analysis to public housing means consistency of data over the time period.

The chapter is broken into two parts. Section 2.1 is concerned with what might be called macro or exogenous changes that had indirect implications for the public housing system and those with direct or endogenous impacts.

2.1 Indirect impacts on public housing

2.1.1 Globalisation

Since the time of European settlement, Australia has been a globalised society and economy, in which the export and import of trade goods and services and the migration of people have

been the key to national growth (Wiseman 1998). Prior to the 1970s this was a specific form of globalisation, mainly linked to the US, Britain and Europe. These were all relatively high wage economies which both needed our mineral and agricultural exports and provided little competitive threat to our relatively protected manufacturing industry. On the back of this form of globalisation Australia experienced a long economic boom from 1945 to the mid-1970s, with full employment, steady increases in real income, and reducing income inequality. Public housing in this era had a broad role including, attracting and housing a workforce for expanding industries, particularly manufacturing, and providing affordable housing for lower income employed households generally. In this era the bulk of public housing families had at least one employed household member.

For various reasons this stable world began to change in the 1970s and slowly globalisation came to mean participation in a full global world, not just a subset of it. Certain industries, notably manufacturing, became less competitive and went into slow decline, with an associated loss of employment. Other areas such as financial services, which are important in a globalised economy, grew along with the workforce, but the workforce skills and knowledge required were of a different form to that of manufacturing. These two industries also had different locational needs: financial and related professional services could locate vertically in the high rise of the CBD and the inner city, while manufacturing, which required extensive land, tended to be in the suburbs, including the more outer ones. Greater integration into the world economy has meant that the Australian economy is more subject to the whims of that economy: while employment was stable during the long boom, since the 1970s employment and growth have been strong overall but with major periods of downturn in employment, and with the latter never returning to the levels of the pre-1970s period. They were, however, much higher in the 2000s and 2010s than in the 1980s and early 1990s.

Related to Globalisation, but with its own drivers, has been the remaking of the nature of the skills and knowledge required in the workplace. Reich (1991) argued that jobs could be increasingly divided into three broad categories—jobs that involved the manipulation of information (either numerical or textual), those that were meeting the needs of consumers for services, and those requiring routine, often repetitive, skills such as occur in traditional manufacturing, construction and transport industries. Reich labelled the workers in these three types of jobs as ‘symbolic analysts’, ‘in-person service workers’, and ‘routine production service workers’ respectively. There have been many other categorisations of the emergent skills of the last three or four decades, but they are variations on a theme and with similar conclusions. Symbolic-analysts require high levels of education, in-person service workers need a combination of knowledge and social skills, while routine production service workers may be unskilled or semi-skilled. However, more and more employment is in the first two categories, so those who, for whatever reason, have trouble accessing higher levels of education, and have limited skills, are less likely to succeed in the labour market.

These changes progressively undermined the employment capacity of areas where public housing was often located, that is near manufacturing, but also weakened the employment opportunities of public tenants generally as many did not have the skills for the employment in the newly emergent industries most notably the symbolic analyst type roles.

2.1.2 Policy philosophy

Closely related to globalisation, and partly a driver of it, was the emergence of a stronger ethos of market liberalism as an approach to economic management and governance. This left economic activity and direction more to the market and reduced the role of government through policies that included the phasing out of industry protection, deregulation, privatisation, contracting out, and taxation reduction. Australia was one of the more enthusiastic nations to implement such an approach (Henderson 1995). It created new business opportunities, such as the growth of financial services following financial deregulation. But it has also meant a number of other changes, both intended and unintended. These include greater workforce

insecurity as employment tenure was replaced by contracts, greater casualisation of the workforce, and the loss or reduction of certain types of public sector jobs as government funding for them shrank or they were privatised. One of the major impacts of all the reforms and restructuring in the wake of market liberalism has been an increase in income inequality, and poverty with Australia higher than the OECD average for both these variables (OECD 2014).

Market liberalism set in train a raft of social and economic changes to which public housing had to adapt. For example, with higher unemployment, a more casualised workforce and major industry restructuring, was it appropriate for public housing to have the role of providing housing for employed, lower paid workers in manufacturing industries—the latter being an industry sector that went into slow contraction as a result of deregulatory reform? And with homelessness beginning to widen and deepen, was it appropriate that such groups not be eligible for public housing. Similarly, following on from financial deregulation, greater access to finance for home purchase and a resurgent private rental sector, was there the same need for a broad-based public housing system?

Market liberalism was paralleled in this era by emergent social liberalism espousing the greater freedom of individuals or households to make their own decisions and to carry the responsibility for those decisions, and to be less controlled by government or by historical social mores or values. This had many manifestations, but in terms of implications for public housing these included moves toward deinstitutionalisation and greater gender equality. As part of the latter there was greater tolerance of, and provision of income support for, single parents. Both affected reform of public housing eligibility and allocation policy.

Consistent with the emergent economic and social management philosophy of economic rationalism or market liberalism, direct housing provision thus fell out of favour in the 1980s. There was the belief that indirect assistance through demand-side funding, for example Commonwealth Rent Assistance (CRA), was a more effective form of housing assistance than direct housing subsidy (Hulse 2007). Moreover, public housing agencies should remake their roles in such a way to focus less on moderate income families, industry support and the other broad set of policy goals, to one of housing those who were struggling the most in the new economic environment.

2.1.3 Restructured cities and housing markets

Beginning in the late 1960s, but not gathering real pace until the 1980s, was a restructuring of Australian housing markets and associated with this of city form itself.

In the early post-war decades that saw the emergence of public housing, Australian inner city areas were characterised by a relatively high percentage of affordable rental stock, much of it because of its poor condition (Kendig 1979). By the 2000s, these areas had morphed into higher income rental and ownership locations (Dodson 2012, pp.20–24) much of it as a result of gentrification.

The process of higher income households moving into older areas traditionally occupied by lower income working class households began in the inner areas of Australian cities in the 1970s and accelerated in subsequent decades. This had a number of indirect implications for public housing. First, it meant that the three-decade old role of public housing in slum or urban renewal had no more relevance; as an asset management strategy this had affectively ceased by the 1980s. Second it meant that many of the older housing estates, including the Sydney and Melbourne high rise, were now located in areas of social advantage not disadvantage. This potentially created a new set of management and policy issues for public housing including greater community opposition to public housing estates, and increased waiting lists as surrounding gentrified housing became more expensive. Third, and whether cause or affect, gentrification was related to (although far from the only factor), the closure of much of the traditional industry (light manufacturing) in the inner city areas. Over the three decades such

closure created brownfield sites that in many cases were appropriate for small infill public housing developments. The latter, as noted in the previous paragraph, was facilitated by deregulation of planning systems that enabled more multi-unit development.

The same period also saw a change in dwelling type. With the exception of a major multi-unit apartment boom in the late 1960s and early 1970s, Australian cities have historically developed around the detached house (Burke & Hulse 2010, pp.823–24). This is less so in 2011, with much more multi-unit development and with a considerable amount of this development in high and medium rise rather than the low rise (one to three stories) of earlier decades. This is a function of market forces, as developers and builders respond to the market signals created by restructuring locational preferences in housing markets. Such trends are also shaped by new metropolitan planning strategies that encourage and facilitate this form of development as a way of slowing urban sprawl and its associated costs of infrastructure provision (Dodson 2012, pp.25–27). This process was also important in the reshaping of land values and required that public housing agencies in more inner urban areas move toward higher density building forms and away from the detached house which Australian public housing agencies (unlike their equivalents in the USA, UK or Europe) have historically provided in large numbers.

More generally, the greater availability of mortgages and more relaxed lending condition following financial deregulation set in train a process of greater housing demand which among other factors contributed to a worsening of housing affordability in the 1990s and 2000s. In turn, this reduced home purchase among younger households and placed stress on the private rental sector.

2.1.4 Poorly performing low cost private rental sector

Successive AHURI and other studies (Yates et al. 2004; Wulff et al. 2001, 2009,& 2011; Hulse et al. 2014) have documented the growing inability over recent decades for the private rental sector to provide supply increases at the lower end of the market despite the growing demand for rental accommodation. For the lowest Quintile of private rental stock in 2011 there was a national shortage of 187 000 dwellings, with the biggest shortages being in Sydney, Melbourne and Brisbane (Hulse et al. 2014). At a time of huge increases in private investment in the private rental sector this may seem paradoxical, but much of it appears to be caused by tax incentives (negative gearing) which encourages investment at the higher value end of the market (Wood & Forbes 2001). The effect has been to create intense competition between tenants at the low end of the market, with very low vacancy rates and increasing rents.

One result of the tight rental market, particularly at the low end, is the reduced ability of public housing tenants to exit into the private sector. For example, as the Victorian Department of Human Services (VDHS) rental report showed in December 2010, only 10 per cent of available rentals were affordable for DHS public housing client groups, the bulk of such rentals being three and fourbedroom properties on the urban fringe. For the inner city, 0.6 per cent of properties were affordable, and for singles and childless couples who required a one or two-bedroom property (these being the largest proportions of public tenants) only 3 per cent of all such properties in Melbourne were affordable (see Table 8 in VDHS 2010, p.17). Equivalent research in Sydney found that of 12 164 properties available for private rent in Greater Sydney for the weekend of 5–6 April 2014, only 33 properties (less than 1%) were affordable and appropriate for benefit-dependent households (King 2014).

2.1.5 Deinstitutionalisation

Deinstitutionalisation—the policy of moving severely mentally ill individuals out of large state institutions into the community—was one of the major social reforms of the 1980s. This shift was predicated on the idea that those discharged from institutions would be provided with housing and services funded through the sale of the institutions. From the outset, however, the sale of institutions did not produce enough to fund the community sector to provide the level of

housing and services required, and it was only a short time before many of those who otherwise may have found themselves in institutions or who should have been in community organisations were applying for and being allocated public housing. More than 20 years later the process of deinstitutionalisation is well behind us and the language now is more appropriately non-institutionalisation.

2.1.6 Demographic and social change

Australia experienced marked demographic changes over the last three decades. Some were shared with other developed countries such as the ageing of the population, smaller household size, and greater diversity of household types. Others, such as the very high rate of migration and the greater mix of countries from which migration is sourced, are more characteristically Australian. Parallel with, and in some cases contributing to them, were a range of social changes. These included greater social acceptance of divorce and changes to the legal relationships making divorce much easier, greater willingness of women to report (and escape from) domestic violence, changes to the income support system so that financially vulnerable households of all types could get some support in independent living, and greater tolerance of migrants from countries outside the UK and Europe, the source of most migration prior to the 1970s.

Many of these changes has important implications for public housing given that in the period up to the 1980s most tenants were nuclear families and applicants and tenants had to demonstrate capacity for independent living, that is the ability to pay a cost rent. These factors meant that in the decades up to the 1980s the poorest and most vulnerable households were not eligible for, or resident in, public housing including many migrants, the aged and singles (Jones 1972, ch.4). But the growth in non-nuclear family types, many female-headed; the housing needs of more and more migrants; and worsening economic opportunity for many unskilled and semi-skilled individuals, put greater pressure on the public housing system to make appropriate policy, product, and organisational responses.

2.2 Direct impacts on public housing

2.2.1 Funding

Flowing from the adoption of the market liberal philosophy there has been a steady contraction in funding for social (including public) housing from the 1980s onwards.

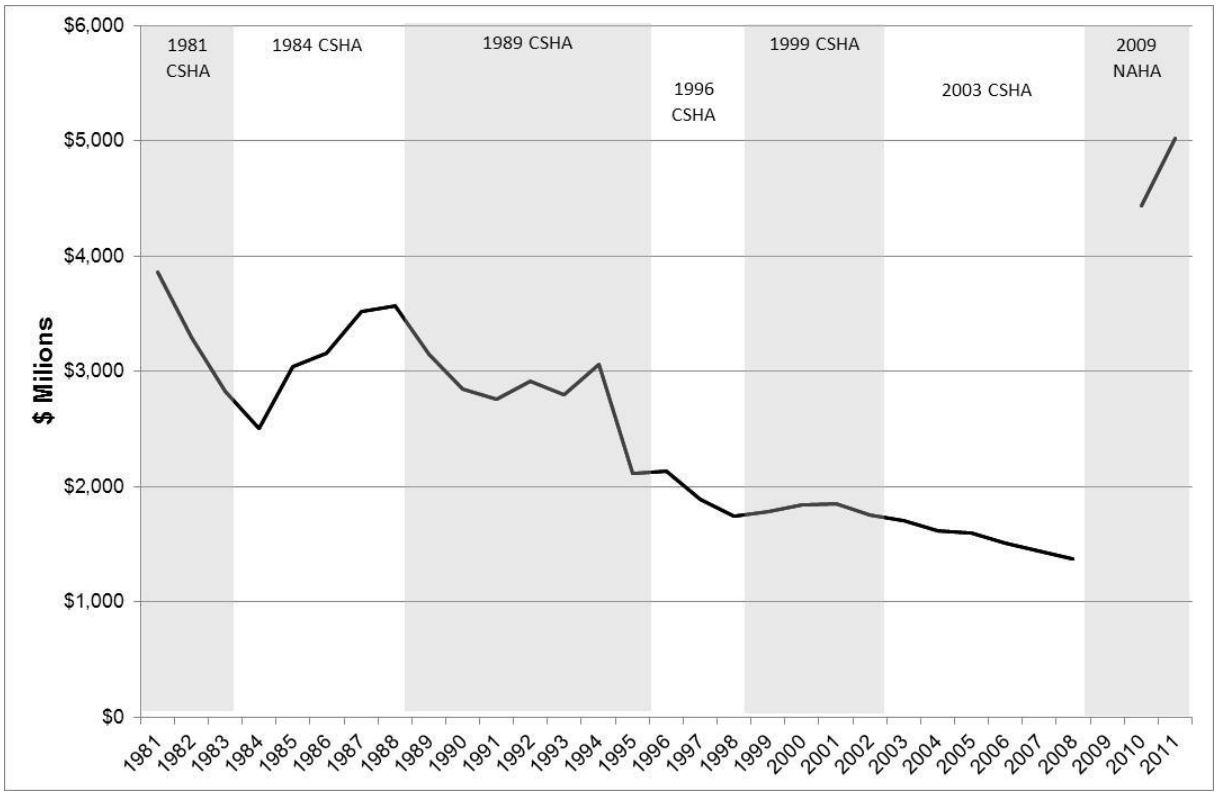
The major lever for the funding of social housing up until 2008 was the Commonwealth State Housing Agreement (CSHA). This saw, at each negotiation, a weakening of the funding base for social housing supply but at the same time initiated program reforms and performance measurements which unintentionally ramped up the cost of delivery of social housing, particularly for public housing which had less of a history of managing complex need households. The major factor here was the requirement of greater targeting which reduced average incomes and rent per household and in many cases, because of the complex needs of households, increased tenancy and asset management costs.

Figure 1 below, which shows finances allocated for public housing through the Commonwealth State Housing Agreement (CSHA) from 1981 to 2008, charts this decline and shows a particularly sharp contraction after the election of the Howard Government in 1996.

Data on funding levels since 2008 is not comparable to the preceding period because the Labor government's National Affordable Housing Agreement (NAHA) encompassed a number of other programs, such as homelessness, making it difficult to identify the actual amounts allocated to social housing. As a result of the Global Financial Crisis (GFC) this period also saw a large amount of the economic stimulus funding channelled into social housing. In 2009–2010 the combined net effect of these changes was to increase social housing spending back to pre-1980s levels, albeit only for a short time. This is captured in the line at the top right corner of

Figure 1. However most of the changes revealed by the census data analysed for this report would have been driven by the pre-GFC funding environment.

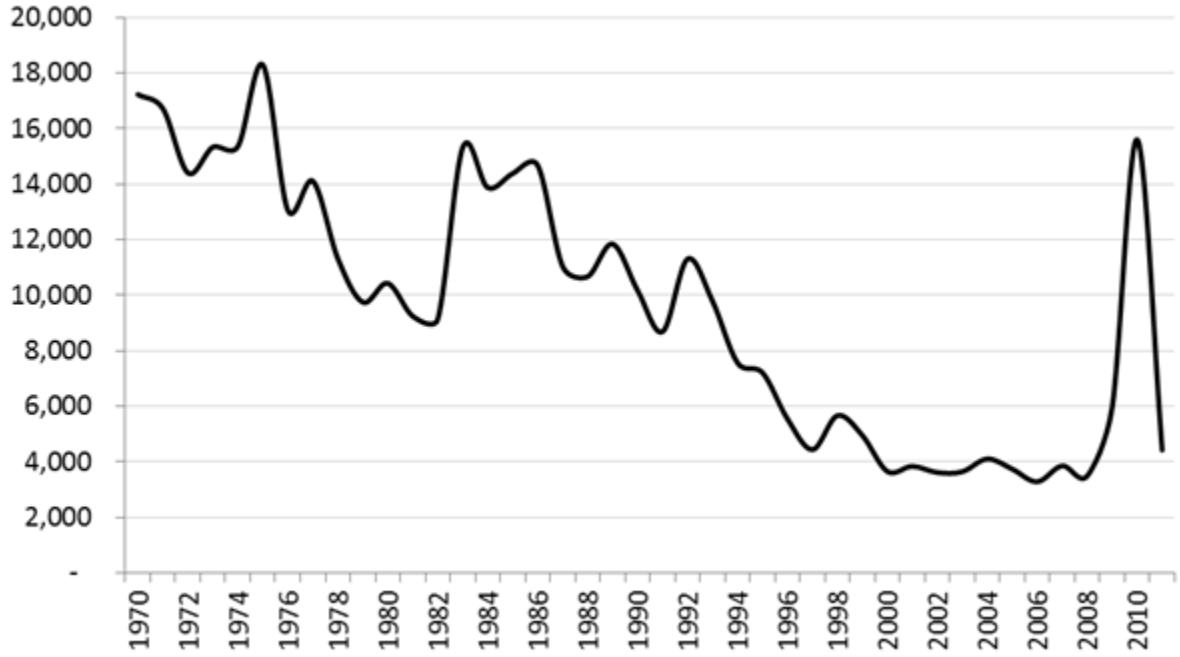
Figure 1: Commonwealth expenditure on housing, 1981–2011, constant 2011 dollars



Source: Advisory Council for Inter-Government Relations 1985, SCRGSP 2006–2013

One way of addressing the non-comparability of the financial data as represented in Figure 1 is to use public sector commencements as these only show trends in actual dwelling provision and do not reflect service provision such as homelessness programs. This trend (see Figure 2) mirrors to a great extent the expenditure patterns of 1981–2008 but shows the spike in commencements as a result of the stimulus package. It then suggests, quite vividly, that funding for dwellings as distinct from services had by 2011 returned to the low levels prior to the Global Financial Crisis and this has meant minimal new provision.

Figure 2: Public sector dwelling commencements, annual, Australia, 1970–2011



Source: ABS 2011, *Dwelling Unit Commencements, Australia, Preliminary*, Australian Bureau of Statistics, Canberra

The funding environment is not uniform across states and territories. First, the CSHA funds were provided on a jurisdictional per capita basis and not on the level of need or number of social housing units in each of the jurisdictions. Thus, states with higher shares of social housing, and therefore with more associated costs, got no financial recognition for this; and vice versa for states with small proportions of social housing stock. Moreover, the debt levels that state housing authorities hold differed, with some over this period having no debt and others, for example South Australia, with quite substantial debt. Prior to 1989, the CSHA allowed states to borrow and some, such as South Australia, did so to meet what they believed was the social housing need. The ability to repay these loans was hampered by the aforementioned targeting (also see below) which reduced rental income, as well as by the overall contraction in CSHA funding and by rising costs. For more on public housing finances see Hall and Berry (2007).

2.2.2 Targeting

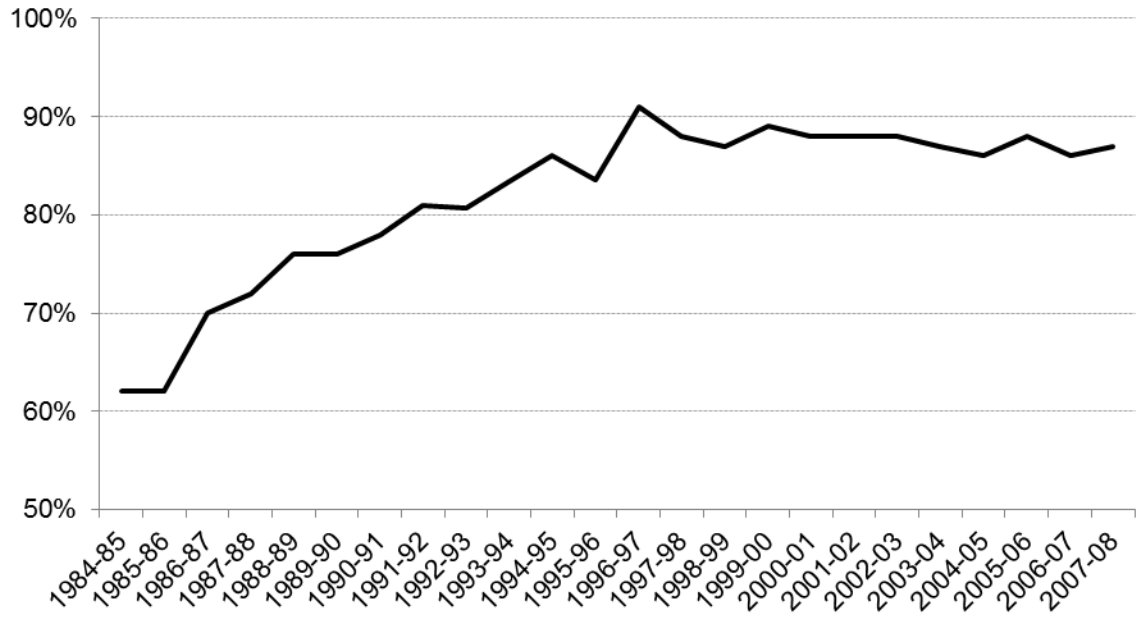
One of the most influential policy and program changes from the pre-1980s era was targeting. Prior to that eligibility and allocations was broadly open to any low to moderate-income working family who demonstrated capacity to pay a cost rent. The targeting process occurs in three ways: by narrowing the eligibility criteria for social housing (primary allocation), by creating allocation mechanisms to choose from the wait list those in greatest need (secondary allocation), and by creating rent systems—notably market rents for higher income households—that encourage exit of such households. Over the 30-year period each public housing jurisdiction has evolved, at different times and in various forms, primary and secondary allocation systems which have had major impacts on who applies for social housing and who gets in (Hulse & Burke 2005). Overlaid on allocations system reform in the early 1990s was a shift from cost rents to a combination of a household rent and market rents (a private rental equivalent) such that there was little incentive for higher income households to remain in public housing given, in some cases due to age, its inferior quality (McNelis & Burke 2004).

Community providers, who for much of this era were too small to matter to any real degree, had their own allocations system and were typically less targeted in part because of a need to be financially sustainable. Since the late 2000s these agencies have moved to, or have been

required to emulate, the public housing system as part of a common wait list. However, a percentage of community provider applicants are not chosen from the highest need segments, again for reasons of financial sustainability.

The most visible measure of targeting is the proportion of public tenants who pay a rebated household rent. A rebated rent is one where the household pays a fixed proportion (for most of the study period 20 to 25%) of a designated income rather than a cost or market rent. As Figure 3 below shows, in the early 1980s only around 60 per cent of tenants were on a rebated rent, but as targeting cut in it peaked at 90 per cent in 1996–97 and has hovered slightly below this level ever since. What Figure 3 suggests is that the most focused targeting occurred in the decade between the mid-1980s and mid-1990s, not during the 2000s, the period when there has been the most discussion of its implications and when the various jurisdictions introduced the tightest secondary allocations systems. The 'successful' targeting of the earlier period would therefore appear to have been a function of tighter eligibility (primary allocation) and the exit of higher income households rather than of more focused secondary allocation which came somewhat later in most jurisdictions.

Figure 3: Proportion of public tenants paying rebated rents, Australia, 1984/85–2007/08



Sources: AIHW 1994, 1997 and DFHCS&IA 1996–2008

2.2.3 Community housing growth

As observed earlier, the community sector was of little importance in Australia for the first 40 years of social housing history. It only emerged on any scale following the Local Government and Community Housing Program (LGCHP) of 1984 and slowly built momentum. This occurred at different rates and forms across jurisdictions through the 1990s. The 2000s saw more rapid growth fuelled by recognition that the ability to access Commonwealth rent assistance, not pay GST and borrow on the open finance market (all not available to public housing) could leverage more new development for a given dollar than if the money was spent on public housing. This precipitated money being diverted from the CSHA and later the National Affordable Housing Agreement (NAHA) for new growth and, in some jurisdictions, for transfer of stock. Particularly in the last decade changes in the supply of public housing are thus directly related to supply increases in the community sector.

2.2.4 Estate renewal and social mix

By the 1990s it was clear that a number of the public housing estates built in the early era of growth were demonstrating a range of problems. These included the condition of dwellings, especially on older estates where there were problems relating to out-dated fittings, inadequate maintenance and poor design. In some cases, initial construction quality may have been poor, in part due to failures of some of the innovative building material and construction technologies trialled in the early decades of public housing. Overlaying these issues was awareness that some estates were concentrating disadvantage with costs (e.g. anti-social behaviour, poor employment and educational participation) to residents and host communities (Spiller Gibbins Swan 2000). This raised issues of how much should be spent on dwellings which were decades old and whether they should be demolished, sold off or upgraded.

Reinforcing the need for, and belief in, estate renewal was the transfer of the policy concept of social mix from the USA and UK (Arthurson 2010, 2012). This was the belief that greater mix of tenure and/or socio-economic composition (it has never been clearly specified in the Australian context) could reduce the problems associated with estates made up largely of public housing.

Despite funding constraints, the mid-1990s onwards saw a range of estate renewal *programs with* the form and scale differing across states and territories most with some form of social mix objective (Atkinson 2008). Perhaps most common was the reduction of public housing density by selling off stock into the private market and using revenue to upgrade remaining public stock.

Putting together all the threads of change over the last 30 years it would not be surprising therefore that public housing would be required, or forced, to take a different trajectory in terms of where and what it was building and who it was housing. Arguably most of the policy, program, and organisational changes taken by the public housing agencies in response to the various drivers were incremental and without consideration of the long-term outcomes of the system. Thus, whether the changes to housing supply and tenants that have occurred over the last three decades have been in the best interests of the public housing system, tenants or lower income households generally is contestable. In some cases alternative policy choices may have yielded better outcomes.

3 OVERALL PUBLIC HOUSING SUPPLY

This chapter looks at the major trends in public housing (and social housing) supply by capital city focusing on: overall level of supply compared to all private housing, supply relative to housing need, and changes in dwelling tenure and size as housing agencies adapt stock to new circumstances.

In the absence of an adequate supply of low end private market, the supply of public housing, indeed social housing, is crucial in ensuring one of the key platforms of any society; a housing social safety net, that is adequate shelter which is affordable and appropriate. The size and form of social housing supply is fundamental to keeping households out of poverty, given housing is the largest call on the budget of low-income households. It is also a key to minimising homelessness and ensuring households with attributes that are not met by market-provided housing (e.g. those with disabilities or household of unusual size) can find appropriate housing. It can be a trampoline by which those who have experienced trauma or other forms of disadvantage can bounce back, by providing them with a stable environment in which to improve educational and employment opportunities. While the first 40 years of social housing might be seen as a period of optimism and achievement in these terms, the last 30 have been years of challenge and to some extent failure.

3.1 Tenure

To examine 30 years of public rental supply in the context of the Australian housing sector, the census data for 1981, 1996 and 2011 has been divided into three rental categories—'public rental', 'community rental' and 'social housing' representing an aggregation of the other two. 'All tenures' is social housing plus owned, purchasing, private rental, other or not stated. The census data from 1981 and 1996 did not have a 'community' or 'not-for-profit' tenure category. This is somewhat problematic as it excludes community housing from the social housing rental tenure. This will underestimate the size of the social housing sector before 2001 although prior to that period the community sector was relatively small as there had been few transfers to this sector.

Table 1: Housing stock by type of tenure, Australia, 1981, 1996 and 2011

Census Year	Public rental	Community housing	Social housing (Column 2&3)	All tenures	Public rental % all	Social housing % all
1981	228,938	NA	NA	4,668,906	4.9%	NA
1996	326,898	NA	NA	6,281,817	5.2%	NA
2001	317,171	44,311	361,482	7,072,202	4.5%	5.1%
2006	304,431	50,165	354,596	7,144,096	4.3%	5.0%
2011	314,690	51,373	366,063	7,760,322	4.1%	4.8%

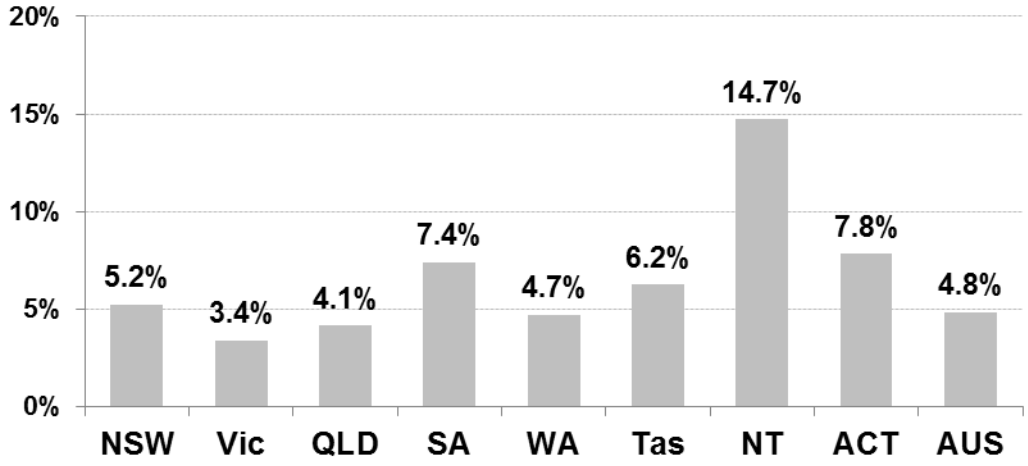
Source: ABS, *Census population and housing* 1981, 1996, 2001, 2006 and 2011

Given the policy and financial context during the last three decades, it would have been surprising if the public housing sector had sustained its relative share of tenure in Australia and even its absolute numbers over this period. Table 1 shows that, despite funding constraints, Australia had a real rise in public rental stock from 1981 to 1996, by almost 100 000 additional dwellings, or 43 per cent. This was a faster growth than that of the total national dwelling stock, which increased by 34 per cent, from 4.6 to 6.3 million dwellings. As a result, the proportion of public housing stock increased from 4.9 per cent in 1981 to 5.2 per cent in 1996. By contrast, the period from 1996 to 2011 saw a real decline in the number of public rental dwellings by 12 000 properties and a relative decline to only 4.06 per cent of the national dwelling stock. Some

of this was made up by growth in the community sector but factoring this in there was still absolute decline with the proportion of social housing of all stock falling to 4.8 per cent.

How this social stock is distributed across Australia varies significantly with Victoria and Queensland having the lowest percentages of social housing stock and the Northern Territory and South Australia the highest (see Figure 4 below). Appendix 2 shows the public housing data as outlined in Table 1 for each of the state capitals.

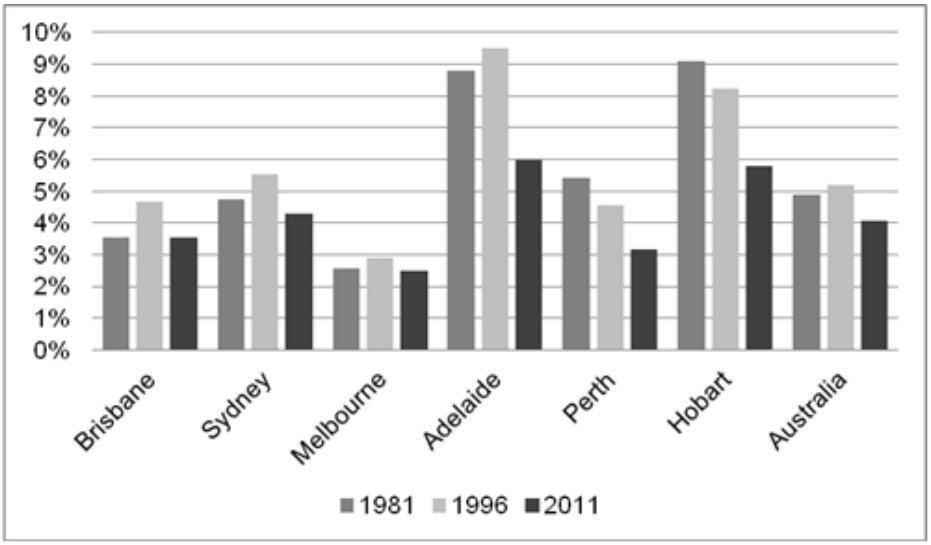
Figure 4: Proportion of social housing stock of all dwelling stock, states and territories, 2011



Source: ABS, Census of Population and Housing, 2011.

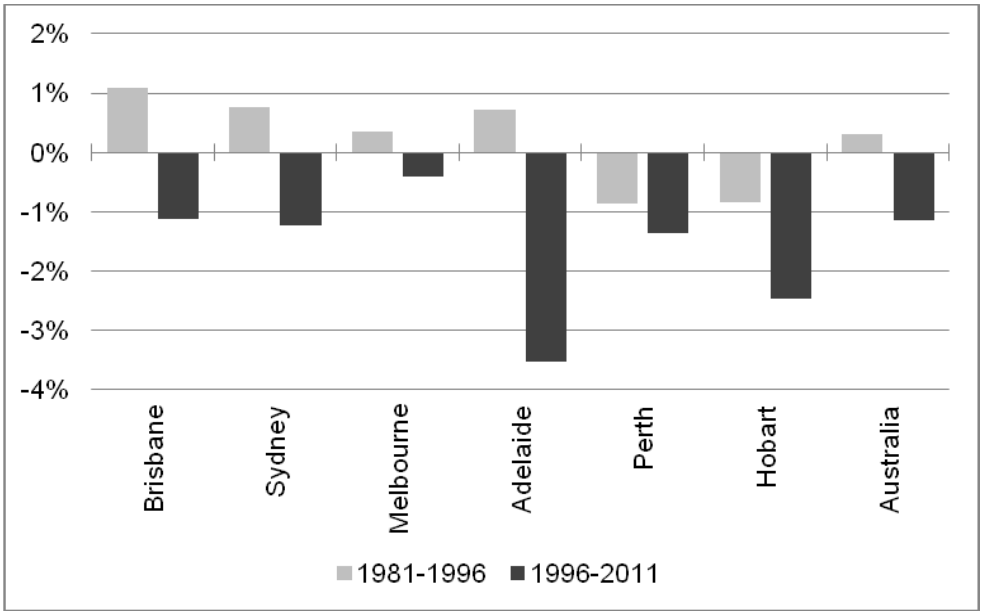
Jacobs et al. (2010) argue that if construction levels over the period subsequent to 1996 had matched those of the 1980s, the total public housing supply would be almost 200 000 dwellings higher. Significantly this estimate is not far from the National Housing Supply Council's (NHSC) estimate of the housing supply shortfall in Australia (National Housing Supply Council 2012). Hence, there is a strong argument for saying that this national shortfall is not one of market-based housing but of not-for-profit housing such as public housing, which cannot and will not be supplied by the market, because there is a sizeable minority who are unable to afford market rents or prices. This would suggest an absolute shortage will always be with us, given limited new social housing construction.

Figure 5: Public rental housing as percentage of total housing stock, capital cities and Australia, 1981, 1996 and 2011



Source: ABS, Census of population and housing, 1981, 1996 and 2011

Figure 6: Percentage change in public rental stock, capital cities and Australia, 1981–1996 and 1996–2011



Source: ABS, Census of population and housing, 1981, 1996 and 2011

Appendix 2 provides details of change in stock both in absolute numbers and relative to other tenure types for each of the state capitals. But the overall story is captured by Figure 5 and Figure 6 which chart the scale of and changes in public housing for the six capital cities and Australia.

As seen in Figure 5, Adelaide and Hobart have the largest proportions of social housing at any time period while Melbourne has the lowest. However, Figure 6 shows that it is Hobart and Adelaide which have also experienced the biggest relative falls in public housing and Melbourne has had the least. The declines in Adelaide and Hobart are not because of transfers to the community sector (neither had a big transfer program in this period). They were largely due to sales driven by financial pressures on the state housing agencies, rather than a lack of need for housing. In both cases, the absolute numbers of public housing units fell substantially between 1996 and 2011. Perth also had a sharp relative fall from 1981 but the context there is somewhat different. Despite an absolute increase in public housing stock in Perth over the two periods, the rate of increase was swamped by the growth in market provided housing such that public housing declined as a proportion of the total.

In short, public housing supply in Australia over the last 30 years has failed to keep pace with that of private market housing with the result that, for Australia as a whole and for all capital cities, it has taken a smaller proportion of the stock. At a time of declining private market affordability and, most notably, a growing shortage of low-cost private rental stock, it is difficult to provide an adequate rationale for allowing this to occur other than (a) is was an unpredicted outcome of a succession of incremental changes or (b) it was a conscious decision to allow public housing supply to wither.

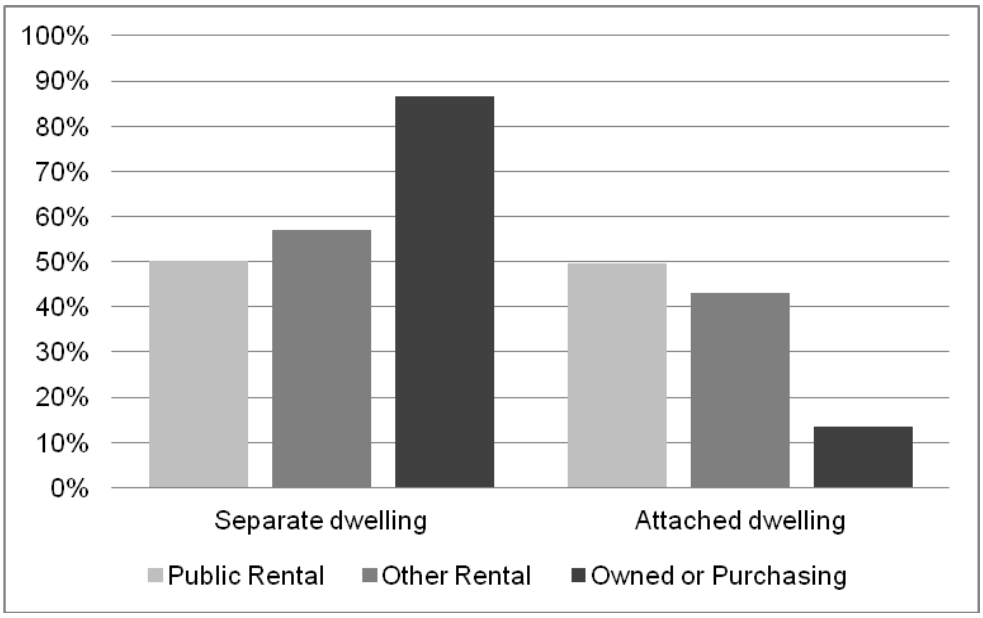
3.2 Dwelling type

To a large extent Australia has traced a unique and characteristic path in the way in which it has historically provided public housing. Whereas in other western countries (New Zealand excepted) public or community-managed housing has been predominantly in the form of multi-unit apartments, many of them high-rise (Turkington et al. 2004), in Australia most public housing has tended to approximate the housing of the private sector—that is, detached houses and low-rise apartments. While there was some push through the CSHAs of the 1960s to

provide high-rise housing as a way of addressing slum clearance in inner-city areas (Troy 2012) it was only Victoria and to a lesser extent New South Wales that took this up with any enthusiasm. Even then these developments were limited to the inner city (where the so-called slums were found) and did not replace detached housing but complemented it.

To set the scene, Figure 7 below compares the 2011 stock attributes of public housing with that of other tenures. It shows that while not achieving the high levels of detached housing as occurred in the owner-occupied sector (85%) public housing nevertheless has 50 per cent detached housing and overall is very similar to the private rental sector. In principle, the similarity of stock to that of the private rental sector could mean that public rental is a competitor with it, as is the case in Northern Europe, and therefore has the ability to provide pressures against excessive rent increases by the private sector. In reality, the tight rationing of public housing, the small size of the sector and the fact that it charges market equivalent rents for moderate-income earners resident in public housing means that it does not offer an effective competitive sector to private rental.

Figure 7: Dwelling structure by type of tenure, Australia, 2011



Source: ABS, Census of population and housing, 1981, 1996 and 2011

Table 2 below compares dwelling structures in public housing in 2011 with other types of tenure for the capital cities. This reflects, to greater or lesser degrees, the comment above about social housing as a mirror of the wider housing form. Thus Sydney has a much lower percentage of separate houses across all tenures and it is not surprising then that it also has the lowest proportion of social housing (37%) as detached housing. Hobart, with 92 per cent home owners living in detached housing, also has a much higher percentage of detached housing as public stock (60%).

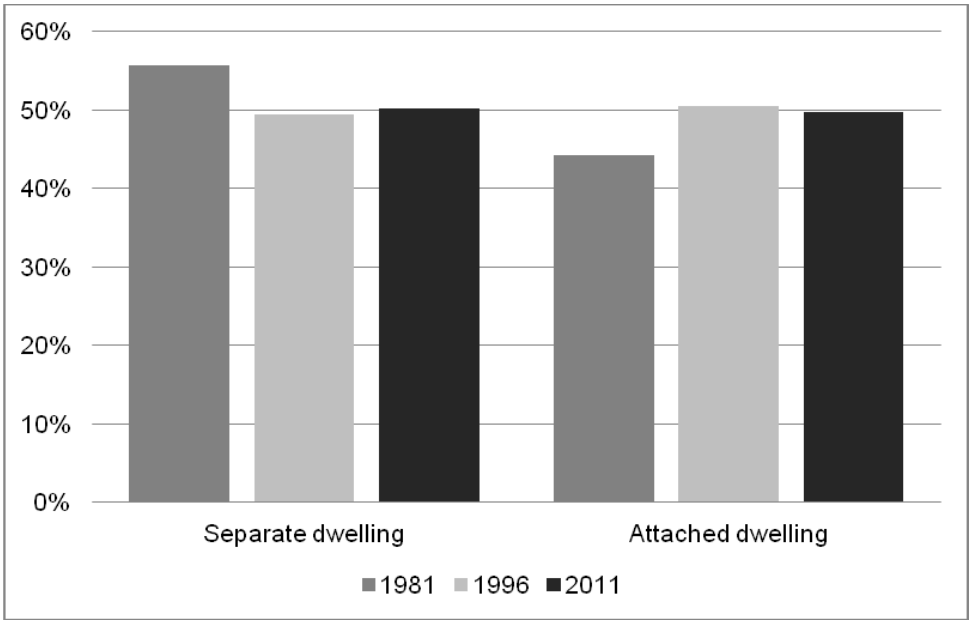
Table 2: Dwelling structure by type of tenure, capital cities, 2011

GCCA		Separate house	Townhouse	Flat, unit or apartment	Other
Brisbane	Public rental	55%	15%	30%	0%
	Other rental	62%	14%	22%	1%
	Owned / Purch	90%	5%	5%	1%
Sydney	Public rental	37%	25%	38%	0%
	Other rental	36%	15%	48%	1%
	Owned / Purch	74%	11%	14%	0%
Melbourne	Public rental	38%	18%	44%	0%
	Other rental	49%	17%	33%	1%
	Owned / Purch	83%	9%	7%	0%
Adelaide	Public rental	40%	38%	22%	0%
	Other rental	59%	17%	23%	1%
	Owned / Purch	88%	7%	4%	0%
Perth	Public rental	44%	31%	25%	0%
	Other rental	63%	18%	19%	1%
	Owned / Purch	87%	8%	4%	0%
Hobart	Public rental	60%	14%	26%	0%
	Other rental	61%	13%	25%	1%
	Owned / Purch	92%	3%	4%	0%

Source: ABS, Census of population and housing, 1981, 1996 and 2011

Turning to changes over time, we find that comparing built form (or 'dwelling structure') in any detail over the three census periods is difficult, because the 1981 census recorded dwelling structure differently to the 1996 and 2011 census. It was not possible to establish concordance between the medium and higher density dwelling types of 1981 and the categories used in the later years. However, it was possible to amalgamate the different forms of non-detached housing into the one category of 'attached dwelling' housing. Figure 8 below shows the result. While detached housing in the public sector is nowhere near the proportions of market housing, it is still of the order of 50 per cent, although it has fallen slightly since 1981.

Figure 8: Dwelling structure as a percentage of all public rental stock, Australia, 1981, 1996 and 2011



Source: ABS, Census of population and housing, 1981, 1996 and 2011

Table 3 below compares dwelling structure for all public rental dwellings in the capital cities of Australia between 1996 and 2011. This reveals that in some cities there was a fall in the share of detached dwellings (Brisbane, Sydney and Hobart) while the others have increases. In Melbourne and Perth the increases were marginal. In a context where the private sector was constructing more multi-unit or attached housing and assuming that public housing should be even more driven to achieve the most efficient dwelling form in terms of land usage, the growth in detached housing is somewhat puzzling. One possible explanation could be that the lack of funding inhibited the ability of SHAs to engage in larger scale ventures of a multi-unit form, and that the quickest and cheapest way to build stock was to spot purchase newly built urban fringe housing (which is almost universally detached housing).

In Adelaide, however, the increase was very large, rising from 28 per cent of public stock in 1996 to 40 per cent in 2011. Adelaide had a major reduction in stock over this period, suggesting that the relative increase in detached housing is less a function of new construction or purchase but more a result of a sharp fall in numbers of attached dwellings, mostly through sales in the inner and middle ring suburbs (see Chapter 5). Table 3 provides some breakdown of the attached category of housing and shows that the big fall in multi-unit housing in Adelaide was in townhouses rather than flats and apartments. If an SHA is forced to sell stock, then townhouses are probably the best to dispose of as they are likely to have the highest marketability, given both their location and relatively recent construction. Apart from Adelaide, the city where there was the greatest change was Brisbane. There, dwelling stock became much higher density over the 1996–2011 period, with a 9 percentage point reduction in the proportion of separate houses and an 8 percentage point increase in flats, from 22 to 30 per cent of the overall public rental supply.

Table 3: Dwelling structure as percentage of all public rental housing stock, capital cities, 1996 and 2011

GCCA		Separate house	Townhouse	Flat, unit or apartment	Other
Brisbane	1996	64%	13%	22%	2%
	2011	55%	15%	30%	0%
Sydney	1996	38%	22%	38%	2%
	2011	37%	25%	38%	0%
Melbourne	1996	36%	16%	47%	2%
	2011	38%	18%	44%	0%
Adelaide	1996	28%	53%	19%	1%
	2011	40%	38%	22%	0%
Perth	1996	43%	35%	21%	1%
	2011	44%	31%	25%	0%
Hobart	1996	64%	15%	20%	1%
	2011	60%	14%	26%	0%

Source: ABS, Census of population and housing, 1981, 1996 and 2011

As we shall see later, when we look at the spatial distribution of public housing, much more of new supply for Brisbane is in the inner city compared to Melbourne or Sydney. Land costs are the greatest in the inner city and it may be that while in Brisbane these costs are high, they are not so high that they prevent multi-unit public housing construction. By contrast, in Melbourne and Sydney such costs are too high for most public housing multi-unit construction other than on existing public land or on brown field sites that are not attractive to developers, and these—for reasons of public opposition, management costs, financial outlays required, and lack of organisational capacity—confront considerable hurdles.

3.3 Dwelling size

While there is not a fixed direct relationship between household size and dwelling form there is nevertheless some association between the two. A large family cannot fit into a small dwelling and one person does not need a four-bedroom home. The latter, however, does not mean that a single person household only needs a bedsit or one bedroom, as it may deny the expression of self through a need for space for hobbies or to have family members or friends stay over.

The census does not record the total size of a dwelling in terms of number of rooms or the footprint in square metres (sqm). Therefore, the number of bedrooms, along with dwelling structure as set out above, provides the only measure of dwelling size over time. In the post-war era, public housing: 'was invariably seen as family housing', and typically had three bedrooms (Troy 2012), much of which, as noted above, was in the form of a detached dwelling. Allocations policy at that time required 'family accommodation', as the role of public housing was to house low-income working families rather than high needs households. In fact, the latter were largely excluded from public housing, and this exclusion in part was a catalyst for the growth of community housing as various interest groups emerged to cater for those who could not get into public housing. The demographic shifts, social change and tightened allocations policies over the last 30 years have greatly altered who is now presenting for public housing (Jacobs et al. 2010). For example, there is an increased incidence of much smaller

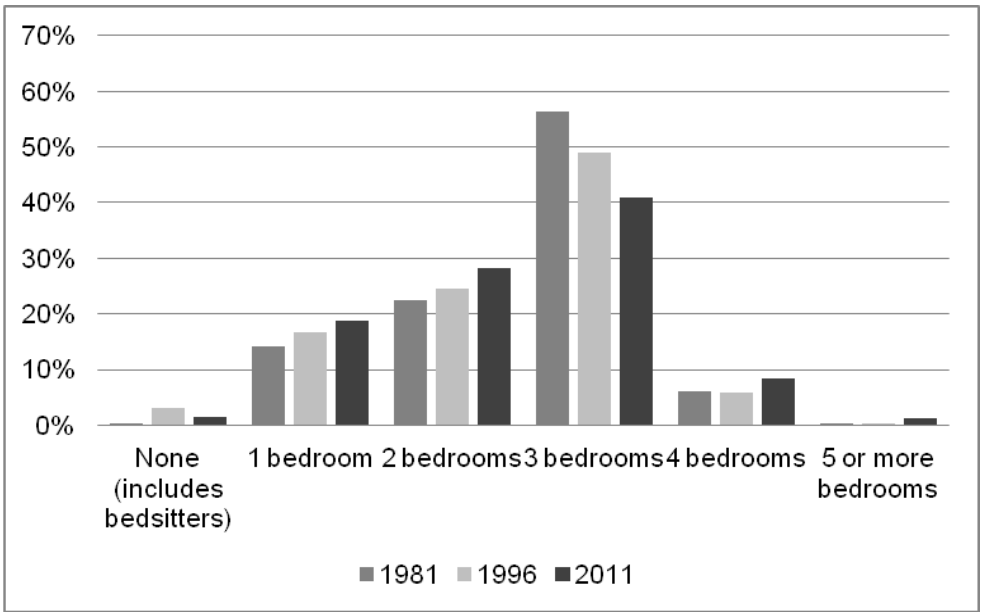
households, a trend discussed further in Section 4.2. These changes in tenant attributes raise the question of what changes there have been to dwelling size.

Figure 9 below compares the number of bedrooms in Australia's public rental stock for 1981, 1996 and 2011, and indicates a clear trend away from three-bedroom 'family homes', towards smaller dwellings: between 1981 and 2011 the percentage of three-bedroom dwellings fell from 56 per cent to just over 40 per cent of total stock, while one-bedroom dwellings increased from 13 per cent to 19 per cent.

However, there are some variations across the six capitals with Melbourne having quite a large increase in the percentage of four or more bedroom dwellings (up from 2 to 8%) and conversely a slight reduction in one-bedroom dwellings. By contrast, there were large increases in one-bedroom dwellings in Perth (from 15 to 25%) and Brisbane (8 to 22%).

Re-profiling of three-bedroom stock was relatively limited in Melbourne (dropping from 41 to 35% of all stock) and Sydney (declining from 46 to 37%). But there were very major changes elsewhere, with the proportion in Brisbane for example falling by 25 per cent. These marked differences in property re-profiling are not easy to explain. Some of the changes might relate to shifts in household composition (see Chapter 4), particularly the larger number of large families (six or more members) in Sydney and Melbourne, but this is not a full explanation. Another explanation may be the greater barriers to building multi-unit public housing in Sydney and Melbourne referred to in Section 3.2.

Figure 9: Number of bedrooms in public rental dwellings, Australia, 1981, 1996 and 2011



Source: ABS, Census of population and housing, 1981, 1996, 2011

Table 4: Number of bedrooms in public rental dwellings, capital cities, 1981, 1996 and 2011

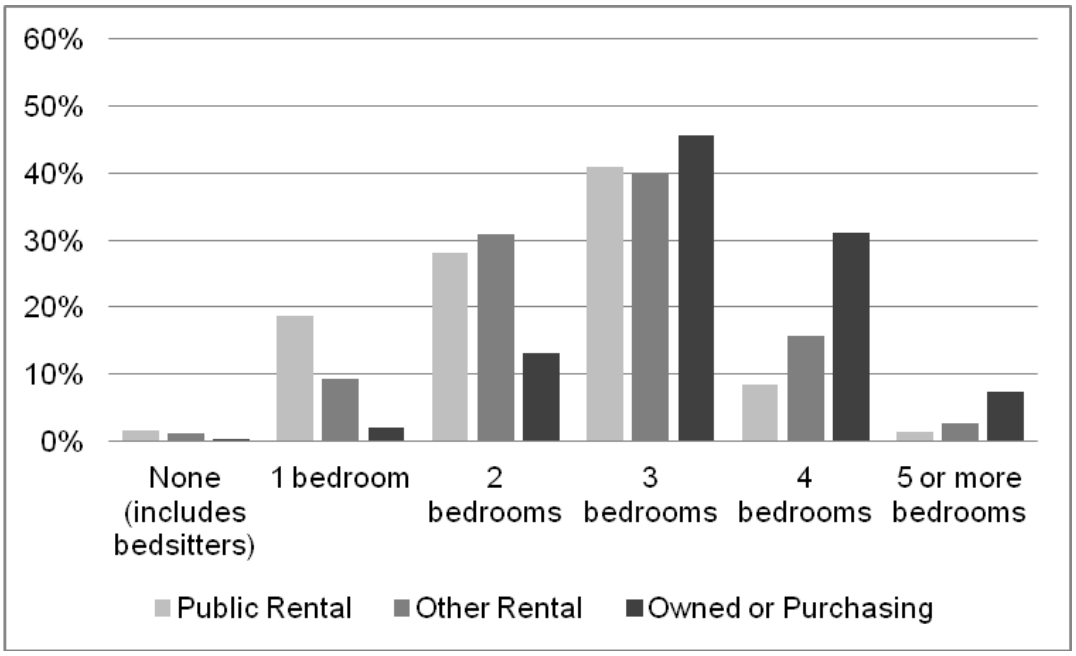
GCCA		Bedsitter	1	2	3	4	5+
	1981	0%	8%	16%	68%	7%	0%
Brisbane	1996	1%	19%	18%	54%	6%	0%
	2011	2%	22%	22%	43%	8%	1%
	1981	0%	19%	26%	46%	9%	0%
Sydney	1996	6%	18%	27%	41%	7%	0%
	2011	3%	21%	30%	37%	8%	1%
	1981	0%	24%	31%	41%	2%	0%
Melbourne	1996	6%	20%	29%	41%	4%	0%
	2011	2%	22%	32%	35%	6%	2%
	1981	0%	11%	22%	62%	4%	0%
Adelaide	1996	1%	12%	33%	50%	3%	0%
	2011	0%	13%	39%	42%	4%	1%
	1981	0%	15%	31%	49%	4%	1%
Perth	1996	2%	21%	28%	42%	6%	1%
	2011	1%	25%	32%	31%	8%	2%
	1981	0%	17%	16%	65%	1%	0%
Hobart	1996	2%	17%	23%	53%	3%	0%
	2011	1%	19%	30%	45%	4%	1%

Source: ABS, Census of population and housing, 1981, 1996, 2011

It can be seen from Figure 10 below that in 2011 public rental housing was far more likely than private housing to have one bedroom—the latter comprised nearly 20 per cent of public housing nationally, but less than 10 per cent of privately rented dwellings, and about 1 per cent of those privately owned. Figure 10 also shows that public and other rental stock included similar proportions of two-bedroom (around 30%) and three-bedroom dwellings (40%). Owner occupied dwellings tended to be larger, with over a third having four or more bedrooms.

These patterns were also reflected at a capital city level, although there were some differences. Compared with the national figures, Adelaide had a comparatively low proportion of one-bedroom dwellings across both public and private rental, and Brisbane a low proportion with two bedrooms (see Table 5).

Figure 10: Number of bedrooms in dwellings by type of tenure, Australia, 2011



Source: ABS, Census of population and housing, 2011

Table 5: Number of bedrooms in dwellings by type of tenure, capital cities, 2011

GCCA		Bedsitter	1	2	3	4	5+
	Public rental	2%	22%	22%	43%	8%	1%
Brisbane	Other rental	1%	7%	24%	40%	24%	4%
	Owned / Purch	0%	1%	10%	42%	36%	11%
	Public rental	3%	21%	30%	37%	8%	1%
Sydney	Other rental	2%	13%	41%	31%	10%	2%
	Owned / Purch	0%	2%	17%	40%	30%	10%
	Public rental	2%	22%	32%	35%	6%	2%
Melbourne	Other rental	1%	12%	34%	39%	11%	2%
	Owned / Purch	0%	2%	14%	49%	29%	6%
	Public rental	0%	13%	39%	42%	4%	1%
Adelaide	Other rental	1%	7%	32%	48%	10%	2%
	Owned / Purch	0%	1%	14%	56%	24%	4%
	Public rental	1%	25%	32%	31%	8%	2%
Perth	Other rental	1%	6%	21%	44%	25%	3%
	Owned / Purch	0%	1%	8%	37%	46%	8%
	Public rental	1%	19%	30%	45%	4%	1%
Hobart	Other rental	1%	12%	34%	40%	9%	3%
	Owned / Purch	0%	1%	16%	54%	22%	6%

Source: ABS, Census of population and housing, 2011

There has been considerable re-profiling of the public housing stock to much smaller dwellings and at different rates in different cities. Overall the proportion of stock that is made up of bed sits and one-bedrooms has increased substantially. While on the surface a seemingly logical response to the growth in demand of smaller households (qualified by whether small households really want very small dwellings), it does raise longer term questions around asset management. Unlike larger dwellings, smaller ones are less flexible to changing housing needs and are more expensive to adapt to changing circumstances than a larger dwelling. Moreover, because they can largely only house singles, their capacity to generate an adequate rental income, given the attributes of the household rent formula, is limited. There is a risk that in years to come some of this new stock will be an asset management burden on public housing agencies.

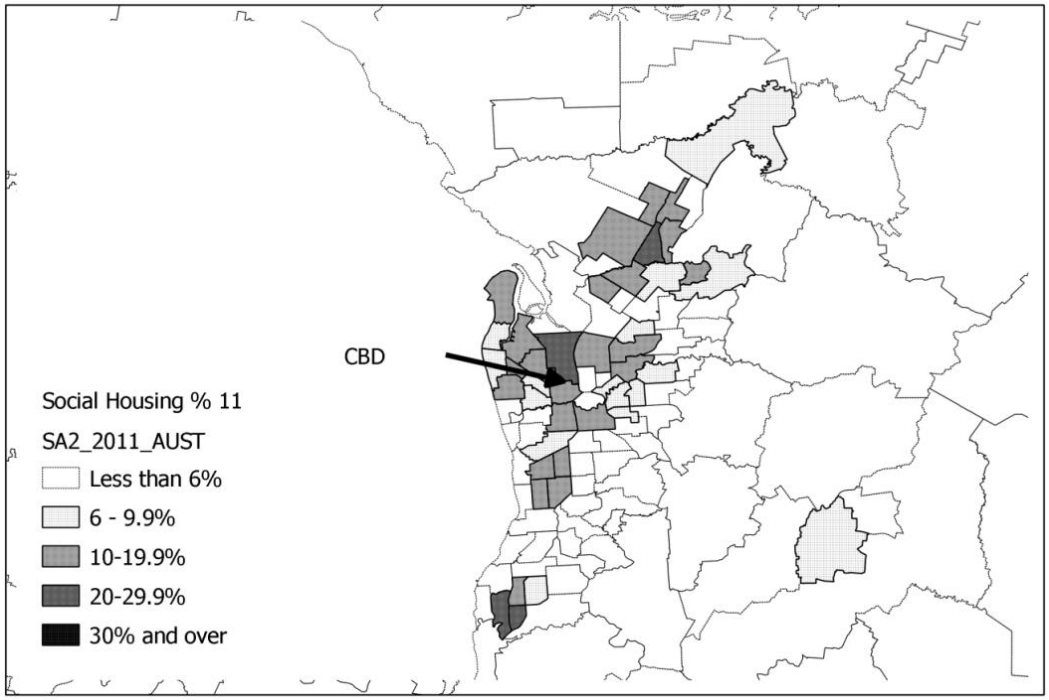
4 INTRA URBAN SUPPLY GEOGRAPHY

This chapter gives spatial representation to the changes in public housing stock for each of the six state capital cities using a methodology outlined by Groenhart (2013). Before that analysis there are a few general observations that can be made. The first concerns the geographical spread of public housing across the cities. In the USA and much of the UK public housing is spatially concentrated in large estates, most notably in the inner city, but in the UK also in selected fringe urban areas. This is one reason why spatial disadvantage in these countries tends to be much worse than in Australia. In these other countries, public housing concentrates poor households into very localised areas, which tends to produce an environment with high rates of social dysfunction, including vandalism, crime, and low rates of educational and employment participation (Husock 1997). For example, Bronzeville in Chicago's South Side had 4417 dwelling units on one high-rise estate (Robert Taylor Estate) which at its peak in the 1970s housed 27 000 persons (Alladi 2002). Australia has never had estates of this size and certainly not in the form of high rise.

The second general point to note is that the degree of spatial dispersion of public housing stock is variable across the cities, with Perth, Sydney, and Hobart having much lower proportions of public housing in inner and middle ring suburbs and much more on the fringe. By contrast, Melbourne has a much higher concentration in the inner and middle ring suburbs and much less on the urban fringe. Adelaide and Brisbane have a more even spread. The reasons for these patterns, given the longevity of bricks and mortar and the relatively small additions to stock in the last 20 years, are historical, tracing back to development decisions in the 1960s and 1970s. Broadly, they relate to differential land costs (Sydney inner city prices were much higher than elsewhere), the emphasis on inner city slum clearance (pursued more vigorously in Melbourne than elsewhere), different assumptions of industry and employment growth (it was assumed such growth would be on the fringes in Sydney), the low hanging fruit argument of building new housing where there was little public resistance (e.g. in the outer urban areas of Perth and Sydney), and local geography (Hobart and Sydney having more physically constrained environments) (see Neutze 1977; Howe 1988; Troy 2012).

While not the focus of this paper, the following review of the location of public housing within the capital cities, and changes therein over time, does raise debates about where public (indeed social housing) should be located in the future. Significantly few of the strategic plans for our metropolitan cities make specific reference to public or social housing although arguably it is swept up in the often tokenistic discussions of affordable housing. There are major tensions in public asset management decisions about new build, sale, purchase or redevelopment. Financial drivers might suggest selling high value stock in the inner and middle ring suburbs or public private partnerships for estate redevelopment in such areas. But this may result in loss of stock in areas with the greatest public transport accessibility and employment opportunities. The same drivers might lead to new construction or purchase on the fringe where land is cheapest but this means locating low-income households in areas of spatial disadvantage, or where the private sector is concentrating low cost rental stock, with the risk of concentrations of poverty. At the time of writing, there is little evidence of an asset strategy dealing with this long-term issue.

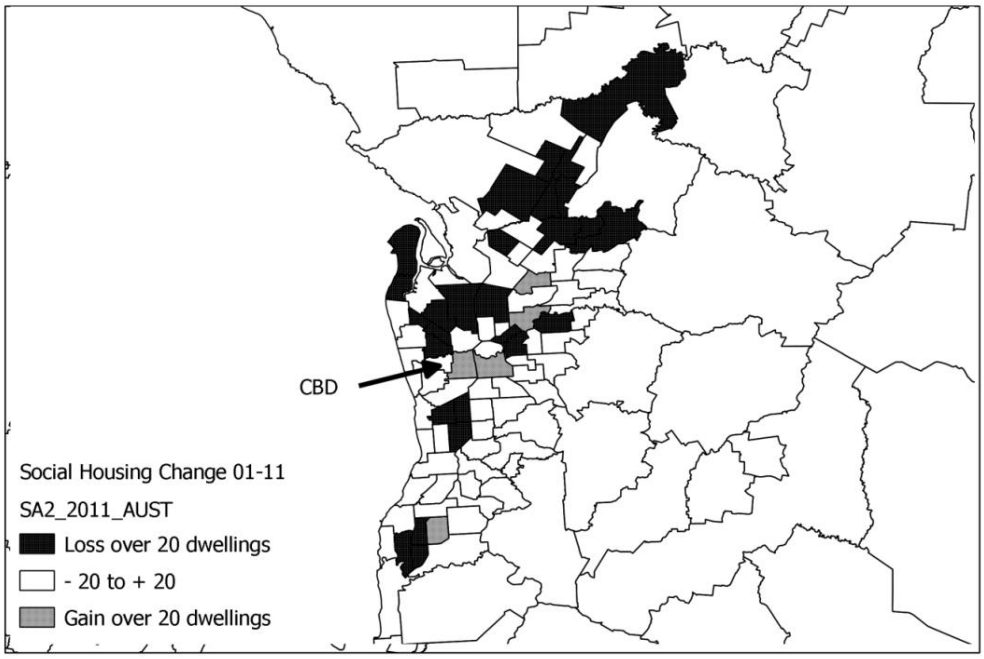
Figure 11: Social housing as percentage of total housing stock, Adelaide, 2011



Source: ABS, Census of population and housing, 2011; Scale 1:175 000

Looking at the individual cities and starting with Adelaide (Figure 11), we note the broad spread of public housing across Adelaide, although with a weight to the northern suburbs and with a good proportion of the stock well located in relation to the CBD and the inner city. However, turning to Figure 12 and consistent with the high rate of forced sales in South Australia, there has been widespread loss of stock. The losses in the 10 years between 2001 and 2011 were from areas that had quite high concentrations of public stock (in some cases where the latter represented 20–29% of total stock) and because they have been broadly spread still means (setting aside issues of absolute shortages of public stock) that there is still relatively good client choice in Adelaide.

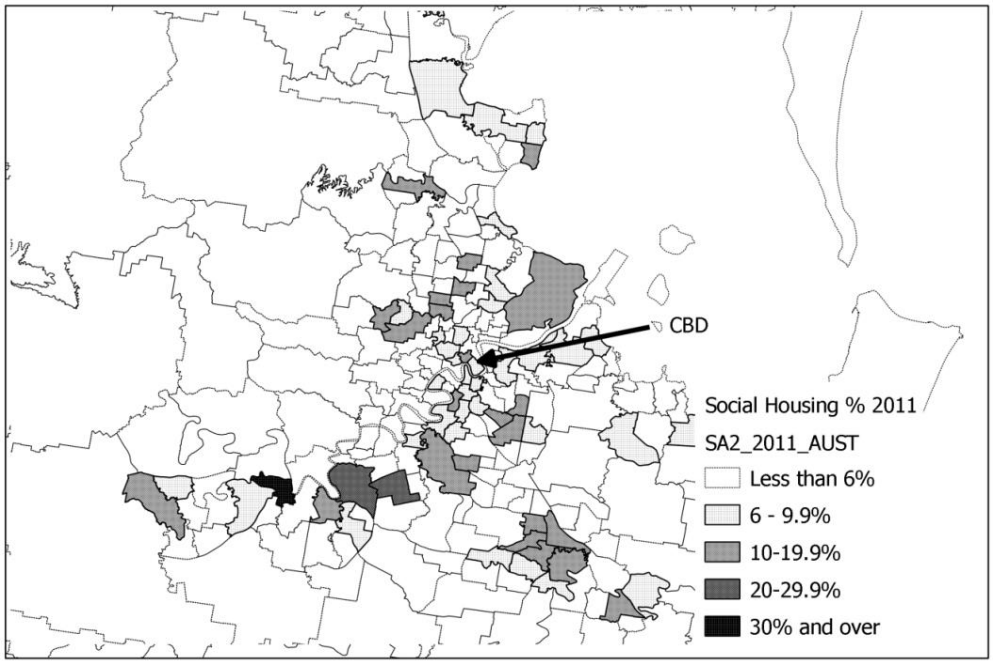
Figure 12: Change in social housing stock numbers, Adelaide, 2001–2011



Source: ABS, Census of population and housing, 2001, 2011; Scale 1:175 000

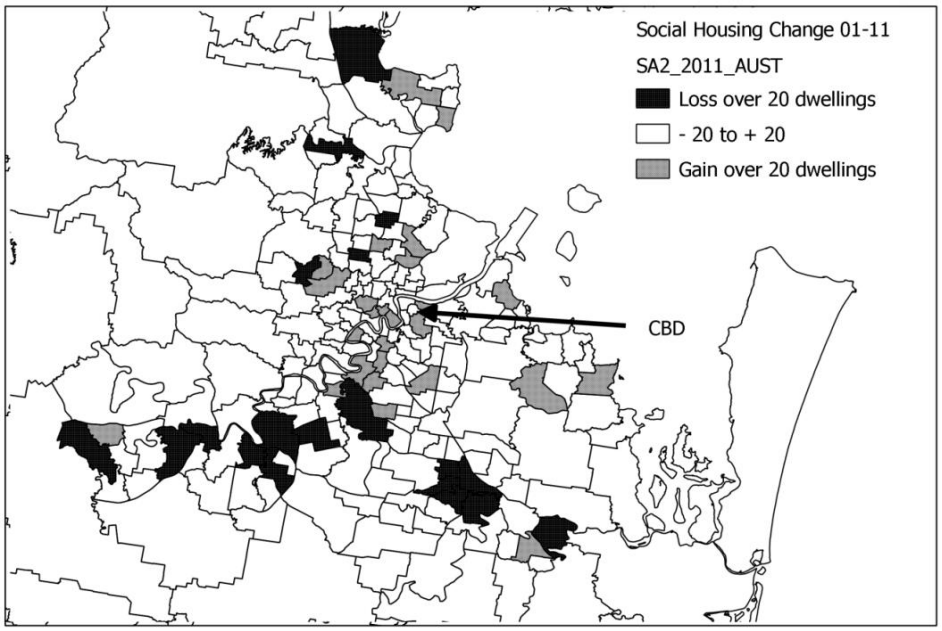
In Brisbane public housing, as it is in Adelaide, is fairly well dispersed (Figure 13 below) with only one area having a concentration in excess of 30 per cent of total stock. Figure 14 shows the changes in stock over the period 2001–2011, revealing a pattern very different from other cities. The losses in stock occurred in more outer suburbs, while there were increases in the more inner areas, including locations proximate to the CBD. Linking this back to the much higher rates of growth in Brisbane of one and two-bedroom dwellings it would appear that, for whatever reason, the Queensland jurisdiction has been able to re-profile its stock to smaller and more centrally located dwellings more easily and effectively than other jurisdictions.

Figure 13: Social housing as percentage of total housing stock, Brisbane, 2011



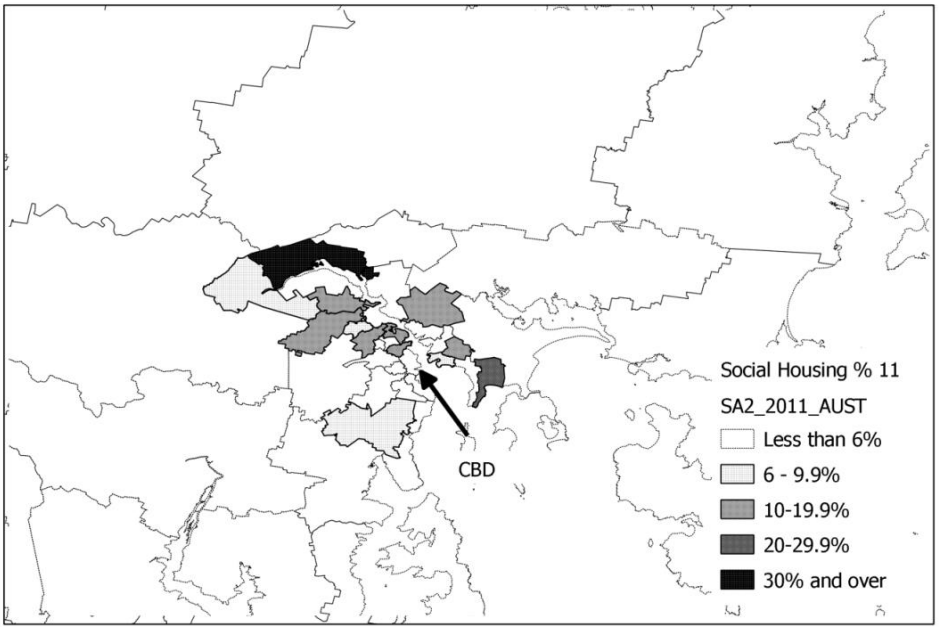
Source: ABS, Census of population and housing, 2011; Scale 1:175 000

Figure 14: Change in social housing stock numbers, Brisbane, 2001–2011



Source: ABS, Census of population and housing, 2001, 2011; Scale 1:175 000

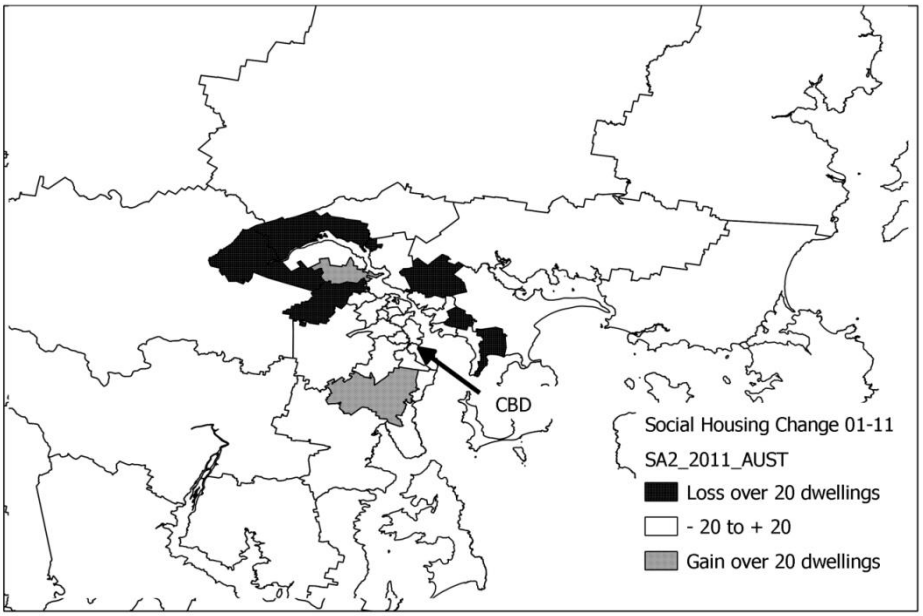
Figure 15: Social housing as percentage of total housing stock, Hobart, 2011



Source: ABS, Census of population and housing, 2011; Scale 1:175 000

Hobart's public housing is dispersed toward the outer edges of the city, with the highest concentration (Bridgewater) the furthest from central Hobart (Figure 15). Although Bridgewater's 19kms from the CBD is insignificant compared to the 42kms separating Campbelltown from the Sydney CBD, distance is a relative and in a small city such as Hobart (211 000 population) this is a remote location, not made any better by the absence of fixed line public transport. Other areas of public housing concentration in Hobart are more accessible. Figure 16 below which charts stock changes over time, shows that the more accessible areas appear to have been left out of any re-profiling of stock through sales or transfers. Re-profiling has instead occurred in the more outer locations, including Bridgewater.

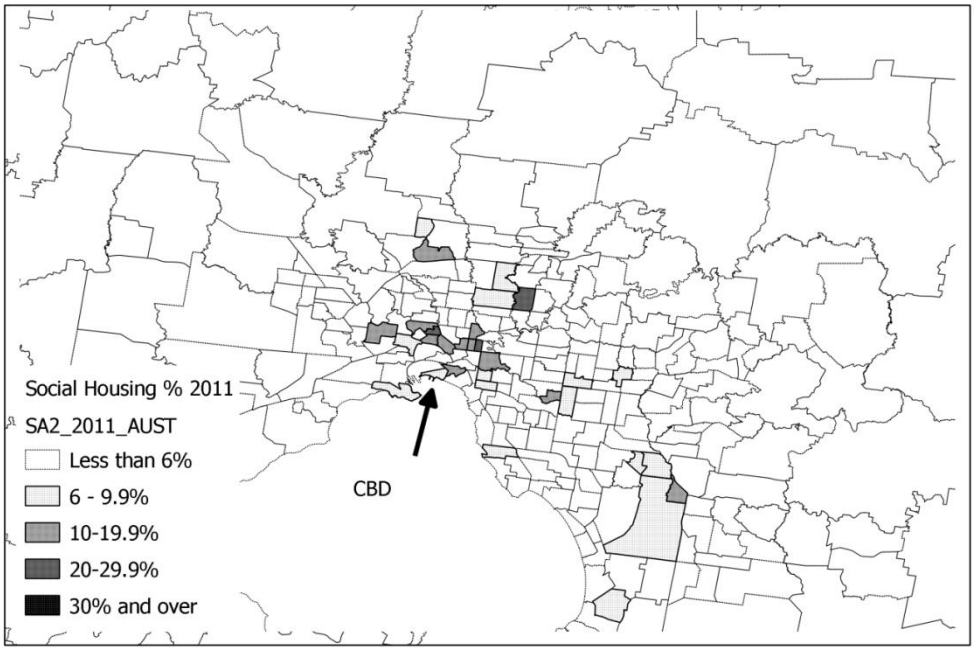
Figure 16: Change in social housing stock numbers, Hobart, 2001–2011



Source: ABS, Census of population and housing, 2001, 2011; Scale 1:175 000

Melbourne's public housing is concentrated in the inner and middle ring suburbs of the metropolitan area, with a few outliers towards the edges of the city (Figure 17 below). The latter include Dandenong (south east) and Broadmeadows (north west), areas which historically were located adjacent to large scale and growing manufacturing estates and which, at least in the case of Dandenong, have gone into a decline since the 1970s. There are large swathes, notably to the east, where there is very little public housing at all, although there are spot purchased dwellings dotted across many suburbs that do not show up on the map. Melbourne does have a few areas with high concentrations of social housing, notably in the inner city where the high-rise estates are located, and in the middle ring suburbs to the north, including Heidelberg West, the estate originally built as the 1956 Olympic village site.

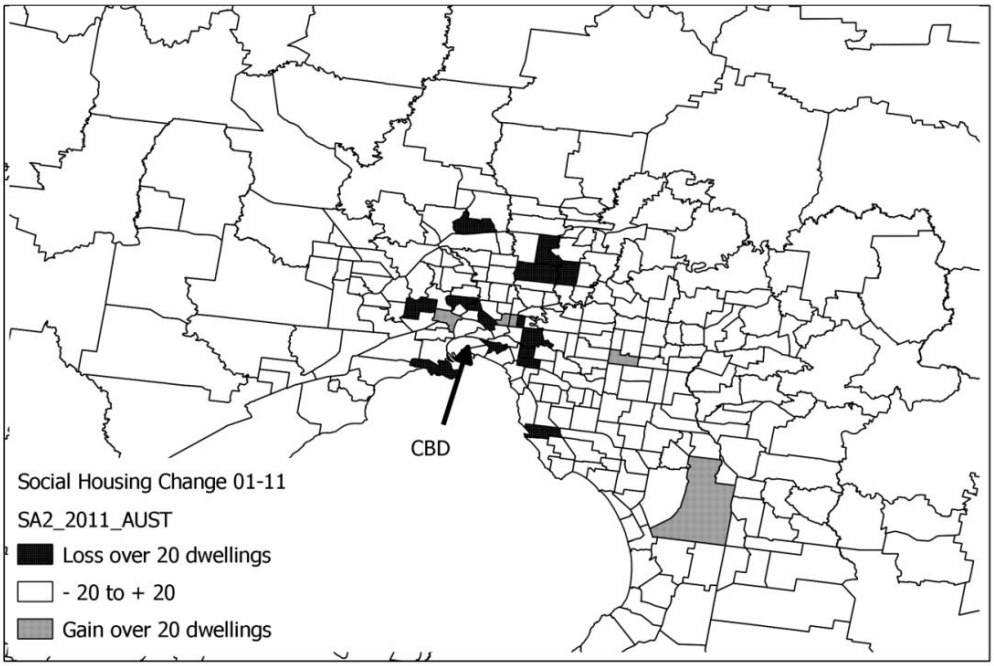
Figure 17: Social housing as percentage of total housing stock, Melbourne, 2011



Source: ABS, Census of population and housing, 2011); Scale 1:175 000

The areas in which losses have taken place (Figure 18 below) are fairly widespread, although there is a concentration of stock reduction in Heidelberg. Gains are more limited to specific areas in the south east (where land is cheapest) and some middle suburbs where multi-unit development or redevelopment has taken place.

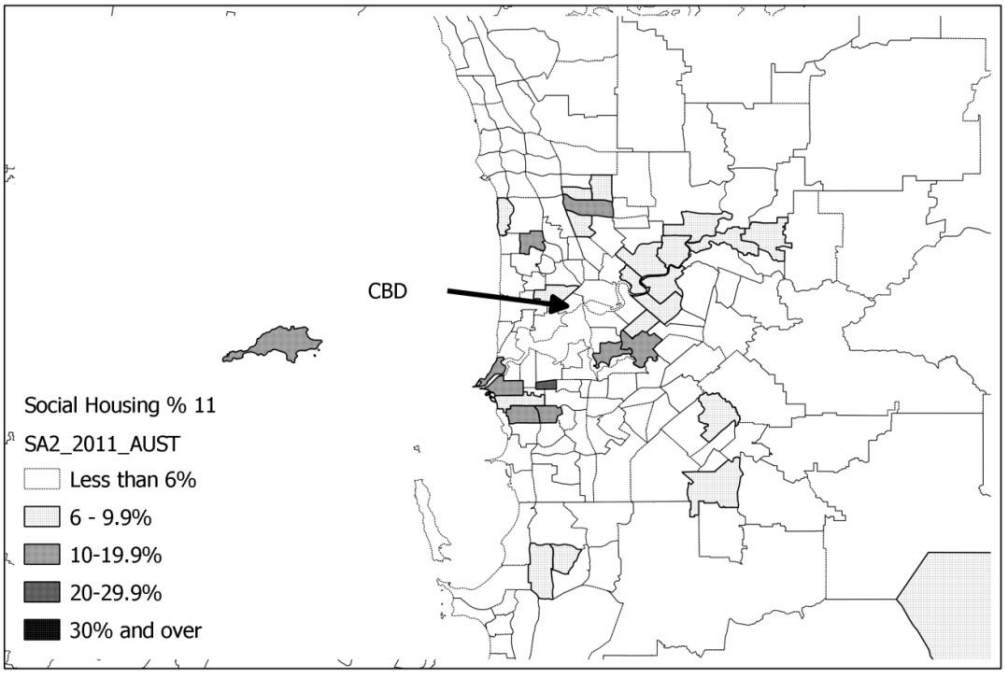
Figure 18: Change in social housing stock numbers, Melbourne, 2001–2011



Source: ABS, Census of population and housing, 2001, 2011; scale 1:175 000

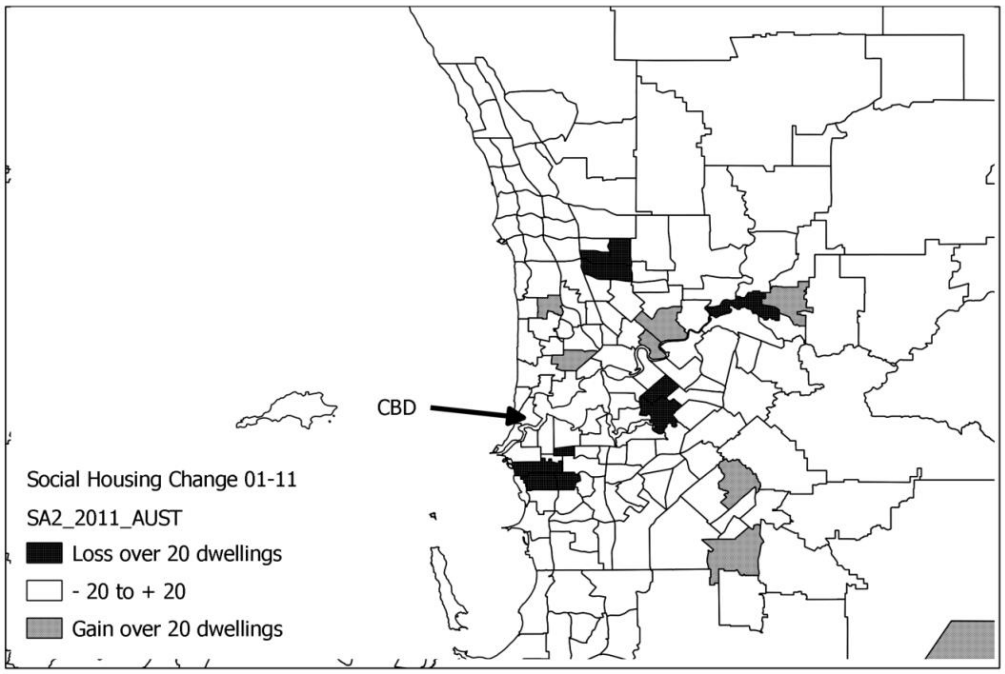
The pattern of public housing provision in Perth is different to that of the other capital cities, with a much larger proportion in outer suburbs and relatively little in close proximity to the CBD and inner city. No areas within Perth have concentration in excess of 30 per cent of all stock (Figure 19 below). Areas of stock loss (Figure 20) are generally in the more outer areas, but so are the gains, suggesting re-profiling of stock has done little to address the relative shortage in more inner areas. Inner locations have the greatest employment opportunities and better public transport than outer locations, although the bus system tends to be more effective as a transit system in Perth than in other cities (Mees & Groenhart 2013).

Figure 19: Social housing as percentage of total housing stock, Perth, 2011



Source: ABS, Census of population and housing, 2011, scale 1:175 000

Figure 20: Change in social housing stock numbers, Perth, 2001–2011

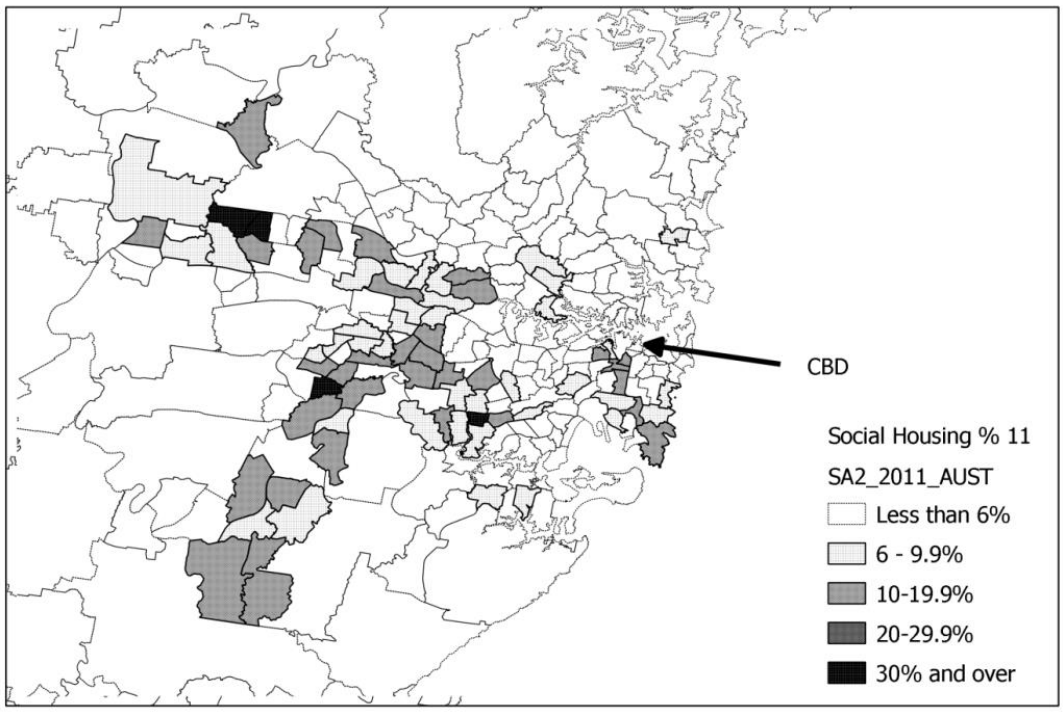


Source: ABS, Census of population and housing, 2001, 2011, scale 1:175 000

For Sydney, social housing is located in the inner city to the south of the CBD, in middle suburbs such as around Parramatta, and in large corridors to the west and south east (Figure 21 below). Figure 22 shows areas where re-profiling has occurred. Areas of stock reduction included Minto and Bonnyrigg, both estate renewal locations in outer suburbs. Other places experiencing significant reduction include the inner city suburbs of Waterloo and Glebe. Stock increases were modest compared to losses, and these increases occurred adjacent to areas of outer suburban stock loss, particularly in the south-eastern corridor. This suggests that while

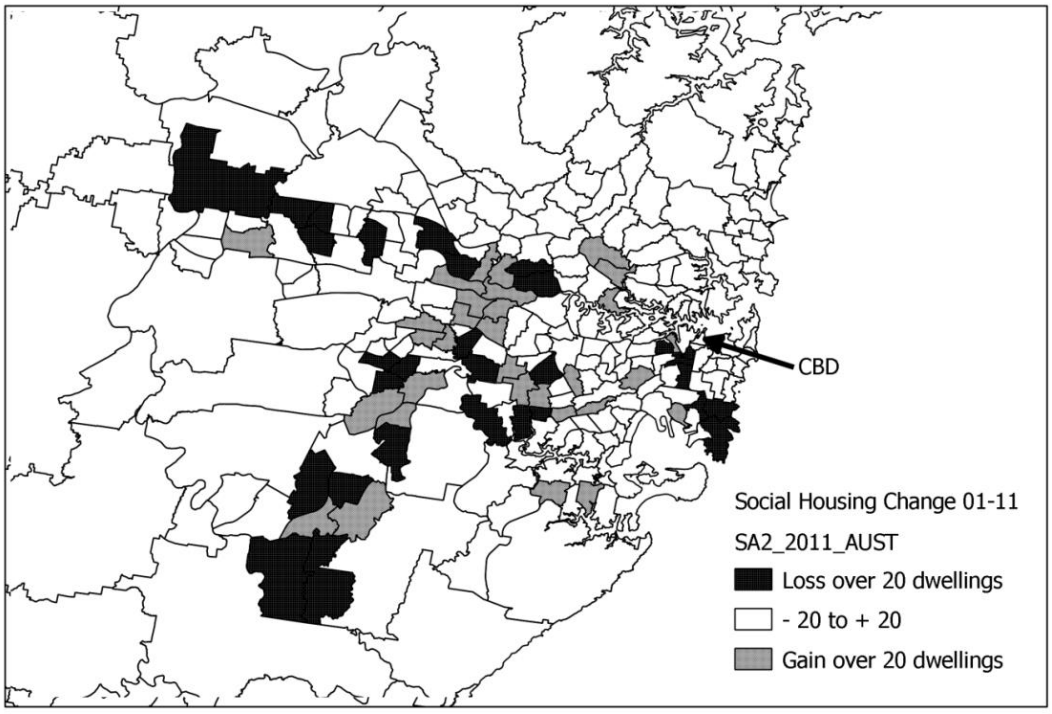
the location of outer urban social housing may have shifted marginally over this period—largely through demolition and transfer of stock to the community housing sector—stock reductions in the inner city have not been offset by gains in adjacent suburbs.

Figure 21: Social housing as percentage of total housing stock, Sydney, 2011



Source: ABS, Census of population and housing, 2011, scale 1:175 000

Figure 22: Change in social housing stock numbers, Sydney, 2001–2011



Source: ABS, Census of population and housing, 2001, 2011, scale 1:175 000

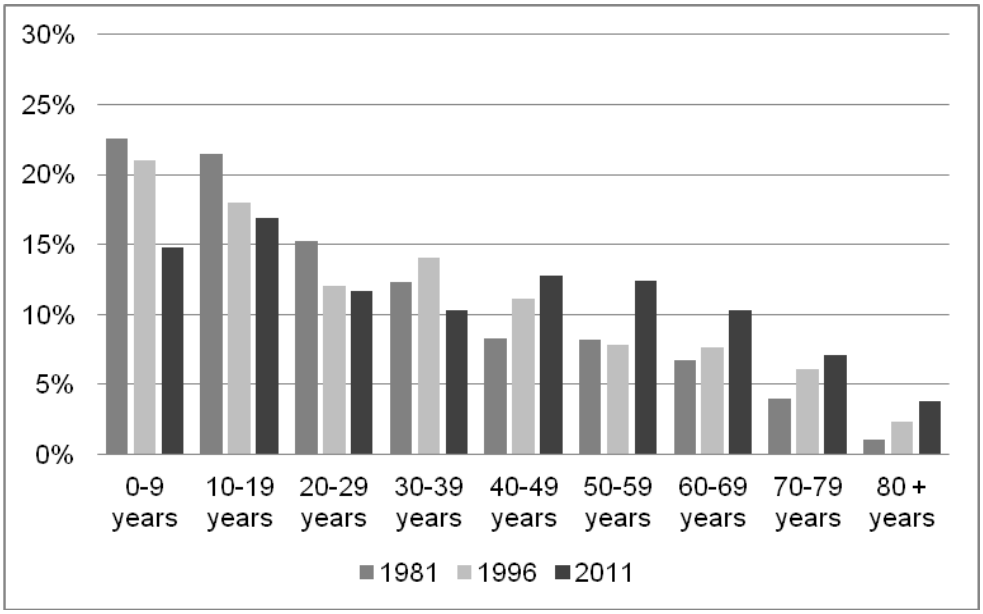
Reviewing the changes in social housing stock, the picture is one without clear pattern. With the tendency towards much higher land costs in the inner and middle rings of Australian cities, one possible outcome of the changing spatial nature of public housing could have been sales of inner city stock and new purchase or construction in the more outer suburbs. There is no evidence of this however. In fact, if there is any shared trend, it is one of greater loss of stock in the more outer areas. The likely explanation for this links back to issues of estate renewal and social mix as discussed in Section 2.2.4. It would appear that the estates that public housing agencies decided were the most problematic in terms of concentrations of disadvantage and lack of social mix were some of the larger outer urban estates. Thus these were targeted for renewal and associated stock loss.

5 WHO ARE THE TENANTS? HOUSEHOLD ATTRIBUTES

We now switch the discussion from trends in supply to those of consumption, examining who lives in public housing and how this has changed over time. While some of the changes are a reflection of those occurring in the wider Australian society, for example, the ageing of the population, most are associated with the set of contextual factors, such as greater targeting, outlined in Chapter 2.

5.1 Age of residents

Figure 23: Age profile of residents in public housing, Australia, 1981, 1996 and 2011



Source: ABS, Census of population and housing, 1981, 1996 and 2011

The ageing of the population is a key demographic trend in Australia (see, e.g., the Intergenerational Report 2010 (Australian Treasury 2010)). This is reflected in the changing age profile of public rental tenants from 1981 to 2011 (see Figure 23 above). Two clear shifts are shown. First, a reduction in the proportion of children and younger people (up to age cohort 30–39), then an increase in each age cohort from 40–49 onwards, especially in the 50–59 year age group from 1996 to 2011. Such an increase could come about in two ways: (1) older households on pension and benefits who have found private rental too unaffordable and have applied for public housing, and (2) households ageing in place, given that for the bulk of this period security of tenure in public housing normally meant life tenure. Table 6 below, which shows the age profile of public housing residents in each capital city, suggests the latter is the more important reason. For example, the 60–69 age cohort would have been 30–39 year-olds in 1981. In Brisbane, Melbourne and Sydney the proportion in the younger 30–39 cohort is remarkably similar, albeit slightly lower, to that in the 60–69 age cohort in 2011. In Adelaide, Perth, and Hobart, the 60–69 cohort in 2011 comprises a larger percentage than the 30 years previous cohort, implying that both an ageing in place and new allocations processes have been operating. The relative large proportions in the 40–49 age cohort (around 13% in all cities, and even higher in Adelaide, compared to 6–9 per cent in 1981, indicates a large increase in the 60 plus cohorts over the next two decades. This raises major questions about stock numbers and appropriateness (e.g. adequacy of heating and cooling, adaptation for disability) and support services, particularly for older persons who have limited family for friendship support.

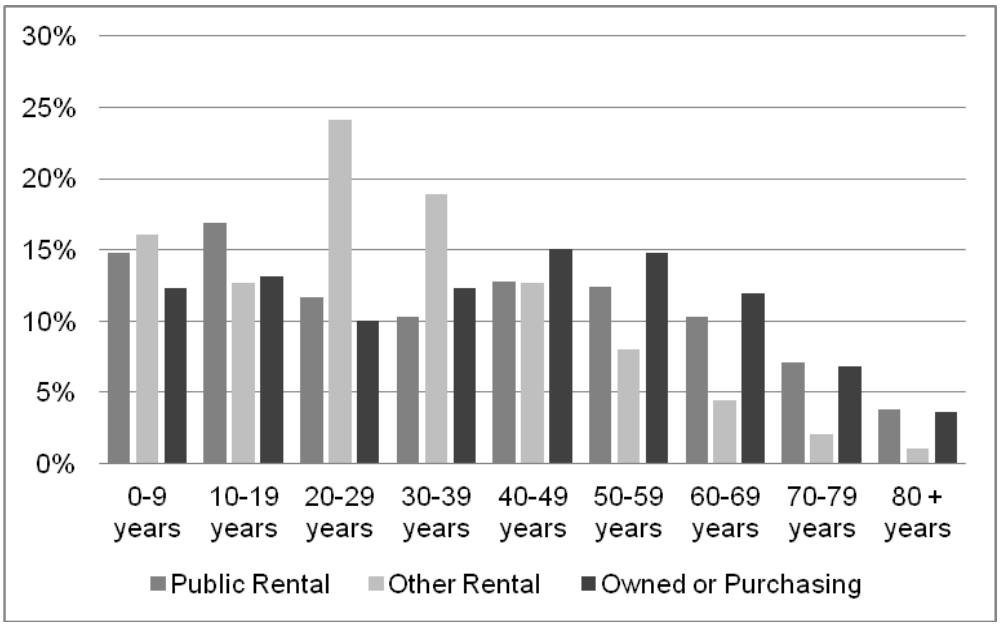
Table 6: Age profile of residents in public housing, capital cities, 1981, 1996 and 2011

GCCA		0–9 years	10–19 years	20–29 years	30–39 years	40–49 years	50–59 years	60–69 years	70–79 years	80+ years
Brisbane	1981	26%	23%	15%	12%	8%	7%	5%	3%	1%
	1996	25%	19%	12%	15%	10%	7%	6%	4%	2%
	2011	15%	18%	11%	10%	13%	12%	11%	7%	3%
Sydney	1981	21%	22%	13%	13%	9%	9%	8%	5%	1%
	1996	19%	19%	11%	13%	12%	9%	8%	7%	3%
	2011	11%	16%	11%	9%	13%	14%	12%	9%	5%
Melbourne	1981	20%	21%	14%	12%	8%	8%	9%	6%	2%
	1996	18%	18%	13%	14%	11%	8%	8%	7%	3%
	2011	14%	17%	13%	10%	13%	12%	10%	7%	4%
Adelaide	1981	18%	20%	15%	11%	8%	11%	10%	5%	1%
	1996	16%	14%	12%	14%	12%	9%	10%	9%	3%
	2011	9%	13%	10%	10%	15%	15%	13%	9%	6%
Perth	1981	21%	22%	14%	10%	9%	10%	8%	5%	1%
	1996	18%	17%	11%	12%	11%	9%	10%	8%	3%
	2011	14%	16%	10%	10%	11%	12%	12%	10%	5%
Hobart	1981	28%	19%	19%	11%	6%	6%	6%	4%	1%
	1996	23%	18%	13%	14%	11%	7%	6%	5%	2%
	2011	16%	17%	12%	11%	13%	13%	10%	6%	3%

Source: ABS, Census of population and housing, 1981, 1996 and 2011

Figure 24 below compares the age profile of residents in public rental to those in other rental and owner occupied housing in Australia in 2011. This illustrates that, although the age profile of those in public rental has become older over the last 30 years, in 2011 public rental still housed a higher relative proportion of children and young people than owner occupied housing. Overall, however, the age cohort pattern of public housing was broadly the same as that for home ownership. The 'other rental' tenure (largely the private rental sector) was the odd one out, with very high percentages in the 20 to 39-year cohort and much lower proportions in the 50 plus age groups. This suggests that, at least for this study period, home ownership and public housing have broadly similar roles. Both provide relatively secure accommodation and affordable accommodation, although for very different income groups, whereas private rental plays a more transitory role for those hoping to move to other tenure sectors. Recent reforms such as the introduction of short term tenancies in public housing indicate a pathway to converting public housing into something more like private rental. Given the inherent problems of this sector (Hulse et al.2012; Hulse et al. 2011) and the need for housing stability in people's lives, questions can be raised about the potential recasting of the public housing role.

Figure 24: Age profile of residents by type of tenure, Australia, 2011

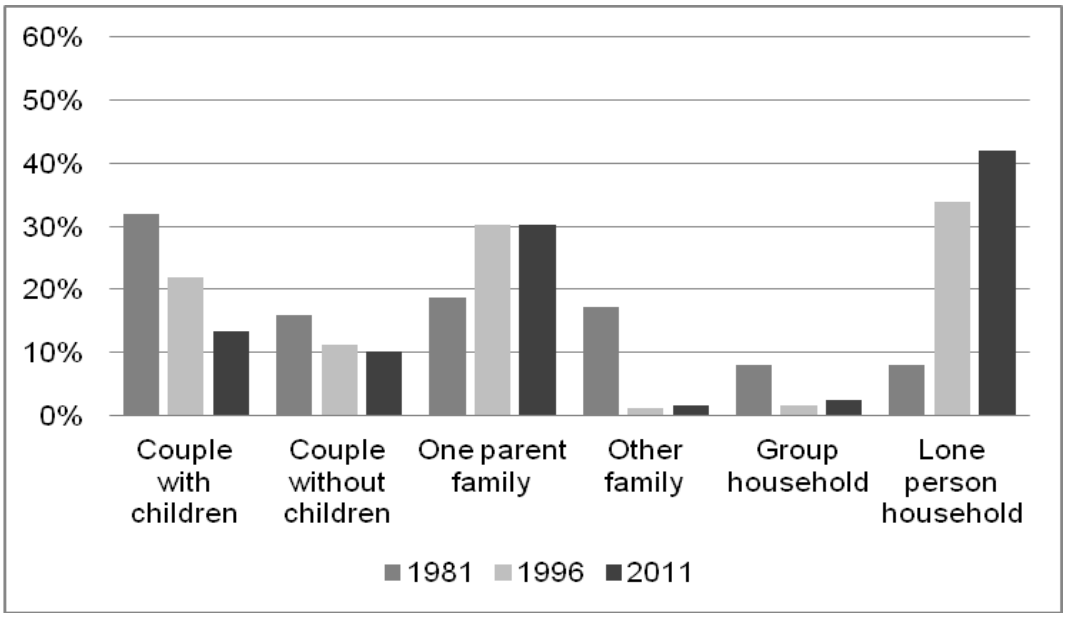


Source: ABS, Census of population and housing, 2011

5.2 Household type

A change in household type could be expected on the basis of changes in allocations policy over the three decades. Targeting is likely to draw into the allocations net those with multiple disadvantage and the severest affordability problems. This is less likely to be a family made up of a couple and two children, and more likely to be singles (their disadvantage often precluding strong relationships) or one-parent families (sometimes the victims of domestic violence and also facing the affordability problems inevitable when there is one income and rental market discrimination). Not surprisingly, among public housing residents nationally, the percentage of couples with children has fallen dramatically, from more than 30 per cent to just over 12 per cent, while that of lone persons has soared from less than 10 per cent to over 40 per cent (see Figure 25 below). Another trend revealed by Figure 25 is that the growth in single-parent families in public housing was a phenomenon of the period 1981 to 1996, as their proportion has stabilised subsequently. More generally, the bulk of these household changes occurred before 1996 so that the even greater targeting post-1996 only accentuated an existing trend rather than creating a new one.

Figure 25: Household type of residents in public housing, Australia, 1981, 1996 and 2011



Source: ABS, Census of population and housing, 1981, 1996 and 2011

Looking at the capital cities (see Table 7 below) there are some marked variations. Brisbane and Hobart had the highest proportions of households comprising a couple family with children in public rental in 1981 (30 and 33% respectively) and have therefore experienced the biggest decline over the 30-year period. The increase in lone person households occurred in all cities, with Melbourne having the highest proportion of this household type in 1981 (33%) compared to the lowest in Brisbane (17%). Subsequently, growth in this household type in Melbourne has been much less than in other cities, so that in 2011 it had the second lowest proportion of lone person households (42%). By contrast, the proportion of lone person households has almost doubled in Adelaide, from 24 per cent to 52 per cent of all in public housing. While there has been little growth in single-parent families in any of the cities post-1996, Sydney actually experienced a small decline between 1996 and 2011 in this household type.

Table 7: Household type of public housing residents, by capital cities, 1981, 1996 and 2011

GCCA		Couple with children	Couple without children	One parent family	Other family	Group household	Lone person household
Brisbane	1981	30%	10%	21%	15%	7%	17%
	1996	27%	8%	34%	1%	1%	29%
	2011	13%	9%	33%	1%	3%	41%
Sydney	1981	24%	13%	14%	13%	9%	26%
	1996	21%	11%	31%	1%	2%	35%
	2011	12%	11%	29%	2%	2%	44%
Melbourne	1981	20%	12%	15%	12%	8%	33%
	1996	20%	9%	32%	2%	2%	35%
	2011	12%	8%	33%	2%	3%	42%
Adelaide	1981	21%	21%	15%	11%	7%	24%
	1996	15%	15%	23%	1%	2%	43%
	2011	9%	12%	23%	2%	3%	52%
Perth	1981	19%	16%	20%	13%	8%	24%
	1996	18%	13%	28%	1%	2%	39%
	2011	10%	11%	28%	1%	3%	48%
Hobart	1981	33%	9%	19%	11%	6%	21%
	1996	23%	9%	30%	1%	2%	36%
	2011	12%	8%	32%	1%	3%	44%

Source: ABS, Census of population and housing, 1981, 1996 and 2011

Such changes in household composition assume greater importance when one takes into account the relative fixity of dwellings. Housing stock cannot be re-profiled overnight to better match dwelling type with household type; this is even more problematic with public housing, which faces greater funding constraints and development hurdles, including resident opposition. Comparing the household attributes shown here with the stock attributes described previously in Section 3.3 highlights some interesting points. For instance, Adelaide, despite having a higher proportion of lone-person households (comprising 52% of those in public housing), actually has a much lower proportion of bedsits and one-bedroom dwellings (representing just 13% of public stock in 2011) than any other capital. This means that most lone persons must be accommodated in a larger dwelling. Furthermore, compared to some other cities, Adelaide has done little by way of re-profiling the stock: there was just a 2 percentage point increase in bedsit and one-bedroom stock in the 30 years between 1981 and 2011. By contrast, over the same period, in Brisbane the figures rose from 8 per cent bedsits and one-bedroom units to 24 per cent, despite there being fewer lone-person households. In Melbourne too, much less has been done to reduce the stock of three-bedroom dwellings (which fell from 41% to 35%) compared to Brisbane, where this has dropped from 68 per cent to 43 per cent of total stock. This is despite both cities having in 2011 very similar percentages of households (couple with children, other family and one-parent families) requiring 'family' style accommodation. Re-profiling of three-bedroom stock was not as marked in Melbourne and Sydney as elsewhere partly because these cities included higher proportions of large families, thus requiring fairly large dwellings.

Census data cannot provide explanations as to why these differences have occurred, but the data do raise questions about the different drivers of asset management and allocations decisions over this period; clearly state housing authorities reacted quite differently in terms of policy responses to the same demographic pressures.

Perhaps more importantly, given the dominance of three-bedroom stock and the benefit of hindsight, there is the question of whether targeting in the public sector was the most appropriate strategy to deal with the housing needs of smaller family types, particularly singles. As Section 3.1 showed, many families still had 'affordable' housing needs over these years and would have been eligible for public housing if affordability and appropriateness had been the key allocation criteria, rather than greatest need. Creating greatest need criteria effectively meant that low-income families never had the same opportunities for access to public housing and were progressively displaced as applicants from social housing, being replaced disproportionately by lone-person households. This destined many families to the insecurity and high costs of private rental, perhaps affecting the stability of such families and their educational and employment opportunities.

It could be argued that singles may have been better accommodated in the private rental sector where there was already a substantial existing stock of studio, one-bedroom and two-bedroom apartments. This might have required appropriate support arrangements and a restructuring of CRA with higher payments. But such a strategy may have produced a better outcome than diverting hundreds of millions of dollars to public housing stock re-profiling, thereby creating stock that is highly inflexible to future changes in use; a three-bedroom dwelling can accommodate any household type, a one-bedroom cannot!

5.3 Household income

Changes in the household income of public housing tenants can have implications for the tenants themselves and for the public housing system. The major factors shaping the overall level of income of public tenants is targeting, and relatedly, the degree to which tenants income derive from labour market participation or from government benefits.

Figure 26 below shows median household income of public tenants in Australia from 1991 to 2011 with the data in both nominal and 2011 real values, the latter indexed by a composite of the ABS consumer price index and ABS Household Disposable income Index. A composite index is used because (a) many lower-income households are not on pensions and benefits and tend to have income increases higher than the CPI and (b) for part of this period pensions were indexed by the greater of the movement in the Consumer Price Index (CPI) or the Pensioner and Beneficiary Living Cost Index (PBLCI) (Parliamentary Library, 2014). Comparable 1981 census household income data was not available.

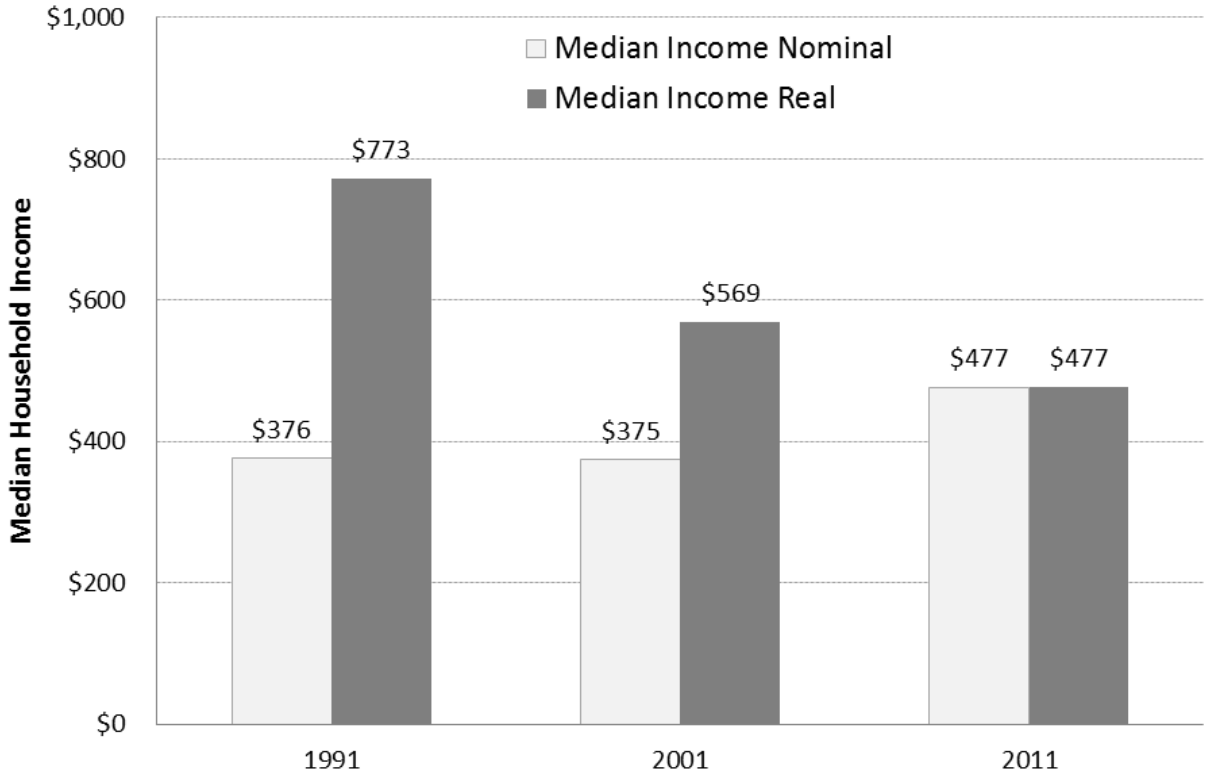
Figure 26 shows that in constant 2011 prices the 1991 median income of the household head in public housing for Australia in 1991 was $773 per week compared to $477 in 2011, a fall of 43 per cent. This highlights the effect of targeting and the shift toward much smaller household types with their smaller incomes.

In 1991, total public housing rent receipts (Industry Commission 1993, p.32) were equivalent to 17.5 per cent of the aggregated median incomes of all public tenant households for that year. By contrast, in 2011 rental receipts (Productivity Commission 2014, Table 17.A5) were equivalent to 25.5 per cent of the aggregated household incomes for all 324 000 occupied properties in 2011.

This reinforces the findings of Hall and Berry (2007) as to the lack of sustainability of public housing financial relationships. Where housing agencies could largely compensate for the change in tenant profile and associated reduction in household income by increasing rents over the last 20 years, this is no longer a real option. Rents have been pushed up to a level at or beyond what many consider the upper limits of affordability for low to moderate-income

households not only in Australia but internationally (Stone et al. 2011, ch.3). Moreover, if a residual income method of affordability measurement is used, that is one which factors in how much is required to live on after paying rent, a large proportion of public tenants are already in financial stress with a 25 per cent rent (Burke et al. 2011 p.50). The long-term trend in public housing income is such that only more external funding can fix the financial sustainability.

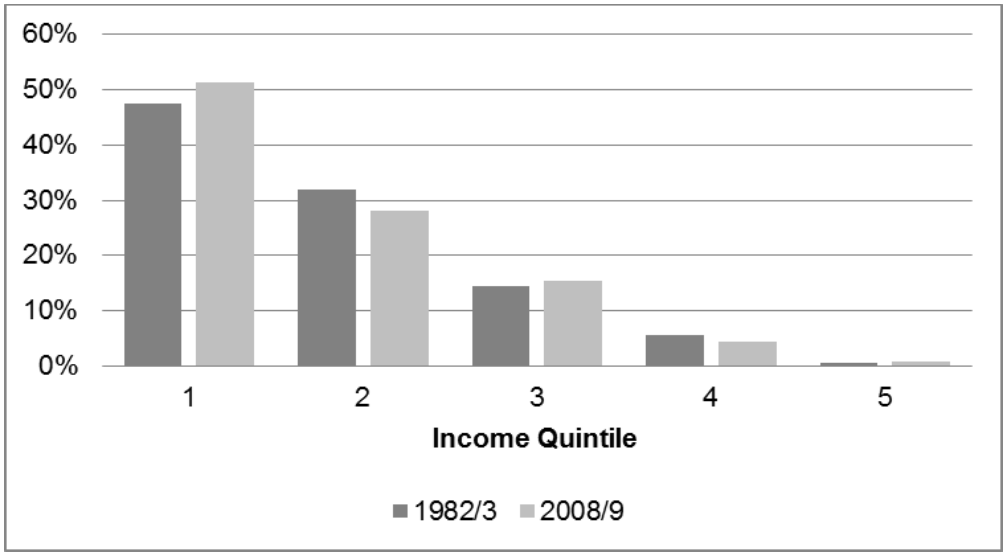
Figure 26: Median household income in public housing, nominal and real (2011 prices), Australia, 1991, 2001 and 2011



Source: ABS, Census of population and housing, 1991, 2001 and 2011

Figure 27 below looks at the income distribution of public housing tenants using ABS Income and Housing Survey data. Reaffirming the targeting point made above, it shows the proportion of tenants who were in the lowest income quintile increased in the period between 1981–82 and 2008–09, while the proportions in the second and fourth quintiles decreased. The third quintile actually increased slightly, probably as a result of larger families receiving a more a generous family allowance in 2009 than in 1982. Targeting, as Figure 25 has shown, greatly increased the number of tenants who were singles and this would mean more households in the lowest quintile of income.

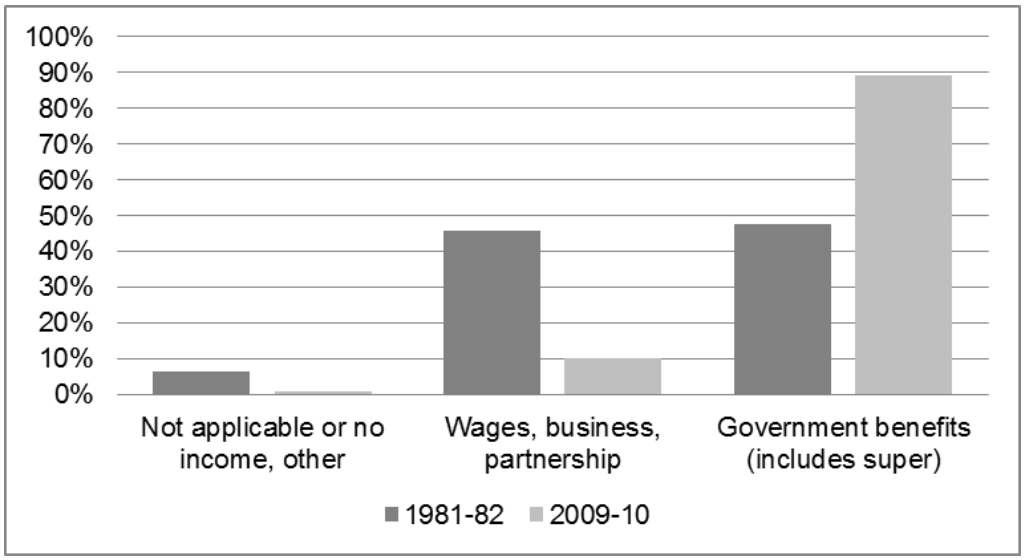
Figure 27: Household income quintiles of residents in public housing, Australia, 1981–82 and 2008–09



Source: ABS, *Income and housing survey*, 1981–2 and 2008–9 (reissue)

Figure 28 below reveals that there has also been a marked increase in households on government benefits and, for sole-person households, these benefits tend to be very low (they get no family allowances). Thus state housing agencies get a double financial cost from targeting: more single-person households, with more of these likely to be on benefits. As Hall and Berry (2007) point out, the income forgone due to the change in households is a major reason for their parlous financial position. In 1981, around 45 per cent of public tenants reported labour market incomes as their main source of income, whether that is from wages or their own business operations, and only slightly more were on government benefits (around 48%). By 2009, those who were on government benefits as the main source of income accounted for nearly 90 per cent of tenants, although many of these could also be working part-time to supplement their government income. These labour force participation rates are a function of the targeting and of the changes to the external environment confronting public housing. One of the major external changes was the restructuring of Australian industry that reduced the type of jobs that public tenants worked in, especially manufacturing.

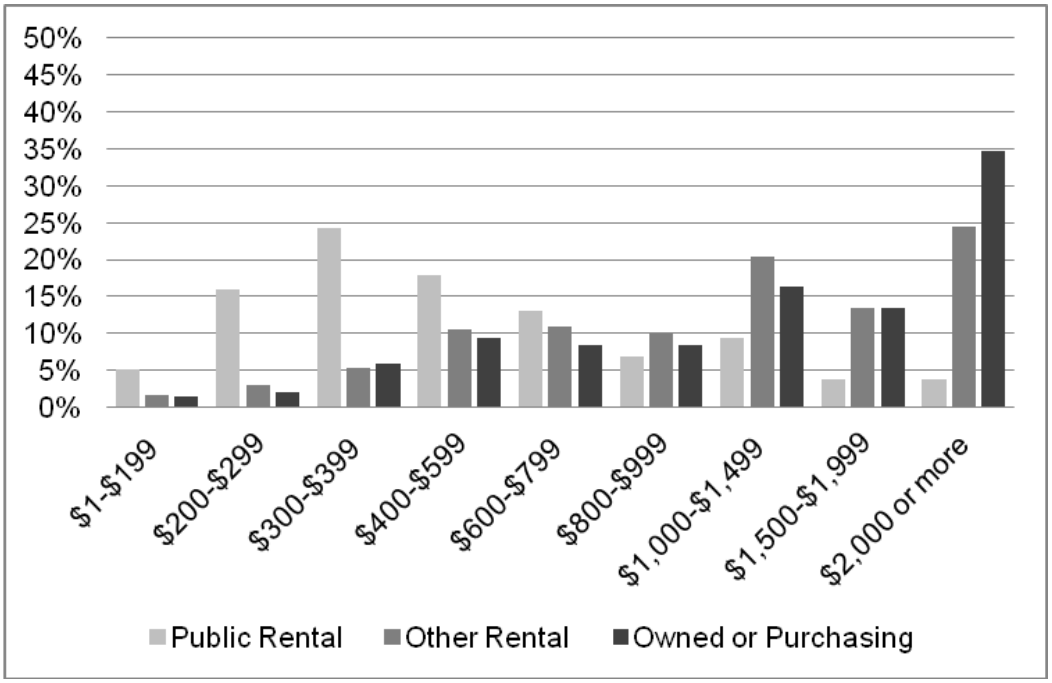
Figure 28: Main income source of public housing residents, Australia, 1981–82 and 2009–10



Source: ABS, *Income and Housing Survey*, 1981–2 and 2009–10 (reissue)

Giving graphic expression to how public housing is now largely the housing sector for the very poor is Figure 29 below, which compares the 2011 income distribution of public housing tenants with those in private rental and in home ownership (the latter combining both outright owners and purchasing). The columns on the left-hand side are the very low income ranges and show the dominance (and importance) of public housing for households on less than $599 a week. Locating public housing in this broader context is an important counter to those who look at public housing and seeing some on higher incomes within it suggest that even more targeting is needed. When compared to other tenures, Figure 29 below demonstrates how dominated by low-income groups the sector is, with the risk that it creates a context for relational poverty. This concept recognises that the factors that generate poverty are not necessarily the characteristics and behaviours of the poor, but are just as likely to be the political and policy practices that limit or exclude a household's ability for full social participation (Mosse 2010, p.1157). By constructing a public housing system so different from the wider housing system, the likelihood is that we are trapping people in positions of disadvantage, not assisting them out of disadvantage.

Figure 29: Household income distribution by type of tenure, Australia, 2011

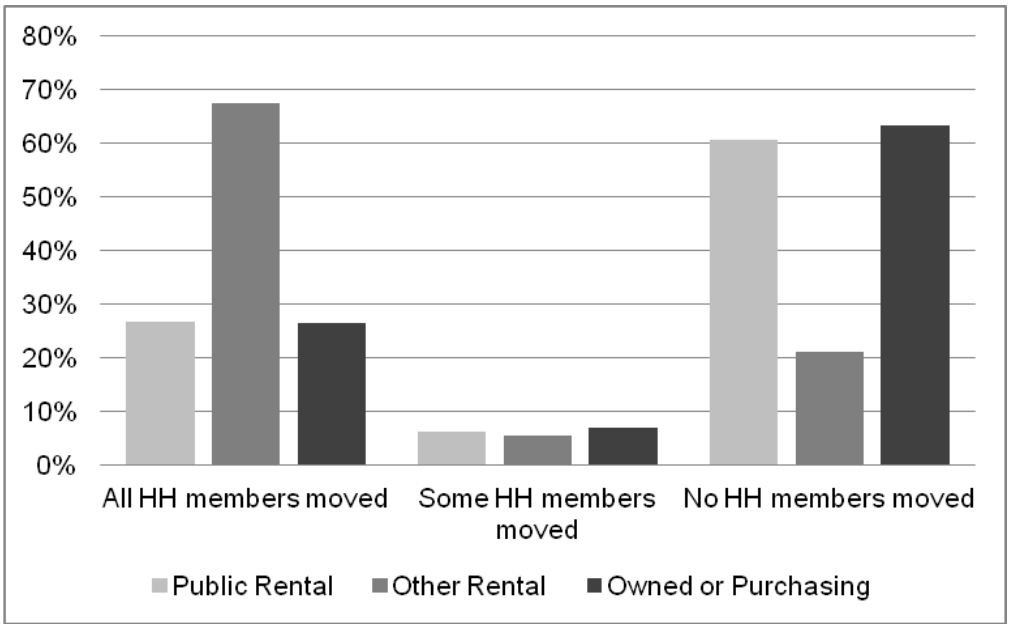


Source: ABS, Census of population and housing, 2011

5.4 Mobility and migration

In Section 4.1, which looked at age profile data, it was observed that public housing was very similar to home ownership in its role in housing particular age groups. Another measure of the role of a housing tenure and how it works is captured in mobility data. The census records whether a household has moved within a five-year period: data for 1996 and 2011 are analysed for this report. Figure 30 below presents the results for 2011. It shows a remarkable similarity between public rental and home ownership, and a very different pattern for private rental; in both ownership and public housing, around 26 per cent of households had moved in the previous five years while in private rental this figure was nearly 70 per cent. This reaffirms the earlier statement that public rental, by providing comparable tenure security to owner occupied housing, creates a more secure living arrangement and less pressures to move. Private rental is a more flexible (and less secure) option and thus creates a context for greater mobility, a theme taken up in some detail in AHURI private rental research (Hulse et al. 2012; Stone et al. 2013).

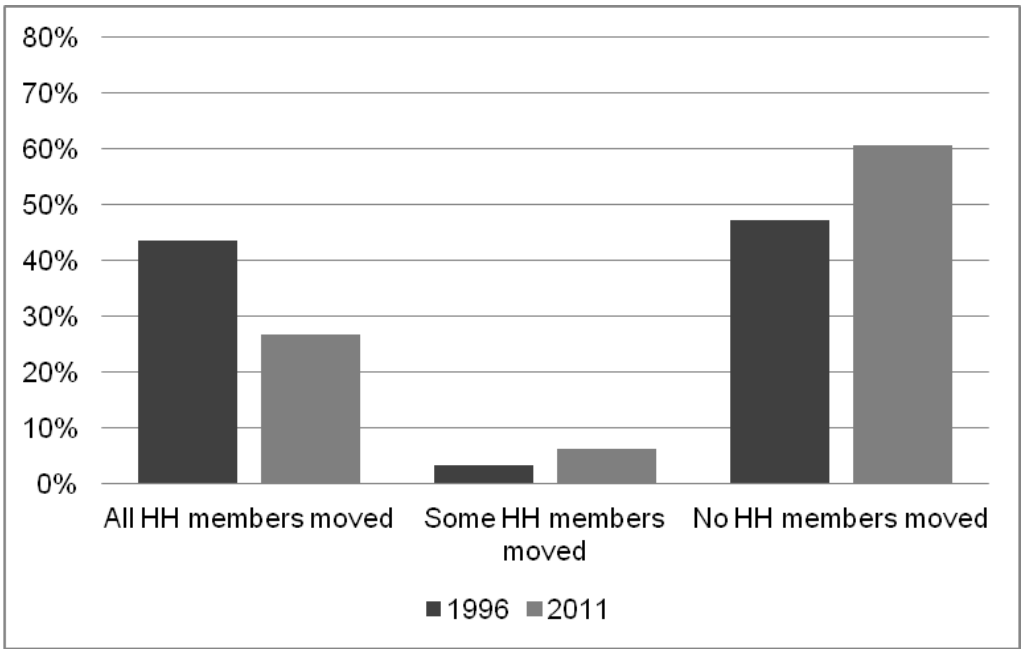
Figure 30: Five-year mobility rates by type of tenure, Australia, 2011



Source: ABS, Census of population and housing, 2011

Figure 31 below focuses on public housing only, and the change from 1996 to 2011, showing quite a marked drop in the rate of mobility in the last 15 years. This is probably a reflection of the tightening of the private rental market as documented by Wulff et al. (2011) and a decline in private market affordability as rents increased substantially, particularly in the 2000s (Hulse et al. 2012). The ability (and desire) of any public tenant to exit into the private rental market in this context would be greatly reduced, meaning a lower rate of turnover and less mobility. The absence of any evidence of improvement at the lower-cost end of the rental market in the future suggests that the lower rates of mobility in public housing are likely to be sustained. This is a major management problem given the size of existing wait lists and current wait times for applicants.

Figure 31: Five-year mobility rates of public housing residents, Australia, 1996 and 2011



Source: ABS, Census of population and housing, 1996, 2011

Table 8: Five-year mobility rates of public housing residents, capital cities, 1996 and 2011

GCCA		All HH members moved	Some HH members moved	No HH members moved
Brisbane	1996	53%	2%	40%
	2011	27%	7%	60%
Sydney	1996	35%	4%	55%
	2011	23%	6%	65%
Melbourne	1996	42%	4%	48%
	2011	22%	7%	64%
Adelaide	1996	40%	3%	52%
	2011	23%	5%	66%
Perth	1996	51%	2%	40%
	2011	32%	5%	56%
Hobart	1996	43%	3%	46%
	2011	27%	5%	62%

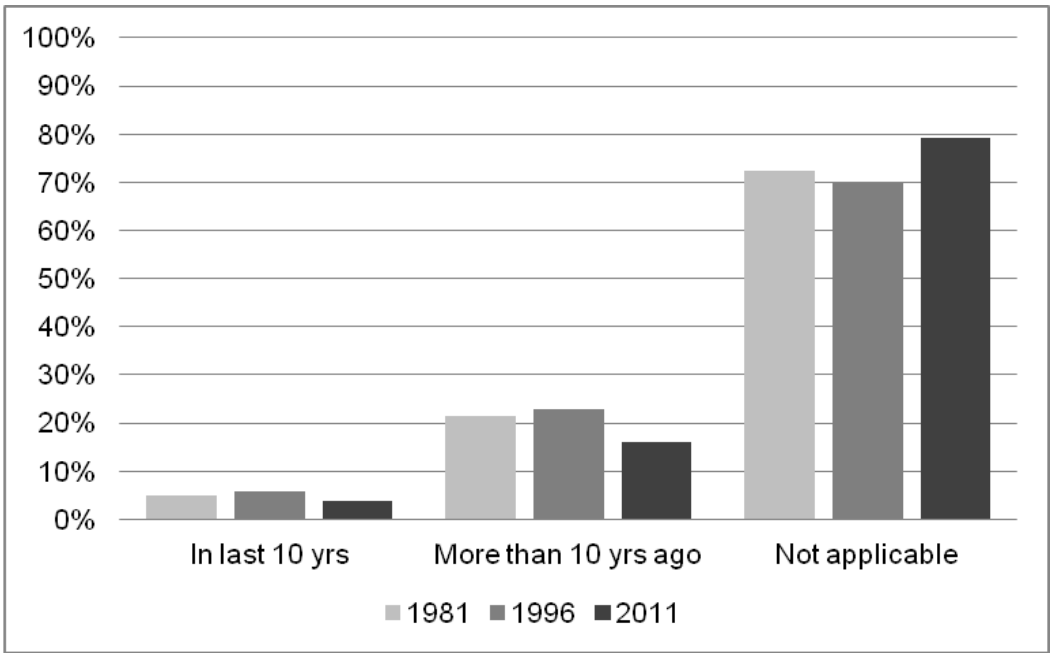
Source: ABS, Census of population and housing, 1996, 2011

The fall in the rate of mobility was reflected at a capital city level, but to varying degrees, in ways which suggest the interrelationships with the wider housing market. As Table 8 shows, in 1996 Brisbane and Perth had the highest public housing mobility rates (over 50%), while mobility was much lower in Sydney (35%). The first two cities had much more accessible and affordable private rental housing markets in the five years preceding 1996, while Sydney had the most expensive. For example, in November 1995 Perth had 84 per cent of two-bedroom units renting for less than $140 (1995 prices), Brisbane 43 per cent and Sydney only 3 per cent (REIA November 2005, p.9). In the same period the vacancy rate in Perth was 5.2 per cent, in Brisbane 5.0 per cent and Sydney 1.0 per cent. The capacity for a public tenant to move into private rental was clearly very different between cities. This data is typical of a longer period as, in the five years preceding the 1996 census, Australian cities (other than Sydney) had vacancy rates well in excess of 3 per cent and often more around 5 per cent.

By 2011, more than 60 per cent of households in each city had not moved in the previous five years, compared to between 40 and 50 per cent of households in 1996. This no doubt reflects a general worsening of the rental market across all capital cities, both in terms of rent levels and vacancy rates. In 2010–11 the rental vacancy rates in Sydney, Melbourne, Brisbane, Adelaide, and Hobart were 1.4 per cent, 2.0 per cent, 2.5 per cent, 1.5 per cent, and 2.3 per cent respectively (REIA 2011) and all had experienced sharp increases in rents over the previous five years. Again the vacancy rates were not unique to that year but were typical of the five years preceding the 2011 census. The uniformly low rates of public housing mobility across all cities in 2011 illustrates the relationship of public housing entry and exit to the performance of the private rental sector. This calls into question (a) moves to short term leases in a context of limited ability for tenants to exit public housing and (b) the organisational structures of certain state jurisdictions, which are based around a welfare housing or homelessness management role and have few policies or programs to deal with private rental performance or issues. It is almost as if there is no understanding of tenure interrelationships.

Figure 32 below displays the year of arrival in Australia of residents in public housing for the census years 1981, 1996 and 2011. It reveals that more than 70 per cent of public rental tenants were Australian-born in 1981, with the proportion of recent migrants (those arriving in the last 10 years) sitting at less than 5 per cent of all those in public housing.

Figure 32: Year of arrival in Australia of public housing residents, Australia, 1981, 1996 and 2011



Source: ABS, Census of population and housing, 1981, 1996, 2011

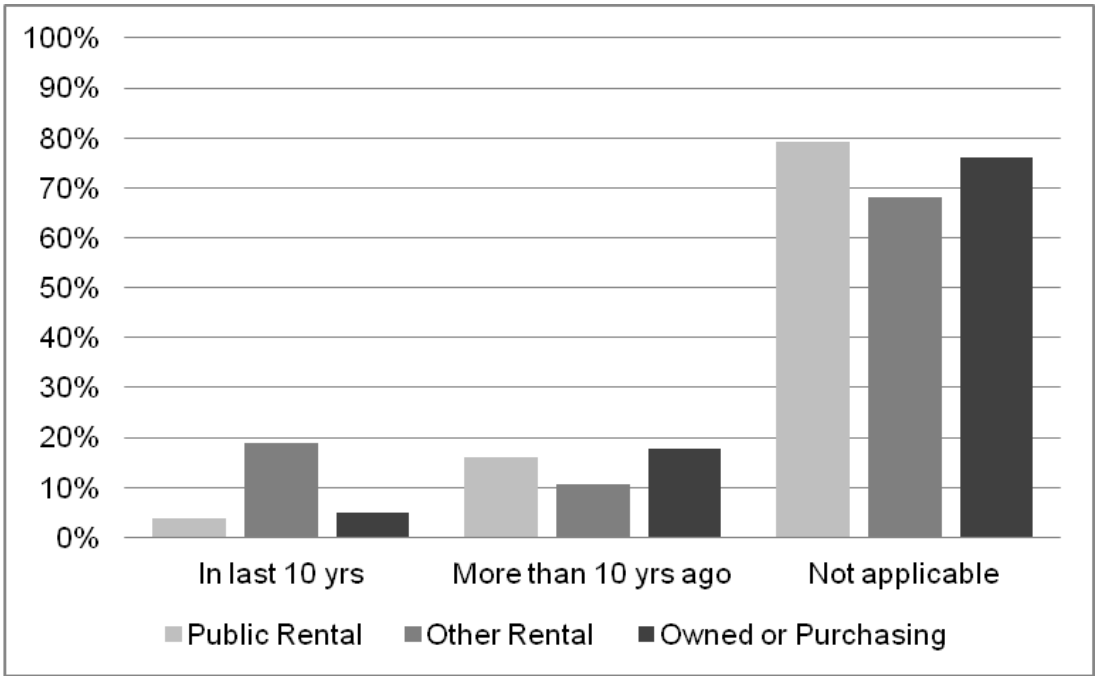
Table 9: Year of arrival in Australia of public housing residents, capital cities, 1981, 1996 and 2011

GCCA		In last 10 years	More than 10 years ago	Not stated	Not applicable
Brisbane	1981	4%	19%	0%	76%
	1996	8%	20%	1%	71%
	2011	5%	16%	1%	78%
Sydney	1981	4%	21%	0%	73%
	1996	8%	28%	1%	62%
	2011	4%	28%	1%	67%
Melbourne	1981	13%	25%	1%	60%
	1996	15%	31%	1%	52%
	2011	8%	26%	2%	64%
Adelaide	1981	4%	30%	0%	65%
	1996	3%	29%	1%	66%
	2011	5%	18%	1%	76%
Perth	1981	8%	33%	1%	57%
	1996	9%	34%	1%	55%
	2011	6%	22%	1%	71%
Hobart	1981	1%	8%	0%	90%
	1996	1%	7%	0%	91%
	2011	2%	4%	0%	93%

Source: ABS, Census of population and housing, 1981, 1996, 2011

At a capital city level (see Table 9 above) Melbourne has had a higher proportion of recent migrants in public rental, although this declined between 1996 and 2011, from 15 per cent down to 8 per cent. Of all state capitals Hobart has the most Australian-born among public rental tenants: in reference to their year of arrival, more than 90 per cent of tenants were in the 'not applicable' category in each of the three census years. Considering year of arrival by tenure for 2011, Figure 33 below shows that public rental tenure and owner occupied housing have a similar profile in terms of residents' length of time in Australia, while other rental is more likely to house recent migrants.

Figure 33: Year of arrival in Australia by type of tenure, Australia, 2011



Source: ABS, Census of population and housing, 2011

5.5 Workforce status

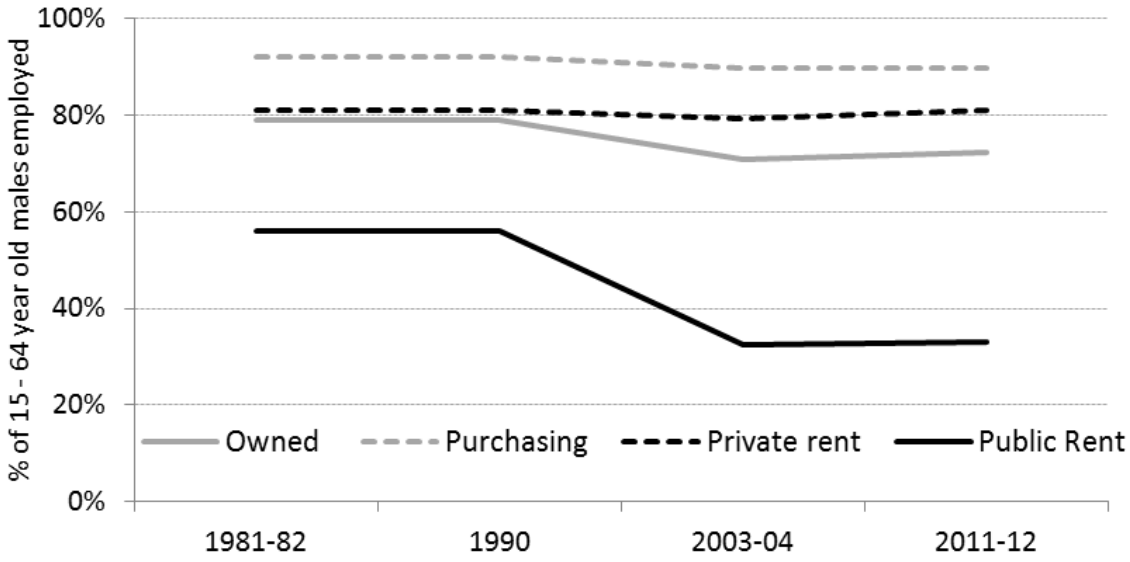
This section gives an overview of labour market participation trends for public housing tenants since 1982 including comparison to the other tenure types. The starting point for the analysis is an updating to 2011–12 of the work of Wood et al. (2009), showing the workforce participation rates for adult heads of households in the age range 15–64 years, by tenure. The participation rate is defined as the percentage of working age adults who are employed part-time or full-time.

Figures 34 and 35 below clearly show a stabilisation in the pattern identified in the previous research by Wood et al. Their research took analysis up to 2003–04 and showed a sharp fall in male-headed public renters' participation rates since the early 1990s but a relatively stable, but low rate for women. The updated tables show that while there is still a big difference between the employment rates of public tenants compared to the other tenures for both males and females, there has been little change in the scale of this since 2003–04. The big change, most notably for males, was between 1990 and 2003–04 which is the period in which targeting was introduced and, as Chapter 4 discussed, when there was the greatest change in tenant composition.

The public housing female pattern is remarkably stable given the ups and downs in the labour market and the trend toward greater female workforce participation over these decades. This may be due to female-headed households in public housing confronting for this entire period a set of workforce barriers (increased rents, social security tapers, taxes and child care costs)

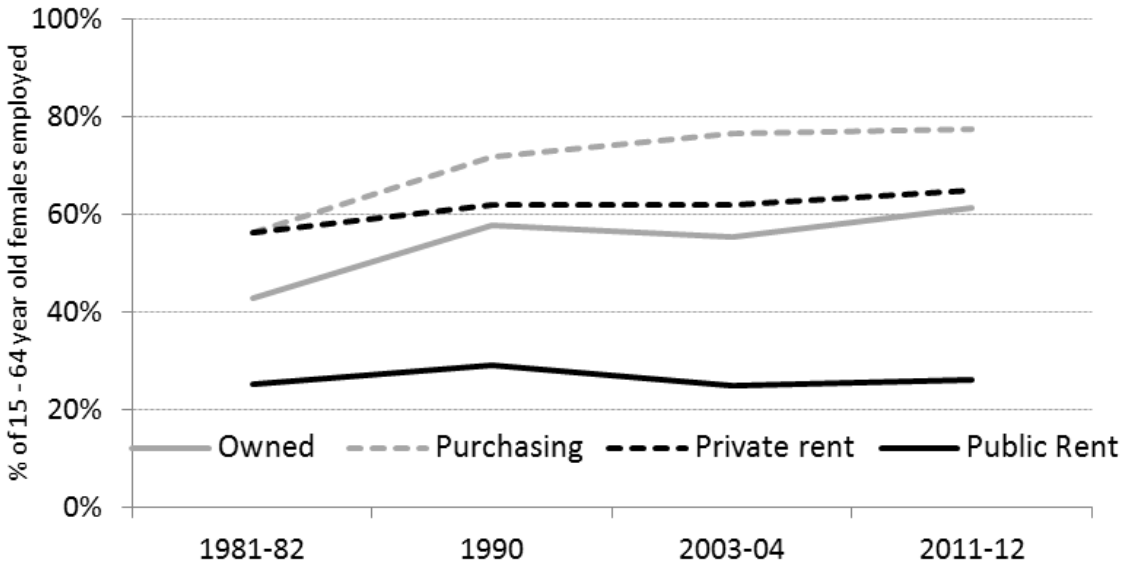
that inhibit, irrespective of the strength or weakness of the labour market, greater workforce participation. There is now a long tradition of research documenting this problem (see Burke & Wulff 1993; Hulse & Randolph 2005; Flatau et al. 2002; Wood et al. 2009).

Figure 34: Employment rate of working age males 15–64 by housing tenure, Australia, 1982–2012



Source: ABS, *Income and housing, 1981–82, Income and housing costs and amenities, 1990, Survey of income and housing, 2003–04, Income and housing survey 2011–12*. All Unit record files 2011–12

Figure 35: Employment rate of working age females 15–64 by housing tenure, Australia, 1982–2012



Source: ABS, *Income and housing, 1981–82, Income and housing costs and amenities, 1990, Survey of income and housing, 2003–04, Income and housing survey 2011–12*. All Unit record files 2011–1

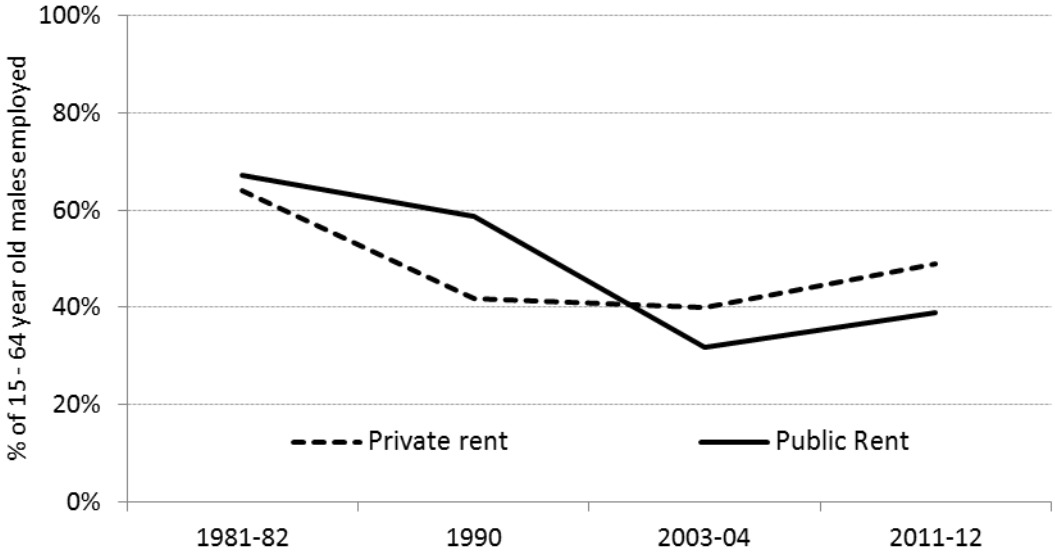
Comparing public renters with all households in other tenures disguises the labour market participation of equivalent lower-income households, most importantly private renters, which is the sector from which public housing largely come from and where they are most likely to exit to. What therefore is the story if we effectively control for incomes for private renters in such a way that we can compare lower-income households in that sector with low-income public tenants? Of course in both cases the reason why many households are in the bottom 25 per cent of the income distribution is because they have limited or zero labour market income.

However, as the same labour market conditions are faced by households in both tenure categories, a time series review of low-income households can suggest something of the different impacts (if any) of changing labour market opportunity on lower income households on the two tenures.

Thus, recognising that public housing tenants are drawn from those on lower incomes, it is useful to narrow the focus and look at the household heads in private rental who receive the lowest 25 per cent of income for the relevant years—that is, 1982, 1990, 2003–4 and 2011–12. The data on employment rates are for working age men and women, that is 18–64 year-olds.

What the data in this form suggests is that public housing tenants are less an outlier as implied by Figure 36 and Figure 37 and share broad labour market outcomes with equivalent private rental households. Figure 36 shows that, among lower income male household heads, the employment rate for those in public housing was, up until the 1990s, actually much higher (64%) than that of equivalent private renters but post 1990 (the period of greater targeting) fell at a rate to the degree by 2003–04 male public tenant employment rates were below that of equivalent male private renters. Importantly both traced a decline from the rates that held in the early 1980s.and both made some recovery by 2011–12 although those in private rental at a more stronger rate than those of public housing The steady decline in employment participation among renters generally suggests that the economic and labour market changes of the last thirty years (see Section 2.2.1) have created a more difficult environment for many of the households at the lower end of the employment market not just public housing tenants. The faster decline for male public renters suggests the effects of targeting.

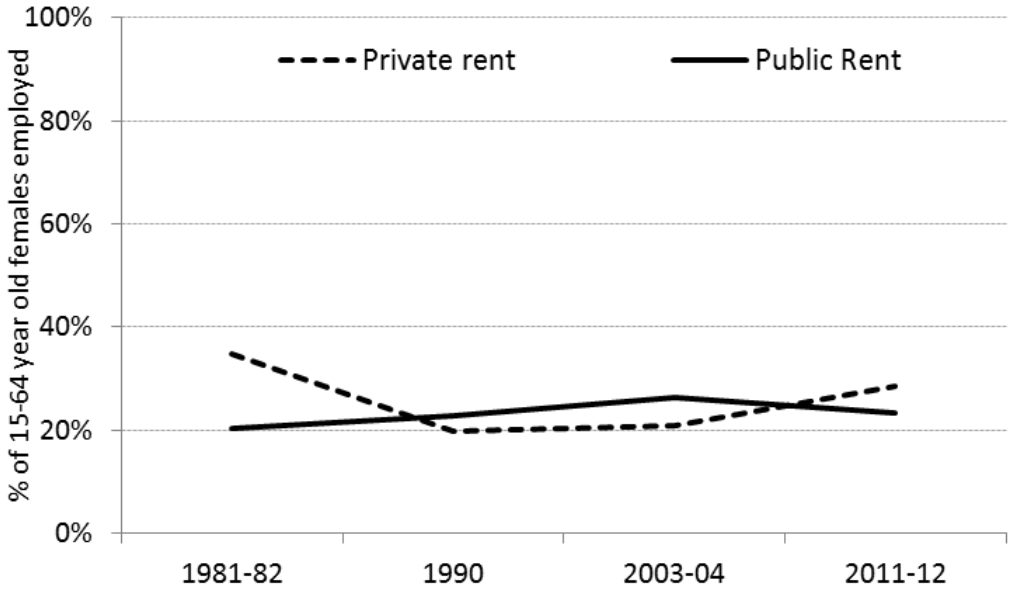
Figure 36: Low-income employment rates of male heads of households, ages 18–64 years, by tenure, Australia, 1982–2012



Source: ABS, *Income and housing, 1981–82, Income and housing costs and amenities, 1990, Survey of income and housing, 2003–04, Income and housing survey 2011–12*. All Unit record files 2011–12

For female-headed households, employment rates for the two tenures are more alike although the female rate for private renters more closely mirrors that of their male counterparts albeit at a much lower level (Figure 37 below). By contrast, the female public housing rate does not show the sharp decline of the males and remains relatively flat with the rate in 2011–12 (23.3%) only being a small increase on the 18.9 per cent it had been in 1982. But for both low-income female private and public renters employment rates are well below that of males.

Figure 37: Low-income employment rates of female heads of households, ages 18–64 years, by tenure, Australia, 1982–2012



Source: ABS, *Income and housing, 1981–82, Income and housing costs and amenities, 1990, Survey of income and housing, 2003–04, Income and housing survey 2011–12*. All Unit record files 2011–12

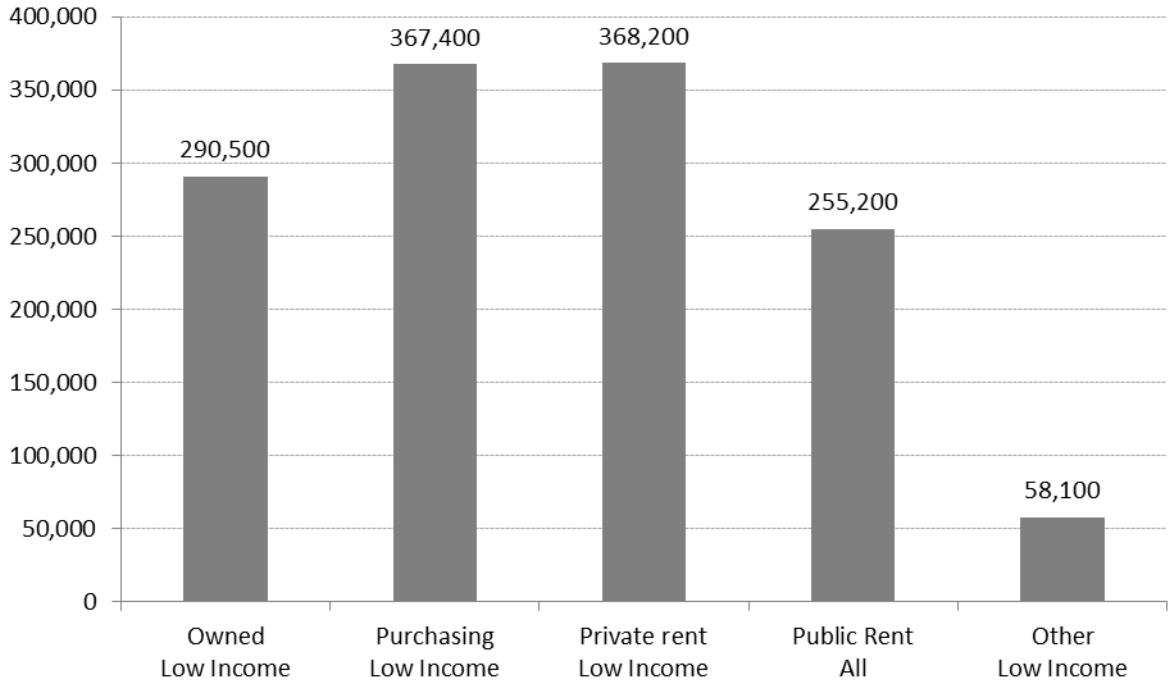
Putting all this together we can see that to a large extent one reason why households are low-income households is that they have low rates of workforce participation. However, this is not constant over time. Thus, while the labour market was stronger in the 2000s than in the 1980s and 1990s this has not enabled lower income households to enter the workforce; whether public or private rental tenants lower income males had much lower participation rates in 2011–12 than in 1981–82. This would suggest, as discussed in Section 2.2.1, that the remaking of the Australian economy has been of a nature that has not been inclusive of the type of people that typically make up lower income households, that is those with lesser education levels and limited skills.

For lower income woman, the story is slightly different. Whether public or private renters (particularly the latter), their workforce participation appears less sensitive to labour market changes or economic restructuring and remains relatively constant at around 20–25 per cent. This suggests the existence of workforce barriers, other than just those of lack of skills, to enter the labour market and are likely to include the barriers of Effective Marginal Tax Rates (EMTRS) created by Income support cut-offs, child care costs and, in the case or public tenants, rent increases as identified by Hulse and Randolph (2005), Wood et al. (2009) and others.

Overall, the data would imply that the debates about improving workforce outcomes for public tenants should be also about improving workforce outcomes for low-income renter households generally (private renters appear to have the same problems) in addition to dealing with any barriers internal to public housing.

This point takes on more importance when we factor in the absolute numbers involved. Here we look at all tenures and the lowest 25 per cent of household-head income earners (18–64) in each tenure including home purchase and outright ownership. As Figure 38 below shows, private rental is the tenure in which there is the largest number of low-income persons who are not employed (i.e., unemployed or not in the workforce). The figure there is 368 200 persons which is followed closely by purchasing (with 365 200 persons) and outright ownership (290 000). Public housing by contrast has 255 200 not employed.

Figure 38: Numbers of lower income persons not employed, ages 18–64, by tenure, Australia, 2011



Source: ABS, *Census of population and housing 2011* weighted 1 per cent unit record files

To wind up the labour market section, we briefly address the question of how the labour market performance of public housing tenants varies according to a range of characteristics, including differences in household type, age, country of origin, and location. This links the labour market analysis back to the household attributes discussed in Chapter 5 and enables observations as to how these changes may have affected labour market participation. This data is that of the Census unit records and is for head of household in each of the years and only for the relevant or most important categories or where data was reliable. Data for 1981 was not available in a comparable way.

Table 10 below shows that labour market participation has deteriorated for all groups, but most severely for younger households 18–24 (although numbers are not large) and 25–34 and 35–44 year-olds. The already high rates of non-labour market participation of the older groups have worsened, but not as dramatically as for younger households.

Table 10: Non-labour market participation in public housing by age groups, Australia, 1991, 2001 and 2011

Age cohort	1991		2001		2011	
	%	Count	%	Count	%	Count
18–24	29.6	13,200	62.4	9,300	67.2	88,00
25–34	32.1	35,000	55.2	32,300	59.4	25,000
35–44	32.2	29,000	52.4	38,300	55.0	33,900
45–54	42.6	21,200	55.9	35,300	60.0	42,900
55–64	67.2	28,100	78.0	37,600	76.0	52,500
Total	37.7	126,500	59.3	152,800	63.4	163,900

Source: ABS, *Census of population and housing*, 1991, 2001 and 2011, weighted 1 per cent unit record files

Looking at household type (Table 11 below), the outlier here is sole parents where there has been only marginal changes compared to the other household types. Sole parents' workforce participation was weak (57.4%) in 1991 and only increased incrementally to 61.9 per cent in 2011. Mainly female-headed this is consistent with the stable rate of female workforce participation shown in Figure 37 and reinforces observations that the barriers to female employment seem to be related more to factors other than, or in addition to, the nature of, and strength and weaknesses in, the labour market, such as child care. Other household types have all experienced a marked weakening in labour market participation, but particularly so for couples (23.5% 1991 to 59.5% 2011) and couples with children (20.2% 1991 to 49.9% 2011). However, as observed in Section 5.2, the number of couples with children has fallen greatly so their deteriorating labour market performance is not a major contributor to public housing's overall weaker performance since 1991. The growth in singles and their poor performance (72% not in the labour force) would be a large contributing factor in the weakness.

Table 11: Non-labour market participation in public housing by household type, Australia, 1991, 2001 and 2011

Household type	1991		2001		2011	
	%	Count	%	Count	%	Count
Single	52.2	26,100	67.4	48,900	72.0	69,600
Couple	23.5	8,700	52.2	9,600	59.5	11,300
Couple w. children	20.2	22,200	42.5	24,800	49.9	17,900
Sole parent	57.4	53,400	66.4	56,400	61.9	42,500

Source: ABS, *Census of population and housing* 1991, 2001 and 2011, weighted 1 per cent unit record files.

Table 12 below shows labour market participation for the capital cities excluding Hobart where the data is not comparable over time. There is no major story here other than the convergence over time to very similar outcomes perhaps related to the fact that the jurisdictional allocation systems have become more similar over the period so that there is less capacity for variation. Interestingly, Perth had much better labour market performance in 1991 (only 29.2% not in workforce) but by 2011 was much the same as the other cities despite the workforce opportunities of the very strong Western Australian labour market. Does this suggest that attributes of tenants are such that they are becoming disconnected from the mainstream labour market?

Table 12: Non-labour market participation in public housing by capital cities, Australia, 1991, 2001 and 2011

Capital city	1991		2001		2011	
	%	Count	%	Count	%	Count
Adelaide	38.2	12,500	66.0	15,700	68.2	15,900
Brisbane	43.8	10,200	54.5	12,600	61.2	7,400
Perth	38.5	13,400	63.9	18,600	66.1	19,100
Melbourne	45.9	8,500	68.1	7,900	66.7	10,400
Sydney	42.9	29,100	60.8	31,800	66.7	36,500

Source: ABS, *Census of population and housing* 1991, 2001 and 2011, weighted 1 per cent unit record files

Table 13 below shows level of education, and documents a clear relationship between education level and labour market participation. Household heads with year 10 or less had very low labour force participation rates (70%, 2011) and importantly were the largest in number with the proportion of public tenants with year 10 or less education in 2011 (50.2%), much

higher than it was in 1991 (38%). The latter likely reflects the longer term effect of targeting to more complex households and suggests why improving public housing workforce participation may prove to be difficult; the sector is housing more and more of those whose education levels are not up to the needs of the Australian labour market. How to integrate educational opportunity into the public housing system in the current financial environment represents a major challenge.

However, the workforce participation still deteriorated for those holding all other forms of education including university degrees although most of the decline was in the period 1991 to 2001 after which there was only minor worsening of performance. It is difficult to explain this, however, although it does connect with the introduction of targeting. But the connection between targeting and weaker labour market participation even for the more educated cannot be identified in the sort of data provided in the census.

Table 13: Non-labour market participation in public housing by level of education, Australia, 1991, 2001 and 2011

Level of education	1991		2001		2011	
	%	Count	%	Count	%	Count
Year 10 or less	50.9	33,300	63.2	91,900	70.9	85,700
High school completion	38.4	16,300	58.5	27,900	65.7	33,000
TAFE other tertiary qualification	16.9	6,800	45.5	17,900	48.9	27,900
University qualification	12.6	2,700	34.5	3,000	36.0	4,900

Source: ABS, *Census of population and housing* 1991, 2001 and 2011, weighted 1 per cent unit record files

Table 14 below shows another factor which is important in successful labour market participation—the ability to speak English. While the numbers are small (only 12 090 in 2011) those households whose second language is English and cannot speak it well or do not speak it at all have the worst labour market performance of any of the tenant attributes looked at. Eighty per cent are not in the workforce and, like those with limited education, addressing this issue is an enormous challenge.

Table 14: Non-labour market participation public housing by ability to speak English, Australia 1991, 2001 and 2011

Language skills	1991		2001		2011	
	%	Count	%	Count	%	Count
English only	37.8	109,100	59.1	120,700	63.6	128,300
English second language—speaks well	36.0	11,100	53.5	18,500	55.3	22,000
English second language—speaks not at all or not well	39.3	5,500	76.4	11,300	80.1	12,100

Source: ABS, *Census of population and housing* 1991, 2001 and 2011, weighted 1 per cent unit record files

6 MEASURING SOCIAL HOUSING NEED

The absolute decline in public housing in the face of continuing rapid household growth as documented in Chapter 3 raises questions about the adequacy of stock levels. One way of assessing the adequacy of public housing provision is to compare supply with the number of households in need. The problem here is how do we measure need? Bradshaw's (1972) model of expressed/normative/comparative and felt need started a huge international literature of need in the human services generally. The challenges of measuring need start with the word itself. Often attached to the word 'need' is an emotive meaning which tends to imply some sense of worthiness or reward. Thus, to say a group is 'in need' tends to imply a moral appeal for a course of action.

Overlaying and sometimes reinforcing the emotive meaning is the ambiguity of the use of the term by those with different value perspectives. For example, when we say that 'public spending should be directed to those in most need', it could mean (1) those with some minimum level of income below which the private sector could not provide services such as shelter, or (2) it could mean, not just an inadequate income but an absence of all those conditions that can facilitate individual or group self-advancement. As related to housing, this could mean in addition to shelter, employment and educational opportunity as well as freedom from fear, insecurity or control. So, housing need could incorporate other less measurable dimensions, such as overcrowding, poor quality, poor amenity, isolation, unsafe or insecure housing and living in locations remote from education, employment, transport, etc.

The policy consequences of these two concepts of need are very different; one implies a residual role for the state, the other a much more inclusive and interventionist role. In Australia, the language of need has increasingly reflected the residualist role. In part this is because it is easier to measure such need by reducing it to relatively simple variables such as those households in the lowest 40 per cent of income earners whose housing cost exceed some proportion (25 or 30%) of their income, or those household types who are below some minimum level of income for that household and who may have a range of other issues such as addictions, mental illness, victims of domestic violence, homelessness, etc. The former tend to be used in housing affordability research and the latter for defining public housing eligibility.

In public housing, the most commonly used measure is what Bradshaw called 'expressed need', that is clients putting their name down for receipt of a service, more commonly known as a waiting list. However, as a measure of housing need, this is very flawed. Waiting lists are the way social housing agencies ration need; it is the list of households waiting allocation for a dwelling with the number on the list affected by a whole range of factors, but most importantly the performance, or lack thereof, of the private rental sector.

In Australia, because of the small size of the social housing sector (less than 4% of all dwellings compared to around 15% for equivalently affluent countries) many households do not apply for social housing as the waiting lists are so long that they know it is a futile exercise. More so when a housing agency targets just to those in greatest need, that is to those who are homeless or with a physical or mental disability. This means others, who simply cannot afford a private market dwelling are unable to get into public housing and may be told that it is pointless applying even if they meet the income eligibility criteria. Similarly, many households may not apply because of the stigma that attaches to an increasingly residualised and problematic sector. Thus, as Burke et al. found, almost 50 per cent of private renters in receipt of CRA and eligible for public housing completely rule it out as a viable option or saw it as a last resort and had not applied. (Burke et al. 2004, p.10)

And, on top of these limitations, housing agencies regularly change definitions of eligibility and/or clean the waiting list so there is little comparability of data over time. For these reasons,

waiting lists have no relationship to actual need as defined by households with major affordability or appropriateness problems.

To get a measure of public need (or social housing generally) without the problems associated with waiting lists, this section measured need in a way not previously used—that is an amalgam of housing affordability and public housing eligibility measures. The method is to take the 2011 public housing income eligibility limits for Victoria (as an exemplar) and apply these to the number of private renter households whose rents exceed 30 per cent and 50 per cent of income for Australia as a whole. This method thus assumes that having an eligible income for public housing is not sufficient as a measure of need. It has to be overlaid by the proportion of rent paid of an eligible household. Note that the 50 per cent of income committed to housing costs is much higher than the conventionally used affordability standard but fits with current Victorian Department of Human Services (DHS) eligibility criteria. The method also excludes a number of potential needs groups, for example group households and the homeless and does not take into account the appropriateness or quality of the dwelling. It will therefore underestimate actual need. (See Appendix 1 for a more detailed description of the method of measuring need.)

Table 15 below shows social housing needs in 2011 broken down by household type. While there were 465 356 households eligible on the basis of income this reduced to 287 724 if a 30 per cent affordability ratio is used, and 158 593 if a 50 per cent affordability ratio is used.

Lone persons are the single largest group in need, accounting for 50 per cent of all the designated household types when using the 50 per cent affordability measure. However, this is much less than their share in actual allocations between 1996 and 2011. Single persons accounted for the bulk of all the increase in allocations in that period (see Section 4.2). The table also shows that sole parents or coupled families accounted for 36 per cent of unmet need, but again as Section 4.2 reviews, nowhere near this proportion are being allocated public housing. This is likely to be the outcome of the highly targeted system that places emphasis on complex needs in which singles tend to be disproportionately represented, rather than on housing stress which is what most families suffer. It is a concern that families are not getting into social housing despite their need given the importance of stable and affordable housing for family wellbeing.

Table 15: Estimated social housing need, Australia, 2011

Household type	Household paying rent over				Total households
	30% of income		50% of income		
	Count	%	Count	%	Count
Couple + 1	17,786	55.9%	7,761	24.4%	31,791
Couple + 2	17,101	57.0%	7,643	25.5%	30,027
Couple + 3/4	9,971	51.1%	4,654	23.9%	19,502
Single + 1	44,900	61.7%	17,314	23.8%	72,773
Single + 2/3	49,080	63.9%	19,367	25.2%	76,784
Couple	45,329	56.7%	23,266	29.1%	79,918
Lone person	103,558	67.0%	78,590	50.8%	154,563
Total	287,724	61.8%	158,593	34.1%	465,356

Source: ABS, *Census* 2011. Method of calculation outlined in Appendix 1

If we assume the tightest measure of need (income eligibility reduced by the 50% affordability ratio) then the social housing stock to meet such need in 2011 should have been an additional 158 593 dwellings which, added to existing stock numbers (366 063 in 2011) would take the

social housing stock to around 524 000 dwellings and 6.6 per cent of stock. If the 30 per cent affordability benchmark is used, the respective figures would be 630 000 dwellings and 8.2 per cent of all stock. At a minimum, the social housing system would have to have been around 43 per cent larger to accommodate all those who met public housing eligibility criteria and who pay more than 50 per cent rent. And, as indicated above, this is a conservative measure of need.

To what degree need varies by jurisdiction and how this compares with the adequacy of their stock levels cannot be stated without replicating for each jurisdiction the exercise undertaken here for Australia as a whole. This would require analysis of all the different eligibility principles and slightly different indexing of income data and eligibility levels for each state and then their incorporation into the model. Such an exercise was beyond the resources of this study and thus remains an area of potential research.

7 CONCLUSION

This is not an explicitly policy-focused report although its findings do raise some policy issues. Its objective has been to empirically document major changes to Australian public housing in a way that complements the AHURI qualitative review of the past and future of public housing (Jacobs et al. 2010), highlighting how public housing has responded to a changed policy and socio-demographic environment. What has happened to public housing over the last 30 years can be seen as somewhat like the canary in the coal mine in that it presages a problematic future.

It would not be unreasonable to ask how, in an era of less wealth and great obstacles to overcome in terms of a housing shortage immediately after World War II, Australia could build, from virtually nothing, a public housing system that by 1996 grew to 326 000 dwellings (or 5.2% of the total housing stock). Yet, by contrast, one-and-a-half decades later, and in a context of a long economic boom and considerably greater wealth, in 2011 dwelling numbers had fallen to 315 000 or about 4.1 per cent of the stock. Some of this depletion is explained by growth occurring in the community housing sector, but this was of a scale that only marginally improved social stock levels from the mid-1990s. And it is not explained by a reduction in need, as Section 3.1 illustrated the scale of need is such that the current social housing stock should be increased substantially. But the long-term trend and the policy environment suggest that this need will not be met, and housing hardship will be intensified for many lower income households. What has occurred has been the creation of a funding and policy environment in which public housing (indeed social housing generally) is no longer valued as it was in the decades from World War II through to the 1980s.

One of the major changes has been targeting. This has greatly changed the household composition of those in public housing from three decades ago: whereas families (couples with children, one-parent households and other family types) in 1981 accounted for around 66 per cent of all household types, in 2011 they were down to 44 per cent, and the bulk were sole parents. Lone persons, who accounted for around 7 per cent of households in 1981, comprised 42 per cent in 2011. The consequent problem is the issue of stock alignment.. Unlike other countries a fairly large proportion (around half) of Australian public housing is detached housing, typically of three bedrooms. As more and more lone person households were allocated to public housing, this created a mismatch between stock attributes and household type, with enormous asset management pressures to realign stock by disposing of detached housing and building bedsits and one and two-bed units. The extent to which this has occurred across the metropolitan cities of Australia has varied with Brisbane being more ‘successful’ in this regard than other cities.

In retrospect, was this targeting and stock realignment the wisest public housing policy? Given that much of the private rental stock was already multi-unit dwellings, would it have been more effective and perhaps offered better client outcomes to have a restructured Commonwealth Rent Assistance program? Along with appropriate supports this could have facilitated lone persons moving into private rental rather than public housing. They were a poor housing fit with the existing stock and crowded out families in need, because the allocations criteria favoured singles rather than families. In addition public housing may be left with a legacy, particularly in Brisbane and Perth, of a relatively high proportion of studios and one-bedroom apartments which are inflexible to changing future needs and perhaps a poor asset management investment.

The drift to highest need households also affects the income received by housing agencies as these household types have lower incomes, in part because of their greater dependence on government benefits. As the income distribution profiles of those in public housing compared to other housing tenures showed (Section 4.3), public housing is now a very residualised sector, with the obvious risk, notably in areas of higher concentration of social housing, of a slide into

areas of sharp spatial disadvantage, trapping tenants in a tenure form and location from which it is difficult to exit. The changing nature of the median household income over time also shows how public housing agencies are impacted by forgone rent. The change in tenant profile as a result of targeting and associated income effects has deprived public housing agencies of billions of dollars of rental income without any compensation in the CSHA or later NAHA.

Concerns in the last decade with the poor labour market performance of public housing tenants have to be put in context. To a large extent, low-income private renters have shown similar weakening of labour market performance over time suggesting that there is a disjuncture between contemporary labour markets and the education and skill level of lower income households. In public housing targeting may be compounding the problem by allocating larger proportions of dwellings to individuals or households where the level of education is year ten or less—a level with high evidence of weak labour market participation. Improving labour market performance for tenants in the face of generalised barriers to entry to the contemporary labour market for low-income households and targeting looks a forbidding challenge.

Section 4.4 demonstrated another problem—the mobility rate in public housing has fallen dramatically over the last three decades. In 1996 the five-year mobility rate for all residents in public housing for Australia was around 42 per cent, but by 2011 it was down to 27 per cent. These rates vary from city to city and this report tells us something about why. In 1996, Sydney had a rate of 35 per cent, much lower than other capitals because at that time it was the city with the worst affordability and vacancy rate problems. On the other hand, Brisbane and Perth had much higher rates of mobility (53 and 51% respectively in 1996) in a context of relatively affordable rents and high vacancy rates. By 2011, virtually all cities had high rents and low vacancy rates, and as a consequence mobility rates were low for all cities. This highlights the importance of understanding the interactions of tenure sectors; the problems of public housing, indeed social housing generally, are fundamentally linked with the affordability and security of the private rental sector. There is a risk, as state housing agencies are increasingly absorbed into Human Service departments and become focused on service integration, that the wider housing role is forgotten. If states are to develop a wider range of strategies to deal with lower income housing and high needs a holistic understanding of the housing system and policies that deal with issues in the private rental sector would appear to be required just as much as internal reform in public housing.

Turning to the intra-metropolitan attributes of public housing, a few key observations can be made. The first is that, unlike in the USA and much of the UK, Australian public housing is not spatially concentrated in large estates and in the inner city. The greater degree of dispersion across metropolitan areas here may be one reason why spatial disadvantage appears to be less of a problem in Australia than elsewhere.

The second is that spatial dispersion is variable across the cities. Perth, Sydney, and Hobart have much lower proportions of public housing in inner and middle ring suburbs and much more on the fringe. This pattern of provision raises issues, given poor public transport access in outer areas (see Burke et al. 2014), of the degree to which public tenants may be disadvantage by such locations. By contrast, Melbourne has a much higher concentration of its public housing stock in the inner and middle ring suburbs and fewer such dwellings on the urban fringe. Adelaide and Brisbane have a relatively even spread. The reasons for these different patterns are historical, and can be traced back to earlier development decisions in the 1960s and 1970s.

There are substantial variations in the attributes of tenants, including household type, age, and country of origin. The relationship with the private submarkets also means that tenancy and asset management can be very complex and that housing agencies have a challenging task in ensuing equity and efficiency across the system while balancing local area issues. For example, achieving uniform Key Performance Indicators across regions or local areas when there are such great variations in tenant attributes is not easy. Similarly, achieving the most

effective use of assets is difficult—for example, in an area of almost homogenous three-bedroom stock but with singles having greatest need on a priority wait list system.

The perceived solutions to some of the problems of social housing over the last few decades has been more and more internal management reforms; not just of greater targeting but changes in eligibility, rent setting, security of tenure and greater integration with what are seen as related human service areas such as disability and homelessness. In some jurisdictions this has meant burying public housing in Human Service Departments where the broader role of public and social housing is lost and the ability to evolve strategic housing policy, including effective asset use, is weakened.

Overall, it is difficult not to see, following the changes in public housing over the last 30 years, a problematic future. These changes would appear to signal multiple problems: insufficient stock; increasingly targeted households representing both a social and financial problem for housing agencies; declining rates of turnover meaning more households are on the one hand unable to exit and on the other unable to enter; a stock which is poorly adapted to tenants' needs, but in re-profiling the stock to meet such needs, there is a risk of creating inflexible stock in the future; and in some cities too much stock in outer areas where tenants are likely to suffer transport disadvantage. The current affairs programs of the populist media are too ready to frame stories of public housing management that imply incompetence or insensitivity. The reality is that the changes to the sector are so great, and the competing problems that have to be balanced so challenging, that it would not be surprising that social housing agencies and staff, including that of public housing, have to make decisions that may be unpalatable or appear inappropriate.

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APPENDICES

Appendix 1: Estimating absolute unmet housing need

To calculate estimates of absolute unmet need for housing for Australia, this project used the following data and methodology:

ABS 2011 Census, *TableBuilder*, and for 1996 and 1981, ABS census confidentialised unit record files (CURFs). This data provided the number of private rental households in housing stress, measured in terms of 30 and 50 per cent of their income committed to housing costs.

As census income data comes in ordinal format, grouped, the upper income point was chosen as the relevant income for all households in the relevant range. Given that low-income households in receipt of any form of social security benefit can receive Commonwealth Rent Assistance (CRA) an amount for rent assistance had to be added to incomes for each of the households types. Rent assistance was assumed to be equivalent to one-third of the median rent for the relevant household type, for example if the rent was $300, rent assistance was assumed to be $100.

For each of the relevant household types the number eligible for DHS public housing as at August 2011 was calculated. For 1996 and 1981 these income levels were indexed back to the relevant year using the CPI all groups for Australia.

The relevant income eligibility criteria were:

Single person	$497
Couple	$862
Sole parent with 1 child	$896
Sole parent with 2 children	$930
Sole parent with 3 children	$964
Couple with 1 child	$896
Couple with 2 children	$930
Couple with 3 children	$964
Couple with 4 children	$998

Once the number of eligible private rental households were identified these were reduced by the number paying more than 30 and 50 per cent of income in rents.

For households with children, only dependent children were counted. This embraces children under 18 and anyone under 25 who is studying.

Households that were excluded from the above needs analysis include:

- Group households in the private rental sector.
- Owner-occupier households in housing stress and who have little or negative equity in their dwelling.
- Persons in non-private dwellings such as rooming houses, Supported Residential Services (SRSs), caravan parks, refuges, hotels/motels etc.
- Persons who were homeless, either living rough or temporarily living with relatives or friends.
- Households in low-income private rental properties whose income exceeded DHS eligibility criteria but who still had an affordability problem.

Appendix 2: Additional tables

Table A1: Housing stock by type of tenure, Greater Brisbane, 1981–2011

Brisbane GCCA	Tenure			Tenure %	
	Public rental	Other rental	Total (including others)	Public rental	Other rental
1981	12,380	69,734	*348,596*	3.55%	20.00%
1996	25,871	135,249	*556,339*	4.65%	24.31%
2011	29,255	241,037	*828,197*	3.53%	29.10%

Source: ABS, Census for population and housing 1981, 1996 and 2011

Greater Brisbane's public rental stock doubled between 1981 and 1996, to over 25 000 dwellings. During the same period, overall dwelling numbers in Brisbane increased by 60 per cent. By 1996, 4.65 per cent of Brisbane's dwellings were public rental, below the national average of 5.2 per cent. Between 1996 and 2011, Brisbane's public rental stock increased with an additional 3300 dwellings, a modest 13 per cent growth. Total dwelling stock increased by 49 per cent over the 15 years to 2011. Therefore, the proportion of the total dwelling stock in public rental fell to 3.53 per cent by 2011, below the national average of 4.06 per cent.

Table A2: Housing stock by type of tenure, Greater Sydney, 1981–2011

Sydney GCCA	Tenure			Tenure %	
	Public rental	Other rental	Total (including others)	Public rental	Other rental
1981	50,695	235,692	*1,065,087*	4.76%	22.13%
1996	73,432	322,440	*1,328,426*	5.53%	24.27%
2011	74,104	455,965	*1,728,203*	4.29%	26.38%

Source: ABS, Census for population and housing, 1981, 1996 and 2011.

The public rental stock of Greater Sydney is the largest of the capital cities. Between 1981 and 1996, Sydney's public rental stock grew by 22 000 dwellings to 73 000, or 5.53 per cent of the city's total dwelling stock. This was above the national average of 5.2 per cent. At the same time, Sydney's overall dwelling numbers increased by 25 per cent. From 1996 to 2011, there was a very slight increase (less than 1%) in public rental stock in Sydney. This contrasts with the growth in the city's total dwelling numbers by almost 400 000, or 30 per cent, over the same period. By 2011, therefore, Sydney's public rental stock had fallen to 4.29 per cent of the total dwelling stock, just above the national average.

Table A3: Housing stock by type of tenure, Greater Melbourne, 1981–2011

Melbourne GCCA	Tenure			Tenure %	
	Public rental	Other rental	Total (including others)	Public rental	Other rental
1981	23,272	180,593	*907,638*	2.56%	19.90%
1996	33,469	239,082	*1,151,645*	2.91%	20.76%
2011	39,743	388,799	*1,595,463*	2.49%	24.37%

Source: ABS, Census for population and housing, 1981, 1996 and 2011

In 1981, Greater Melbourne had the third largest public rental stock of the capital cities, behind both Sydney and Adelaide. Melbourne's public rental stock increased between 1981 and 1996

by around 10 000 dwellings, or 44 per cent. During the same period, overall dwelling numbers in Melbourne increased by 24 per cent. By 1996, 2.91 per cent of Melbourne's dwellings were public rental, well below the national average of 5.2 per cent. Between 1996 and 2011, Melbourne's public rental stock experienced growth of an additional 6000 dwellings, or 19 per cent, whereas the overall dwelling stock increased by 39 per cent. Hence, the proportion of total dwelling stock in public rental fell to 2.49 per cent by 2011, well below the national average of 4.06 per cent and the lowest of all the capital cities.

Table A4: Housing stock by type of tenure, Greater Adelaide, 1981–2011

Adelaide GCCA	Tenure			Tenure %	
	Public rental	Other rental	Total (including others)	Public rental	Other rental
1981	28,801	50,719	*327,691*	8.79%	15.48%
1996	40,380	74,254	*424,923*	9.50%	17.47%
2011	31,085	114,114	*519,540*	5.98%	21.96%

Source: ABS, Census for population and housing, 1981, 1996 and 2011

Greater Adelaide had the second largest public rental stock of the capital cities in 1981, despite having only the fourth largest population. Between 1981 and 1996, Adelaide's public rental stock grew by 11 500 dwellings to 40 000, representing 9.5 per cent of the total dwelling stock. This was well above the national average of 5.2 per cent and the highest recorded for any capital city between 1981 and 2011. At the same time, Adelaide's overall dwelling numbers increased by 30 per cent. From 1996 to 2011, there was a significant decline in public rental stock in Adelaide, by more than 9000 properties. This contrasts with growth in city's total dwelling numbers of almost 94 000, or 22 per cent, over the 15 years to 2011. By 2011, Adelaide's public rental stock had fallen to 5.98 per cent of the total stock. This was still the highest proportion of public rental in any capital city.

Table A5: Housing stock by type of tenure, Greater Perth, 1981–2011

Perth GCCA	Tenure			Tenure %	
	Public rental	Other rental	Total (including others)	Public rental	Other rental
1981	16,456	62,379	*304,427*	5.41%	20.49%
1996	21,881	101,653	*481,588*	4.54%	21.11%
2011	22,377	168,564	*704,574*	3.18%	23.92%

Source: ABS, Census for population and housing, 1981, 1996 and 2011

Greater Perth's public rental stock increased by around 30 per cent between 1981 and 1996, to almost 22 000 dwellings. During the same period, overall dwelling numbers in Perth grew by 58 per cent. By 1996, 4.54 per cent of Perth's dwellings were public rental, below the national average of 5.2 per cent. Between 1996 and 2011, Perth's public rental stock experienced very modest growth of an additional 2 per cent while overall dwelling stock increased by 46 per cent during the same period. Therefore, in 2011 the proportion of the total dwelling stock in public rental fell to 3.18 per cent, below the national average of 4.06 per cent and the second lowest of the six capital cities.

Table A6: Housing stock by type of tenure, Greater Hobart, 1981–2011

Hobart GCCA	Tenure			Tenure %	
	Public rental	Other rental	Total (including others)	Public rental	Other rental
1981	5,124	9,802	*56,436*	9.08%	17.37%
1996	6,024	13,687	*73,130*	8.24%	18.72%
2011	5,219	19,337	*90,255*	5.78%	21.42%

Source: ABS, Census for population and housing, 1981, 1996 and 2011

Greater Hobart had the highest proportion of dwellings in public rental of any capital city in 1981, at 9.08 per cent, despite the sector's small absolute size (only 5000 dwellings). Between 1981 and 1996, Hobart's public rental stock grew by 900 dwellings, or 18 per cent. At the same time, Hobart's overall dwelling numbers increased by 30 per cent. From 1996 to 2011, there was a significant decline in public rental stock in Hobart, by more than 800 properties. This contrasts with growth in the city's total dwelling numbers by almost 17 000, or 23 per cent, over the 15 years. By 2011, Hobart's public rental stock had fallen to 5.78 per cent of the total dwelling stock. This was still the second highest proportion of public rental in any capital city in 2011, behind Adelaide.

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