

# What future for public housing?

THERE IS RESISTANCE TO REINVESTING IN PUBLIC HOUSING BECAUSE OF ITS POOR REPUTATION AND THE SIGNIFICANT COSTS OF PROVIDING SUPPORT TO ITS DISADVANTAGED RESIDENTS. YET INCREASED AFFORDABLE HOUSING—EITHER PROVIDED IN THE PUBLIC OR COMMUNITY SECTOR—WILL BE REQUIRED TO MEET THE NEEDS OF AUSTRALIAN HOUSEHOLDS.

## KEY POINTS

- Public housing in Australia is at a critical juncture in relation to its long-term future. Public housing faces a mix of systemic, reputational and ideological challenges to its viability and legitimacy.
- Investment in the public housing system has reduced in relative size over the last 30 years and been increasingly targeted to serve the most disadvantaged welfare recipient households, which has undermined its financial viability.
- At the same time, the reputation of public housing has suffered with many policy makers seeing public housing in a position of intractable decline. Because of this, they consider radical longer-term proposals including the transfer of stock to community housing agencies, with State Housing Authorities (SHAs) acting as enablers of social housing rather than as providers.
- Efforts to lobby for increased funding have met with a lack of success, suggesting an ideological resistance to expanding public housing as a tenure.
- The continued growth of the Australian population will place further burdens on the housing system and the public housing sector in particular. In short, this will require increased public investment, though many policy makers express concern that this will not occur.

*This bulletin is based on research by Associate Professor Keith Jacobs of the AHURI Southern Research Centre, Dr Rowland Atkinson from the University of York and Dr Val Colic-Peisker, Professor Mike Berry and Professor Tony Dalton from AHURI RMIT Research Centre. It explored the long-term future of public housing in Australia and the capacity of State Housing Authorities to address household need and community sustainability.*

## POLICY CONTEXT

The Commonwealth government's 2010 Intergenerational Report forecasts that Australia's population will rise from 22 million to 35.9 million by 2050. The demand for housing will therefore remain high and any shortage of supply will lead to severe problems for low and moderate-income households competing for housing. In recent years, the Australian Government has announced policies to address the shortfall in supply of public sector housing stock, though the Australian Government announced that future investment is likely to be allocated for housing development in the not-for-profit community housing sector.

## RESEARCH METHOD

This study sought to think through the issues around the future of public housing, in consultation with policy makers.

The first stage of the research involved charting the post-war history of Australian public housing. This history was interpreted through the lens of the ideological and policy frameworks that help explain the current state of public housing in Australia.

Following this, the research team sought to gauge the views of key decision-makers as to future developments in public housing. Twenty-four interviews and three focus group discussions were conducted with influential policy makers, housing service providers and senior representatives from non-government agencies working within the housing policy arena. Officials at Federal and state levels as well as central agencies were consulted.

## KEY FINDINGS

### ***Systemic challenges to public housing: lack of investment and residualisation***

The study authors find that public housing in Australia has faced a range of systemic challenges to its viability, and these have been compounded by factors outside its control.

Public housing in Australia represents a relatively small part of the overall housing system (less than 5% of total stock), and until 2008 experienced a

significant reduction in resourcing over the course of 20 years. There has been a recent increase associated with the Stimulus package, but this spending was explicitly envisaged as a temporary measure that would cease once the economy had recovered.

The consensus among respondents in this study was that lack of private housing provision should result in increased public investment, however there was little expectation that this would occur.

Many respondents perceived public housing as subject to internal and external forces that contribute to its problematisation and decline:

- Ever increasing land prices and Commonwealth and state responses to indebtedness have imposed financial constraints on public housing authorities.
- Public housing has become *residualised*: the decrease in the relative size and funding of the sector, and the effects of welfare targeting, has meant that the composition of tenants in public housing is overwhelmingly disadvantaged and reliant on welfare incomes.
- Policy makers and agencies alike perceive significant problems in relation to the poor quality and age of public housing stock, and its lack of suitability to accommodate the households that demand it.
- Internal housing policies are considered as pulling in opposing directions: on the one hand there is a need to reduce costs and stay within budget, on the other a need to provide resource intensive services to individuals with a high level of social need.

### ***Reputational challenges to public housing: stigmatisation***

A perhaps unintended consequence of these developments is that wider community perceptions of the public housing system have changed, with it subjected to entrenched and politically unchallenged perceptions of poorly maintained dwellings and socially problematic households. The image of the public housing sector in the wider community is generally negative. Such perceptions lead to localised resistance to new social housing

developments, and build acceptance that the sector should be further reduced in size.

The funding retrenchment is linked to a 'vicious cycle' whereby lower investment and residualisation have led to a lack of confidence in the sector, further undermining attitudes towards the tenure.

### ***Ideological challenges: lack of success in lobbying for change***

A common thread in consultations was that there was a narrative that public housing in Australia is an unsuccessful endeavour, a view which is exploited by some politicians to justify reduced funding. This has occurred even while many politicians agree that low-income housing stress and issues of homelessness are major problems but have not connected these problems with the strategic role that public housing can play to address them.

Respondents argued that attempts at lobbying for additional funds for the sector have been largely unsuccessful, even to address the increased pressures the sector has faced through residualisation and the multiple responsibilities it has faced. It was argued that more funding could achieve significant benefits, including better integration of public housing with services in mental health, homelessness health and education.

The funding model for public housing provision was perceived by respondents as being inefficient in enabling SHAs to get sufficient resources to provide enough housing to meet the needs of increasingly complex households.

### ***Public housing authorities as enablers rather than providers of housing?***

The lack of funding, and general antipathy directed towards public housing, has encouraged SHAs to entertain more radical long-term proposals to address the current problems of the sector. Many respondents were strong proponents of SHAs adopting an enabling role in the provision of public housing, and could see the potential for private providers to supplement public housing provision. Under this system, SHAs would become managers of a housing waiting list, while increasing numbers of housing stock would be off-loaded to community

housing organisations and small-scale housing operations.

There was a clear expectation among all our respondents that a new regulatory framework will be established as an instrument to manage a larger and more active not-for-profit community sector.

Many respondents in this study felt they would like to see greater investment in the public housing sector or to discover alternative, 'hybridised' mechanisms for management and accountability that build on, rather than substitute for, current mechanisms of provision. This viewpoint remains predicated on the assumption that new strategies may offer the best hope of securing the community and organisational benefits that public housing provision has provided in the past.

## **POLICY IMPLICATIONS**

Despite scepticism as to its future viability, public housing remains the most important form of affordable housing in Australia. Whether public policy makers choose to reinvest in the tenure will depend on a number of issues.

### ***Can policy makers break the ideological barriers to funding more public or affordable housing?***

Governments justified increased commitments for public housing as part of the economic stimulus package, but appear more resistant to such investments outside of times of economic recession. Concerns over higher government debt may continue to deter governments from committing further resources for the public housing sector. Growth in affordable housing may be possible through the community sector but this is dependent upon private finance and financial incentives to make it happen. Government financial commitments are necessary to pave the way for more affordable housing, whether it is provided by the public or community sectors.

## ***How will policy makers address issues of residualisation, social mix and the poor reputation of public housing?***

There is a continuing need for public housing to provide a secure form of housing to disadvantaged people recovering from major life events, and targeting is likely to remain a fixed feature of public housing as part of the welfare system. Public housing has arguably already had to become a form of supported housing, yet there are on-going issues about how well support services are integrated within public housing and whether community providers would do a better job.

Efforts to address the reputation of public housing are likely to be small-scale in nature and co-exist among existing strategies to increase tenure and social mix. Even so, social mix strategies take time, are costly and may not always achieve broader reputational change.

There remains a need to address poor perceptions of public housing in the wider community—changes in such attitudes are unlikely to come about as a matter of course from reinvesting in more public housing.

## ***Can new forms of management of public housing and community housing lead to benefits?***

It is likely that both current and future Commonwealth governments will endeavour to make significant large-scale transfers to the community sector. However, concerns exist that monolithic public providers may be replaced by not-for-profit organisations who may be less accountable and transparent than their public counterparts and suffer similar problems of scale. Furthermore, evidence from the UK

suggests that regulatory frameworks imposed on organisations that encourage a performance management culture, run the risk of being undermined by manipulation and collusion. For example, there can be a propensity to favour performance data that portrays organisations more positively, while disregarding data that might otherwise be used to critique their own effectiveness.

Without some policy changes at a systemic level, it is likely that investment in public and affordable housing will languish, with the result that those losing in the property market and those confined to the expensive private rental market will feel excluded from national prosperity. However, a more optimistic scenario is that of an affluent and effective not-for-profit sector buoyed by adequate government and private investment. This will, however, require significant reforms and long-term political commitment from an enduring agreement between Commonwealth and state governments.

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