

Final Report

Long-term housing futures for Australia: using ‘foresight’ to explore alternative visions and choices

authored by

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Swinburne-Monash Research Centre

April 2005

AHURI Final Report No. 77

ISSN: 1834-7223

ISBN: 1 920941 61 4



Australian Housing
and Urban Research Institute

ACKNOWLEDGEMENTS

This material was produced with funding from the Australian Government and the Australian States and Territories. AHURI Ltd gratefully acknowledges the financial and other support it has received from the Australian, State and Territory governments, without which this work would not have been possible.

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EXECUTIVE SUMMARY

This paper is about what Australia's housing future may look like in 20 years time. It is a futures study project with the aim of identifying and developing a small number of scenarios about the nature of the housing system in 2025 and working through their implications.

A secondary aim was to engage housing researchers and policy influentials in the process. This participative methodology was designed to promote a better understanding of future housing issues in both the private and public sectors and, by virtue of exposure to foresight techniques, to create the potential for greater use of such analysis for long-term planning and policy making. The project is not one which presents evidence-based research in the conventional sense, but is designed to encourage us to think outside the square.

Futures studies can be seen as the forward-looking equivalent of history. Whereas history is concerned with origins, roots and where we have collectively been, futures studies is about goals, purposes, where we are going, how we get there and the problems and opportunities we will encounter en route (Australian Foresight Institute 2005). Futures studies is the subject field, and foresight is the generic term for the range of methodologies potentially of use.

Foresight analysis sets out to consider issues and policy choices that might not be explored within normal operational short-term horizons. It is essentially a set of methodological approaches required to bring some rigour of analysis to futures study. It thus requires a systems-wide approach, and the search for the interrelationships between trends and the causal influences on trends. By understanding the types of events and influences that cause certain trends, governments or organisations are far better placed to consider whether decisions need to be made in the more immediate future in anticipation of possible problems or preferred pathways.

The research process of this study is one of interrelated stages, based around three workshop processes. The first workshop combined environmental scanning and paradigmatic analysis where housing experts were required to identify future trends and simultaneously expose these trends to systematic criticism. The objective, given limited resources and probably unlimited housing trends, was to come to some consensus as to what might be the key issues warranting more critical and deeper analysis. The two chosen were:

- Future housing choices;
- The future of housing assistance.

In the second workshop stage, an inputs process occurred where more detailed material was gathered – for example, what are the drivers of change, how will industry and consumers respond – and then a number of scenarios were developed around the two issues. The final stage was concerned with validation and policy implications, where another group of participants were presented with the findings

from the second stage and worked through what they would consider to be the policy issues and possible policy responses to the scenarios.

There was one variation on the scenario analysis and this was an exercise whereby a much earlier Australian housing futures analysis (Manning, King and Yates 1988) was analysed using backcasting techniques, that is, critically reviewed for how it stands up against the reality of what actually occurred. The 1988 study saw the most likely situation by 2000 as one of poor housing outcomes as a result of the high probability of poor economic performance. They were right, but for the wrong reasons. It was not poor economic performance that was associated with worsening housing outcomes, but strong economic performance. In other words, the correlation between what the study defined as good housing outcomes and strong economic performance was just not there. This suggests that the challenge for policy makers who want to improve housing outcomes is not to rely on pulling economic levers to ensure high levels of growth, but to develop a set of housing and urban policies and programs to channel the positives associated with such growth into positive housing outcomes.

Most of this report, however, is spent documenting the scenarios and their policy implications. A number of observations and comments are made in the text about the 'findings' of this particular application of foresight analysis. In summary, these are as follows.

Whatever the future scenario (best case, worst case, steady as she goes), the current institutional environment and set of policy levers was seen as inadequate to either ameliorate the worst case or bring about the best case scenario. There was general agreement that the scale and form of future housing problems warranted a new approach to housing and urban policy and the raft of programs that sit below the current policies.

Participants also saw future housing issues and problems as being more than ones of individual hardship. They would affect the social and economic functioning of our cities and regions which in the best case scenario would see, for example, invigorated regional and local economies and new forms of housing developments characterised by diversity and sustainability or, in the worst case, divided cities and regions, underperforming local housing and labour markets and social unrest, meaning forgone social cohesion. It was for these reasons that participants were concerned about the perceived low political and policy awareness of housing and the lack of an appropriate framework of virtually any policy levers to deal with the macro impacts of housing futures.

This leads us to an observation coming out of the final policy workshop which grappled with the problem of getting housing onto the policy agenda. The general agreement seemed to be that in the present Australian context it was likely to be a crisis that would precipitate a policy response, most likely unrest around areas of social disadvantage or public protest around declining home ownership opportunities. The concern was that neither would provide the overall policy response to future housing needs that is required.

It was also felt that, even where there were discussions of reform, these were often too narrowly conceived or based on false premises. An example of the latter was the belief that somehow a solution could be found to the provision of more affordable housing without direct financial subsidy, hence the search for innovative funding models and public/private partnerships but, despite almost ten years of research and debate, little ability to demonstrate outcomes. Another example was seen in debates about planning reform which have largely been concerned with streamlining the system to reduce transaction costs but which fail to address the inflexibility of the planning system as a whole in the provision of housing products consistent with future needs.

There was quite a degree of agreement that we still do not know enough about the dynamics of the housing market and the behaviours of the players in it, such as households, builders, developers and investors, and how these are shaped by the institutional and policy contexts. This was seen as a cause of policy inertia, as stakeholders were often reluctant to make reforms as they did not know what the market response and outcome would be.

One final observation is that market choice should be a fundamental underlying principle of public policy. However, this statement is qualified by recognition that such choice should be enjoyed by as wide a cross-section of households, income groups, lifestyle groups and age cohorts as possible. Without the appropriate institutional environment with the right policy levers, market choice will be limited for many, with the term losing relevance and becoming more associated with rhetoric than reality. Thus many of the ideas in the policy section are about market interventions, but few are about market replacement. Virtually all seem conceived in the recognition that policy should facilitate and work with the market for better housing and urban outcomes.

1 INTRODUCTION

'We seem to have no thought for the future. We seem to bumble along until a crisis emerges.' This statement is not from some frustrated academic or policy maker but from Chris Corrigan, one of Australia's most successful businessmen, as quoted in the *Australian Financial Review* last year, and was made in relation to long-term planning for our cities. If he is correct, there are a number of possible explanations for this lack of strategic thinking. At a political and policy level, there is an enormous faith in markets making the 'right' decisions through long-term adjustment of supply and demand. This derives in part from a fundamental restructuring of the welfare state and a relative lack of faith in the ability and capacity of governments to think strategically and to plan ahead (for example, Esping-Andersen 1999). Whilst these factors are evident in many developed countries, they are perhaps exacerbated in Australia by the two-party political system which places an emphasis on the short-term electoral future and by a federal structure of government which separates responsibilities for economic development (federal) and for housing and planning (states and territories). It is also arguable that there have been few real crises to date where the country has been caught out by a lack of planning, which might have precipitated more strategic thinking about the future.

At an academic level, we have seen the emergence of 'chaos theory' with its emphasis on shocks and unpredictable breakdowns to regular patterns of social, economic and political behaviour, suggesting that attempts to plan for the long-term future are futile (Burke and Tiernan 2002). Whatever the reason, strategic thinking about, and planning for, housing and urban development appears to lack the confidence and status that it had from the mid-1940s to the late 1970s.

Despite this apparent lack of interest in long-term strategic thinking and planning, there is a growing awareness that Australia is confronting a number of long-term problems, including the ageing of the population (Myer Foundation 2003; Productivity Commission 2004), a water shortage and a more general environmental problem (Foran and Poldy 2002). Tackling them will require a better understanding of the nature and form of these problems and the planning and policy implications. Importantly, housing is directly related, either causally or in terms of outcomes, to all of these problem areas in the long term.

In this context, the overall purpose of the project was to explore possible housing futures for Australia. Specific aims were:

- To identify and develop a small number of scenarios about the nature of Australia's housing system in 20 years time (2025) and then to work through the implications, including those of housing and housing related policy;
- To use a participative process involving a wide range of players in housing provision and policy.

The project was not about predicting a particular future; foresight analysis does not aim to be predictive. Rather, it sought to outline possibilities about the future which emerges from analysis of alternative sets of assumptions about trends and opportunities within designated scenarios. Housing embraces so many areas that any attempt to comprehend them all was beyond the resources of this study, so an important part of the foresight process was to narrow the analysis to a few themes and concentrate on these.

The interactive methodology for the project aimed to promote a better understanding of Australia's future housing issues in both the private and public sectors and, by virtue of exposure to foresight techniques, to create the potential for greater use of foresight analysis.

It could be used, for example, to feed into the strategic planning of housing agencies, planners and firms engaged in residential development or as part of a professional development process to build learning organisations.

The project therefore is unlike most AHURI projects which aim to present evidence-based research to inform debate about policy implications and changes. It has a number of outcomes:

- A Positioning Paper which explains foresight methods and their applicability in different situations and which reviews the somewhat limited literature on housing futures (Burke, Slaughter and Voros 2004);
- Learning from participation in an interactive process in which housing stakeholders in the public, not-for-profit and private sectors were able to move beyond the short term and think creatively about housing futures;
- A forthcoming web-based set of guidelines to assist stakeholders in pursuing foresight analysis as an input into strategic planning or as part of a professional development process to build learning capacity within their agency or organisation (see <<http://www.sisr.net/cah/publications.htm>>);
- A Final Report which reviews a previous Australian attempt at generating housing futures, develops other possible scenarios, considers the problems which may arise, and suggests what the policy implications of the different scenarios may be.

2 FUTUROLOGY, FORESIGHT AND HOUSING

Futures studies is the forward-looking equivalent of history. If history is concerned with origins, roots, where, in some sense, we have collectively been; futures studies is about goals, purposes, where we are going, how we get there and the problems and opportunities we will encounter en route (Australian Foresight Institute 2005).

As with the study of history, there are a number of theoretical and methodological approaches to the study of the future, with foresight analysis one of the most important, in part because the objective is not just academic interest as to what might happen but one of informing the strategic planning and policy process.

Foresight analysis is a field of research used internationally across the public and private sectors to consider issues and policy choices that might not be explored within normal operational short-term horizons. It is essentially a set of methodological approaches required to bring some rigour of analysis to futurology. Foresight thus requires a systems-wide approach, and the search for the interrelationships between trends and the causal influences on trends. By understanding the types of events and influences that cause certain trends, governments or organisations are far better placed to consider whether decisions need to be made in the more immediate future in anticipation of possible problems or preferred pathways.

The various methods of foresight analysis, their potential and problems were discussed in the Positioning Paper (Burke, Slaughter and Voros 2004). In this Report, therefore, we will outline only those methods used in this project.

2.1 Foresight methods

Slaughter (1999: 287) suggests that there are four main foresight methods: input methods, analytic methods, iterative and exploratory methods, and paradigmatic methods. This study used the first three of these.

Input methods gather the basic raw material for the construction and maintenance of a forward view in respect of the subject that is being considered, in this case, Australia's housing system and housing markets in 20 years time. A number of input methods are possible, including the widely known and used Delphi technique. Another is 'environmental scanning', described by Choo (1998) as the single most effective one available. It aims at acquiring and using information about events, trends and relationships in the external environment in order to provide knowledge to assist in planning a future course of action or policy.

Analytic methods tend to be not so much freestanding methods in their own right, but stages in a larger piece of work and mainly based on secondary data analysis. Forecasting and trend analysis, particularly of demographic data, have historically been the two most important analytic methods, but are now less popular due to a growing appreciation that future social, political or economic processes might change

the relevance of using past data. Another more recent approach is backcasting, which is an explicitly normative and qualitative method rather than the quantitative approach used by forecasting and trend analysis.

Backcasting can work in two ways. It can work back from a description in words and/or images of a particular desired end state and attempt to determine what measures would be required to bring this about, or it can take a forecast made in the past and compare this with what actually happened (using the benefit of hindsight), to identify what political economic and social factors explain the difference between the projected future state and that which occurred. No projections or forecasting were undertaken as part of this study, although the data and analysis of demographic projections such as those of McDonald (2003) and the ABS were provided as context for environmental scanning. The preferred method was backcasting which was used in both ways: to examine what actually happened compared with an earlier housing futures study (Manning, King and Yates 1988), and in the policy stage where participants were asked what they believed would be necessary to achieve either the preferred housing scenarios or to present the problems seen to be associated with a 'steady as she goes' scenario.

Iterative and exploratory methods permit a substantive definition or exploration of future states, options or strategies. The best known of these is the art and practice of scenario building where different economic and social scenarios are constructed and their implications worked through for the area under investigation, in this case, housing. Whilst not without problems (see Burke, Slaughter and Voros 2004), scenario building formed a major part of this study.

Paradigmatic methods recognise that each identified futures trend, phenomenon or desired state has a distinctive underlying logic and set of assumptions (a paradigm) which can be questioned or challenged. They are a way of stripping away the meanings underlying ideas, terms and concepts, and are best represented by causal layered analysis. In this study, it was felt that the policy thrust, that is, an applied practitioner orientation (in itself a paradigmatic approach to futures analysis), did not justify this methodology. However, for those interested in analysis within this method, Landry (2004) has a very good review of the assumptions and concepts often used in urban and housing futures.

Nevertheless, some interesting observations emerged from this project which suggest the importance of the paradigmatic method. One was the low weight given to technological changes as a factor. Participants did identify some, such as the 'wired home' and wide acceptance of the home theatre, suggestive of new recreation patterns and possible new types of social relationships, but considered these as vastly less important than economic and social changes. Yet the limited futures literature on housing, particularly the popular literature contained in the home decorating and home improvement magazines, suggested a dominance of technological change. The picture and verbal images for the future painted in the 1950s and 1960s were typically of circular or other odd shaped homes made out of factory pressed plastic modules. In hindsight, we can see that the assumed changes

in, or take-up of, new technologies that were being used in other industries never occurred in housing – today's home is built in very similar ways to that of 50 years ago. Whilst technology has been dominant in futures analyses which had an emphasis around paradigms, such analyses gave no attention to the structures of the residential building industry and its relationship to specific social and economic forces that meant that housing production would largely continue as it always had done, irrespective of technological changes in the wider world.

2.2 Choice of foresight methods

The foresight methods used for the project were chosen because of their appropriateness to the objectives of the research, in particular, its applied and participative nature. Other approaches were possible. For example, one of the few other housing futures studies of recent years for the Canada Mortgage and Housing Corporation used a 'writer in residence' approach in which an expert created and reflected on scenarios, with a greater emphasis on paradigmatic analysis (Morgan 1996). Strangely, whilst this study had a relatively short-term future of just five years (1996 to 2001), it produced scenarios which were much more appropriate for a long-term future, as some required major social and economic changes within a very short time span. In the large Housing Futures study (Worthington 2004) in the United Kingdom, the approach was to invite experts to write narrative scenarios on a number of questions and issues, and to participate in a series of workshops to discuss conflicting issues and build some consensus around them before production of the final papers.

In our case, by choosing a process which was largely participative rather than desk-bound, foresight methods had to engage the participants and harness their knowledge and skills towards the research outcome, that is, by identifying possible scenarios and drawing out policy implications. This meant that the researchers were more facilitators than futures 'experts'.

The ideas and observations provided by the participants in the foresight process did not just contribute to our understanding of possible futures. They also helped to sharpen the researchers' understanding of the process and to create some frameworks of potential benefit to others in using foresight analysis for housing research or strategic planning.

2.2 Structure of the report

The rest of this report proceeds as follows.

Chapter 3 reports on use of the backcasting method in examining a report on housing futures produced in Australia almost 20 years ago (Manning, King and Yates 1988). It looks at housing scenarios generated in that year and at the extent to which they did or did not eventuate, and what we can learn from this in terms of housing futures from the perspective of 2005.

Chapter 4 reports on the scenarios for housing futures generated by participants in a number of workshops as part of this project, using an iterative and qualitative method that was informed by the environmental scanning.

Chapter 5 looks at the housing policy implications associated with the scenarios that were identified.

Chapter 6 provides a brief conclusion.

3 BACK TO THE FUTURE: WHAT CAN WE LEARN FROM PAST ATTEMPTS TO GENERATE HOUSING FUTURES?

The study planned to use backcasting to examine past work on Australian housing futures and to compare this with what actually happened. The purpose was not only to identify any differences but to understand why actual housing outcomes varied from those suggested, and what implications these explanations might have for the current exercise.

Unfortunately, there have been few specific housing futures studies, either in Australia or internationally, that use scenario generation, although housing is often swept up in more general urban futures analysis (Burke, Slaughter and Voros 2004). One of the few substantive housing future studies (Manning, King and Yates 1988) was undertaken in Victoria in June 1988 for the International Year of Shelter for the Homeless. It used an environmental scanning analysis to identify important issues and then developed three scenarios to work through how these were likely to play out in terms of housing. Unlike the current study, it adopted an 'expert' and desk-based approach rather than a facilitative and participative one.

3.1 Economic and housing futures as seen from the perspective of 1988

Manning, King and Yates (1988: 8) considered that economic conditions were the main driver of different housing futures:

In order to project what the future holds for housing, activity in the housing sector has to be placed in the wider context of the total economic environment. What happens to housing depends on changes in the economy generally.

Based on this assumption, the authors arrived at three long-term economic scenarios as the basic framework around which housing outcomes developed. It was assumed that Australia's economic environment in each of these was constrained to greater or lesser degrees by the interlinked issues of an unsatisfactory balance of payments and a deficiency in domestic saving, issues that coincidentally re-emerged as important economic policy issues during the current study.

The optimistic scenario made optimistic assumptions about the external conditions affecting Australian trade, such as good balance of payments results and terms of trade, and was characterised by falling interest rates, improved economic growth and an increase in the rate of employment creation. It also assumed that domestic savings would be substituted for the excessive reliance on overseas borrowing. This substitution limits funds both for consumption generally and for housing, keeping dwelling prices and housing affordability constant.

The structural adjustment scenario allowed for the structural change required to address the balance of payments and savings issues, seen by the authors to be the main constraints on economic performance, remembering that 1986 had been the year in which Treasurer Paul Keating warned that Australia could become a 'banana republic'. The possibilities of providing adequate housing for all are more restricted than in the optimistic scenario. While interest rates, inflation and dwelling price movements are either the same or slightly higher, income growth is less, and therefore affordability declines and ownership falls relative to the optimistic scenario. Moreover, funds for consumption of housing are limited because domestic savings are substituted for savings borrowed from overseas.

In the *business as usual scenario*, the economic policy levers of the 1980s were assumed to remain in place. However, this is effectively a worst case scenario as these levers would not allow Australia to make the necessary structural adjustments to address the 'banana republic' conditions of weakening terms of trade and an increasingly large balance of payment deficit. The outcome was seen as a drop in living standards as there is increasing unemployment, continuing high inflation and high interest rates. These factors combine to limit access to housing with a result that 'current housing policies will not be enough to prevent housing related poverty and homelessness in the next couple of decades. This gloomy conclusion derives from a projection of current trends'.

So what did happen? Which of these scenarios most closely approximates current economic and housing conditions?

3.2 Did the economic scenarios explain changes in housing outcomes?

Table 1 shows the key features of each scenario, and includes a final column showing what actually happened in the period 1988-2004.

The results of this backcasting are sobering. Since the mid-1990s, the Australian economy has performed strongly by international standards and therefore the actual economic indicators most closely approximate the optimistic scenario. By contrast, the housing outcomes are closer to the business as usual or worst case scenario:

- The threshold income required to enter home ownership is not constant, as indicated in the optimistic scenario, but is rising at a higher rate than anticipated in either the structural adjustment or business as usual scenarios;
- Real house price increases are twice that predicted for any of the scenarios;
- The percentage of couples aged 25-29 who are owning or purchasing a home (44 per cent) is slightly worse than in the business as usual scenario;
- The total number of public housing starts is even less than in the business as usual scenario;

- Qualitative comments in the 1988 report would also suggest that, despite an economy bettering the optimistic scenario, the experience of homelessness and housing poverty is consistent with what was projected for the worst case scenario.

The findings indicate a paradox. Manning, King and Yates (1988) suggested that the most likely situation was poor housing outcomes as a result of a business as usual economic scenario. They were right, but for the wrong reasons. It was not poor economic performance inherent in this scenario that is associated with worsening housing outcomes, but strong economic performance. In other words, the correlation between what the study defined as good housing outcomes and strong economic performance was just not there. This analysis suggest that the challenge for policy makers who want to improve housing outcomes is not to rely entirely on pulling economic levers to ensure high levels of growth, but to develop a set of housing and urban policies and programs that are able to channel the positives associated with economic growth into positive housing outcomes.

Table 1: Scenario predictions in Manning, King and Yates (1988) compared with actual developments

Area	Optimistic	Structural adjustment	Business as usual	Actual 1988-2004
Population growth rate	Approx. 1.4%	Approx. 1.2%	Approx. 1.2%	1.27% (a)
Terms of trade	Approx 1.4%	Declining by 1.2%	Declining by 2%	1.39% (b)
Inflation rate	Around 5%	Around 6%	Around 7%	3.6% (c)
Growth rate of average earnings	Around 6%	Around 5%	Around 7%	3.78% (d)
Growth rate of employment	Men 1% Women 2.5%	Men 1% Women 2%	Men 0.5% Women 1%	Men and women 1.69% (e)
Interest rates	Falling	Falling	Rising	Falling
Real growth rate of house prices	Around 2%	Around 2%	Around 2%	4.1% (f)
Threshold income required to enter home ownership	Constant	Rising	Rising rapidly	Rising rapidly
Rents in relation to average annual earnings	Constant	Rising	Rising rapidly but erratic.	Falling slightly, near constant (g)
Percentage of couples aged 25-29 owning or purchasing a home	56%	49% (56% if house prices constant in real terms)	46%	44% of all young home buyers (aged 20-34) in 1998-99 (h)
Annual public housing starts	13,300	Falling to 8,500	Falling to 4,000	Falling to 3,621 in 2002

- (a) ABS, *Estimated Resident Population by Single Year of Age, Australia*. Years available: 1971-2003, based on June values.
- (b) Average percentage change using March quarters from 1988 to 2002, based on ABS Goods and Services, Terms of Trade Indexes: Seasonally Adjusted and Trend Estimates.
- (c) Based on CPI percentage changes from previous year, ABS data.
- (d) ABS: AWE of Employees, Australia. Based on August quarter, 1988-2004.
- (e) ABS labour force survey, based on June quarter, 1988-2004.
- (f) Based on weighted average of eight capital cities percentage change (from corresponding quarter of previous year), ABS data, 1988-2004.
- (g) Based on ABS, *Housing Occupancy and Costs, Australia, 2000-01*, Cat. no. 4130.0, and AWE time series Australia.
- (h) 59 per cent in 1988 (Manning, King and Yates 1988). 1998-99 data based on AHURI (2003) *Analysis of Expenditure Patterns and Levels of Household Indebtedness of Public and Private Households 1975-1999*, Tables 13A/C. Shows all persons, not all couples buying a house. The number of couples buying a house would be lower than the figure shown here.

The studies by Manning, King and Yates (1998) and Morgan (1996) focus primarily on generating and discussing economic scenarios and the forces affecting them. It would appear that such projections have only limited usefulness for foresight analysis of housing outcomes which are affected by other variables such as changing lifestyle and preferences, demographic changes, and policy instruments.

This study therefore adopts a different approach, as discussed in the next chapter. It explores some interesting and micro dimensions that would drop out if the analysis was driven by economic factors alone, such as whether Australians will increasingly switch to multi-unit housing or retain their preference for detached dwellings, or how housing choices would be affected by water shortages or a jump in the cost of petrol.

4 FORESIGHT IN PRACTICE: GENERATING AND DEVELOPING FUTURE SCENARIOS FOR HOUSING IN AUSTRALIA

The foresight process used in this study was both qualitative and iterative, although the qualitative was informed by the existing knowledge base, including quantitative analysis of trends and cycles of change. A major part of the process, as in other futures studies, was the generation of scenarios, as these provide a framework to explore options about what the future might look like and a narrative vehicle to describe the nature of each future.

Drawing on methodological advice from the Australian Foresight Institute, the research process involved a developmental series of three workshops with a range of housing experts, including senior bureaucrats, academics, and senior officials from non-government organisations and private sector interests (see Appendix 1). The process involved:

- Scoping the range of issues to be examined through the project;
- Deciding on the core issues to be explored;
- Establishing the basis for identifying potential scenarios;
- Developing the scenarios;
- Exploring the policy implications emerging from these scenarios.

Workshop 1

Workshop 1, held in Brisbane, broadly explored the potential features of, and issues in, Australia's housing futures. Through the range of issues raised and discussed, two key themes were determined, namely, housing choices and housing assistance, and a timeframe of 20 years (up to 2025) was agreed upon.

Workshop 2

This comprised four workshops held in three cities. It was designed to identify the trends, drivers and uncertainties likely to shape housing choices and housing assistance. Participants then considered scenarios related to the two themes:

- Housing choices: best case and worst case;
- Housing assistance: best case and steady state.

A further outlier scenario was added at the Melbourne workshop to focus on the impact of a future with high fuel costs. The function of an outlier scenario is to work through the implications of an external shock: what is the capacity of the system to cope with such a shock, and how would it change consumer and producer behaviours and social and economic outcomes. The fuel cost scenario was chosen because it has some possibility of being reality, that is, growing out of current world circumstances. It is possible to conceive of specific housing market outcomes of a

fuel crisis, and work through housing and urban policy initiatives in response to these in a way that can sharpen our knowledge of current policy.

Following Workshop 2, the researchers developed the five scenarios into narratives which are outlined below.

Workshop 3

This comprised two workshops in Melbourne and Brisbane. These considered the five narratives developed after Workshop 2, as well as providing more general observations around key areas of policy potentially impacting on housing futures.

The processes used in Workshops 1 and 2 and the outcomes are detailed in the rest of this chapter. Chapter 5 discusses the policy implications of these scenarios based on Workshop 3.

4.1 Workshop 1: Scoping Australia's housing future

The first participative stage of this project was a one day workshop in Brisbane attended by around 20 people drawn from all over Australia so that there would be no bias to Queensland specific issues. Facilitated by a foresight expert of international standing (Sohail Inayatullah), its purpose was environmental scanning: to broadly scan what participants saw as the major processes and trends likely to shape Australian housing outcomes in the next 20 years. This scanning was structured around four themes:

- Mapping the future (what are the trends and drivers shaping housing futures?);
- Anticipating the future (identification of possible outcomes and problems from these trends);
- Deepening the future (exploring the deeper levels behind the outcomes issues);
- Alternatives (what scenarios are to drive the next stage of the research?).

The aim was not only to identify processes and trends, but to identify 'weights' (factors impeding change, such as a passive policy environment) and 'pushes' (factors driving change, such as demographic changes). Participants were provided with a briefing paper outlining the project's aims and objectives, what futures analysis was and, in a far from directive way, suggesting some of the trends and issues that may affect Australia's housing future (see Appendix 2).

They were also provided with some input information to assist in the environmental scanning. For example, it was assumed that Australia's demographic future was adequately captured by the Australian Bureau of Statistics (2004) projections of around 24 million population and 2.3 to 2.4 people per household, meaning a requirement for an additional 1,600,000 dwellings. Further 'factual' data was provided, including average future retirement incomes for current employees, which in 2004 dollars were forecast to be \$13,260 for a single person and \$19,500 for a couple (National Centre for Social and Economic Modelling 2003). Other than this

type of information, it was the role of participants to establish the attributes of the drivers of change.

The workshop was structured around housing trends, drivers and issues. Trends were those broad categories of change that in some way were likely to shape Australia's housing system and housing outcomes over the next 20 years, and were largely the same as Morgan's (1996) 'factor classes', that is, demographic, technological, economic, environmental, political and social, including changing social values. These trends are given substance and direction by drivers, for example, ageing, from each of which there will flow a set of housing issues.

At the first workshop, and as context for what needed to be investigated in the subsequent research stages, an exercise was conducted in 'weighting'. Weights are processes or conditions that will not allow a shift to desired future states or an adequate response to future problems. They are a counter to the drivers. The major weights were seen as:

- The Australian government's lack of interest and commitment to a housing and urban policy which could assist in creating more positive long-term housing outcomes;
- Too narrow a vision of housing policy at all levels of government, that is, a concern largely with housing assistance for high needs households, but little concern for broader issues such as effects on urban form, affordability and sustainability;
- Lack of recognition in the wider community that housing is a problem for all society, not just for those experiencing housing stress;
- The impacts of a federal system of government which creates an inability to deal with housing market diversity and is reflected in the 'one size fits all' models of taxation, financing and housing assistance.

Participants started to identify the early themes which would be elaborated upon through the rest of the project and be illustrated through the scenarios, including:

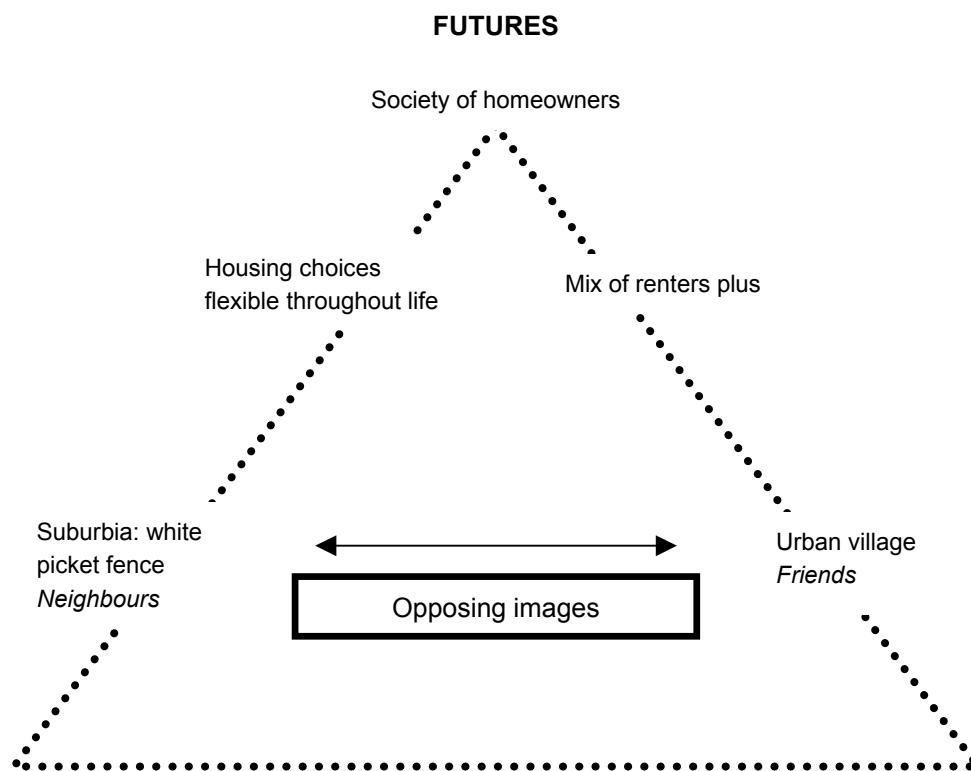
- Housing design: adaptable and accessible;
- Housing assistance: direct and indirect, level of government policy interest, nature of subsidies, winners and losers, taxation issues, delivery models, demand or supply side, role of the private sector;
- Choices in housing: demography, ageing, diversity, employment, income, migration, location;
- Environmental sustainability: how well will housing fit the environmental needs of the future?;
- Housing technology: how will the information revolution change the way in which we use and provide housing?

From the range of issues discussed in the workshop, two key issues were prioritised for further exploration:

- Housing assistance for the future;
- Choice or constraint: where is our housing future taking us?

Housing assistance was seen as a core interest of the AHURI stakeholders and research funders, that is, the state and territory housing authorities and the Commonwealth Department of Family and Community Services. The second theme captures contemporary social aspirations and is a value and philosophy of sufficient weight that it will still have relevance in 2025. It was also chosen as a theme which can transcend so many of the other issues that were raised as potential themes, for example, design, technology and sustainability.

Figure 1: Alternative housing futures: ‘pushes’ and ‘weights’



Pushes

- Home ownership
- Changing demographics:
 - Health
 - Traditional nuclear family
 - Ageing
 - ‘Boomerang’ children
- Size of houses
- Cost of houses
- Changing income distribution
- Changing social values

Weights

- Federal policies: narrow vision of housing policies, lack of systemic view
- Lack of interest in housing agenda
- Structural issues: federal versus state
- Freezing out of alternative views
- Politics of the margin: visible/invisible politics
- Multiple housing markets: geography

4.2 Workshop 2: Building scenarios

Workshop 2 involved over 50 participants with a wide range of backgrounds in four workshops. Melbourne and Sydney workshops focused on housing assistance, while Brisbane and Melbourne workshops focused on housing choice.

A few of the participants were the same as in the scoping workshop, but most were not, so their participation was not affected by being part of any earlier debates. While the Melbourne workshops had participants flown in from the ACT, South Australia and Tasmania, those in Brisbane and Sydney only had local representation, and so local issues emerged more than in Melbourne. The aim of Workshop 2 was to explore in more detail the trends, drivers and key uncertainties influencing potential housing futures and use this information to develop features of alternative scenarios.

Four scenarios for development were defined by this stage, based on the two key issues identified in Workshop 1. An outlier scenario was also identified and discussed with one workshop to explore the potential issues and behavioural changes that would arise with high fuel costs, with petrol at \$5 (in constant 2004 prices) by 2025.

Best case scenarios were chosen for both themes to draw out what sort of housing values and housing system which participants would like to see, that is, a desired housing state. This could be used as a benchmark against which we could compare where we are at in 2005 and then, in the policy section, attempt to identify what we would have to do to get there. The worst-case scenario was adopted for the housing choice theme for a similar reason, that is, it would provide a benchmark to tell us what we need to avoid and what the appropriate policy responses would be. For the housing assistance theme, we chose to use a steady state rather than a worst case scenario as, mindful of the policy needs of the AHURI stakeholders, it was felt that the need was to work through where the current housing assistance structure would take us in 20 years time and therefore what changes were necessary.

A framework of trends, drivers and uncertainties/potential problems was used to guide the participants and deepen the initial discussion from Workshop 1 about those factors impacting on housing futures. Table 2 provides a simple outline of the framework, while Table 3 exemplifies its use in relation to ageing.

Table 2: Framework given to participants in Workshop 2 to facilitate discussion of scenarios

Trends	Drivers	Uncertainties/potential problems
These are the broad national and international trends which are seen as being key to future outcomes. They are categorised under headings of demographic, technological, economic, environmental, political and social, and under each of these the specific elements giving character to them are outlined.	Drivers are behavioural responses and personal circumstances relating to these trends which shape or drive how people and industry consume, exchange, produce and manage housing.	Uncertainties and potential problems are all those issues which, using foresight analysis, we can suggest as logical outcomes of the trends and drivers identified. These are the issues around which scenarios can be explored and a deeper understanding revealed.

Table 3: Example of application of framework given to participants in Workshop 2

Example: Trends	Example: Drivers	Example: Uncertainties/potential problems
Ageing of the population	Low incomes of older persons High rate of home ownership (people who are asset rich)	To what degree will older households trade down? Which housing markets will be affected by any trading down process?

This collective exercise across the four workshops generated a large number of housing drivers, uncertainties and problems (see Appendix 3). Following this, participants worked in groups to tease out in detail what they thought were likely to be the most compelling or problematic issues and uncertainties to have emerged by 2025. The scenarios evolved into those outlined below. This is essentially a narrative approach. It is about text, not data, as the participative method was one which threw up ideas, not quantitative information of the type that characterised and framed the story of the Manning, King and Yates (1998) study.

4.2.1 Scenario 1: Australia divided: Worst case housing choice

The first scenario illustrates a housing future where choices are very constrained, particularly for low and moderate income earners and certain age cohorts, for example, Generation Y. What emerged here are issues about the nature of housing and access to it, and also implications of increasing spatial polarisation of incomes and wealth, with some becoming disadvantaged in a way that, in 2005, we have only seen in other countries. It also has a particular focus on the older population in 2025, the baby boomers, and their potential housing circumstances 20 years hence.

The spatial divide

Spatial polarisation processes already evident from the late 1990s are strengthened by 2025. Lower income and less wealthy households are pushed to outer suburbs and certain country towns. Inner urban areas are enclaves of wealthy owner occupiers and young, relatively affluent renters. Affordable but appropriate housing in Sydney in particular is largely inaccessible for first home buyers except the top 30 per cent of income earners. Dwelling prices are lower in certain outer suburbs, but middle income purchasers would rather move interstate or to provincial cities than locate in these areas of social exclusion.

The immense shortage of social and affordable rental housing means that more and more low income households are living in poor quality detached housing in the private rental sector. Over-crowding and the re-emergence of some contagious diseases have compounded the disadvantages. Some outer urban areas – the new urban ghettos – with excessively high concentrations of such households have become hot spots of social exclusion with high crime rates, intergenerational poverty and unemployment. At irregular intervals they erupt into riots when triggered by some event that reminds residents of the spatial and social exclusion. Some are severely blighted in a way that was not apparent 20 years previously, with largish numbers of rundown and sometimes abandoned properties and severe economic exclusion to the extent that banks refuse to lend for investment or purchase. This is somewhat the reverse of the inner city problems prevalent in the United Kingdom and United States in the late twentieth century.

There are very low levels of local employment in many outer areas, with 80 per cent or more of working residents forced to travel well outside the area. Moderate income workers face very long journeys using private transport. Commuting times of two to three hours each way are not uncommon now, and these long distance commuters are forced to bear very high travel costs. There are clearly negative impacts on family welfare as well as on disposable household income. This has also resulted in a shortage of low paid workers in the inner cities, for example, hospitality and security workers, as their low pay does not compensate for travel time and costs.

Recently arrived migrants and refugees, many on lower incomes, are forced to gravitate to the cheapest housing areas, that is, outer urban areas with poor transport and employment opportunities. This has created spatial concentrations of ethnicity and reinforced prejudice against migrants, despite the fact that Australia needs a continued migrant intake for employment purposes, including the lower paid and less skilled employment that Australians are more reluctant to undertake. While many of the migrants are employed, others are not, including many youth; alienated from their traditional cultures as well as unable to adequately integrate into the Australian economy and culture, they are easily seduced into crime and other anti-social behaviour. Territory defined gangs are common.

The spatial exclusion also has a household dimension. Inner city areas are considered 'no go' zones by professional families with young children, despite their affluence, as high property values have made the provision of childcare centres economically non-viable.

Spatial disadvantage also extends to regional Australia. Some areas, particularly along the coast, have attracted a sizeable population of affluent retirees and work-at-home professionals. However, inflated house prices and rents have pushed out many long established residents.

Other regional areas, for example, smallish inland towns with a population between 2,000 and 6,000, are attracting sizeable numbers of low income households in search of cheap housing. While this has generated population growth, it has not necessarily generated economic growth. These areas have become characterised by high unemployment and poor services, but are being completely ignored in terms of government support, as they form remote and invisible pockets of poverty. Like the new urban ghettos, they also have no attraction for private investment.

Some coastal areas that enjoyed a 'sea change' boom early in the century have gone off the boil and experience contracting property values. As retirees find they need to remain active in the workforce to supplement their retirement incomes, poor local employment prospects mean that many of the sea changers move back to major urban areas. Moreover, the awareness that many coastal areas lack essential infrastructure such as hospitals has accelerated a reverse sea change process.

The spatial divide is also a generational divide, with largish proportions of Generation X unable to become home owners, other than those courageous enough to buy in some of the problematic outer suburbs where dwelling prices are low. Now in their late 30s and 40s, many are without property assets and confront a lifetime of rental housing without the security and ability to express their identity through decoration and renovation as owner occupiers can do. While many have invested in other assets, for example, shares and rental property, this does not provide the same sense of security as home ownership. Aware of their long-term rental status, many are becoming politically active around residential tenancy reform and in some areas have organised rent strikes to force landlords to provide long-term leases.

This Australian scenario of spatial division has its parallel in the United Kingdom scenario by Maclennan and McLaren (2004) which is also driven by unequal incomes and pressures on housing markets.

The ageing population

Fears about the inadequate income of a growing aged population are well realised by 2025. Those on full pensions have little capacity to pay housing and living costs if they are not outright home owners. While many have access to superannuation or part superannuation, their income is still insufficient to meet desired or reasonable living standards, particularly given that their income may need to last them well into their 80s and beyond.

Most people will age in place, but many of these will be in housing which is inappropriate for their needs and in increasingly poor condition, with the low pension meaning no capacity to upgrade or adapt their homes. However, some manage to get by because of a trend for adult children to remain with their parents, or return to live with them. This resolves housing problems (but not necessarily other wellbeing needs) for some younger residents and the care needs of ageing parents.

Through economic necessity and housing demand there is also a widespread practice of taking in boarders, as older residents try to hang on to their larger home. Many are forced to downsize their dwelling, either because late entry to home ownership means they have not paid off their mortgage at the time of retirement or their low income requires conversion of their home equity into an income stream for post-working years. Some of these households have chosen to rent, which even by 2025 has become a major problem as a number of people have outlived the income stream, having inadequately understood the time value of money and that a windfall of, say, \$70,000 after trading down does not last long. Others have moved outwards to cheaper urban areas or country towns with poorer services, which also becomes a problem as they age further and their support needs increase.

Intergenerational transfers of wealth through loans or gifts while parents are alive (facilitated by an increasing range of reverse equity and shared equity financial products) or from deceased estates have become a critical path to housing security for many people. But ongoing declines in home ownership from the 1990s means there is an emerging group of older people, and some of their children, who do not have and never will have access to home ownership. This is putting considerable strain on the private rental sector and on rent assistance.

There is a large population of older people in the private rental market on low incomes. Manufactured rental housing estates have become a major feature on the fringes of major cities and towns as a low rent option, but they eventually impose high costs on public services as health and support needs increase, and there are major quality problems with the units themselves as they are unable to stand the wear and tear of problem families who are also forced to live in these estates. The conflicts between these groups and the aged are sharp and represent a diminution in the quality of older people's lifestyles. Others become part of intergenerational households, forced back into sharing rental accommodation as older adults, as they might have done early in their housing career.

Retirement villages and aged care facilities are now the preserve of the affluent. New private investment largely focuses on the top end of the market. The not-for-profit sector, which has historically provided much of this accommodation, has severely contracted in response to market pressures (the sale of land is used to fund other key human services) and the inability to upgrade the properties to appropriate standards, given the limited subsidy. The small amount of investment in more moderately priced retirement villages or aged housing is poorly located to necessary services, as high property prices have forced developers to only construct in such

locations. Local governments turn a blind eye to the planning implications, as the choice is a bad location or none at all.

Home ownership

By 2025 home purchase is in rapid decline, as Generation Y consumers are so encumbered by education and lifestyle debt that they cannot raise the necessary deposit. Furthermore, poor capital gain performances in outer urban areas, where properties are affordable, have no attraction for a generation more focused on asset performance than a 'bricks and mortar' investment. These areas stay depressed as young households prefer to rent rather than be owners in high risk areas. The need for increasing employment and locational flexibility means that very few younger households (even up to their 40s and 50s) want to be tied down by ownership and thus opt for rental. Nonetheless, there remains strong interest in property investment, and many younger people are both long-term landlords and renters.

Housing form and design

A failure of planning and housing agencies to use the planning system to enforce greater housing diversity has come home to roost. There is an enormous shortage of units, apartments and townhouses in outer urban Australia, as the bulk of new stock constructed in the previous 30 or so years were detached dwellings, many of the McMansion form. People now realise their poor environmental sustainability, lack of adaptation to small households (except some which are now being used for group living) and poor fit with creating streets and neighbourhoods that potentially give rise to community. This problem has become sharper as relatively few children now live in the McMansion estates, many of which have become areas of loneliness and frustrated aspirations.

Another major housing form problem is the 'six pack' apartments that were built in the 1960s and 1970s. Many of these were reaching the limit of their economic life by the end of the century. The strata titling of these properties in the 1970s and 1980s to bring the opportunity of individual private ownership to this dwelling form has become a major impediment to upgrade, notably in those with lower income landlords and owner occupiers who are reluctant or unable to outlay money on common facilities such as plumbing, roofs, stairs and verandas. Many properties are almost beyond repair, and a source of cheap but slum rental or poor quality owner occupation.

Summary

Under this scenario, Australia's housing choices are very constrained – both for lower income households who face very poor locations and dwelling conditions in the private rental market, and for higher income households who bear the costs of inefficient cities with spread-eagled development patterns, inadequate public infrastructure and services, and the high health and welfare costs imposed by an increasingly disadvantaged sector of the population.

Governments have remained cautious in intervening in this housing environment. The basic structure of the income support and housing assistance systems has remained unchanged, with gradually worsening situations for the poorest households. Community and church agencies continually step in to provide ad hoc support for some groups, and the small amount of public funding for services and support tends to be channelled to non-government organisations.

Governments have also not heeded the call for a return to public investment in infrastructure. Private funding has supported some major transport infrastructure where returns are guaranteed, but metropolitan areas are frequently faced with traffic and energy problems as key services and utilities are inadequately funded to cope with demand and there are no funds to facilitate renewal in areas of decline.

A major side effect of the constrained housing choices for lower and moderate income households (particularly given their spatial concentration) is blocked aspirations and a high level of political frustration. This has resulted in an unstable political environment where voters have no commitment to any party, changing the direction of their votes at every election.

4.2.2 Scenario 2: Flexible choices

This scenario explores an Australia in 2025 with a housing and urban system that provides minimal barriers to household choice. It also pictures a far less differentiated economic and social landscape, supported by greater public and private investment in outer metropolitan and regional areas. The scenario features a more dynamic and professional private rental market, responding to housing preferences across a wide range of incomes and households. The social housing sector has also been expanded and eligibility widened to accommodate a far greater range of households (these issues are explored further in Scenario 5), and housing assistance has been restructured to create a more tenure-neutral environment. Residential tenancy legislation now offers long-term tenure so that private renters have the same security as owner-occupiers or social housing tenants.

The labour market shortage and high dependency ratios that concerned economists earlier in the century have not turned out to be the problem, but rather the solution. Labour shortages have created greater job opportunities for Generations X and Y who now enjoy a more certain income stream than was anticipated, enabling them to exercise greater choice in the housing market. Given that flexible labour markets are now the norm for the post-'baby boomers', many opt for private rental, particularly as there is now far greater security of tenure.

The other major unexpected trend is that a large proportion of the 60 plus age group, most of whom are in good health until their 80s, continue to work part-time both out of interest and to provide the income for a more fulfilling lifestyle. Many use the additional income to travel and as a result move from detached housing (with its higher maintenance costs and problems of management in their absence) to various forms of medium density housing which now account for over 50 per cent of new construction. The taking up of employment, particularly by the aged, has been

facilitated by new forms of training and we now find, for example, older people drawing on their experience by becoming childcare workers.

Diverse and responsive housing forms

Households are much more diverse in aspirations, tastes and values than 20 years earlier and require a range of housing options to reflect this diversity. Small, good quality housing products are meeting the demands of the rapidly growing numbers of people living alone. Even in outer areas, the building industry has recognised the need for diversity, and offers a range of dwelling types in the lifestyle estates which have become the major form of outer urban development. Complexes of units are built with carefully planned open space and community facilities, and residents can access efficient and low cost technologies to support leisure and home-based work. The earlier planning system oriented towards individual lot development was abandoned, and replaced by one designed for comprehensive lifestyle development.

Planning reform has enabled new types of renovations and conversions to occur, particularly those which allow for group or shared living but with style and comfort. For example, with two kitchens in a single dwelling, residents can share common living areas but retain private areas. These planning changes have enabled many of the now unloved McMansions to be converted by putting a kitchen upstairs and reconfiguring living arrangements so that two, three or four people can share a large dwelling whilst maintaining a high standard of amenity. These renovations are very attractive to older persons who want company as well as independence, and can achieve this by sharing a renovation with friends. They are also popular with blended families. New developments, even on the urban fringes, are meeting the same need by building dwellings specifically for shared co-ownership, and new legal and financial structures have emerged to enable this.

Retirement complexes and seniors' housing are increasingly being integrated into new developments. Stand-alone retirement villages have lost favour, with a revived interest in community living and building relationships with neighbours. Similarly, gated communities seem rather outdated, with most being recast as more mixed communities. Accessory housing (once known as 'granny flats') has been widely adopted, with relaxations in development regulations and the wide availability of well designed and affordable modular units which provide self-contained accommodation on an existing block.

Generally, the building and development industries have become much more attuned to the needs of the single person household. In a trend which began with student housing complexes, there is now a significant amount of multi-unit rental accommodation being built specifically for shared households, featuring large bedrooms and individual en-suites but with shared kitchen and living facilities.

Smart, green housing

New dwellings must now meet minimum standards for environmental sustainability and adaptability. All existing housing is progressively being retrofitted for better energy usage, durability and recycling, encouraged by government grants and loans.

There is general market acceptance of 'green' technology as a standard feature of housing, with widespread use of recycling systems and efficient heating and cooling technologies, while domestic air conditioning has been phased out by regulation. A significant part of the industry is focused on retrofitting and adaptations for new environmental regulations as well as changing market demands.

Connectivity is a standard feature of homes in 2025. As a wider range of jobs are typically conducted at home (even though most people still work outside), reliable data connections utilising wireless technology are an essential utility.

Less polarised housing markets

Price relativities have become more equal by 2025 as a result of two processes. Firstly, sharp price differences between inner and outer urban areas prompted a gentrification of some of the older industrial outer suburbs; secondly, renewed public and private investment in the outer and regional areas brought with it much of the economic opportunity and social lifestyle of the inner city, and thus attracted a new set of purchasers and renters. A rebirth of public transport is part of this breaking down of housing markets, but so is a resurgence of labour markets away from the inner city as employers search for new labour, in the context of continuing shortages, and also lower cost environments.

Changing settlement patterns

Metropolitan growth has been less substantial than predicted. This came about as more and more households, including migrants, chose to relocate to coastal and inland cities and towns, many of which are now of a size that enables the amenity and employment opportunities associated with larger metropolitan areas. By 2025, regional centres with a population between 50,000 and 100,000 look likely to become a more common settlement form.

4.2.3 Scenario 3: The outrider scenario: Crisis drives localism: The corner shop returns

This scenario considers an external shock to the housing system, created by an energy shortage driving petrol prices to above \$5 a litre. Many predicted outcomes are similar to those of the worst case scenario, but others are more positive.

Transport costs dominate household expenditure decisions

Households minimise their housing expenditure in favour of transport expenditure by seeking smaller mortgages. This has constrained demand and reduced the rate of house price inflation over time. Renters have made the adaptation by increased sharing and, in the case of young people, by remaining at home.

Households relocate to areas of greater accessibility

Households who can afford to do so have moved to areas of greater accessibility, driving up prices and rents in inner urban areas and, consequently, further driving down prices and rents in many outer urban areas and country towns. The 'sea change' process has become more focused on towns that have the size and infrastructure to minimise travel costs. Smaller coastal towns, unless in proximity to a

larger one, are stagnating. Inland towns with a population less than 5,000 have generally gone into a protracted decline, but many reasonably self-contained regional cities of 20,000 plus are prospering as alternative viable locations for those pushed out of the bigger cities.

These changes have created falling property prices and areas of good affordability in certain locations, but with the trade-off of high travel costs. These areas may attract those who no longer need to work, for example, the retired, or those who have given up on work, including the long-term unemployed.

Housing densities increase as more compact urban settlements become essential for access to employment. Occupancy levels rise in detached housing, with more adults sharing to optimise their location, and young people choose to stay at home and spend their income on travel costs.

More people work from home

There is increased pressure to work from home, but this has not fundamentally altered the spatial patterns above, as direct contact remains an important feature of most jobs. However, it has reduced travel costs for some people.

Employers change work locations

Some employers, unable to attract low cost casual staff in inner urban areas and facing pressures of high property values and rentals, have relocated to outer urban areas where there are public transport nodes, for example, Dandenong (Victoria) and Liverpool (New South Wales). In doing so, they have helped to regenerate these formerly depressed areas.

Changes in public and private transport

The energy crisis has raised public consciousness of environmental issues to a very high level, which also results in changes in housing construction. Urban consolidation has gained greater momentum, and greenfield development of detached housing has contracted substantially. Much more emphasis is placed on the design and construction of townhouses, apartments and terraces with efficient and sustainable materials and building processes.

There has been intense policy pressure to construct at much higher densities around public transport nodes, creating a number of major local conflicts with established residents, but public opinion supports most measures to establish more efficient developments, transforming many neighbourhoods. Widespread awareness of travel costs has encouraged engagement of people with their local communities. Some freestanding regional shopping centres begin to fail, as people are unwilling to expend travel costs on regular shopping trips more than a few minutes from their homes. Local shopping centres are revitalised, and small corner shops begin to proliferate as walking and cycling have become more typical travel modes. People are searching for and creating social and economic opportunities closer to home, as the pump prices are a constant reminder of the actual costs of wider travel. Social

and educational activities are focused on local neighbourhoods as people ration their private travel to carefully planned journeys once or twice a week.

4.2.3 Scenario 4: Housing assistance – for very few

This scenario is based on current policy settings for housing assistance in 2005, featuring declining investment in direct funding of social housing, an entitlement-based private rent assistance system, and significant support for private landlords and home owners through the tax treatment of investment and owner occupied housing. A core assumption is that changes to these policy settings will be minimal and incremental over the next 20 years, with a prevailing public policy position of benign support for the type of housing consumption and investment patterns that have occurred in the previous 30 years.

Many of the broader elements of Scenario 1 sit behind this, as not only has the minimal change policy environment affected the outcomes for recipients of housing assistance, it has also affected the urban and regional environment and social attitudes of Australia more generally. More specifically, this scenario focuses on those at the sharpest end of housing constraints. The scenario here is not about choice but about severe housing constraints and associated limited life chances.

Public housing

There is still a public housing system in 2025, although it is smaller than the current 360,000 dwellings, despite the population growth over this period. Waiting lists are at record levels, and the total public and community housing stock is less than 3 per cent of all dwellings.

Much of the public housing stock is in good condition and well managed, having benefited from an extensive period of investment in upgrading, reconfiguration and selective redevelopment, but there are still large pockets of poor stock in outer urban areas where new investment is not deemed appropriate or where resources have not been available. There have been periods of stock transfers and open sales (substantial in some jurisdictions), the latter forced by financial pressures, but all jurisdictions have retained a core public housing system.

The system is still highly targeted, mainly to people with disabilities, the old and frail, and households with multiple needs. Waiting lists are very tightly managed and clients are closely streamed into different assistance packages, some time-limited. New funding and political interest tends to focus on 'politically palatable' populations whose need for government supported housing is beyond question.

The public housing system in 2025 is very expensive to run. In addition to extensive stock upgrading, authorities have invested heavily in staff and programs to successfully manage tenancies for a complex and diverse high-need client base. Some jurisdictions have seen the blurring of roles between human services agencies, with housing authorities managing tenancies only after an allocation has been made through a welfare agency.

The federal government's role in public and community housing continues to be fairly marginal, although at times it has provided funding injections for particular policy priorities, for example, to increase stock in response to growing levels of mental illness and a crisis in private rental market evictions and increasing homelessness. Bilateral arrangements have also resulted in occasional capital and recurrent subsidy programs to support particular initiatives, for example, estate redevelopment.

Estates

Public housing estates have become more diverse. Public ownership on the estates has been greatly diluted through a range of strategies, including demolition and sale of lots on the open market, and transfer of properties to other rental managers (both community and private), private owner occupiers and private landlords. Some estates are working well as a result, but others have disintegrated into damaged and bleak places where efforts to rebuild communities have not been successful. This has largely occurred because policy measures have not addressed the tenants' more fundamental and deeply rooted problems, such as lack of jobs, welfare payment traps, poor quality services, and attitudes that constrain personal expectations; the investment has been in policing, rather than in community building.

While lessons were being learned about the need for sustained efforts in disadvantaged areas, unfortunately the political process was too impatient and the financial requirement too burdensome for an ever contracting budget, and support for many communities was withdrawn prematurely. Gains were rapidly lost as family support and early childhood services were defunded and local labour programs reached their 'use-by' date.

Community housing

Much of the above scenario also applies to community housing. This had been seen as the growth sector for social housing, but the growth was not on the scale hoped for. There were simply not the funds, as no-one had yet found the magical formula for public/private partnerships without public subsidy. By 2025 more has been spent on research for the formula than on actual funding for housing. Thus, while the community sector did expand, this did not even compensate for the loss of stock in the private rental sector, and even then the growth was in a form of community housing that did not benefit the most needy.

The management form of the sector has changed and is now dominated by housing associations managing 500 to 1,000 dwellings. Their role has replicated that of public housing, that is, highly targeted to those largely needing support. Many people are now asking how we can put 'community' back into community housing.

Private rental market

While the small public housing system works well for the very few who succeed in gaining entry, many others are excluded by virtue of their need not being considered extreme or ongoing. As was the case 20 years earlier, a small number manage to get affordable housing through the non-government sector, but most still have to find housing in the poorly regulated private rental market.

Private rental ghettos can be found in all cities. Housing standards are often very poor, notably in unimproved 'six packs' and in older detached housing, and many households are overcrowded, with two or more families forced into high density sharing. A new generation of slum landlords has emerged, capitalising on the desperate needs of people on very low incomes. Home boarding is also a major industry now, with many older people taking in boarders to assist with their living costs. Accessory housing has also become commonplace.

The federal government's rent assistance system still underpins rental access for a majority of low income clients. However, it is no longer a purely entitlement-based subsidy as had been the case at the start of the century. By 2008 concerns about overall cost blowouts led to a rationing of access to full assistance to those in very high need, particularly for those seeking assistance in the high cost markets in the major cities. Rent assistance is also bundled together with other components of the welfare system. Client obligations operate for virtually all types of welfare payments.

Most people seeking rent assistance need to find lower cost housing to be eligible for support, and are also required to meet obligatory minimum work (or other activity) requirements. Labour market programs, such as they are, are not in step with rent assistance policies. Many low income tenants find themselves 'between a rock and a hard place', forced to locate to areas where there are few job prospects, and then becoming at risk of being in breach of their welfare contract, losing their income and housing support. Hardest hit are unemployed singles and couples, as families with children in housing crisis are getting some access to emergency housing.

Homelessness

Homelessness, in all its forms, is rife. Ironically, significant funding growth has occurred in crisis housing programs which have garnered political support in the face of extreme demand (the common sight of rows of cars in local parks with families camped inside had become too much for politicians to bear). However, without further funding of medium to long-term options, there is no lessening in demand for crisis housing.

Client choice

By 2025 client choice is seen as a 'management mantra' of earlier years which no longer has much meaning for recipients of housing assistance. Despite some innovation around programs that potentially provide client choice, for example, in allocations and rent setting, the ability of these programs to offer real choice is denied by the huge shortage of social housing stock and of low cost private rental stock (other than in areas of social exclusion). For most housing assistance recipients, choice means a trade-off between evils: living in an overcrowded or low quality dwelling in a higher cost and higher amenity area, or in a low cost area of social exclusion where they forgo any ability to achieve a quality lifestyle.

For singles and childless couples on low incomes, the choice is even more restricted. Neither public nor private rental housing in inner and middle ring suburbs are accessible (the former because of ten year waiting lists, the latter because of

non-affordability), yet there are few suitable flats and apartments available in outer urban areas and the new suburbs. Low cost factory built housing estates (the new caravan parks) have emerged as the major housing form for these households, as developers have seen the capacity to leverage rent assistance into their financial structures. Public housing agencies unable to fund the construction of conventional housing are also head-leasing more and more singles and couples into these parks, and the American terminology of 'trailer trash' has emerged to stigmatise the parks and their housing assistance occupants.

Alternate affordable housing

There has been some activity in the affordable housing arena, involving a range of hybrid social housing models and players. A few well established community housing organisations managed to grow their rental business opportunistically and reached a largish scale, but nowhere large enough to compensate for the reductions in public stock. Some have benefited from direct federal funding support at times, when short-term policy initiatives have favoured the growing of a few providers.

However, the subsidies that providers receive to house low income people are also very limited. So whilst the hybrid providers house some of those who miss out on public housing, they have increasingly housed higher income, lower risk tenants (government financial bail-outs of a couple of the larger not-for-profit providers in 2008-09 highlighted the fact that they could not sustain a focus on low income tenants). Beyond these few major providers, there has not been significant growth in the community housing sector. Capital for non-government low cost housing has mainly been directed to hybrid affordable housing arrangements, although there has been some growth in specialist supported housing providers.

Some specialist private developers are involved in low cost housing, having benefited from sporadic partnership opportunities, mainly in redevelopment of older estates. Where the estates are in high value locations, this has been a lucrative arrangement.

This scenario sees Australia unable to address the problems of low cost housing ghettos, overcrowding, and ongoing and increasing homelessness. Policy reforms have been sporadic, and serious pockets of poverty and disadvantage now impose huge costs on the community and economy.

4.2.4 Scenario 5: Australia cares for its own

This scenario attempts to envisage an ideal housing assistance system which provides appropriate levels of support for diverse needs. It describes a more vibrant and responsive housing system with public investment carefully targeted to areas of risk for households. It features policy instruments which encourage private investment rental housing, including affordable housing, together with concerted effort and investment in turning around spatial disadvantage.

Social housing

The social housing system is now operating with vigour after belated recognition of the need to fund its key cost elements. Led by the larger states, with others following suit, government operated social housing is running under a new financial model whereby states fund asset investment to ensure optimal responsiveness to need, and rental subsidies for government tenants are funded through a reformed national housing support payment system. A 'whole of government' focus on supporting complex needs has resulted in funding for joint housing management and support arrangements operating through service partnerships. Stock has increased from 360,000 units to around 600,000.

Moderate income households are entering social housing as rules have opened up to 'normalise' access in the wake of a widespread realisation that tight targeting hindered rather than supported communities. Public housing estates, after sporadic attempts at 'renewal', have been given a real impetus as employment programs, education facilities and community enterprise initiatives have been targeted to communities identified as having low opportunities. Affordable public housing and other incentives are put in place for new residents, who are also attracted by job opportunities arising from local and regional economic development support.

Private rental market

Significant changes can be found in the private rental market in particular, which has been transformed from a fragmented sector, comprising mainly accidental landlords with relatively short-term investments, to a more stable and professional one underpinned by institutional financing. While some old style landlords remain, the smart money in rental investment is in rent property trusts and government housing bonds, offering secure investments tapping into property asset growth without the exchange costs and management burden of individual rental properties.

Many people are both renters and property investors, with a high degree of flexibility and mobility considered necessary by most people aged under 50. Institutional investment in the private rental market has led to substantial long-term developments offering the capacity for secure long-term tenancies.

These trends have been supported by the broader housing assistance system, which targets government support to 'at risk' areas and potential market inefficiency. Private sector rent assistance has been restructured to provide a base level of support as before, but with components to address issues in high cost markets (accompanied by supply measures such as rental accommodation construction subsidies).

Any form of rental subsidy is linked to provider accreditation standards and long-term security of tenure, across the public, community and private sectors. This has resulted in a more diverse base of low cost housing providers, particularly hybrids which combine private sector involvement and development skills with specialist housing managers, many of whom originated as community housing organisations.

Private investment in affordable rental housing has also been encouraged by tax incentives for its construction. The rental industry has become more professional and sophisticated, with affordable housing suppliers leading the way in setting higher management standards and consumer expectations. The increasingly 'arms length' nature of rental investment has also lessened investor resistance to a more structured and regulated system, as marginally higher costs are offset by increased investment security associated with guaranteed high quality management.

Support for home ownership

The potential to better support lower income home purchasers is now embedded in the national housing assistance system with measures to assist families in particular to gain access to home ownership, linked to employment programs. Shared equity schemes are figuring strongly, enabling households to invest in their own home in partnership with government or not-for-profit organisations. Appropriate funding programs provide the scale and impetus for a range of innovative home ownership schemes, including programs targeting an increase in Indigenous home ownership.

Employers and housing

Some employers started taking a new interest in housing provision following some critical skilled employment shortages that were clearly linked to a lack of affordable housing. Large affordable housing projects in Sydney and Melbourne, developed in partnership with community organisations and government, were initiated by major employers (including government) to try and stabilise their employment base.

Green technologies

All subsidies for affordable housing also require the application of green technologies in building and refurbishment. Due massive retrofitting programs from around 2010, Australia's affordable and social housing stock meets high standards of energy and water efficiency. The wider housing market is now being required to follow suit, with upgrades required on dwelling change-overs.

Eliminating spatial disadvantage

There is growing recognition of spatial disadvantage and of its individual, community and societal costs. A range of programs progressively introduced over the last 20 years have played a key role in generating resources for locational investment strategies, and Australia now has a much more vibrant economic and cultural landscape across its cities, suburbs and towns. Working with increased investment in social housing and a more efficient private rental market, there are significant policy instruments in place which enable fundamental housing needs to be effectively addressed and communities to be supported. Governments have also learned to play an enabling role, becoming more effective at setting strong policy and program frameworks and using partnerships with local government and community interests to direct funding to local activities and infrastructure.

A shift in community values

These developments have drawn wide community and industry support as there has been a strong attitudinal shift over the past decade or so to more selfless and community minded values. This began with a changing tone from national government following a period of major world insecurity and resulting volatile economic performance. With a population feeling somewhat fearful, a summit of national and state leaders across all sectors achieved a historic accord that Australia's future lay in its capacity to reach out to its regional neighbours and the dispossessed, and to reach within to strengthen communities.

This laid the basis for the raft of economic and social development policies which followed. Several key housing issues were reflected in this accord, including resolutions to 'end homelessness' and 'strengthen families and communities through secure housing'.

4.2.5 What was missing from the scenarios?

Scenarios built up through a process of consultation and participation can be as interesting for what does not emerge as for what does, for example, technological change was not seen as a major driver for either of the two themes. Social, economic and policy environment trends dwarfed any technological changes which, when they were discussed, were largely in relation to recreation patterns and home security as allowed by the wired home and new entertainment technology. In terms of dwelling production, few participants expected any major changes from the two building technologies that have dominated the sector for a over a century, that is, the cladded (brick or timber) building frame technology of the detached house and smaller multi-unit development, and the slab concrete form of the larger multi-unit development and high rise. Most participants commented on how resistant to change the production side of the housing system is. Despite all the dramatic upheavals in the wider world – for example, the information revolution, the collapse of the Soviet Union and the end of the Cold War, the opening of China to the world, 9/11 – housing production goes on largely unaffected by the seismic shifts in the world around it. We might be building bigger now, but the system of production and the product are almost the same as 50 years ago.

Another omission was any reference to the overall market performance of the housing industry in terms of dwelling prices and price changes. The general view appeared to be that there would be no major departures from the pattern of the last 30 or so years, that is, cyclical movements but with an incipient upward trend. If the time period had been shorter, say, five years, one suspects from the workshop discussions that there would be more debate around the implications of a sharpish fall in dwelling prices over the next few years, but given the 20 year view, any such fall was seen as a technical reaction to the recent boom and not a structural change signifying that the market was to take a different long-term future. There were of course concerns as to house price changes and affordability, but more in reference to locational variations or effects on specific lifecycle or lifestyle groups, rather than to aggregate effects on the economy or society as a whole.

Discussion of the position of Indigenous households was also limited. The marginalisation of much of the Indigenous population from mainstream Australia was reflected in this study. The interests of most of the participants were such that Indigenous issues did not emerge and no statement on this group can therefore be presented. This does not mean the foresight method is invalid for this group. It simply means that an exercise specific for Indigenous communities is required to produce the same sort of information but which is relevant to Indigenous people.

5 POLICY FUTURES: HOW CAN WE USE THE SCENARIOS TO CONSIDER POLICY IMPLICATIONS AND DIRECTIONS?

Following the development of narratives on the five scenarios, Workshop 3 (two workshops in Melbourne and Brisbane) was held to enable participants to review the scenarios and consider their policy implications. Another half-day policy workshop was also held as part of Swinburne University's housing course ten year celebration conference (November 2004). This was attended by over 100 housing practitioners, ranging from CEOs through middle management to client service officers, and conducted in the same way as the formal Melbourne and Brisbane workshops.

Participants were provided in advance with a briefing paper (see Appendix 2), and the first hour was spent on viewing the scenarios, with presentations from the research team, and drawing out some key themes that had emerged:

- Addressing the spatial divide;
- Addressing concentrations of poverty;
- Expanding home ownership opportunities;
- Creating an accessible and dynamic rental market;
- Generating urban diversity;
- Expanding and improving housing assistance, including social housing.

In recognition of the diverse range of issues raised by the five scenarios and the inability of the workshop to work through all of them, the policy exercise was structured to generate ideas consistent with the principles and values evolved for the scenarios, and with the issues that were seen to span all scenarios or the ones agreed to as most challenging. These are summarised in Table 4, including examples of policy objectives consistent with these values.

Table 4: Values for policy consideration

Diversity	Opportunity	Inclusiveness	Affordability	Sustainability	Security
Dwellings of a form which is appropriate for different users and uses	Ability to relocate without limiting employment, educational or health care opportunities	Housing of a form which helps build or maintain community and local economy	Appropriate dwellings which are affordable for all income ranges	Housing of a form which reduces energy and water consumption	Equivalence of security of tenure across tenures
Generating urban diversity	Reduced barriers to moving within and between tenures	Urban and regional locations which do not exclude or divide		Housing provision which is consistent with local environmental capacity	Communities and neighbourhoods which instil a sense of safety and security
Choice of tenures (tenure neutrality)	Housing assistance to minimise barriers to workforce opportunity			Housing which is of sufficient durability to reduce long-term economic costs	
Dwellings which are flexible to changing needs and circumstances	Expanding home ownership opportunities				

These categorisations are not mutually exclusive. Thus policies to reduce social and economic exclusion can also widen market choices or opportunity, in that households do not feel constrained as to the number of areas in which they can achieve their housing and non-shelter outcomes. The policy ideas that flowed from these broad principles and objectives were many and varied, and are not outlined in detail here. They vary from the macro to the micro, and many are programs or policies which are not housing specific but which enable housing markets to work more efficiently, equitably or sustainably and/or which widen household choice and opportunity. Most are not original in that variations of them have been canvassed by other reports, reviews or studies, but in the latter cases these are with respect to a specific issue, not a holistic set as outlined here.

It is important to recognise that the policy ideas are structured by the methodological assumptions underpinning the study. The scenarios used in this report differed from most foresight studies in that they assumed a 'steady as she goes' socioeconomic background. Most other studies tend to assume two or three stark socioeconomic scenarios, such as an energy-deprived future, an environmentally enlightened anti-materialist society, or a 'world at war with terrorism' society, and then analyse issues within them. Of course, radical scenarios such as these throw up more radical policy responses than our more mundane approach.

One of the attractions of foresight analysis is the ability to enable policy makers and stakeholders to think about directions and options unconstrained by short-term budgetary constraints, electoral cycles or policy fashions. However, these constraints may create an 'ideas drag' in the sense that the ability to think creatively is limited or dragged down by policy socialisation, that is, the experience of working within a context that does not require or encourage alternative thinking. This is not to imply that everything in the current policy environment is wrong, inappropriate or ineffective. While 'creative destruction' may be useful in business or politics, policy making is an incremental process where new directions emerge out of the old, with no implications that everything about the previous direction was wrong and therefore should be destroyed.

Thus participants were asked to bring to the workshops a knowledge of what policy or policy approaches did or did not work, but also a willingness to think laterally. The method used in this final stage is a variation on backcasting in that participants briefed on the policy scenarios were requested to work back from these and say what sort of actions would either:

- Ameliorate the outcomes for the worst case scenarios, consistent with the values and issues documented above; or
- Accommodate the intent and bring about the outcomes of the best case scenarios, consistent with the values and issues documented above.

This exercise was only partially successful, not because of any failure on the part of the participants, but simply because the complexity of policy required more time to allow many of the ideas to be developed in full. It was more successful in terms of specific ideas than broad directions. What we were looking for but could not get in the time was the equivalent of participants in an early 1980s foresight workshop suggesting a greater marketisation direction (which we could have labelled economic rationalism) or more commercialised public sector direction (which we could have labelled the new public sector management). Participants did hint at the element of certain directions, but we did not have time to work them into a cohesive policy framework with a catchy but meaningful label.

To assist policy makers to fast track ideas on the day, a categorisation of broad types of policy interventions was presented in the information paper:

- Direct expenditure;
- Transfers;
- Regulation;
- Revenue (grants, borrowings, loans);
- Taxation;
- Service delivery;
- Education;
- Advocacy and exhortation.

Before outlining the specific policy ideas, some general observation about the policy stage, and indeed the scenarios stage, can be made.

Firstly, there was almost general consensus that the current set of policy levers were of a form that would not position us well for the next 20 years. These are not just housing assistance policies but also those of taxation, and the regulatory environment and borrowing regimes. They were seen as having evolved for another era and, in many respects, in response to a different set of problems. They were premised on different social and economic values, with less significance given to choice and flexibility, individual aspirations, social sustainability and the tensions between the latter two. One consistent concern from all participants, whether public or private, was the obsession over the last decade and a half with balanced public sector budgets and the restrictions on public sector borrowing rights. There was a general consensus that borrowing that built economic and social infrastructure in a way which enhanced future economic productivity or ameliorated long-term social problems that threaten social and economic sustainability was not only necessary but an imperative. Some future housing problems could only be addressed by a capacity to borrow, whether by local governments for local urban renewal or by state governments for urban development and provision of affordable housing.

Secondly, the policy participants reinforced the view of the participants in the first scoping workshop (and each had completely different membership) that the lack of national interest and commitment to a housing and urban policy was a major impediment to reform. It was felt that little progress could be made by way of meshing the policy levers with future housing needs and issues without a national policy to provide a framework.

Thirdly, it was felt that, even where there were discussions of reform, these were often too narrowly conceived or based on false premises. An example of the latter was the belief that somehow a solution could be found to the provision of more affordable housing without direct financial subsidy, hence the search for innovative funding models and public/private partnerships but, despite almost ten years of research and debate, little ability to demonstrate outcomes. Another example was seen in debates about planning reform which have largely been concerned with streamlining the system to reduce transaction costs but which fail to address the inflexibility of the planning system as a whole in the provision of housing products consistent with future needs. A system which fast-tracks the production of more and more 'McMansions' (which even the industry representatives at the workshop admitted were environmentally unsustainable) but which cannot provide a context for creating integrated communities of diverse dwelling forms is fundamentally flawed.

Fourthly, there was collective recognition of the importance of place-based policies, and that housing policy was not just about housing but about non-shelter outcomes in the broadest sense. There was a concern not just for the employment, education or health outcomes of housing for individual households, but also for the effectiveness of urban form, the metropolitan/regional relationship, environmental

sustainability and micro economies, that is, the role of housing in shaping the economic performance of local economies.

Fifthly, there was quite a degree of agreement that we still do not know enough about the dynamics of the housing market and the behaviours of the players in it, such as households, builders, developers and investors, and how the institutional and policy contexts shape these behaviours. It was argued that this was a cause of policy inertia, as policy stakeholders were often reluctant to make reforms as they did not know what the market response and outcome would be.

With these general observations, the policy recommendations that emerged from the workshop are as follows. Many are not new, but are ones which participants thought were good ideas and worthy of further debate and consideration. Moreover, they are not internally consistent or complementary; some would be alternative ways of achieving the same goals, some would overlap, while others would potentially conflict with or negate the effect of others. Many of the workshop groups came up with exactly the same policy idea or theme, with perhaps a slight variation on how it might be implemented.

It is important to state that, in this exercise, it was not the researchers' role to censor ideas, but to document all that were put forward.

5.1 Policy recommendations

5.1.1 General

A national housing and urban policy.

This objective recognises that there is a policy vacuum with respect to housing and urban issues, and that the scale and form of future challenges, opportunities and problems requires a national policy framework.

Development of more substantial policy partnerships between levels of government to deal with housing issues at different jurisdictional levels.

This objective grew out of the belief that there are no mechanisms for formal policy partnerships between levels of government around broad housing issues such as affordability, sustainability and diversity.

Development of government roles as enabler/facilitator with an objective of defining roles, identifying best practice, and facilitating professional development around broad housing issues.

This objective reflected a belief that governments need to be more proactive in assisting industry and the community to achieve housing and urban outcomes in a way which encourages diversity, affordability, opportunity, security, sustainability and inclusion.

Development of regional planning and housing agencies to coordinate common planning and housing strategies

This objective recognised that greater diversity of regional development patterns and housing markets requires common responses. Planning regions could be coastal regions, outer urban suburbs, and inner suburbs. These agencies might also have a role in integrating or linking housing investment with economic development opportunities.

5.1.2 Diversity of tenure and type

State and local government to develop housing strategies and policy that explicitly identify diversity of housing form as an objective.

The objective here is to signal to all interests that governments are serious about providing greater diversity of stock.

State and local government planning schemes to require certain nominated mixes of dwelling type on new greenfield developments, reflecting local environment capacity and character. However, a minimum inclusionary requirement for diversity should be set in order to prevent 'local character' being used as an excuse for not having such a requirement. For example, any area may be allowed to have no more than 70 per cent detached housing.

The objective here is to have the regulatory ability to provide diversity and to prevent local governments escaping this behind the barrier of local character.

For subdivision developments over a certain size, for example, 500 dwellings, local governments be required to provide an impact assessment for effects on long-term housing diversity, environmental sustainability and housing affordability.

The objective here is to provide the regulatory ability to ensure long-term issues of diversity and sustainability are considered in the planning approval process.

State planning acts and local government schemes (planning overlays) to encourage or require greenfield developments of a form which is not subdivided into individual allotments but enables comprehensive integrated lifestyle development.

The objective here is to provide a planning framework which enables diversity of housing forms in a way which is more environmentally and socially sustainable.

A tax credit (for a nominated period of time) be offered to private landlords willing to offer long-term leases, for example, ten years.

The objective here is to provide security of tenure for private rental in a way which makes it more attractive for long-term residency.

Restructuring of rent assistance into two forms: ordinary and premium. Ordinary rent assistance remains as at present, while premium rent assistance is payable to the landlord and is only available to those who are willing to offer a long-term lease.

The objective here is to encourage long-term security of tenure for low income renters by providing a financial incentive for landlords.

Establish guidelines to assist industry decision making on appropriate levels of diversity and what dwelling forms define this.

The objective here is to assist industry, particularly smaller developers and builders, in decision making around multi-unit housing and lifestyle estates.

Financial incentives to be created to encourage and facilitate downsizing of households to smaller and more appropriate housing, for example, assistance with relocation costs, rate waivers for a number of years.

The objective here is to provide a carrot for older persons occupying larger properties, for example, a detached house, to relocate to a smaller dwelling.

Housing management brokerage agencies be established to assist households in making their detached dwelling available for development as a multi-unit site, while themselves getting a unit at below market price.

The objective here is to (a) provide a carrot for older persons occupying larger properties, for example, a detached house, to relocate to a smaller dwelling but in a way whereby they can have a new dwelling on their old site, and (b) link builder and developers with households willing to make such a move.

Australian government housing assistance (home purchase grants, rent assistance, CSHA funding) to be streamlined into tenure-neutral demand side subsidies.

The objective here is to structure a housing assistance package which enables consumers taking account of the specific budgetary circumstances and lifestyle and lifecycle needs to choose an assistance package appropriate to these needs. The package becomes less driven by issues of constraint than choice.

5.1.3 Housing opportunity

A Commonwealth housing and urban community infrastructure program (Place Building Program) to be created to fund the upgrade of the physical and social infrastructure in suburbs and towns showing evidence of social and economic exclusion, but with the potential for economic revitalisation.

The objective here is to prevent areas declining into 'no go' zones by providing a financial mechanism for economic and social regeneration.

A joint public/private land acquisition agency to be established in each state and territory to facilitate acquisition of properties or land in areas of fragmented ownership where this is preventing redevelopment and housing market upgrade.

The objective here is to overcome a major hurdle in any urban regeneration or affordable housing provision, that is, the fragmented land ownership and the inability of private companies or government to acquire such land.

Rent assistance to be extended to housing assistance and available for home purchasers, not for purchase itself but to enable retention of ownership in a period of hardship, for example, marital breakdown, loss of employment. Such assistance (of the same levels as rent assistance) therefore would only be available for occupiers who met some minimum purchasing period, for example, five years.

The objective here is to prevent households falling out of ownership and going into private rental simply through lack of assistance.

5.1.4 Inclusiveness

Rebuilding and expansion of public transport, particularly in outer urban areas, in a form which is consistent with the technology and aspirations of the twenty-first century, that is, flexible and demand responsive.

The objective here recognises the importance of public transport availability and access for the efficient functioning of housing markets, widening of consumer choice and the attraction or lack of attraction of certain urban and regional areas.

Create a Community Reinvestment Fund requirement on all finance institutions, for example, a small charge, say, 0.1 per cent of total property loans value on transactions, with funds to go to local area community renewal. The fund to be administered by the sector on a competitive submission basis.

The objectives are twofold: to leverage private funds into local area renewal, and to raise finance sector awareness of and participation in renewal projects.

Australian government housing assistance, for example, rent assistance and CSHA, to be replaced by a universal assistance scheme (see above) designed in such a way that it does not create workforce disincentives or trap households in locations which affect their ability to improve their overall wellbeing.

The objective here is to minimise the non-shelter outcomes of housing assistance.

State and territory governments to have smaller-scale housing assistance programs parallel to that of the Australian government, but targeted to specific household types, for example, aged renters, or specific locations in order to tailor assistance packages to local requirements. This could be achieved by a scheme which provides, say, another \$30 per week of assistance to aged persons who for family or medical reasons have to live in high rent locations, for example, the inner city.

The objective here is to tailor housing assistance packages to those households or areas with specific needs which current 'one size fits all' policies or programs ignore.

A tax waiver, for example, 5 per cent on the top marginal rates, for households generally (or perhaps certain household types or professional categories) locating in areas of social exclusion or nominated regional areas.

The objective here is to encourage higher income households to move to regional areas where states and territories want to accelerate development or to urban areas which have to be regenerated because they are sliding into exclusion and disadvantage. It is a method of encouraging gentrification.

Public housing properties which are sold on the open market to have a covenant on them restricting sale to home purchasers (no landlords) and with a condition that any designated problems be repaired within a certain period, for example, one year.

The objective here is to prevent public housing sales creating the opportunity for slum landlordism.

Review and design an appropriate regulatory environment for caravan parks and manufactured housing.

This objective recognises both the potential and the problems of this sector, and that if it is to provide affordable and appropriate housing rather than enclaves of social exclusion, then its potential must be acknowledged and appropriate building, development and planning controls established.

A tax credit (for a nominated period of ten years) to private landlords and owner occupiers to rehabilitate low cost strata title apartments.

This objective recognises that many older apartments are becoming rundown to the degree they are blighting local areas, and some financial carrot is needed to reverse this process.

Relocation of government agencies to selected regional and suburban centres.

The objective here is to promote economic development and population growth (regions) or to build the economic sustainability of outer urban areas where housing and labour markets are weak.

5.1.5 Affordability

Mortgage tax deductibility for first home buyers below certain income levels, in certain locations, and for a capped time period.

The objective here is to increase home ownership opportunity by using a limited form of mortgage tax deductibility available on a phase-out basis up to a certain income range and for purchase in certain locations, for example, areas in need of regeneration, and for a maximum time, for example, ten years.

A financing corporation for affordable housing be established for rental housing which is also able to raise and deliver home purchase finance to marginal borrowers – this in effect would be an ‘Aussie Mae’.

The objective here is to streamline the funding provision for affordable housing such that investors, builders, developers and consumers would have a one-stop shop for such finance. This initiative could be linked to affordable housing bonds or a community reinvestment fund.

Negative gearing targeted to affordable outcomes.

This objective recognises that affordable and low cost housing on the scale required by need cannot be provided without subsidy and one way to do this is to restructure negative gearing so that more tax assistance is given to landlords providing lower cost dwellings. This could be achieved by reducing top-end assistance, thus keeping the system cost-neutral.

Exemption from planning appeals processes for designated affordable housing developments.

The objective here is to streamline the approval process for affordable housing developments so that the planning system, notably the appeals process, does not undermine affordability. In this case the problem is addressed by removing designated affordable housing projects from the appeals system.

New financial model for funding public housing with explicit funding of rent, community service obligations and perhaps other aspects (such as high level management for complex clients).

The objective here is to provide a more sustainable income stream for social housing agencies but with clear rationales for the funding.

Creation of affordable housing bonds.

This objective recognises that affordable housing on the scale required by need cannot be provided without subsidy. The affordable housing bonds promoted by the Affordable Housing Task Force and by Berry and Hall had wide in-principle support.

As part of the review of state duty as a result of GST receipt, stamp duty be restructured so that the burden falls on sellers rather than buyers, therefore eliminating stamp duty as a barrier to purchase.

The objective here is to reduce affordability barriers created by stamp duty.

Relevant local governments to introduce a holiday home levy, with the revenue hypothecated to affordable housing provision.

The objective here is to increase the stock of affordable houses in areas where sea-change investment has driven prices well beyond the capacity of local residents.

Rent assistance to be redesigned to be more responsive to higher costs in some areas, that is, the provision of regional rates of payment.

The objective here is to have rent assistance achieve better affordability outcomes in areas of high rental costs.

5.1.6 Sustainability and design

Greater regulation of environmental standards for residential buildings in terms of design, construction and management (particularly energy and water efficiency).

The objective here is to raise overall environmental standards for all aspects of housing provision in a way which can meet future environmental needs.

Introduce special depreciation provision for construction of dwellings or developments which meet certain environmentally sustainable housing standards.

The objective here is to encourage more innovative design in the area of sustainability by carrots rather than sticks.

Link first home purchase programs for new housing to environmental standards.

The objective here is to encourage industry to provide new housing which meets certain environmental standards and to raise consumers' awareness of such requirements.

5.1.7 Security

Residential tenancy reform to enable long-term or lifetime rental leases.

This objective recognises that many more households will be long-term tenants but will constantly risk eviction and therefore cannot have the security of tenure that attaches to ownership or social housing.

Carrots (tax incentives, differentiated rent assistance, grants) for landlords offering long-term leases.

In recognition that long-term leases may impose a financial penalty (although there is no evidence one way or another), those landlords who offer such leases receive some financial benefit.

6 CONCLUDING COMMENTS

The objective of the project was to develop a different way of thinking about housing problems and policy options, and this necessitated a methodology which was not about data gathering and interpretation. In other words, it was not a conventional piece of evidence-based research. The foresight methods used encouraged policy makers and stakeholders to think laterally and in the long term about the housing problems Australia may confront in the future and about the institutional arrangements and policies which could potentially address these problems.

It was not an easy process. The logistics of getting what in the end were over a hundred participants from a highly pressured industry in which time is at a premium to the workshops were difficult. It was also sometimes difficult getting participants out of their comfort zone and thinking more laterally. Given encouragement, however, they did begin to think in this way, and the general observations (given the methodology, we cannot call them findings) are interesting ones.

What can we conclude from this process?

The first observation is that, whatever the future scenario (best case, worst case, steady as she goes), the current institutional environment and set of policy levers are inadequate to either ameliorate the worst case or bring about the best case scenario. There was general agreement that the scale and form of future housing problems warranted a new approach to housing and urban policy and the raft of programs that sit below the current policies.

The housing assistance system in particular was seen as completely inadequate and in need of fundamental reform if social housing is to survive and flourish to meet the scale of need anticipated and to reflect principles of choice, opportunity and inclusion. Indeed, the general view appeared to be that the 'steady as she goes' scenario for housing assistance would actually become a worst case one; few participants did not see that the present system brought forward 20 years would have the outcomes envisaged of a worst case situation.

The second observation was that participants saw the future housing issues and problems as being more than ones of individual hardship. They would affect the social and economic functioning of our cities and regions which in the best case scenario would see, for example, invigorated regional and local economies and new forms of housing developments characterised by diversity and sustainability or, in the worst case, divided cities and regions, underperforming local housing and labour markets and social unrest, meaning forgone social cohesion. It was for these reasons that participants were concerned about the perceived low political and policy awareness of housing and the lack of an appropriate framework of virtually any policy levers to deal with the macro impacts of housing futures.

This is not to say that individual hardship was not seen as a problem. In fact, under the worst case and 'steady as she goes' scenarios, the degree of hardship was seen not only to deepen but to extend to a wider range of groups, including moderate income earners. More importantly, hardship was seen to refer not only to overcrowding or lack of affordability, but to non-shelter outcomes in the widest sense: lack of employment opportunity, poorer health and educational opportunities, as well as the frustrations of blocked aspiration of not being able to purchase or having to live in ever more constrained areas while others were doing extremely well out of the housing market.

This point leads us to an observation coming out of the final policy workshop where participants grappled with the problem of getting housing onto the policy agenda. Agenda setting is the process by which issues rise to prominence in political discussion. For an issue to be actively considered for governmental action, it must pass through stages of being recognised as a problem and then being seen as one where public policy intervention is appropriate. There are many public policy theories explaining how issues move up the policy agenda, including the role of organisations and interest groups, the role of the media, the emergence of a crisis (often related to media attention), and how governmental institutions react to attempts to promote new policies (Kingdon 1995; Birkland 1997). While these theories were not discussed in any formal sense in the workshops, the general agreement seemed to be that in the present Australian context it was likely to be the crisis explanation that would have greatest relevance in precipitating a response, most likely unrest around areas of social disadvantage¹ or public protest around declining home ownership opportunities, both good for a media 'beat up'. The concern was that neither would provide the overall policy response to future housing needs that is required. By contrast with the lack of political interest in housing policy in Australia, the United Kingdom housing futures study (Worthington 2004) starts with the introduction 'In 2004 housing is at the top of every local, regional and national planning and political agenda' and then proceeds to outline how this political interest provides a rationale for the futures analysis.

There is a final observation, and one suspects it would not have been forthcoming if the exercise had been undertaken a decade or two decades ago. This is that market choice should be a fundamental underlying principle of public policy. However, this statement is qualified by recognition that such choice should be enjoyed by as wide a cross-section of households, income groups, lifestyle groups and age cohorts as possible. Without the appropriate institutional environment with the right policy levers, market choice will be limited for many, with the term losing relevance and becoming more associated with rhetoric than reality. The backcasting on the Manning, King and Yates (1988) housing futures study revealed how a good set of economic figures does not necessarily equate with a good set of housing outcomes. Whilst economic growth may be a necessary condition for good housing outcomes, it

¹ After the policy workshop, and during the writing of this Final Report, this has eventuated with debates following rioting and civil unrest on the Macquarie Fields public housing estate in Sydney.

is not a sufficient one; indeed, a positive housing performance for all appears to require a set of policy levers to transform or guide that growth. Thus many of the ideas in the policy section are about market interventions, but few are about market replacement. Virtually all seem conceived in the recognition that policy should facilitate and work with the market for better housing and urban outcomes.

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APPENDIX 1: WORKSHOP PARTICIPANTS

Stage 1 Workshop: *Housing Futures*

Brisbane, 18 March 2004

Participants

Andrew Barger	Housing Industry Association
Terry Burke	Swinburne Institute for Social Research
Adam Farrar	NSW Federation of Housing Associations
Andrew Jones	AHURI Centre, University of Queensland
Caroline Neske	Swinburne Institute for Social Research
Vivien Patterson	Tasmanian Department of Health and Human Services
Mike Pelling	Swinburne Institute for Social Research
Tim Seelig	AHURI Centre, University of Queensland
Alan Shaw	Queensland Department of Housing
Anne Tiernan	The Policy Practice
Joseph Voros	Australian Foresight Institute
Sonia Whiteley	AHURI Head Office
Paul Willey	South Australian Housing Management Council Secretariat
Judy Yates	AHURI Centre, University of Sydney
Robin Zakharov	The Policy Practice

Stage 2 Workshop: *Housing Assistance for the Future*

Sydney, 30 July 2004

Participants

Mike Allen	NSW Department of Housing
Terry Burke	Swinburne Institute for Social Research
Lynden Esdaile	NSW Department of Housing
Adam Farrar	NSW Federation of Housing Associations
Vivienne Milligan	AHURI Centre, University of Sydney
Caroline Neske	Swinburne Institute for Social Research
Mark Nutting	NSW Department of Housing
Helen O'Loughlin	NSW Department of Housing
Peter Phibbs	AHURI Centre, University of Sydney
Karine Shellshear	Association to Resource Cooperative Housing
Russell Taylor	NSW Aboriginal Housing Office
Harvey Volke	Shelter NSW
Judy Yates	AHURI Centre, University of Sydney
Derek Yule	Churches Community Housing Inc.
Robin Zakharov	The Policy Practice

Stage 2 Workshop: *Choice or Constraint: Where Is Our Housing Future Taking Us?*

Brisbane, 10 August 2004

Participants

Terry Burke	Swinburne Institute for Social Research
Jon Eastgate	Brisbane City Council
Tim Eltham	Delfin Lend Lease
Andrew Jones	AHURI Centre, University of Queensland
Stuart McLaughlin	Queensland Department of Housing
John Minnery	AHURI Centre, University of Queensland
Tanya Plant	Urban Development Institute of Australia
Lisa Pollard	Queensland Department of Local Government and Planning
Tim Seelig	AHURI Centre, University of Queensland
Peter Spearritt	The Brisbane Institute
Anne Tiernan	The Policy Practice
Robin Zakharov	The Policy Practice

Stage 2 Workshop: *Choice or Constraint: Where Is Our Housing Future Taking Us?*

Melbourne, 17 August 2004

Participants

Andrew Beer	AHURI Centre, Flinders University
Kevin Breen	Darebin City Council
Terry Burke	Swinburne Institute for Social Research
Alex Dordevic	Victorian Department of Premier and Cabinet
Danny Field	Department of Family and Community Services
Anne Gartner	Moreland City Council
Christine Kilmartin	Victorian Department of Sustainability and Environment
Myra Kitchenman	Yarra Community Housing
Nanette Mitchell	Melbourne City Council
Caroline Neske	Swinburne Institute for Social Research
Fiona Nield	Housing Industry Association
John O'Leary	Victorian Department of Sustainability and Environment
Jeremy Reynolds	Victorian Department of Sustainability and Environment
Ivars Satins	Victorian Department of Sustainability and Environment
Gary Storkey	HomeStart Finance, South Australia
Rob Vines	VicUrban
Sonia Whiteley	AHURI Head Office
Robin Zakharov	The Policy Practice

Stage 2 Workshop: *Housing Assistance for the Future*

Melbourne, 18 August 2004

Participants

David Batten	Victorian Office of Housing
Jan Berriman	Melbourne Affordable Housing
Terry Burke	Swinburne Institute for Social Research
Danny Field	Department of Family and Community Services
Alice Lawson	South Australian Department for Families and Communities
Patsy Morrison	Victorian Office of Housing
Caroline Neske	Swinburne Institute for Social Research
Mark O'Brien	Tenants Union of Victoria
Mike Pelling	Swinburne Institute for Social Research
Barry Pullen	Housing Justice Roundtable
Liss Ralston	Swinburne Institute for Social Research
Olwyn Redshaw	Victorian Office of Housing
Robin Zakharov	The Policy Practice

Stage 3 Workshop: *Policy Implications*

Melbourne, 13 October 2004

Participants

Jan Berriman	Melbourne Affordable Housing
Hal Bisset	Swinburne Institute for Social Research
Terry Burke	Swinburne Institute for Social Research
John Enticott	Community Housing Federation of Victoria
James Kemp	Department of Family and Community Services
Debbie Leisser	Tasmanian Department of Health & Human Services
Caroline Neske	Swinburne Institute for Social Research
Mark O'Brien	Tenants Union of Victoria
Olwyn Redshaw	Victorian Office of Housing
Tarja Saastamoinen	Department of Family and Community Services
Ivars Satins	Victorian Department of Sustainability and Environment
Phil Fagan-Schmidt	South Australian Department for Families and Communities
Robin Zakharov	The Policy Practice

Stage 3 Workshop: *Policy Implications*

Brisbane, 20 October 2004

Participants

Robert Ahern	Queensland Treasury
David Breen	Queensland Residential Tenancies Authority
Terry Burke	Swinburne Institute for Social Research
Michelle Dumazel	Queensland Department of Premier and Cabinet
Jon Eastgate	Brisbane City Council
Pauline Kennedy	Queensland Department of Housing
Rhonda Phillips	Queensland Department of Housing
Robin Zakharov	The Policy Practice

APPENDIX 2: WORKSHOP BRIEFING PAPERS

Swinburne-Monash AHURI Centre

Housing futures: Background paper, Stage 1

Prepared by
Swinburne Institute for Social Research
March 2004

Introduction

This brief paper provides some context for next week's workshop on housing futures. The paper describes the field of foresight studies (the method for understanding futures) and how this is to be used to provide a framework for identifying the major housing issues that Australia may confront in the longer-term future, i.e. fifteen to twenty years, and their policy implications. While involving creative interpretations about possible housing futures, the foresight process is grounded in the systematic analysis of structural trends (the 'factors' in the creation of futures) and variables that influence factors to shape possible outcomes (the 'actors'). The process has been little used for housing in Australia, or elsewhere for that matter, so the project is a pilot which, if successful, can be extended to other future housing issues rather than just the ones analysed in this study.

It is important to emphasise at the outset that this project is not about predicting a particular future. Foresight analysis does not aim to be predictive. Rather, it seeks to outline possibilities about the future which emerge from the analysis of alternative sets of assumptions about trends and opportunities.

The key aim of this project is simple: to identify and develop in some detail a small number of scenarios about the nature of Australia's housing system in twenty years time and to work through

the implications, including those of housing and housing related policy. The process is a collaborative one that encourages dialogue across a range of players in housing provision and policy. The intent here is to promote a better understanding of future housing issues in both the private and social sectors and to create an opportunity

for more players to build skills in foresight planning in such a way that it can feed into the strategic planning of housing agencies and firms.

The Foresight process

Foresight analysis is a field of research utilised internationally across public and private sectors to consider future issues and policy choices that might not be explored within normal operational and short-term decision horizons. It is also a form of analysis that requires a systems-wide approach and the search for the interrelationships between trends and the causal influences on trends. By understanding the types of events and influences that cause certain trends, governments or organisations are far better placed to consider whether decisions need to be made in the more immediate future in anticipation of possible problems or preferred pathways.

Foresight analysis uses a range of methods to undertake this systematic and holistic process, some of which will be utilised at the workshop. A

major part of the process is participatory and consultative, such that the issues to provide scenarios for more detailed research emerge from the consultation process, rather than being imposed by the researchers.

Below are some of the issues or trends raised by research, conferences and social commentators that could be a basis for foresight analysis. However, these are not exhaustive and others may emerge as a result of the workshop.

➤ *The relationship between labour market changes and housing consumption.*

This literature has many dimensions, but those which raise probably the most interesting issues include questions concerning how greater casualised workforce participation and labour market uncertainty will shape housing consumption: will they affect the form of tenure (e.g. higher or lower rates of home ownership) and/or locational decision making (which locations provide the best perceived housing outcomes), and which way does the relationship flow (does housing choice affect labour market choice as much as the latter affects housing)?

➤ *Growing inequalities in income and wealth.*

Australia, in part related to labour market changes, is experiencing widening divisions of income. For how this plays out in the housing market of the future we cannot rely on observations from the past, when the market processes took place against a backdrop of *narrowing* inequality. At least since World War II, housing consumption and home ownership in Australia had reinforced the trend towards equality but the question now has to be asked: are housing market processes such that they will accentuate the re-emergence of inequality? While socio-tenurial polarisation might not have existed a

decade ago, our housing future may be one of social division by tenure and perhaps by location.

➤ *The generational divide.*

The income and wealth divide is also in part a generational one as the 'baby boom' generation (those born between 1945 and 1970) have largely experienced a history of stable income and, because of high rates of home ownership, an increased wealth base. In the current labour and housing markets, this is not likely to be the experience of many younger households, raising questions about how both 'baby boomers' and 'generation Xers' deal with this issue. But the divide is not necessarily one of wealth and income but of lifestyles and values, which are also likely to impact on housing consumption and create new issues. Is the growth of inner city living, particularly for young people, as much a lifestyle issue as one driven by labour market opportunity? Alternately, we are seeing the 'sea change' process in which people, particularly older ones, are moving to non-metropolitan areas (largely coastal) with effects on local housing markets.

➤ *Alternative future directions for major government programs such as public housing and rent assistance.*

The forms of housing assistance that Australia has at present are largely the result of the housing problems and social and economic structures of the post-war era. How well they are placed to deal with the future and what alternatives there may be are certainly issues that should be raised under the rubric of this research.

➤ *Changing lifestyles, housing diversity and the meaning of home.*

Lifestyles are always in a slow process of change but there is little doubt that household change, migration, globalisation, feminism and the recognition of indigenous populations have created greater celebration of, and growth of, diversity and

associated lifestyles. Housing is probably the ultimate consumer and investment commodity in which diversity and lifestyle manifest themselves, and do so in complex ways including locational choice, physical design, interior design, how we use a dwelling and any garden it might have – in other words, how we define 'home'. And, of course, diversity and housing is not just about the consumption of an individual dwelling; it is about the consumption of a collection of dwellings that make up a neighbourhood, street, town or suburb, with different social groupings choosing or constrained to choose different urban, suburban and rural lifestyles. Accommodating to diversity through housing is not easy and raises a whole range of issues, including ones of important policy relevance, for example, how far should policy levers, such as planning, accommodate to diversity vis-à-vis other goals, such as environmental and economic sustainability? Does greater diversity create sharper social divisions and undermine social capital and local community, or is the opposite the case? How do the poor and low income earners have their specific housing needs and wants met, or is diversity simply about accommodating the housing needs of those who can pay for it?

➤ *The technological revolution, in particular, the information technology revolution.*

Changing technology has always had an impact on the home, both directly in terms of new building technologies and indirectly via the effects of labour markets, urban form and household income. The latter is one of the more discussed areas in relation to housing futures, with a growing amount of literature on the effects of the new information technology on urban form and, therefore, use of the home. At one extreme is the argument that technology liberates us from the imperatives of space and therefore we

can live and work more or less where we like. The other argument is that the information revolution will require more face-to-face contact and therefore economic activity will be located in relatively few spatially concentrated areas with the attraction of these areas shaping how and where people consume housing. A keynote address to the Australian Housing Conference also developed the idea that the information revolution was, and will be, a key force reshaping cities and the home, through a combination of physical effects (where activity and people would locate), substitution effects (replacing tasks done by people), generational effects (increasing population mobility and turnover) and enhancement effects (increasing efficiency of urban infrastructure including housing). The 2003 Myer Foundation report on ageing indicates the enhancement effect by pointing to the 'smart homes' of the future having the ability to help people with restricted mobility or those who need regular monitoring for health or other reasons.

➤ *Tenure change, including the decline in home ownership and growth in private rental among young persons.*

Recent research and the popular media have focused on the decline in home purchasing among younger age groups and have largely portrayed it as problematic. Phil Ruthven who markets himself as a futurist, does not share this view:

"the younger people won't want home ownership in the same way that my generation did. You'll find that the Gen Xers and the net generation will be much more in favour of leasing a home for perhaps five or ten years than ever owning it. The average person only owns their home for eight years before they sell and buy something bigger or smaller or somewhere else. The idea you buy a dream home and live there forever

was never true. Young people will say, 'I can do more with my money, as long as I'm stable with a lease, and they won't throw me out in six months, I'm happy. I'll put my money where it works better – in shares.'

Whether a decline in home ownership is or is not problematic can only be answered by a systematic working through of the implications - what if in twenty years time more and more households retire as renters? - and that is a role for a study such as this.

➤ *The contraction in housing affordability.*

At the end of 2003 the housing market in Australia seemed poised on a cusp of change. A five-year boom appeared to be tapering out. This boom has reduced affordability substantially, although in some areas more than others. Any futures analysis will have to work through issues of whether this is a long-term structural issue or a shorter-term market phenomenon, with a slow progression back to more affordable levels a real possibility. And if it is the former, what are the implications for different groups and the housing market generally?

➤ *The growing awareness of environmental sustainability as an urban and housing issue.*

Housing both in its own right and in the form it is provided, e.g. low or higher density, creates environmental pressures such as water and energy consumption, loss of ecosystems through construction, and household waste. As the world becomes more aware of the cumulative environmental effects of social and economic change, the role of housing and housing form is likely to be questioned. Schoon (2001) has attempted to tease out the urban and, specifically, housing implications of environmentally sustainable cities in the British context, whilst in Australia the CSIRO *Future Dilemmas* project outlines a number of housing and

environmental issues for the future, largely related to energy usage. The work of Peter Newman on urban form and housing should also be acknowledged, particularly for his observations on the problems of sustainability for low-density cities of detached housing such as those in Australia.

➤ *The ageing of the population.*

A growing proportion of households in twenty years time will be in the sixty plus age cohort. In futures analysis, demographic change is one of the known quantities. What is unknown is how this change will alter the way in which we consume housing and what we produce. We know that some retirees seek out new locations, particularly along the coast, but we also know that this is linked with the housing market processes in the cities they are moving from, for example, the Sydneysider who sells a \$600,000 property and buys a \$400,000 unit in northern New South Wales, or the Melburnian who does the same thing for the Gold Coast. As relativities between housing markets change (many coastal areas now approximate Sydney and Melbourne prices), will this process be maintained or will new retirement areas emerge, e.g. Tasmania, and what are the effects on local housing? There are also issues about people who age in place; older owner occupied detached houses may require continuing repair and maintenance, raising issues about the physical and financial ability of older people to do so. The Myer Foundation's futures analysis of ageing highlights a recurring theme in futures analysis generally, that is, the omission of housing. This large report has only a page or so on housing, and then largely in terms of technical advances as they might assist those with a health problem.

➤ *Reshaping of housing preferences and location.*

A product of many of the processes outlined above is the issue of where Australians will choose to house themselves. As Burnley and Murphy document, there has been a recent major shift from residence in large metropolitan cities to non-metropolitan locations, many of them along the coast and related to lifestyle decision, but also to some inland cities. A similar theme is explored by Salt who shows that there are now 3.6 million Australians living on the coast outside a capital city, up from 2.1 million 25 years ago, which he believes is a fundamental cultural change in Australian housing choices. Within cities there has been growth in inner city living and new estates on the fringe at the expense of older established suburban areas. Whether these are long-term trends or short-term ones related to recent housing market changes will need to be explored in this study.

The research process

The research process of this study is one of interrelated stages based around three workshop processes. The first workshop, i.e. the one next week in Brisbane, will be a combination of environmental

scanning and paradigmatic analysis where 'housing experts' are required to identify what they see as key future trends and then to expose the trends, and concepts related to the trends, to systematic criticism. The objective of this first workshop, given limited resources and probably unlimited housing trends, is to come to some consensus as to what might be the issues warranting more critical and deeper futures analysis.

The second stage flows from the issues identified in stage one. An inputs process will occur where more material is gathered around these issues and, with brief accompanying reports, a second round of workshops will be run where participants will be asked to develop the issues in some detail, drawing out different scenarios.

The final stage is a validation and policy implications stage where another group of participants will be presented with the findings from the second stage and asked to work through what they would consider to be the policy issues, and possible policy responses, to the issues scenarios. This material, along with that of the second stage, will provide the subject matter for the final research report.

Housing Assistance workshop: Background paper, Stage 2

**Prepared by
Swinburne Institute for Social Research
July 2004**

Introduction

This paper provides some context for this week's workshop on the topic "*Housing Assistance for the Future*". The paper very briefly describes the field of foresight studies (the method for understanding futures) and how this is to be used to provide a framework for identifying the major housing issues that Australia may confront in the longer term future, for this project to the year 2025, and their policy implications.

About the project – *Long-Term Housing Futures for Australia: Using Foresight to Explore Alternative Visions and Choices*

This project, funded by the Australian Housing and Urban Research Institute, aims to identify and develop a small number of scenarios about the nature of Australia's housing system in 20 years time and then work through the implications of these, particularly for housing policy.

The project is being progressed through a collaborative process across the housing policy community, bringing together university academics, State and Commonwealth bureaucrats and industry interests, which it is hoped will promote a better understanding of future housing issues across all sectors.

The Foresight process

Foresight analysis is a field of research utilised internationally across public and private sectors to consider future issues and policy choices that

might not be explored within normal operational and short-term decision making horizons. Foresight analysis uses a range of methods to undertake a systematic and holistic process of possible futures, some of which will be utilised at the workshop.

A major part of the foresight process is participatory and consultative, such that the issues to provide scenarios for possible housing futures emerge from a consultation process, rather than being imposed by the researchers who may be trapped within their own paradigms. A detailed paper on foresight methodology and its potential application to housing is available on the AHURI website at: <http://www.ahuri.edu.au/global/docs/doc622.pdf>.

It is important to emphasise at the outset that this project is not about predicting a particular future. Foresight analysis does not aim to be predictive. Rather, it seeks to outline possibilities about the future which emerge from the analysis of alternative sets of assumptions about trends and opportunities. The workshop to which this paper relates is about developing these possibilities.

In the first stage of this project, a workshop in Brisbane scoped the diverse range of housing issues and trends Australia was likely to experience in the next twenty years. The aim was to identify the processes shaping these issues, i.e. to identify 'weights' (factors impeding change, such as a passive policy environment)

and 'pushes' (factors driving change, such as demographic changes). From the many issues discussed at that workshop, two key issues were prioritised for further research, these being housing choices and social housing and housing assistance. We have labelled these: "*Housing Assistance for the Future*" and "*Choice or Constraint - Where is our Housing Future taking us?*"

The Workshop

The task for this workshop is to further expand the topic of "*Housing Assistance for the Future*" by developing scenarios as to what Australia's housing assistance system might look like in the target year of 2025. In the scenario development to take place in the workshop, we will be assuming that the Australian economic and demographic future is much like that of the last twenty years: solid economic growth with some ups and down around the growth path and sustained population and household growth, but with progressive changes in the age and household composition of that growth. Within this assumed steady development process, we need to consider the substantial change processes operative which have to be teased out in terms of housing, as this development process is one which includes such trends as:

- an ageing population;
- widening income and asset inequality;
- more flexible (casualised) labour markets;
- greater diversity of household structures;
- lifestyle changes;
- greater diversity of the origins of migrants;
- environmental threats;
- technological changes, etc.

Within this context, the aim of the workshop is to develop two scenarios for the future of housing assistance:

1. A "steady state" scenario – where do we expect things to be in 2025, given what we know now?
2. A "best case" scenario – one which considers a very optimistic future, perhaps embodying the most positive elements we can envisage about an effective housing assistance system.

Through small groups, the workshop will aim to tease out the details of both scenarios; each representing a plausible future for Australia's housing assistance system. This will require some consideration of the key issues and uncertainties in the current environment, and how these may inter-relate to result in alternative futures.

Housing assistance in Australia

For the purposes of this project, we will be adopting a broad view of housing assistance in both its direct and indirect forms. Thus we are interested, of course, in social housing, whether delivered by governments or private and community organisations, as well as what might happen to rent assistance and other forms of cash assistance to renters. The picture is nowhere near complete without considering assistance to home owners and landlords, including programs such as the First Home Owners Grant, tax incentives for landlords through negative gearing, concessional taxation treatment of capital gains and depreciation allowances and the tax exempt status of the home, including non-taxation of capital gains or imputed rental value.

This provides a broad scope for considering alternative plausible scenarios for the state of Australia's housing assistance system in 2025.

Current Issues and Debates

The current issues for Australia's housing assistance system have been clearly acknowledged for a number of years now. State housing authorities are operating public housing at a loss (Hall and Berry 2004) arising from a combination of increasing internal subsidies to tenants, deteriorating assets, declining incomes of target market and increasing costs of service delivery to a more complex and needy target group.

For the community managed social housing sector, while benefiting from growth through targeting funding through the 1990s, in many places funding has slowed considerably or ceased, providing limited opportunities for growth and prompting calls for gearing against the asset base to bring new funds into social housing. However with state governments generally averse to facilitating debt funding of non-profit infrastructure, these ideas are progressing very slowly.

In the meantime, we are all familiar with the changed emphasis of Commonwealth policy and funding in rent assistance, from capital grants through the Commonwealth State Housing Agreement, to increasing outlays in Commonwealth Rent Assistance, with widespread concerns about the poor cost effectiveness of this strategy. In recent years we have also seen major government outlays going into the First Home Owners Grant, criticised by many for its alleged impact on fuelling house prices and lack of targeting by income or property value.

However the major discussion at present is all around alternative forms of "affordable housing" – with attendant features of mixed public and private finance, delivery generally outside government (typically through the community sector or a specialist private company), wider targeting of services to achieve a greater mix of

tenancies and improved rental revenue and more flexible (compared with public housing) approaches to allocations, rent setting, tenancy management and property development.

Thus in Australia we are seeing some mirroring of trends in other countries – a preference by governments for funding rent subsidies rather than housing supply, and an increasing role for private sector finance and diverse delivery arrangements for new and additional affordable housing supply.

On the topic of housing assistance it is very easy to get caught up in the seemingly immutable situation that presently exists, with national policy settings that are widely claimed to be unhelpful for resolving Australia's housing problems. With very little apparent interest from government nationally to acknowledge problems, let alone consider policy changes, we might seem locked into a rather pessimistic future, where social housing stock is reduced and increasingly marginalised, and there is a low level of activity in "affordable housing".

However if we focus on government policy as one key uncertainty (certainly not fixed) along with the nature of income and wealth distribution in the future, we can start to see that alternative futures can be drawn out.

Proposed scenario themes

As suggested earlier, we propose exploring and developing two scenarios about housing assistance in 2025: a steady state and best case scenario. In the workshop we will consider, as a group, what these two scenarios might be about in general terms. It will then be the task of small groups to take one of the scenarios and draw it out in detail, considering the nature and scale of housing assistance policies, programs and activities, and the implications of these. This is a creative process but

we are seeking not a flight of fancy, but a plausible future, given different settings for the key uncertainties. In developing each scenario, we can consider some key issues about the futures we are describing, for example:

What are the key trends that led to this future?

What sort of societal values played a role in this future?

What style of government intervention facilitated this future?

Who are the winners and losers from this scenario?

Swinburne-Monash AHURI Centre

Housing Choice workshop: Background paper, Stage 2

**Prepared by
Swinburne Institute for Social Research
July 2004**

Introduction

This paper provides some context for next week's workshop on the topic *Housing Choice or Constraint - Where is our Housing Future taking us?* The paper very briefly describes the field of foresight studies (the method for understanding futures) and how this is to be used to provide a framework for identifying the major housing issues that Australia may confront in the longer-term future, for this project to the year 2025, and their policy implications.

About the project – *Long-Term Housing Futures for Australia: Using Foresight to Explore Alternative Visions and Choices*

This project, funded by the Australian Housing and Urban Research Institute, aims to identify and develop a small number of scenarios about the nature of Australia's housing system in 20 years time, and then work through the implications of these, particularly for housing policy.

The project is being progressed through a collaborative process across the housing policy community, bringing together university academics, State and Commonwealth bureaucrats and industry interests,

which it is hoped will promote a better understanding of future housing issues across all sectors.

The Foresight process

Foresight analysis is a field of research utilised internationally across public and private sectors to consider future issues and policy choices that might not be explored within normal operational and short-term decision making horizons. Foresight analysis uses a range of methods to undertake a systematic and holistic process of possible futures, some of which will be utilised at the workshop.

A major part of the foresight process is participatory and consultative, such that the issues to provide scenarios for possible housing futures emerge from a consultation process, rather than being imposed by the researchers who may be trapped within their own paradigms. A detailed paper on Foresight methodology and its potential application to housing is available on the AHURI website at: <http://www.ahuri.edu.au/global/docs/doc622.pdf>.

It is important to emphasise at the outset that this project is not about predicting a particular future. Foresight analysis does not aim to be predictive.

Rather, it seeks to outline possibilities about the future which emerge from the analysis of alternative sets of assumptions about trends and opportunities. The workshop to which this paper relates is about developing these possibilities.

In the first stage of this project, a workshop in Brisbane scoped the diverse range of housing issues and trends Australia was likely to experience in the next twenty years. The aim was to identify the processes shaping these issues, i.e. to identify 'weights' (factors impeding change, such as a passive policy environment) and 'pushes' (factors driving change, such as demographic changes). From the many issues discussed at that workshop, two key issues were prioritised for further research, these being housing choices and social housing and housing assistance. We have labelled these: "*Housing Assistance for the Future*" and "*Choice or Constraint - Where is our Housing Future taking us?*"

The Workshop

The task for this workshop is to further expand the topic of "*Choice or Constraint - Where is our Housing Future taking us?*" by developing scenarios as to the choices Australians will make with respect to housing to the target year of 2025. In the scenario development to take place in the workshop, we will be assuming that the Australian economic and demographic future is much like that of the last twenty years: solid economic growth with some ups and down around the growth path and sustained population and household growth, but with progressive changes in the age and household composition of that growth. Within this assumed steady development process, there are still substantial change processes operative which have to be teased out in terms of housing, as this

development process is one which includes such trends as:

- an ageing population;
- widening income and asset inequality;
- more flexible (casualised) labour markets;
- greater diversity of household structures;
- lifestyle changes;
- greater diversity of the origins of migrants;
- technological changes, etc.

Within this context, the aim of the workshop is to come up with a best case scenario and a worst case scenario, and within these identify the housing and housing related issues they raise. In other words, where do we think the above processes might be leading us? To give even greater specificity to the exercise, the scenarios will concentrate on two lifestyle/age cohorts: the 'Baby Boomers', i.e. those born between 1946 and 1965, and 'Generation Y', those born since 1984. The former will make up the aging population, and have associated housing demands and needs over the next twenty years, and the latter will be the consumers driving new housing demand as they leave home and enter the market.

Depending upon the number of participants and time permitting there may be an outlier scenario discussed: an environmental crisis creating much higher oil prices and greater environmental awareness. The purpose here is to work through the likely behavioural adaptations to such a threat.

Housing Choices

The housing decisions that households make are moulded and directed by socially structured values (e.g. attitudes to home ownership and the detached house), by historical

experience, by supply constraints (one can only consume that which is available), by the attributes of the physical and social environment (urban form), by budget constraints and by lifecycle and life stage. All of these are dynamic processes, including our historical experience (and evaluation of it) which alters our housing history over time. For example, young people's experience and expectations of the housing market may be very much structured by the boom conditions of the last ten years, whereas those with a longer experience may have different expectations.

Housing choices are not simply about whether to opt for rental or ownership, or for a detached house or unit, as housing tenure and type are concepts that actually bundle together different attributes as to what households want from housing. Attachment 1 identifies the major attributes that people desire in a residential property, provides a definition of these attributes, and identifies drivers that affect a household's ability to realise these attributes by either purchase or rental. Some of the attributes attach more specifically to owner occupancy or rental in that their achievement is more realistic in one or the other tenure. For example, investment is not an attribute that attaches to private rental except in the negative sense that there is no potential to do so. Some of these attributes may also have greater weight for certain locations and dwelling types. For example, people typically believe they have greater privacy in a detached dwelling than in multi-unit accommodation, and there are major differences in the degree to which certain areas are perceived in their overall level of amenity. The extent to which any of these attributes are valued will vary for different households in terms of age, lifecycle stage, lifestyle and income and wealth.

Thus, affordability is a much more constraining factor and therefore takes on more importance as a household moves down the income and asset ladder.

These attributes are not immutable and may change over time in response to social, demographic and economic processes (hence the identification of drivers). They are a checklist of factors that we may wish to consider when working through how housing choices will evolve over the next twenty years.

It is possible to take a particular group, e.g. older persons (for which we know there are going to be growing numbers), and work through these attributes to suggest the choices they might make or want to make about housing and the constraints on achieving these. Attributes such as affordability, maintenance, adaptability, companionship, safety and security may have greater immediacy for this group than others. Translating these into issues of household choice, what do these suggest in turn by way of housing and urban form, dwelling type, tenure etc? These are the issues we might want to explore in the workshop.

An alternative approach is to work backwards and identify certain housing and urban forms that will be the outcome of current processes of development, and then work through the implications and effect on household choice. For example, if cities basically continue the pattern of the last decade, with a small amount of multi-unit housing concentrated in inner areas and outer greenfield development still largely consisting of the detached house (perhaps more and more in lifestyle estates), will this enable the realisation of choices that reflect the set of attributes that different types of households may desire?

Policy Implications workshop: Background paper, Stage 3

**Prepared by
Swinburne Institute for Social Research
September 2004**

Introduction

This paper provides some context for the *Housing Futures for Australia* policy workshop. The paper very briefly describes the field of foresight studies (the method for understanding futures) and how this is to be used to provide a framework for identifying the major housing issues that Australia may confront in the longer-term future, for this project to the year 2025, and their policy implications.

About the project – *Long-Term Housing Futures for Australia: Using Foresight to Explore Alternative Visions and Choices*

This project, funded by the Australian Housing and Urban Research Institute, aims to identify and develop a small number of scenarios about the nature of Australia's housing system in 20 years time, and then work through the implications of these, particularly for housing policy.

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The Foresight process

Foresight analysis is a field of research utilised internationally across public and private sectors to consider future issues and policy choices that might not be explored within normal

operational and short-term decision making horizons. Foresight analysis uses a range of methods to undertake a systematic and holistic process of possible futures, some of which will be utilised at the workshop.

A major part of the foresight process is participatory and consultative, such that the issues to provide scenarios for possible housing futures emerge from a consultation process, rather than being imposed by the researchers who may be trapped within their own paradigms. A detailed paper on Foresight methodology and its potential application to housing is available on the AHURI website at: <http://www.ahuri.edu.au/global/docs/doc622.pdf>.

It is important to emphasise at the outset that this project is not about predicting a particular future. Foresight analysis does not aim to be predictive. Rather, it seeks to outline possibilities about the future which emerge from the analysis of alternative sets of assumptions about trends and opportunities. The workshop to which this paper relates is about developing these possibilities.

In the first stage of this project, a workshop in Brisbane scoped the diverse range of housing issues and trends Australia was likely to experience in the next twenty years. The aim was to identify the processes shaping these issues, i.e. to identify 'weights' (factors impeding change, such as a passive policy environment) and 'pushes' (factors driving change,

such as demographic changes). From the many issues discussed at that workshop, two key issues were prioritised for further research in Stage 2 of the project, these being *housing choices* and *social housing and housing assistance*.

The Workshop

The task for this workshop is to work through the policy implications of the scenarios for *housing assistance* and *housing choices*. During the scenario development that took place in a series of workshops in Stage 2, it was assumed that the Australian economic and demographic future is much like that of the last twenty years: solid economic growth with some ups and down around the growth path and sustained population and household growth, but with progressive changes in the age and household composition of that growth. Within this assumed steady development process, there are still substantial change processes operative which had to be teased out in terms of housing. These included such trends as:

- an ageing population;
- widening income and asset inequality;
- more flexible (casualised) labour markets;
- greater diversity of household structures;
- lifestyle changes;

- greater diversity of the origins of migrants;
- technological changes, etc.

Within this context, the Stage 2 workshops came up with a best case scenario and a steady state scenario and within these identified the housing and housing related issues they raised. These were couched in terms of the future issues that may have to be confronted and, in the best case scenarios, principles of what the housing system would look like. None of these workshops focused explicitly on policy implications except in the sense of the existing policy framework being part of the scenario context.

Policy Implications

The final workshop is thus about drawing out the policy implications of the scenarios. This process is an exercise not bounded by the current political and policy environment, as we are looking at 20 years hence. It is thus an opportunity to be more unconstrained in our thinking about policy than short-term political realities conventionally allow. Policy stakeholders from a range of interests have been invited, i.e. the private sector, all levels of government and the community sector. This is to ensure that a diverse range of policy options and directions are incorporated into the study.

The end product will be a report to the housing sector to facilitate reflection and debate about the future of housing and housing policy.

Swinburne-Monash AHURI Centre
**Long-Term Housing Futures for Australia, Stage 3
Policy Implications workshop**

**Prepared by
Swinburne Institute for Social Research
October 2004**

About the project

This project, funded by the Australian Housing and Urban Research Institute, aims to identify and develop a small number of scenarios about the nature of Australia's housing system in 20 years time and then to work through the implications of these, particularly for housing policy.

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It is important to emphasise at the outset that this project is not about predicting a particular future. Foresight analysis does not aim to be predictive. Rather, it seeks to outline possibilities about the future which emerge from the analysis of alternative sets of assumptions about trends and opportunities.

Stage 1

In the first stage of this project, a workshop in Brisbane in March 2004 scoped the diverse range of housing issues and trends Australia was likely to experience in the next twenty years. The aim was to identify the processes shaping these issues, i.e. to identify 'weights' (factors impeding change, such as a passive policy environment) and 'pushes' (factors driving change, such as demographic changes). From the many issues discussed at that workshop, two key issues were prioritised for further analysis, these being housing choices and social housing and housing assistance. We have labelled these: "*Housing Assistance for the Future*" and "*Choice or Constraint - Where is our Housing Future taking us?*"

Stage 2

Scenario building workshops were held in Sydney, Brisbane and Melbourne in July/August 2004 which included over 50 experts in housing and urban policy from government, academic, private and community sectors.

These workshops initially considered the key trends and drivers for the future of housing choice or housing assistance over the period to 2024, providing a 20 year timeframe of speculation. Small groups then sketched out best and worst case scenarios about the future of Australia's housing system.

In the first set of scenarios, participants considered the possible best and worst case outcomes from the current socio-demographic, environmental, economic and policy settings in terms of the nature of housing choices in 2024. This included a scenario that considered the results of an external shock to the housing system created by an energy shortage that drives petrol prices to more than \$3 a litre.

A second scenario set considered what housing assistance might look like in 2024, firstly based on current policy settings and secondly based on an ideal outcome.

Stage 3

A final set of workshops is being convened in Melbourne and Brisbane to present the aggregate outcomes of the scenario building workshops, and to consider the policy implications of these alternative futures.

This paper provides context for these final workshops, describing the five scenarios developed from the Stage 2 workshops:

- 1. Australia divided:** a “worst case” scenario that considers the outcome of constrained choices;
- 2. Flexible choices:** a “best case” scenario which considers the type of housing system that would best facilitate choice and flexibility;
- 3. Crisis drives localism:** an “outlier” scenario which considers the effects of a fuel shock;
- 4. The system works - for very few:** a “steady state” scenario for the

future of Australia's housing assistance, which assumes current settings do not change greatly; and

5. Australia cares for its own: a “best case” scenario which considers the potential of an optimal housing system, supported by a new housing assistance framework and instruments, and a spatial investment strategy.

Certain assumptions concerning demographic change underpin all of the scenarios:

- An ageing population;
- Health and lifestyle advances that continue to extend life expectancy;
- A growing proportion of sole person households;
- More diverse household forms.

The scenarios are also based on the assumption that there will be overall sustained economic and asset price growth, albeit with some fluctuations over the timeframe. Australia is increasingly linked to trends in the global economy and plummeting communication and connectivity costs increase the potential for flexible and mobile employment behaviour.

1 Australia divided

Introduction

This first scenario considers a worst case outcome for housing choices in 2024 considering current trends in housing policy, labour markets and the distribution of wealth. It presents a picture not so distant from Australia in 2004, but taken to greater extremes.

The spatial divide

Spatial polarisation processes already evident in Australia by the late 1990s are strengthened by 2024. Lower income/less wealthy households are pushed to fringe suburbs and certain country towns. Inner urban areas are

enclaves of wealthy owner occupiers and young, relatively affluent renters. Sydney in particular is completely inaccessible to all except those on high incomes. Social and affordable housing is extremely targeted, and any lower income people that are living in Sydney are living in overcrowded conditions.

Generally, the immense shortage of social and affordable rental housing means more and more low income households are living in the private rental sector but in poor quality detached housing. Over-crowding and the re-emergence of some contagious diseases have compounded the disadvantages for low income private renters.

Some outer urban areas with excessively high concentrations of low income households have become hot spots of social exclusion with high crime rates, intergenerational poverty and unemployment. Some places are severely blighted in a way that was not apparent 20 years previously, with severely rundown and abandoned properties and severe economic exclusion - to the extent that banks refuse to lend for investment or purchase in many of these places.

There are very low levels of local employment in many outer areas, with 80% or more of working residents forced to travel well outside their areas for work. Moderate income workers face very long journeys to work using private transport. Commuting times of 2 – 3 hours each way are not uncommon now, and these long distance commuters are forced to bear very high travel costs. There are clearly negative impacts on family welfare as well as disposable household income. This has also resulted in a shortage of low paid workers in the inner cities, for example hospitality and security workers, as their low pay does not compensate for work travel time and costs.

Recently arrived migrants and refugees, many on lower incomes, are forced to gravitate to the cheapest housing areas - outer urban areas with poor transport and employment opportunities. This has created spatial concentrations of ethnicity and reinforced prejudice against migrants.

Spatial disadvantage extends to regional Australia. Certain regional areas, particularly along the coast, have attracted a sizeable population of affluent retirees and work-at-home professionals. However, inflated house prices and rents in these towns push out long established residents.

Other regional areas, for example smallish inland country towns with a population between 2,000 and 6,000, are attracting sizeable populations of low income households in search of cheap housing. While this has generated population growth it has not necessarily generated economic growth. These areas have become characterised by high unemployment and poor services but are being completely ignored in terms of government support, as they form remote and invisible pockets of poverty.

Some coastal areas that enjoyed a sea change boom in the 2000s have gone off the boil and experience contracting property values. As retirees find they need to remain active in the workforce to supplement their retirement incomes, poor local employment prospects mean that many of the sea changers move back to major urban areas.

The ageing population

Fears about the inadequate income of a growing aged population are well realised by 2024. Those on full pensions have little capacity to pay housing and living costs if they are not outright homeowners. While growing numbers have access to superannuation or part superannuation, their income is still

insufficient to meet desired or reasonable living standards, particularly given their income may need to last them well into their eighties and beyond.

Most people will age in place but many will remain in housing inappropriate for their needs and in increasingly poor condition. However, some have managed to get by because of a trend for adult children to remain with their parents, or return to live with them. This resolves housing problems for some younger residents and the care needs of ageing parents.

Intergenerational transfers of wealth through loans/gifts while parents are alive (facilitated by an increasing range of reverse equity and shared equity financial products) or from deceased estates have become a critical path to housing security for many people. But ongoing declines in home ownership from the 1990s means there is an emerging group of older people, and some of their children, who have not and never will have access to home ownership.

There is a large population of older people in the private rental market on low incomes. Manufactured rental housing estates have become a major feature on the fringes of major cities and towns as a low rent option, but they eventually impose high costs on public services as health and support needs increase.

Many older people are forced to downsize their dwelling, either because their late entry to home ownership means they have not paid off their mortgage at the time of retirement or their low income requires conversion of their home equity into an income stream for post working years. Some of these households will choose to rent, which becomes a major problem if they outlive the income stream. Others will move outwards to cheaper areas with poorer services, which also becomes a problem as

they age further and their support needs increase.

Retirement villages and aged care facilities are now the preserve of the affluent. New private investment only focuses on the top end of the market. The not for profit sector, which has historically provided much of this accommodation, severely contracts in response to market pressures (the sale of land is used to fund other key human services) and the inability to upgrade the properties to appropriate standards within limited subsidy.

Home Ownership

By 2024 home purchase is in rapid decline, as Generation Y consumers are so incumbered by education and lifestyle debt that they cannot raise the deposit necessary to purchase a dwelling. Furthermore, poor capital gain performances in outer urban areas, where properties are affordable, have no attraction for a generation more focused on asset performance than a “bricks and mortar” investment. These areas stay depressed as young households prefer to rent rather than be owners in high risk areas. The need for increasing employment and locational flexibility means that very few younger households (even up to their 40s and 50s) want to be tied down by ownership and thus opt for rental. Nonetheless there remains strong interest in property investment, and there is now a large proportion of younger people who are both long-term landlords and renters.

Under this scenario, Australia's housing choices are very constrained – both for lower income people who now face very poor locations and dwelling conditions in the private rental market and for higher income households who bear the costs of inefficient cities with spreadeagled development patterns, inadequate public infrastructure and services, and the high health and welfare costs imposed by an increasingly

disadvantaged sector of the population.

2 Flexible choices

This scenario explores an Australia in 2024 which has developed a housing system that provides minimal barriers to household choice. It also pictures an Australia which has a far less differentiated economic and social landscape, supported by greater public and private investment in outer metropolitan areas. The scenario features a more dynamic and professional private rental market, responding to housing preferences across a wide range of incomes and households. The social housing sector has also been expanded and eligibility widened to accommodate a far greater range of households (these issues are explored further in scenario 5).

The labour market shortage and high dependency ratios that concerned economists in the early 2000s have not turned out to be the problem envisaged but rather the solution - labour shortages have created greater job opportunities for Generation X and Y and they now enjoy a more certain income stream than was anticipated. This has enabled them to exercise greater choice in the housing market. But given that flexible labour markets are the norm for the post baby boomers many opt for rental accommodation, particularly as there is now far greater security of tenure in the private rental market.

The other major unexpected trend is that a large proportion of the 60 plus age group, most of who are in good health until their 80s, continue to work part time both out of interest and to provide the income for a richer lifestyle. Many use the additional income to travel and as a result move from detached housing (with its higher maintenance costs and problems of management in their absence) to various forms of medium density housing.

Diverse and responsive housing forms

In 2024 households are much more diverse in aspirations, tastes and values compared with the early years of the century and require a range of housing options to reflect this diversity. Good quality small housing products are meeting the demands of the rapidly growing singles population. Even in outer areas the building industry has recognised the need for housing diversity and offers a range of dwelling types in the lifestyle estates which have become the major form of outer urban development. Complexes of units are built in comprehensive developments with carefully planned open space and with community facilities integrated into the development. Comprehensive developments also ensure that residents can access efficient and low cost technologies to support leisure and home based work.

Retirement complexes and seniors housing are increasingly being integrated into new estate developments. Stand-alone retirement villages have lost favour, with a revived interest by housing consumers in community living and building relationships with neighbours. Similarly, gated communities seem rather outdated and most of those developed in the 1990s have been recast as more mixed communities. Accessory housing (known in earlier times as "granny flats") has been widely adopted with relaxations in development regulations and the wide availability of well designed modular units which are affordable and provide self contained accommodation on an existing block.

Generally, the building and development industry has become much more attuned to the dominance of the single person household. In a trend which began with student housing complexes, there is now a significant amount of multi unit rental

accommodation being built specifically for shared households, featuring large bedrooms and individual en-suites but with shared kitchen and living facilities.

Smart, green housing

New dwellings must now meet minimum standards for environmental sustainability and adaptability. All existing housing is progressively being retrofitted for better energy usage, durability and recycling. There is now wide market acceptance of “green” technology as a standard feature of housing, with widespread use of recycling systems and efficient heating and cooling technologies (domestic air conditioning has been phased out by regulation). A significant part of the industry is now focused on retrofitting and adaptations for new environmental regulations as well as changing market demands. For example, many larger single family houses which proliferated in the 1990’s and early 2000’s have been adapted for group housing, whether it be extended families or older people wishing to share.

More even housing markets

Price relativities have by 2024 become more equal with a substantial weakening of the inner-outer price divide. This progressively came about as a result of two processes. First, the sharp price differences between inner and outer urban areas in the early 2000s prompted a gentrification of some of the older outer suburbs and second, renewed public and private investment in the outer areas brought to these areas much of the economic opportunity and social lifestyle of the inner city and thus attracted a new set of purchasers and renters.

Changing settlement patterns

Metropolitan growth has been less substantial than that predicted in the 2000s. This came about as more and more households chose to relocate to coastal and inland cities and towns, many of which were now of a size that

enabled offering the amenity and employment opportunities associated with larger metropolitan areas. By 2024, regional centres with a population between 50,000 and 100,000 look likely to be a more common settlement form than was the case in the previous 100 years of urban and regional development.

3 Crisis drives localism

Introduction

This scenario considers an external shock to the housing system, created by an energy shortage driving petrol prices to more than \$3 a litre. Many of the outcomes predicted for this scenario are similar to that of the worst case scenario but others are more positive.

It is envisaged that some key adaptations have occurred:

Transport dominates household expenditure

Households minimise their housing expenditure in favour of transport expenditure by actively pursuing smaller mortgages. This has constrained housing demand and reduced the rate of house price inflation over time. Renters have made the adaptation by increasing sharing and, in the case of young people, by remaining at home.

Households relocate to areas of greater accessibility

Households (or those who can afford it) have moved to areas of greater accessibility, driving up prices and rents in inner urban areas and, consequently, further driving prices and rents down in many outer urban areas and country towns. The sea change process has become more focused on towns that have the size and infrastructure to minimise travel costs. Smaller coastal towns (unless in proximity to a larger area) are stagnating. Inland towns with a

population less than 5,000 have generally gone into a protracted decline. But many regional cities of 20,000 plus which are reasonably self-contained are prospering as alternative viable locations for residents pushed out of the bigger cities.

These changes have created falling property prices and areas of good affordability in certain locations, but with the trade-off of high travel costs. These areas may attract those who no longer need to work, for example the retired or those who have given up on work including the long-term unemployed. Recently arrived migrants and refugees, many on lower incomes, are forced to gravitate to the cheapest housing areas which will be the outer urban areas with poor transport accessibility. This is creating concentrations of ethnicity and in some places is reinforcing racial and cultural prejudices.

More households will work from home

There is pressure for more workers to work from home but this has not fundamentally altered the spatial patterns above, as direct contact remains an important feature of most jobs. However it has reduced travel costs for some people.

Employers change work locations

Some employers, unable to attract low cost casual staff in inner urban areas and facing pressures of high property values and rentals, have relocated to selected outer areas where there are public transport nodes, for example Dandenong in Victoria and Liverpool in Sydney. In the process they have actually assisted in the regeneration of these formerly depressed areas.

Changes in public and private transport

The energy crisis has raised public consciousness of environmental issues to a very high level, which also

results in changes in housing construction. Urban consolidation gains much greater momentum and greenfield development of detached housing has contracted substantially. Much greater emphasis goes into the design and construction of townhouses, apartments and terraces with efficient and sustainable materials and building processes.

There has been intense policy pressure to construct at much higher densities around public transport nodes, creating a number of major local conflicts with established residents. But public opinion supports most measures to establish more efficient developments, transforming many neighbourhoods. A widespread public awareness of travel costs has encouraged much greater local focus and a greater engagement of people with their local communities. People are searching for and creating social and economic opportunities closer to home, as the pump prices are a constant reminder of the actual costs of wider travel.

4 The system works - for very few

Introduction

This scenario is based on current policy settings for housing assistance in 2004, featuring declining investment in direct funding of social housing, an entitlement based private rent assistance system and significant support for private landlords and home owners through the tax treatment of investment and owner occupied housing.

A core assumption in this scenario is that over the next 20 years changes to these policy settings will be minimal and incremental, with a prevailing public policy position of benign support for the type of housing consumption and investment patterns that have occurred in the previous 30 years.

Public Housing

There is still a public housing system in 2024, although it is smaller than the current 360,000 public housing dwellings despite the population growth over this period.

Much of the public housing stock is in good condition and well managed, having benefited from an extensive period of investment in upgrading, reconfiguration and selective redevelopment but there remains pockets of poor stock in outer urban areas where new investment is not deemed appropriate. There have been periods of stock transfers and open sales, the latter forced by financial pressures, but all jurisdictions have retained a core public housing system.

However, the system is highly targeted. It primarily supports people with disabilities, old and frail renters and households with multiple needs such as families with specific locational needs. Waitlists are very tightly managed (in some jurisdictions by welfare agencies rather than housing authorities) and clients are closely streamed into different assistance packages, some time-limited. New funding and political interest tends to focus on “politically palatable” populations whose need for government supported housing is beyond question.

The public housing system in 2024 is very expensive to run. In addition to extensive stock upgrading, state housing authorities over the years have invested heavily in staff and systems to successfully manage tenancies for a complex and diverse high-need client base. Some jurisdictions have seen the blurring of roles between human services agencies as housing authorities in some areas revert to managing the tenancies, as the access process is managed through other welfare agencies.

The Commonwealth government’s role in public housing has continued to be fairly marginal, although at times it has provided funding injections for particular policy priorities. For example, extra capital injections have been provided to increase stock in response to growing levels of mental illness in the community and a crisis in private rental market evictions and increasing homelessness. At other times, bilateral arrangements have resulted in occasional capital and recurrent subsidy programs from the Commonwealth to support particular initiatives – e.g. estate redevelopment.

Estates

Public housing estates have become more diverse communities over this period. Public ownership on the estates greatly diluted after a range of strategies applied over the past 20 years including demolition and sale of lots on the open market, transfer of properties to other rental managers (both community based and private), private owner occupiers and private landlords. Some estates are working well as a result but others have disintegrated into damaged and bleak places, where efforts to rebuild communities have not achieved the anticipated turnaround. This has largely occurred because policy measures have not addressed the more fundamental and deep rooted problems on the estates such as lack of jobs, welfare payment traps, attitudes that constrain personal expectations and continued problems with poor quality services – the investment is in policing more than community building.

While lessons were being learnt by the early 2000's about the need for sustained efforts in disadvantaged areas, unfortunately the political process was too impatient and support for many communities was withdrawn prematurely. Early gains were rapidly lost as family support and early childhood services were defunded and local labour programs reached their "use-by" date.

Private rental market

While the small public housing system works well for the very few who manage to gain entry, most others in need are excluded by virtue of their need not being considered extreme or ongoing. As was the case 20 years before, a small number manage to get affordable housing through the non government sector, but most still need to find housing in the poorly regulated private rental market.

Private rental ghettos are present in all cities. Housing standards are often very poor and many households are overcrowded, often forced into high density shared arrangements (e.g. 2 or more families). A new generation of slum landlords has emerged, capitalising on the desperate needs of those on very low incomes. Home boarding is also a major industry now, with many older people taking in boarders to assist with their living costs. Another form of housing that has become commonplace is "accessory housing" – as indicated previously.

The Commonwealth rental assistance system still underpins rental access for a majority of low income clients. However, it is no longer a purely entitlement-based subsidy as had been the case at the start of the century. Concerns about overall cost blowouts by 2008 led to a rationing of access to full assistance to those in very high need ("CRA Gold"), particularly for those seeking assistance in the high cost markets in the major cities. Rent assistance is

also bundled together with other components of the welfare system. Client obligations operate for virtually all types of welfare payments.

Most people seeking rent assistance need to find lower cost housing to be eligible for support, and are also required to meet obligatory minimum work (or other activity) requirements. Labour market programs, such as they are, are not in step with rent assistance policies and many low income tenants find themselves "between a rock and a hard place", forced to locate to areas where there are few job prospects, and then in risk of being in breach of their welfare contract, losing their income and housing support. Hardest hit are unemployed singles and couples, as families with children in housing crisis are getting some access to emergency housing.

Homelessness

Homelessness, in all its forms, is rife and is an increasing burden on all sorts of communities. Ironically, significant funding growth has occurred in crisis housing programs which have managed to garner political support in the face of extreme demand (the common sight of rows of cars in local parks with families camped inside had become too much for politicians to bear). However, without further funding of medium to long-term housing options, there is no lessening in demand for crisis housing.

Alternate affordable housing

There has been some activity in the "affordable" housing arena, involving a range of hybrid social housing models and players. A small number of well established community housing organisations features in this small affordable housing sector who managed to grow their rental business opportunistically and reached a largish scale in a number of places, but nowhere near in sufficient number to

compensate for the reductions in public stock. Some have benefited from direct Commonwealth funding support at times, when short-term policy initiatives have favoured the growing of a few providers.

However, the subsidies providers receive to house low income people are also very limited. So whilst the hybrid providers manage to house some of those who miss out on public housing, they have increasingly housed higher income, lower risk tenants to maintain viability. (Government financial bail-outs of a couple of the larger not-for-profit providers in 2008-09 highlighted the fact that these providers could not sustain a major focus on low income tenants.) Beyond these few major providers, there has not been significant growth in the community housing sector. Capital for non government low cost housing has mainly been directed to hybrid affordable housing arrangements, although there has been some growth in specialist supported housing providers.

A small number of specialist private developers are also involved in the low cost housing system, having benefited from various and sporadic partnership opportunities mainly from the redevelopment of older estates. Where the estates have been located in high value locations, this has been a lucrative arrangement for the private sector.

This scenario sees Australia unable to address problems of low cost housing ghettos, the rising incidence of overcrowding and ongoing and increasing homelessness. Policy reforms have been sporadic and serious pockets of poverty and disadvantage now impose huge costs on the community and economy.

5 Australia Cares For Its Own

Introduction

This scenario attempts to envisage an ideal housing assistance system which provides appropriate levels of support for diverse needs. It describes a more vibrant and responsive housing system with public investment carefully targeted to areas of risk. It features policy instruments which encourage private investment rental housing, including affordable housing. It also features concerted effort and investment in turning around spatial disadvantage.

Social Housing

The social housing system is now operating with vigour after belated recognition of the need to fund the key cost elements of a social housing service. Led by larger states with other jurisdictions following suit, government operated social housing is now running under a new financial model whereby states fund asset investment to ensure optimal responsiveness to need, and rental subsidies for government tenants are funded through a reformed national housing support payment system. A whole of government focus on supporting complex needs has resulted in funding support for joint housing management and support arrangements operating through service partnerships. Stock has increased from 360,000 units to around 600,000.

Moderate income households are entering social housing systems as access rules have opened up to “normalise” the systems in the wake of a widespread realisation that tightly targeted public housing systems hindered rather than supported communities. Public housing estates, which have received sporadic attempts at “renewal”, have been given a real impetus as employment programs, education facilities and community enterprise initiatives have been targeted to communities

identified as having low opportunities. Affordable public housing and other incentives are put in place for new residents to come and live in these areas, who are also attracted to new job opportunities emerging from local and regional economic development support.

Private rental market

Significant changes can be found in the private rental market in particular which has been transformed over time from a fragmented sector, filled with accidental landlords with relatively short-term investments, to a more stable and professional rental sector now underpinned by institutional financing. While some of the old style of landlords remains, the smart money in rental investment is in rent property trusts and government housing bonds, offering secure investments tapping into property asset growth without the exchange costs and management burden of individual rental properties.

People are both renters and property investors, with a high degree of flexibility and mobility considered necessary by most people aged under 50. Institutional investment in the private rental market has led to substantial and long-term private rental developments offering the capacity for secure, long-term tenancies.

These trends have been supported by the broader housing assistance system, which targets government support to recognised areas of population risk and potential market inefficiency. Private sector rent assistance has been restructured to provide a base level of support as before, but with further components which address issues in high cost markets (accompanied by supply measures such as rental accommodation construction subsidies).

Any form of rental subsidy is linked to provider accreditation standards and

long-term security of tenure provision, which operate across public, community and private sectors. This has resulted in a more diverse base of low cost housing providers, particularly hybrids combining private sector involvement and development skills with specialist housing managers, many of whom originated as community housing organisations.

Private investment in affordable rental housing has also been encouraged by tax measures providing incentives for affordable housing construction. The rental industry has become more professional and sophisticated with a prominent role played by “affordable housing” suppliers leading the way in establishing higher management standards and consumer expectations across the rental industry. The increasingly “arms length” nature of rental investment has also lessened investor resistance to a more structured and regulated rental market system, as marginally higher costs of management are offset by increased investment security associated with guaranteed high quality management.

Support for home ownership

The potential to better support lower income home purchasers is now embedded in the national housing assistance system with measures to assist families in particular to gain access to home ownership, linked to employment programs. Shared equity schemes are figuring strongly, enabling households to invest in their own home in partnership with government or not-for-profit organisations. Appropriate funding programs have provided the scale and impetus for a range of innovative home ownership initiatives, including programs targeting an increase in indigenous home ownership.

Employers and housing

Some employers started taking a new interest in housing provision by the late 2000's following some critical

skilled employment shortages that were clearly linked to a lack of affordable housing. A number of large affordable housing projects in Sydney and Melbourne, developed in partnership with community organisations and government, were initiated by major employers (including government) to try and stabilise their employment base. Housing has become an important part of employment packages in these major cities.

Green technologies

All forms of subsidies for affordable housing have also required the application of green technologies in building and refurbishment. Due to these policies operating from around 2010 and massive retrofitting programs since that time, Australia's affordable and social housing stock meets high standards of energy and water efficiency. The wider housing market is now being required to follow suit, with energy efficiency upgrades required on dwelling changeovers.

Eliminating spatial disadvantage

One of the most striking features of the period is the huge public effort to combat spatial disadvantage. While there has been a growing recognition of the incidence of spatial disadvantage and the individual, community and societal costs, the problems did not receive real prominence and popular recognition for some years.

A range of programs progressively introduced over the twenty years have played a key role in generating resources for locational investment strategies which means that, by 2024, Australia has a much more vibrant economic and cultural landscape across its cities, suburbs and towns. Working with increased investment in social housing and a more efficient and vibrant private rental market,

Australia has a number of significant policy instruments in place which enable fundamental housing needs to be effectively addressed and communities to be supported to participate in the modern society and economy. This has proved important for making progress on indigenous housing outcomes as the policy environment has resulted in increased funding for resolving indigenous housing and community disadvantage.

Governments have also learned to play an enabling role, becoming more effective at setting strong policy and program frameworks and using partnerships with local government and community interests to direct funding to local activities and infrastructure.

A shift in community values

These developments have drawn wide community and industry support as there has been a strong attitudinal shift over the past decade or so to more selfless and community minded values. This shift in values began with a changing tone from national government following a period of major world insecurity and resulting volatile economic performance. With a population feeling somewhat fearful a summit of national and state leaders across all sectors, concerning Australia's secure future, reached a historic accord that the country's future lay in its capacity to reach out – to its regional neighbours and the dispossessed - and to reach within – to strengthen resident communities.

This lay the basis for the raft of economic and social development policies which followed. Several key housing issues were reflected in this accord including resolutions to “end homelessness” and “strengthen families and communities through secure housing”.

Policy Workshop

The objective of the policy workshops is to consider policies that can:

- Ameliorate the outcomes of the worst case scenarios;
- Accommodate the intent, and bring about the outcomes, of the best case scenarios.

In particular, policy recommendations are required for:

- Addressing the spatial divide within urban areas, and between urban and regional areas, including breaking down price relativities;
- Limiting concentrations of the poor in certain areas, particularly private rental ghettos;
- Facilitating households to age in place;
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- Providing appropriate aged housing for lower income households;
- Creating home ownership opportunities for those who wish to be home owners;
- Breaking down barriers between housing tenures;
- Generating greater housing diversity in outer urban areas and non-metropolitan centres;
- Expanding social housing and diversifying management forms;
- Providing more appropriate private rental support;
- Producing a sustainable and affordable private rental sector.

APPENDIX 3: TRENDS, DRIVERS AND PROBLEMS

Demographic Trends	Drivers/issues	Housing problems/uncertainties
Ageing	<ul style="list-style-type: none"> • Level of income • Security of Income over time • Health needs • Social interaction and relationships • Value of main asset (the house) • Recreation leisure patterns and needs • Attitudes to place • Fears (crime, loneliness, poverty) 	<ul style="list-style-type: none"> • Older persons with insufficient income to maintain their dwellings. • Pressures for gated or protected communities. • Growth in trading down in order to convert dwelling to income stream. • More older people seeking part time employment and therefore locating to regional areas with largish labour markets • Increased demand for physical and social infrastructure • Problems for growing number of aged renters
Migration	<ul style="list-style-type: none"> • Immigration and settlement patterns (where?) • Internal migration settlement patterns • Who (what nationalities and cultures). • Attitudes to space, urban and regional form and housing types. • Assets • Income levels 	<ul style="list-style-type: none"> • Concentration of low income immigrants in outer urban areas of social exclusion • Intraregional shift to coastal and regional centres for housing. • Trading down increases pressures for sea change • Preference intensified for inner urban locations
Smaller household Size	<ul style="list-style-type: none"> • Lifestyles of different household types • Incomes and asset base • Urban form and housing needs/wants 	<ul style="list-style-type: none"> • Housing market may not have diversity of types to match needs • Mismatch between 1990s, 2000's Mc mansions and housing needs
Population/Household Growth	<ul style="list-style-type: none"> • Scale of growth • Spatial dimensions (where will it be) • Differential between different groups (ethnicity, age, etc) 	<ul style="list-style-type: none"> • Growth in excess of infrastructure capacity. • Intense housing demand in specific housing markets-weak in others

Lifecycle stage	<ul style="list-style-type: none"> • What lifecycle groups? • Lifestyles of lifecycle stages • Resources of different lifecycle stages 	<ul style="list-style-type: none"> • Increased diversity of housing needs and preferences • Greater housing inequities between households at different lifecycle stages
Economic Trends	Drivers/issues	Housing problems/outcomes
Household Income levels and distribution	<ul style="list-style-type: none"> • Income for different household levels • Degrees and form of income inequality • Form of income (secure casual permanent) 	<ul style="list-style-type: none"> • Income inequality leads to housing market inequality. • Growing numbers of households unable to access affordable and appropriate housing • Decline in home ownership
Household Wealth base	<ul style="list-style-type: none"> • Superannuation levels and form • Value of Housing assets • Distribution of assets (tenure) • Spatial distribution of housing assets 	<ul style="list-style-type: none"> • Dwelling increasingly used as income stream
Labour Market characteristics	<ul style="list-style-type: none"> • Employment levels • Casualisation of workforce • Spatial distribution of employment 	<ul style="list-style-type: none"> • Disconnection between labour market and housing market for growing numbers (retirees) • Casualisation presents growing problems of accessing ownership
Industrial base	<ul style="list-style-type: none"> • Changing industrial base • Geographic location of industry • Changing Building Technology 	
Human Capital	<ul style="list-style-type: none"> • Skill levels • Educational needs and access 	

Physical infrastructure	<ul style="list-style-type: none"> • Age and condition of infrastructure • Location of infrastructure 	<ul style="list-style-type: none"> • Shortage of infrastructure affect people housing decisions, • Cost in infrastructure (utilities) encourages decline of large allotment/block • Old housing itself becomes an infrastructure problem
Financial system	<ul style="list-style-type: none"> • Flexibility of finance system • Cost of finance • Attitudes to public expenditure and debt 	
Technology Trends	Drivers/issues	Housing problems/outcomes
Information	<ul style="list-style-type: none"> • Changes in work-home relationship • New home based recreation patterns 	<ul style="list-style-type: none"> • Greater freedom of housing location, • Home retrofitted for IT
Construction	<ul style="list-style-type: none"> • More factory built housing or housing components • More environmentally sustainable products • Design 	<ul style="list-style-type: none"> • More multi unit housing
Transport	<ul style="list-style-type: none"> • New forms of public transport 	
Political Trends	Drivers/issues	Housing Problems/outcomes
Governance	<ul style="list-style-type: none"> • Devolution of social issues to states concentration of economic issues at Commonwealth level 	<ul style="list-style-type: none"> • Lack of comprehensive housing policy • Difficulty in designing policy form fragmented housing markets
Values	<ul style="list-style-type: none"> • Individualism 	<ul style="list-style-type: none"> • Lack of public interest in housing as social good
Political Issues	<ul style="list-style-type: none"> • Security • Law and order • National identity • Infrastructure building (capacity building) • Environment 	<ul style="list-style-type: none"> • Greater interest as housing as form of security and protection • Push for local or community housing outcomes

Environmental Trends	Drivers/issues	Housing problems/issues
Public awareness	<ul style="list-style-type: none"> • Regular oil shocks • Global warming • Drought 	<ul style="list-style-type: none"> • New environmental policies shape what and where people buy dwellings
Scarcity and resource shortages	<ul style="list-style-type: none"> • Water scarcity • Regular oil shocks • High electricity and water charges • Urban Sprawl • Coastal Development tensions 	<ul style="list-style-type: none"> • Housing consumption decisions designed to minimise energy costs • Premium on housing near public transport • Can people afford large gardens and heating charges? • Shift to environmentally attractive areas
Social Values	Driver/issues	Housing problems/issues
Self and personal identity	<ul style="list-style-type: none"> • Individualism / NIMBYism • Search for personal meaning • Changing Consumer preferences 	<ul style="list-style-type: none"> • Housing as a form of identity
Social Cohesion	<ul style="list-style-type: none"> • Return to Community • Fundamentalism • Social obligation(mutualism) 	<ul style="list-style-type: none"> • Gated communities
Social inclusion and exclusion	<ul style="list-style-type: none"> • Fear of difference/outsideers 	<ul style="list-style-type: none"> • Growth of homelessness

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