

# 5 Housing assistance

## 5.1 Introduction

In Australia, housing assistance is provided by governments through cash assistance and public provision and through the taxation system. Assistance may be provided directly by government or through a third party. This chapter examines currently available information on housing assistance, covering the need for assistance, government expenditure on services and assistance, the characteristics of the recipients of housing assistance and outcomes.

Since the last *Australia's Welfare* report (AIHW 1995), there have been significant changes in the administrative arrangements surrounding housing assistance and an increased focus on data and information issues. Current and future changes to administrative arrangements at the Commonwealth, State and Territory level revolve around:

- the shift of Commonwealth responsibility for welfare housing to the Department of Social Security (DSS) from March 1996 as a result of the abolition of the Department of Housing and Regional Development;
- an increased emphasis on information reporting in the current Commonwealth–State Housing Agreement (CSHA);
- the establishment of performance indicators for housing assistance for the Review of Commonwealth–State Service Provision, covering both public and community housing;
- the development of long-term reform of housing assistance (see Box 5.1); and
- in December 1996 the Senate referral of the issue of housing assistance to a Senate Committee for inquiry into current arrangements, including the public provision of housing, cash subsidies and taxation measures; the committee is to report by late 1997.

These changes have highlighted the need to both improve data for performance monitoring and policy analysis as well as further develop the links between housing assistance and living standards. There is currently no single national housing assistance data collection and data on housing assistance are highly fragmented. Several data issues facing the examination of housing assistance are discussed in the Technical Appendix.

Housing represents one of the basic needs of people in society and is seen as having an important relationship to health status, poverty and general living standards. For example:

- households on very low incomes can have their disadvantage exacerbated by housing costs which consume the major portion of income (National Housing Strategy 1992a);
- the location of housing can often reduce, for disadvantaged groups, accessibility to employment, education and training as well as to basic health and community services (DHHCS 1991a); and
- for households in rural and remote areas, improving the quality and type of dwellings is a major aspect of improving health status (ABS 1997:11).

The next sections examine various types of housing assistance, the recipients of this assistance, and the need for and effect of such assistance.

### **Box 5.1: Housing reform**

*Australia's national housing assistance system has been the subject of much debate in recent years. In particular, there have been concerns regarding*

- *the inequity of assistance being provided to public and private renters in similar circumstances;*
- *unclear objectives and the duplication of roles and responsibilities at the Commonwealth and State level; and*
- *the effectiveness of public housing management.*

*One of the proposals previously considered to address these issues entailed the Commonwealth taking responsibility for providing cash subsidies to private and public tenants and the States taking responsibility for managing and funding public housing at market rents. Commonwealth funding for public housing would have ceased under this model (COAG 1996).*

*However, an alternative approach, initially focusing on reform to public housing, has now been agreed upon. Following this approach, the States are currently developing options for improving the efficiency and effectiveness of public housing through the better targeting of assistance and reforming rent setting, tenure and management of waiting lists. The principles for the long-term future of housing assistance are yet to be developed and will be considered by Housing Ministers in early 1998.*

## **5.2 Services and assistance**

### **Commonwealth–State Housing Agreement**

Most funding for housing assistance is provided under the Commonwealth–State Housing Agreement (CSHA). The Agreement aims to provide access to housing which is adequate, secure, appropriate and affordable for all Australian households.

The CSHA was first established in 1945 and has undergone many changes. The latest Agreement, the 1996 CSHA, covers the period 30 June 1996 to 30 June 1999. The long-term future of housing assistance is still to be developed (see Box 5.1). The CSHA

provides assistance to renters and purchasers. Cash benefits are provided to low-income households to assist with rent, bonds, mortgage repayments and deposits. In-kind assistance is provided in the form of public rental housing, community housing and Aboriginal rental housing, and low-deposit loans for home purchase.

In 1994–95, funding under the CSHA was \$2,218 million, broadly split between rental housing assistance and home purchase assistance (Table 5.1). Rental housing assistance is the larger and pays for public housing construction, major maintenance and renewal. Sources of funds include Commonwealth grants for tied and untied purposes (most of which is matched by State funds), and internal funds from rent payments by public tenants and sales of public rental stock. The smaller home purchase assistance program finances assistance to purchasers, such as low-deposit loans and loans with low starting repayments. These are mostly funded by repayments of previous loans and private sector funds.

**Table 5.1: CSHA funding for housing assistance,<sup>(a)</sup> 1993–94 and 1994–95 (current \$m)**

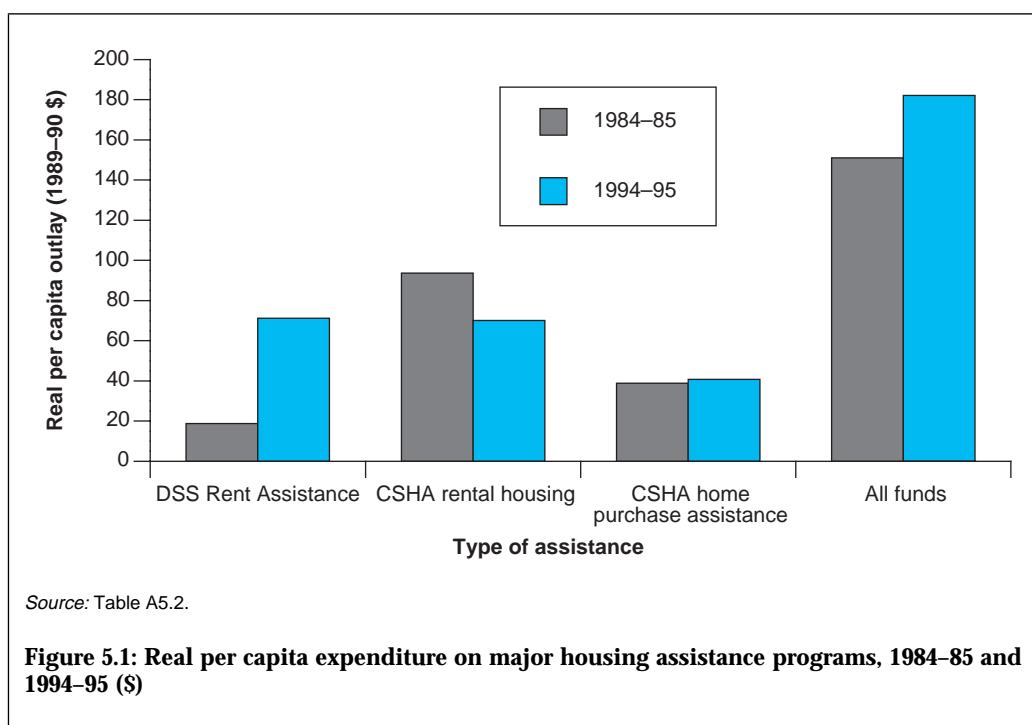
	Commonwealth grants	Internal funds	State funds	Private funds	Total
<b>1993–94</b>					
Rental housing	1,047.2	–14.7	436.4	15.0	1,484.0
Home purchase assistance	10.7	540.0	12.1	508.4	1,071.1
<b>Total</b>	<b>1,058.0</b>	<b>525.2</b>	<b>448.5</b>	<b>523.4</b>	<b>2,555.1</b>
<b>1994–95</b>					
Rental housing	1,062.5	–99.3	439.1	0.0	1,402.2
Home purchase assistance	4.8	339.6	4.8	466.7	815.9
<b>Total</b>	<b>1,067.3</b>	<b>240.2</b>	<b>443.9</b>	<b>466.7</b>	<b>2,218.1</b>

(a) For consistency with data reported in *Australia's Welfare 1995* (AIHW 1995:356), only funds provided under the CSHA 1989 Act or resulting from internal rental and loans operations have been included. As a result several sources of CSHA-related funds for housing have been excluded. These are listed in Table A5.1.

Sources: DHRD 1995; DSS 1996a.

Between 1984–85 and 1994–95, taking inflation and changes in the population into account, per capita levels of spending on CSHA rental housing assistance decreased by 25% (Figure 5.1).<sup>1</sup> CSHA home purchase assistance spending increased by 5%. Expenditure will decrease in 1997–98 when new budget measures which involve a reduction of \$50 million in CSHA spending will come into effect.

1 CSHA rental housing assistance comprises CSHA-funded public rental accommodation, including public housing, community housing, the Crisis Accommodation Program and the Aboriginal Rental Housing Program.



## DSS and DVA Rent Assistance

Rent Assistance is a non-taxable income supplement paid to individuals and families who are eligible for a Department of Social Security (DSS) or Department of Veterans' Affairs (DVA) payment and who are not renting from a State housing authority and are not home owners or purchasers. It was established in 1958.

Over time, eligibility and payments have been extended. Since 1987, DSS and DVA have paid Rent Assistance to people who are renting from a private landlord, pay rent over a given threshold and receive at least a partial pension, allowance, benefit or low-income family payment. Since 1993, Rent Assistance has been paid at a rate of 75 cents in the dollar above a given minimum threshold, up to a set maximum amount. Eligibility criteria for the pensions, allowances, benefits or low-income family payments, and the rent thresholds and maximum amounts of Rent Assistance have varied over time.

In 1995-96 DSS Rental Assistance outlays were \$1.55 billion, compared with \$1.45 billion in 1994-95 (DSS 1996f:296). In real terms this equates to just under a 5% increase over 2 years, from \$1.27 billion to \$1.34 billion in 1989 constant dollars.<sup>2</sup>

The DVA has also spent increasing amounts on Rent Assistance over the recent past. In 1991-92 (when Rent Assistance was first recorded as a separate outlay), DVA outlays on Rent Assistance in constant prices were \$23.4 million, while in 1995-96 these outlays were \$37.7 million (DVA unpublished).

<sup>2</sup> Outlays have been adjusted using the GFCE index (ABS 1996a).

Over the last decade, spending on Rent Assistance by the DSS has increased by nearly 340% as more people have been made eligible for benefits and as the real value of the benefits has increased. From 1984–85 to 1994–95, the number of income units receiving Rent Assistance nearly doubled (Table 5.2). While there has been an overall increase in the number of income units renting from private landlords, most of the increase in the number of Rent Assistance recipients appears to have been a consequence of changes in eligibility in 1987 and 1988 when the separate income test for Rent Assistance was abolished and eligibility was extended to low-income families with children who received the then additional family payment but not pensions or allowances. Between 1984–85 and 1994–95, the real value of Rent Assistance payments also increased. Real per capita spending on Rent Assistance increased by 282% in that decade (Table A5.2). The decrease in spending on CSHA rental housing assistance, noted in the previous section, has been more than compensated by increases in spending on DSS Rent Assistance to private renters over the same period (Figure 5.1).

**Table 5.2: DSS Rent Assistance recipients<sup>(a)</sup> and payments, 1984–85 and 1994–95**

	1984–85	1994–95
Rent Assistance recipients (income units)	491,000	931,500
Average Rent Assistance payment <sup>(b)</sup> (\$pw)	8.78	29.92
Consumer Price Index for privately owned dwelling rents	62.5	108.1
Real average Rent Assistance payments (\$pw) (1989–90 constant \$)	14.06	27.68

(a) Numbers of recipients may include some double counting of couples without children (who receive two Rent Assistance payments per income unit). Estimates for 1984–85 are the average of June estimates for 1984 and 1985. Estimates for 1994–95 refer to December 1994.

(b) Average Rent Assistance was calculated by dividing total outlays by numbers of recipients (income units).

Sources: ABS 1996c; ABS unpublished data; DSS 1995; Prosser & Leeper 1994.

There have been a number of recent changes to the payment of DSS Rent Assistance that affect its distribution amongst the population. On 1 July 1997, a new maximum rate of Rent Assistance for single people who share accommodation was introduced. The new maximum rate for single sharers is two-thirds the maximum rate for singles living independently (DSS 1996d).

As from 1 January 1997, Rent Assistance payments which had previously been paid to pensioners in nursing homes and hostels were paid as Residential Care Allowances. However, from 1 October 1997, this allowance will no longer be paid directly to pensioners in nursing homes and hostels. The Government will fund the equivalent amount direct to the Department of Health and Family Services for inclusion in the aged care subsidies (DSS 1996c).

Finally, from 1 January 1998, Rent Assistance will no longer be paid to people living in public housing for which the primary tenant is charged subsidised rent by the State or Territory housing authority (DSS 1996e). Such people were previously eligible for Rent Assistance if they were living in a public rental housing dwelling, but not paying rent directly to a State housing authority.

## **State and Territory specific assistance programs**

State and Territory Governments also fund assistance outside the CSHA, with different jurisdictions providing different programs. Unfortunately, consistent information is not available on the funding for such programs, the value of the assistance to individuals and the number of people assisted. Additionally, it is often not possible to determine whether people assisted by States and Territories directly have been assisted under the CSHA, for example via the Mortgage and Rent Assistance Program.

Some States and Territories provide funds in addition to those allocated under the CSHA for 'State equivalent programs', that is programs for 'assistance to people similar to those assisted under the agreement' (DSS 1996a:40). In 1994–95 such programs received funding of \$136.7 million. These funds were used only for rental programs in that year, but in previous years State equivalent programs have included home purchase assistance. States and Territories also fund programs unrelated to the CSHA.

The types of assistance provided through State funds take many forms. For private renters, the main form is grants or interest-free loans to assist low-income households meet rental bond payments and relocation expenses. In some States/Territories, additional rent assistance is also available to low-income households paying an excessive proportion of their income on rent or with special needs; for example, in New South Wales, rental subsidies are available to public housing applicants receiving a disability support pension, who cannot be housed within 28 days. Assistance to households either in crisis or leaving crisis accommodation is also available in some States to assist them to access the private rental market.

Low-income purchaser households may receive loans for deposits to assist them in entering home purchase, or they may be eligible for assistance with their repayments if they are experiencing difficulties. Other forms of assistance include rent/buy schemes in which householders unable to afford outright ownership purchase a dwelling in partnership with a State housing authority. Some schemes are quite small; for example, in 1995–96, 47 houses were completed and settled through Victoria's Group Self-Build Program, in which groups of families are assisted in building their own homes through the provision of 'advice on building techniques, a tool pool and building finance' (VDHS 1996:46). Other schemes, such as those which provide assistance to first home buyers either through deposit assistance or stamp duty concessions, have a larger target group.

For owners, assistance in maintenance problems may be available; for example in Queensland, community organisations or local authorities are funded through the Home Assist and Home Secure programs to provide advice and help with home maintenance and security to older people and people with a disability (Qld DHLGP 1995:33).

## **Assistance within tenures**

The above discussion provided a brief overview of the funding for the main forms of housing assistance. How these relate to particular tenures is outlined below.

### **Assistance to private renters**

Assistance to private renters is mostly provided through Rent Assistance paid by DSS and, to a lesser extent, by DVA and the Department of Employment, Education, Training and Youth Affairs (DEETYA). A small amount of assistance is also provided by State and Territory housing authorities for people who are having difficulty with the payment of bonds or rent.

In December 1995 some 890,000 income units were receiving DSS Rent Assistance (DSS 1996f: 298), while there were just under 40,000 recipients assisted through DVA. However, not all recipients of Rent Assistance live in the private rental market. For example, it is estimated that around 9% of DSS recipients live in other tenures, including nursing homes and hostels for the aged (DSS 1996g:32).

DSS and DVA Rent Assistance payments depend both on the type of income unit being assisted and the rent they are paying. Under the March 1996 schedule, maximum rates of assistance varied from \$69.60 per fortnight for couples without children up to \$97.40 for single and two-parent families with three or more children (DSS 1996f:296). Unfortunately average payments are not published by DSS, but using aggregate data it is estimated that in 1994–95 Rent Assistance payments averaged \$60 per fortnight per recipient (Table 5.2). In real terms this was nearly double the 1984–85 average payment.

### **Mortgage and Rental Assistance Program**

The Mortgage and Rental Assistance Program is a tied program covered by the CSHA. In 1994–95, approximately one-third of its funds were provided by the Commonwealth, another third by the State and Territory Governments, and the remaining third from repayments of assistance and other sources. The program provides some assistance to purchasers to help pay mortgages and raise deposits, but most of the funding is used to assist renters. Rent assistance payments cover bond and relocation assistance and rent relief (Table 5.3).

### **Assistance to other renters**

This section examines assistance to non-private renters, covering a range of programs including those funded under the rental housing component of the CSHA. Programs relate to 'mainstream' public rental housing, community housing and Indigenous housing. (Assistance in the form of crisis accommodation is discussed in Chapter 7.)

### **Public rental housing**

Households become eligible for public housing if they have incomes below a given threshold, although administrative procedures vary between States and Territories. In some States, eligible households are ranked in priority order according to criteria such as whether the household is escaping domestic violence, is living in overcrowded or sub-standard housing, contains people with disabilities who have special accommodation needs, and the length of time already spent on the waiting list. Housing is allocated in priority order as it becomes available through vacancies, new construction, purchase or lease.

Rents for public housing are generally charged according to the household's income until payments are equal to a market rent. Housing authorities have different definitions of assessable income, take different household members' incomes into account,

**Table 5.3: Mortgage and Rental Assistance Program: sources and application of funds, 1994–95 (\$'000)**

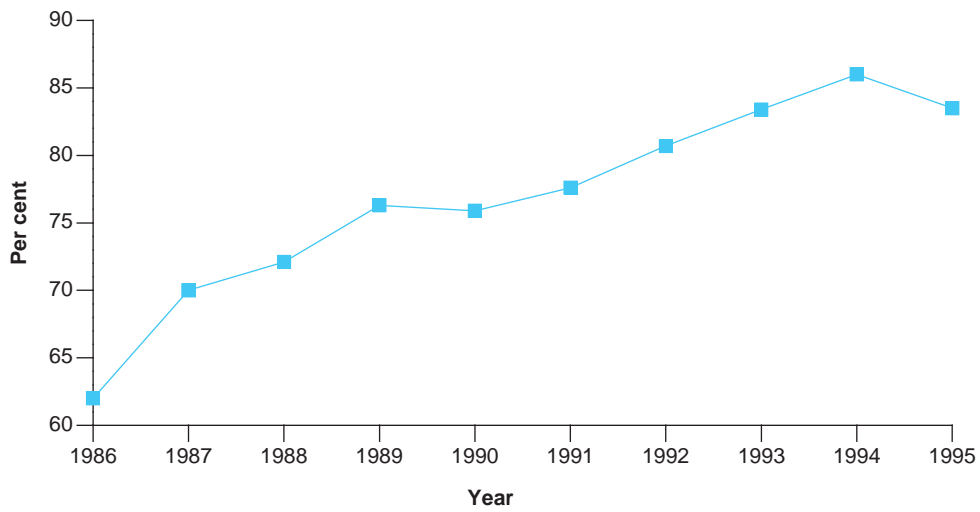
<b>Source of funding</b>	
Funds brought forward	6,118
Commonwealth	33,166
State	34,557
Internal	23,893
General allowance	4,931
Other	32
<b>Total</b>	<b>102,697</b>
<b>Application of funding</b>	
Mortgage relief	13,679
Deposit assistance	1,676
Rent assistance	55,076
Community housing	27,813
Carry-forward	4,315
<b>Total</b>	<b>102,559</b>

*Source:* DSS 1996a:69.

have different rates of payment according to different income thresholds, and value market rents differently. Often these arrangements are summarised so that it is said that most households pay between 20% and 25% of their gross income in rent (e.g. DSS 1996e). In 1995–96, approximately 15% of tenant households paid market rents while the remainder paid less than market rents (DSS 1996e). The difference between the market rent and the rents charged is called the 'rent rebate'.

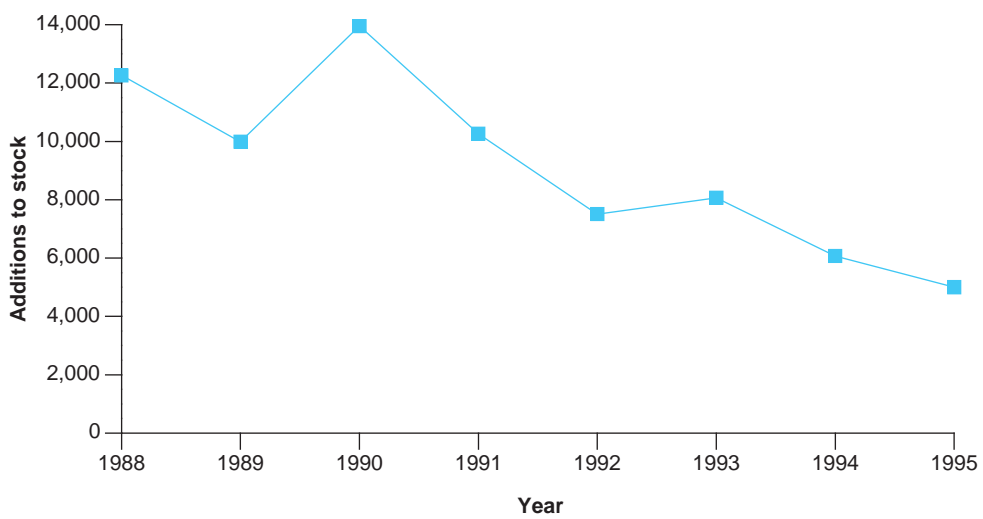
As already mentioned, between 1984–85 and 1994–95, there was a reduction in the level of funding for public rental housing (Figure 5.1). Most of the decrease was because of the change, which occurred in the late 1980s, from the use of a combination of loans and grants to finance public housing to the exclusive use of grants. While less has been spent since that time, less debt has been incurred which needs to be repaid at a future date. The second largest contributor to the reduction has been the change from housing authorities running public rental housing at a profit in the mid-1980s to running at a loss in more recent years. This has been a consequence of the increased costs associated with the ageing of public rental stock and to increased targeting of public housing to low-income households so that more tenants receive rent rebates (Figure 5.2). If tenants receive these rebates, then they pay lower rents and housing authorities are less able to cover their costs.

Unfortunately the data collected under the CSHA for the past decade are not sufficiently well defined or detailed to describe changes in the composition of spending on public housing (Foard et al. 1994). However, it is evident from figures on net changes in stocks that proportionally less has been spent on dwelling acquisitions over time, while more stock has been sold or otherwise disposed of (Figure 5.3).



Source: Table A5.3.

**Figure 5.2: Public rental households receiving rebates, 1986–95 (% of stock)**



Source: Table A5.4.

**Figure 5.3: Additions to public housing stock, 1988–95**

### **Community housing**

Community housing is provided by non-profit community and local government organisations for people on low to moderate incomes. It covers a range of housing options, including rental housing cooperatives, rooming houses, and housing for people with special needs. Under the CSHA, it is estimated that between 18,000 and 20,000 dwellings have been funded for the provision of community housing, which is equal to 5% of public housing stock (DSS 1996a:24). Since January 1993, CSHA funds for this sector have been primarily provided through the tied Community Housing Program (CHP) which replaced the earlier Local Government and Community Housing Program. In 1994–95, total spending under the CHP was equal to \$66.7 million which was paid by the Commonwealth without any State matching requirements. Nevertheless, some housing authorities chose to spend additional funds on community housing from sources such as untied CSHA funds, CSHA funds provided under the Mortgage and Rental Assistance Program, the Social Housing Subsidy Program,<sup>3</sup> State government funds, commercial borrowing, funds from non-government organisations, and contributions from tenants (DSS 1996a).

### **Aboriginal and Torres Strait Islander rental housing**

In addition to the public rental assistance already discussed, Indigenous people are eligible to receive assistance from a number of specialised programs, including the CSHA Aboriginal Rental Housing Program, the Aboriginal and Torres Strait Islander Commission's Community Housing and Infrastructure Program, and hostels funded by Aboriginal Hostels Limited. (For more details, see AIHW 1995, Chapter 3.) Currently, these programs are administered separately but negotiations are underway for the possible pooling of funds available through DSS and the Aboriginal and Torres Strait Islander Commission under a separate authority. Bilateral agreements are being pursued with a number of States to achieve changes in funding arrangements, including independent Indigenous housing authorities at State level. The first agreement was signed with the Northern Territory Government in June 1995.

The Aboriginal Rental Housing Program is funded by tied funds under the CSHA. In 1994–95, \$98.8 million was spent on this program which accounted for approximately 4% of all CSHA-related expenditure (DSS 1996a). As has been the case for most other public housing, the growth of dwelling stock under this program has declined over the period 1988 to 1995.

ATSIC's Community Housing and Infrastructure Program funds the provision and maintenance of community housing and essential infrastructure in Indigenous communities. In total, in current prices, \$174.4 million was spent under this program in 1994–95 and \$238.5 million in 1995–96. The higher expenditure in 1995–96 was a result of carrying over funds from the previous year (ATSIC 1996).

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3 The Social Housing Subsidy Program subsidises the recurrent costs of financing rental accommodation for low to moderate income earners, with a focus on young people exiting crisis accommodation (DSS 1996f:384).

Many larger projects conducted by the program involved both housing and infrastructure components and so the exact distribution of expenditure between the two is not available. However, it is estimated that in current prices approximately \$82.5 million was spent on housing in 1994–95 and \$106.7 million in 1995–96. Most of this expenditure was on the construction and acquisition of dwellings; unlike other forms of public housing, stock growth has been increasing. In the late 1980s and early 1990s, approximately 350 to 550 dwellings were added to Indigenous community housing stock annually, while 840 dwellings were added in 1995–96.

Aboriginal Hostels Limited is a government-owned company which funds and provides low-cost hostel accommodation for Indigenous peoples to meet a variety of needs. In 1994–95, the company spent \$36 million of which approximately \$31.4 million was funded by the Commonwealth Government and the remainder was received as tariff and other income.

#### **Assistance to purchasers**

Assistance to home purchasers is mostly provided through the CSHA. Additional assistance is provided through the Mortgage and Rental Assistance Program, described earlier, but this is available only under exceptional circumstances. The program provides support to households experiencing extreme difficulty in repaying their mortgage and also provides some deposit assistance (Table 5.3). Assistance under the Commonwealth's First Home Owners Scheme, including a 5-year stream of monthly payments, has wound down since the scheme's termination in 1990 (DSS 1996f:394).

#### **CSHA Home Purchase Assistance**

Home purchase assistance (HPA) is mostly provided to first-time purchasers through schemes which allow clients to borrow with a lower deposit than required by the private sector. In constant prices, funding for the schemes increased during the late 1980s and peaked in 1990–91 after which it declined (AIHW 1995:68). Changes in funding were largely a consequence of changes in levels of private sector funds. Following the introduction of the 1989 CSHA, which encouraged housing authorities to gear up with private sector funds to expand their borrowing limits, private sector funds increased. However, following the highly publicised problems of State-sponsored home loan schemes, these funds were later withdrawn (Bourassa et al. 1995).

#### **ATSIC Home Ownership Program**

The Aboriginal and Torres Strait Islander Commission's Home Ownership Program provides low-interest and low-deposit loans for home purchase to Indigenous home buyers. The program aims to reduce the disparity in home ownership rates between Indigenous and non-Indigenous Australians. Since the inception of the program in 1974, it is estimated to have assisted more than 7,600 Indigenous families to buy their own home. In 1995–96, ATSIC approved 398 loans, with the average loan amount being \$96,618.

#### **Assistance to owners**

Assistance is provided to owners through the taxation system. While this assistance is indirect, it is nevertheless significant (Bourassa et al. 1995; Pender 1994). Unlike other assets, owner-occupied housing is exempt from capital gains tax. This means that

owners can make untaxed gains by selling their homes in markets in which the value of their home has increased at rates greater than inflation. While some owners may make profits, others will buy new dwellings in a similar market and hence will not effectively realise the gain.

Owner-occupied housing is also treated differently to other assets because the service, or imputed rent, from the dwelling is not taxed.<sup>4</sup> Other assets such as bank savings, shares and investment properties produce income which is taxed, while owner-occupied housing provides an imputed income stream which is not. On the other hand, costs associated with producing the service are not tax exempt, for example, mortgage interest payments cannot be deducted from a person's taxable income. This presents a short-term disadvantage to purchasers; however, the long-term advantage of a non-taxed imputed rent has been calculated to more than outweigh this at given rates of mortgage repayment (Bourassa et al. 1995).

State government taxes also provide assistance to owners, for example transaction tax exemptions for first home buyers and land tax exemption. Land tax exemption has been raised as a source of horizontal inequity between renters and owner occupiers and as a disincentive to rental property investment (NHS 1991:80; Yates 1994:22).

Assistance is also provided to pensioners who receive subsidies for their local government rates payments. These subsidies are funded by State Governments who reimburse local governments. The size and number of subsidies vary from State to State and, although information is not currently available, the size of the outlay involved is expected to be significant.

### 5.3 The recipients

Currently, no comprehensive data exist to allow for detailed examination of both taxation assistance and assistance through benefits. An indication of the importance of this area is shown in Table 5.4 which provides an estimate of the value of both benefits and tax assistance across household income groups (Flood 1993). The data are not comparable with other information presented but give an indication of the magnitude of non-expenditure assistance.

Assistance in the public and private rental markets through government expenditures is compared with assistance to home owners and purchasers via service flows. These service flows relate to tax expenditures, such as non-taxation of imputed rental income and capital gains exemption of the family home, land tax exemption and interest rate regulation. These forms of assistance are less visible than the assistance provided through government outlays and are more difficult to value. As can be seen, the levels of total assistance vary considerably between tenures, with public tenants and home

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4 Imputed rent from owner-occupied dwellings refers to the imputed value of the services, such as shelter, that ownership provides to the households after the deduction of expenses and depreciation (ABS 1995:87).

**Table 5.4: All households: average value of housing assistance by tenure type and gross household income quintile, 1990–91(\$ per household per annum)**

Tenure type	Household gross income quintile					All households
	Bottom 20%	2nd	3rd	4th	Top 20%	
Owner	1,570	1,770	1,520	1,310	3,180	1,890
Purchaser	1,060	1,300	930	360	1,210	890
Private renter	1,440	1,340	820	640	550	970
Public renter	3,450	2,990	2,100	1,340	1,340	2,890
<b>All households</b>	<b>2,010</b>	<b>1,750</b>	<b>1,210</b>	<b>820</b>	<b>1,980</b>	<b>1,510</b>

Source: Flood 1993.

owners receiving the largest value of assistance. The data show that in 1990–91 across all income groups:

- cash assistance to private renters through the income support system averaged \$970 per household per year;
- rebates to public renters under the joint Commonwealth–State Housing Agreement averaged \$2,890 per household per year; and
- the effect of favourable tax treatment and related subsidy flows to home purchasers and owners was equivalent to \$890 and \$1,890 of assistance per household per year, respectively.

The methodologies employed in the analysis were based on a number of assumptions regarding the valuing of taxes and benefits. Debate around these issues is continuing, so the results should be considered only indicative. Furthermore the effects of micro-economic reform, changed economic and social circumstances, and reforms of government policies and programs since 1990–91 have significantly changed the value of assistance.

The following sections of this chapter use data from the ABS 1994 Australian Housing Survey (AHS) which surveyed 14,500 households in September and October 1994. While these data are the most up-to-date of their type, a number of problems have been identified in the results of the survey. These issues are discussed below and in the Technical Appendix.

From this survey, it was estimated that 36% (451,000 households) of private renters and 17% (51,000) of households of ‘other’<sup>5</sup> tenure type were receiving DSS/DVA Rent Assistance.<sup>6</sup> For those who received some Rent Assistance it averaged about \$33 per week.<sup>7</sup> Because owners, purchasers and public renting households sometimes sub-let, it was possible in 1994 for a person to receive Rent Assistance even though they may be

5 ‘Other’ tenure are those who rented from an owner/manager of a caravan park, a government authority employer, another employer, a housing cooperative/community/church group, another type of landlord or rented but did not state their landlord.

6 This estimate is likely to be too low because of the low identification rate of DSS age pensioners and unemployment beneficiaries in the ABS 1994 AHS (see discussion in Technical Appendix).

living in a dwelling owned or being purchased by another person in the household or being rented through a State housing authority by a member of the household. Around 3% of households in which individuals received Rent Assistance fell into this category (Table 5.5).

**Table 5.5: Recipients of DSS/DVA Rent Assistance, by tenure type, 1994<sup>(a)</sup>**

Tenure type	In receipt of Rent Assistance		Incidence of Rent Assistance <sup>(b)</sup> (%)	Receipt of Rent Assistance unknown ('000)	All households ('000)
	(%)	('000)			
Owner	1.1	5.7	0.2	53.2	2,793.9
Purchaser	1.2	6.1	0.3	24.7	1,890.3
Public renter	* 0.4	1.8	* 0.4	12.3	414.8
Private renter	87.5	451.3	35.5	9.3	1,271.4
Other	9.9	50.8	16.5	6.6	307.6
<b>All households</b>	<b>100</b>	<b>515.7</b>	<b>7.7</b>	<b>106.2</b>	<b>6,678.0</b>

(a) Estimates are derived from the ABS 1994 AHS. See Technical Appendix, especially Box TA5.2, for discussion of issues that affect interpretation.

(b) The number of households receiving some Rent Assistance is underestimated because of data deficiencies in the ABS 1994 AHS (see Box TA5.1).

Source: The database used in this analysis was the ABS 1994 AHS, confidentialised unit record file.

Thus it was estimated that a total of some 516,000 households were living in private dwellings and receiving DSS/DVA Rent Assistance at the time of the survey. This number is known to be an understatement because of data deficiencies (see Box TA5.1 in the Technical Appendix).

In addition to households receiving Rent Assistance, it is estimated from the AHS that 415,000 households, or 6% of all households, were living in public housing in 1994 (Table 5.6).<sup>8</sup> Of these about 84% were paying reduced rents, that is the rents that they were paying had been set to below market rents because of their financial situation. Assisted tenants received an average rebate of \$51 per week.<sup>9</sup>

While overall some 6% of households lived in public dwellings and a further 8% of households at a minimum received assistance with their rent through either DSS or

7 Rent Assistance is paid to income units, so that it is possible for more than one person/family in a household to receive it.

8 As at 30 June 1994 according to State housing authorities, there were 384,000 public rental dwellings (DHRD 1995:50), while from the ABS 1994 AHS, 415,000 households were estimated to be living in public housing. Up to about 20,000 of this difference could be due to inaccuracies in estimates that occur due to sampling. This suggests that some non-public rental households, for example those renting from an employing government agency, may be identifying as public rental.

9 According to the 1993-94 Housing Assistance Act Annual Report 86% of public rental housing stock was on reduced rents (DHRD 1995:57), with the average rebate per household estimated at \$57 per week. These figures exclude Queensland.

**Table 5.6: All households receiving rental assistance, by household type, 1994<sup>(a)</sup>**

Household type	Public housing tenants <sup>(b)</sup> (%)	Renters receiving Rent Assistance <sup>(c)</sup> (%)	Receipt of Rent Assistance unknown ('000)	All households ('000)
Lone person	9.1	8.4	—	1,463.0
Couple only	2.9	2.5	**0.6	1,665.2
Couple with children	4.0	4.9	20.3	2,305.5
One-parent family	20.7	21.2	20.1	574.2
Other	3.4	15.3	52.9	670.0
<b>Total</b>	<b>6.2</b>	<b>7.5</b>	<b>93.9</b>	<b>6,677.9</b>
<i>Total households ('000)</i>	<i>414.8</i>	<i>502.1</i>		

(a) Estimates are derived from the ABS 1994 AHS. See Technical Appendix, especially Box TA5.2, for discussion of issues that affect interpretation.

(b) Public housing tenants who receive or may receive Rent Assistance are included as public housing tenants only.

(c) Some households receiving Rent Assistance may contain a member who owns or is buying the dwelling. The number of households receiving some Rent Assistance is underestimated because of data deficiencies in the ABS 1994 AHS (see Box TA5.1).

Source: The database used in this analysis was the ABS 1994 AHS, confidentialised unit record file.

DVA,<sup>10</sup> some groups were more likely to be in receipt of assistance than others. In particular, one-parent families were much more likely to be receiving assistance than other family types, with about 42% receiving rental assistance, that is, either being public renters or receiving Rent Assistance. Lone person households also had relatively high assistance levels, with some 17% receiving rental assistance. At 5% in total, relatively few couple-only households received rental assistance.

Table 5.7 presents the distribution across household income quintile of recipients of rental assistance. Both rebated and non-rebated public housing tenants are included. Over half of the 415,000 public housing tenants are in the lowest income quintile (each quintile contains 20% of households when ranked on equivalent household gross weekly income), as are a similar proportion of the estimated 502,100 renting households receiving Rent Assistance.

Because of different policies in the States and Territories over the years (Foard et al. 1994:27–28), public housing provides proportionately more housing in some jurisdictions than others. States and Territories which historically used public housing to attract a work force, usually in addition to providing housing for low-income households, tend to have a larger public housing sector than those which confined public housing to a welfare function. In 1994 South Australia (11%), the Northern Territory (21%) and the Australian Capital Territory (13%) all had considerably more than the national average of 6% of households in public housing (Table 5.8). Reflecting the broader role that public housing has had, households in public housing in these jurisdictions were less

10 If data limitations are accounted for, it is estimated that some 9.4% of households (625,000) were in receipt of Rent Assistance in 1994 (see Box TA5.1).

**Table 5.7: All households: proportion of households in each income group receiving rental assistance, by type, 1994<sup>(a)</sup>**

Equivalent gross weekly household income quintile	Public housing tenants <sup>(b)</sup>	Renters receiving Rent Assistance <sup>(c)</sup>	All non-public renters	Receipt of Rent Assistance unknown <sup>(d)</sup>	All households
% across quintiles <sup>(e)</sup>					
Bottom quintile	53.0	54.1	24.6	7.4	20.0
2nd quintile	30.0	25.2	16.0	33.2	20.0
Middle quintile	10.9	13.8	20.7	31.3	20.0
4th quintile	4.1	5.2	21.7	19.7	20.0
Top quintile	2.0	1.8	17.0	8.4	20.0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<i>Total households ('000)</i>	<i>414.8</i>	<i>502.1</i>	<i>1,579.0</i>	<i>93.9</i>	<i>6,667.9</i>
Households with government pension or cash benefit as main source of income (%)	69.8	67.9	27.5	34.7	23.7
Median equivalent weekly gross income (\$)	401	391	761	675	777

(a) Estimates are derived from the ABS 1994 AHS. See Technical Appendix, especially Box TA5.2, for discussion of issues that affect interpretation.

(b) Public housing tenants who receive or may receive Rent Assistance are included as public housing tenants only.

(c) Some households receiving Rent Assistance may contain a member who owns or is buying the dwelling. The number of households receiving some Rent Assistance is underestimated because of data deficiencies in the ABS 1994 AHS (see Box TA5.1).

(d) So that comparisons can be made, income here excludes any known Rent Assistance but includes unknown Rent Assistance.

(e) Quintile boundaries are based on incomes excluding any known Rent Assistance but including unknown Rent Assistance.

Source: The database used in this analysis was the ABS 1994 AHS, confidentialised unit record file.

likely to be paying subsidised rents than those elsewhere. At around 4%, Victoria and Queensland had the lowest provision of public housing.

In general, the greater the provision of public housing in a jurisdiction, the smaller the percentage of the population receiving DSS/DVA Rent Assistance; thus, in 1994, the Northern Territory and Australian Capital Territory had relatively few households receiving Rent Assistance while, at 8% and 10%, respectively, Victoria and Queensland had above-average proportions of households in this situation.

## 5.4 The need for and effect of housing assistance

Australia currently lacks agreed methodologies and reliable data to look at the need for and effect of housing assistance. In particular, there is no official housing affordability measure applicable to all tenures nor are there uniform occupancy standards. Similarly, there is no official poverty line, estimates of poverty or a generally agreed set of equivalence scales for adjusting income to account for the needs of households of different

**Table 5.8: All households: incidence of rental assistance, by State/Territory, 1994<sup>(a)</sup> (%)**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	All households
Public housing tenants <sup>(b)</sup> :									
No rebate	0.7	0.5	0.4	1.2	2.9	1.0	3.7	*11.4	1.0
With rebate	6.3	3.2	3.7	5.1	8.2	6.2	9.1	*9.7	5.2
Total	7.0	3.7	4.1	6.3	11.2	7.3	12.8	21.4	6.2
Renters receiving Rent Assistance <sup>(c)</sup>									
Households receiving no rental assistance	84.5	86.5	84.2	86.4	80.9	84.7	82.7	74.4	84.7
Receipt of Rent Assistance unknown	1.5	1.6	1.5	0.9	1.4	*0.9	**0.8	**0.5	1.4
<b>Total<sup>(d)</sup></b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
All renters	30.2	25.7	32.6	30.3	30.4	29.4	35.7	56.3	29.9
<b>All households ('000)</b>	<b>2,237.2</b>	<b>1,657.6</b>	<b>1,194.1</b>	<b>640.7</b>	<b>587.9</b>	<b>183.3</b>	<b>110.6</b>	<b>66.5</b>	<b>6,677.9</b>

(a) Estimates are derived from the ABS 1994 AHS. See Technical Appendix, especially Box TA5.2, for discussion of issues that affect interpretation.

(b) Public housing tenants who receive or may receive Rent Assistance are included as public housing tenants only. Percentages determining those public renters with and without rebates are based on cases without missing rent payments.

(c) Some households receiving Rent Assistance may contain a member who owns or is buying the dwelling. The number of households receiving some Rent Assistance is underestimated because of data deficiencies in the ABS 1994 AHS (see Box TA5.1).

(d) Non-renting households receiving Rent Assistance are included in 'Total'.

Source: The database used in this analysis was the ABS 1994 AHS, confidentialised unit record file.

size and composition. This lack of agreed measures means that any examination of the need for and effect of housing assistance is open to debate.

Developing an appropriate measure of housing needs is difficult and there has been much debate in Australia and overseas on methodologies. While the approach used here is based on generally recognised methods, it is, like others, not generally endorsed by government nor does it form the basis for government policy.

Measures used such as the National Housing Strategy affordability ratio (NHS 1992a), the Simplified Henderson equivalence scales (ABS 1996c) and the Canadian Occupancy Standard (AIHW 1995:52), while being widely used, are recognised as containing limitations. These limitations are outlined later in this section and are the subject of data development work at the Institute. The assumptions underlying these measures have to be borne in mind when interpreting the results.

The data used are from the ABS 1994 Australian Housing Survey and issues relating to the reliability of these data are presented in the Technical Appendix. Due to these data limitations, assumptions or imputations have been made in relation to the data and consequently the analysis should be considered as indicative only.

## Financial aspects

There are two key areas of interest in examining financial outcomes from housing assistance, namely:

- how housing assistance improves housing-related outcomes in terms of affordability, adequacy and appropriateness; and
- how housing assistance impacts on broader welfare concerns relating to poverty and levels of disadvantage in society.

While these two concerns are interrelated, the effect of assistance may not be equally reflected in terms of improved outcomes in both housing and more general levels of wellbeing. Households may be living in dwellings that are deemed to be affordable and adequate yet, after paying for housing costs, they are unable to meet other non-housing costs from their remaining budget.

This section examines housing assistance outcomes only relating to affordability measures using the National Housing Strategy (NHS) affordability ratio adjusted to account for households of different size and composition. The issue of developing broader measures is also discussed.

### Affordability using the National Housing Strategy measure

The simple affordability ratio, as used in the National Housing Strategy (NHS 1992a), is the measure most commonly used to address the question of whether or not housing costs account for an unacceptably large proportion of household income. One of the criticisms of the original NHS measure was that it did not adjust incomes to allow for different household size and composition. To overcome this concern, an equivalent income measure using the Simplified Henderson equivalence scale has been used (see Box 5.2). A comparison of both the original measure and the adjusted income measure is contained in the Technical Appendix. The sensitivity of the NHS measure to equivalence scales illustrates the need for caution in interpreting affordability measures (Table TA5.2). Other limitations of the NHS measure are discussed later in this section.

Using the equivalent NHS ratio, 13% of households (888,000 households) were identified as low-income with unaffordable housing (Table 5.9). Estimates of households being low-income and paying too great a proportion of their income on housing ranged from 8% for couples only and 'other' households to 27% for sole parents.<sup>11</sup> Lone persons also had a high prevalence of affordability problems (18%).

In 1994 private renters were much more likely to have unaffordable housing costs than households in other tenures (Table 5.10). Even after receiving assistance, 29% of private renters were low-income and paid more than 25% of their gross income in rent. This was also true for 15% of purchasers and 13% of public renters. Only 6% of owners were in this situation.

Public housing rent rebates and Rent Assistance reduced the incidence of affordability problems among low-income households. As rebates tended to be larger than Rent

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<sup>11</sup> 'Other household' comprises group households, households with extended families (e.g. grandparents, parents, children) and households with multiple families.

### Box 5.2: The NHS-based affordability ratio

The National Housing Strategy (NHS) affordability ratio uses a fixed ratio of housing costs to income, and households are said to have affordability problems if their income is in the bottom 40% of all incomes and they spend more than 25% of their income on housing. The original NHS measure using actual income does not recognise that different households require different incomes to meet basic expenses, depending on their size and composition and location. By having the same income cut-off for all households, this measure treats households inequitably. To overcome this problem the equivalent measure applies equivalence scales to household incomes. In the current analysis, the Simplified Henderson equivalence scale is used to derive equivalent income.

**Equivalence scales** adjust actual income in recognition that variation in size and composition means that financial resources needed to achieve a given standard of living will differ. A household comprising a person who lives alone will, on average, need less income than a married couple with two children to achieve the same standard of living.

The difference between the original and equivalent measures is illustrated below:

Measure	Low-income benchmark	Maximum affordable housing costs	Affordability status of low-income households
Original NHS affordability ratio	40th percentile of household gross income distribution	25% of gross income	Housing is unaffordable if current housing costs are greater than 25% of gross income
Equivalent NHS affordability ratio	40th percentile of household equivalent gross income distribution	25% of gross income	Housing is unaffordable if current housing costs are greater than 25% of gross income

Table 5.9: All households: incidence of affordability problems using the equivalent NHS ratio,<sup>(a)</sup> by household type, 1994<sup>(b)</sup>

Household type	Proportion of households (%)			Total	Number of households ('000)	
	Low-income		Other income groups		With missing data	Total
	Unaffordable housing	Affordable housing				
Lone person	17.5	39.0	43.5	100	93.5	1,463.0
Couple only	8.3	30.9	60.8	100	98.9	1,665.2
Couple with children	12.3	17.4	70.4	100	188.1	2,305.5
One-parent family	26.8	33.1	40.1	100	61.3	574.2
Other household	8.1	15.8	76.1	100	144.6	670.0
<b>All households</b>	<b>13.3</b>	<b>26.9</b>	<b>59.8</b>	<b>100</b>	<b>586.4</b>	<b>6,677.9</b>

(a) For a description of the affordability measure, see Box 5.2.

(b) Estimates are derived from the ABS 1994 AHS. See Technical Appendix, especially Box TA5.2, for discussion of issues that affect interpretation.

Source: The database used in this analysis was the ABS 1994 AHS, confidentialised unit record file.

**Table 5.10: All households: incidence of affordability problems after receiving assistance, using the equivalent NHS ratio,<sup>(a)</sup> by tenure type, 1994<sup>(b)</sup>**

Tenure type	Proportion of households (%)				Number of households ('000)	
	Low-income		Other income groups	Total	With missing data	Total
	Unaffordable housing <sup>(b)</sup>	Affordable housing				
Owner	5.9	40.3	53.9	100	274.4	2,793.9
Purchaser	14.6	5.7	79.7	100	207.8	1,890.3
Public renter	12.8	70.4	16.8	100	19.0	414.8
Private renter	28.8	11.4	59.8	100	51.9	1,271.4
Other	5.0	40.1	55.0	100	33.2	307.6
<b>All households</b>	<b>13.3</b>	<b>26.9</b>	<b>59.8</b>	<b>100</b>	<b>586.4</b>	<b>6,677.9</b>

(a) For a description of the affordability measure, see Box 5.2.

(b) Estimates are derived from the ABS 1994 AHS. See Technical Appendix, especially Box TA5.2, for discussion of issues that affect interpretation.

Source: The database used in this analysis was the ABS 1994 AHS, confidentialised unit record file.

Assistance, the effect was more marked for public than for private renters in 1994 (Table 5.11). For public renters, some 69% were spending too large a proportion of their income on housing before receiving assistance, while after receiving assistance this proportion dropped to 13%. Amongst private renters receiving assistance lesser effects were observed, with less than 7% improving their affordability to such an extent that they were no longer spending more than 25% of their income on housing costs.

**Table 5.11: Effect of receiving assistance on affordability problems, using the equivalent NHS ratio,<sup>(a)</sup> by tenure type, 1994<sup>(b)</sup> (%)**

Tenure type	Low-income		Other income groups	Total	Number of households ('000)
	Unaffordable housing	Affordable housing			
<b>Before receiving assistance</b>					
Public renter	69.1	14.2	16.8	100	414.8
Private renter	35.0	5.2	59.8	100	1,271.4
Other	7.2	37.8	55.0	100	307.6
<b>After receiving assistance</b>					
Public renter	12.8	70.4	16.8	100	414.8
Private renter	28.8	11.4	59.8	100	1,271.4
Other	5.0	40.1	55.0	100	307.6

(a) For a description of the affordability measure, see Box 5.2.

(b) Estimates are derived from the ABS 1994 AHS. See Technical Appendix, especially Box TA5.2, for discussion of issues that affect interpretation. Table excludes owners and purchasers.

Source: The database used in this analysis was the ABS 1994 AHS, confidentialised unit record file.

### **Improving the measure of affordability**

The measurement of affordability is complex and simple measures, such as the NHS measure, have limitations which reduce their usefulness. In particular, such measures do not readily allow examination of the links between affordability and access to adequate and appropriate housing, or of the role of housing assistance in alleviating housing-related poverty.

A major criticism of the NHS type of measure is that it does not identify the cost of housing of an acceptable standard and does not indicate whether persons in affordable housing are living in 'decent' or sub-standard housing. Housing may take up a low proportion of income because it is of low quality, overcrowded or poorly situated (King 1996:3).

Furthermore, the NHS type of measure provides no indication of the incomes people have left after paying housing costs and whether this leaves enough income to live on without falling below some poverty standard (Bramley 1990:16). Several other issues have been raised that indicate further development of affordability measures is required (Karmel 1997; Landt & Bray 1997).

The Institute is currently examining these issues and is developing two other approaches for examining housing affordability to complement the NHS approach (AIHW forthcoming). These measures are:

- a targeted affordability ratio measure incorporating the cost of 'appropriate' housing, where 'appropriate housing' is defined in terms of the average rent for a dwelling of the size required for the household in the current location; and
- budget impact measures that relate housing costs to poverty.

The targeted affordability ratio, unlike the NHS ratio, examines affordability considering the cost of appropriate housing as well as current housing. The budget impact measure examines the relationship of housing costs and assistance to households' living standards and whether housing costs, irrespective of the proportion of income they require, place the household in hardship.

Results and sensitivities of these approaches will be examined with a view to developing a set of measures that may more adequately reflect the multi-dimensional issues surrounding housing affordability.

### **Non-financial aspects**

This section examines several non-financial dimensions of housing need, including suitability of dwelling size, the physical adequacy of dwellings, security of tenure and suitability of location. Again the major data source is the 1994 ABS Australian Housing Survey; technical details of the survey data can be found in the Technical Appendix and the definitions used are contained in Box 5.3.

#### **Suitability of dwelling size**

Measuring the suitability of a dwelling for the household occupying it can be undertaken using a range of assumptions. In this section the measure used is the Canadian National Occupancy Standard which specifies the number of bedrooms required by households of different size and composition (see Box 5.3). A discussion of the technical

### **Box 5.3: Definitions and terms used to describe non-financial housing problems**

**Access to services:** In the ABS 1994 Australian Housing Survey, respondents were asked to rate their satisfaction with access to a range of services which were relevant to them as 'excellent', 'good', 'fair', 'poor' or 'very poor'. The nine services covered by the survey were: shops, public transport, doctors, hospital, parks/recreation, work, school, childcare and entertainment. An index is generated for each household which measures the proportion of services that respondents considered relevant to them to which they had poor or very poor access. Using this index, households with an index below 0.25 are considered to have good access to services overall; those with an index between 0.25 and 0.5 are considered to have fair access to services; while those with an index above 0.5 are considered to have poor access to services, and so live in a location unsuitable for those households.

**Canadian National Occupancy Standard** for housing appropriateness is sensitive to both household size and composition. It assesses the bedroom requirements of a household by specifying that:

- there should be no more than 2 persons per bedroom;
- children less than 5 years of age of different sexes may reasonably share a bedroom;
- children 5 years of age or older of opposite sex should not share a bedroom;
- children less than 18 years of age and of the same sex may reasonably share a bedroom; and
- household members 18 years or over should have a separate bedroom, as should parents or couples.

Households living in dwellings where this standard cannot be met are considered to be overcrowded.

**Households without basic amenities** include households that lacked access to at least one of the following: working cooking facilities, a kitchen sink, a working refrigerator, a working sewerage system or an internal bathroom.

**Need for repair:** In the 1994 AHS, householders were asked if their dwelling was in need of repair inside or outside or whether any facilities (heating, cooling, plumbing and electricity) needed to be repaired. Responses could include 'no need', 'desirable', 'moderate', 'essential' or 'urgent'. Households that stated that their repairs were either 'essential' or 'urgent' are said to have had a housing problem due to need for repairs.

**Overcrowding:** Using the Canadian National Occupancy Standard, households that need two or more additional bedrooms are considered to experience a 'high degree of overcrowding'. Households that need one more bedroom to meet the adequacy standard are considered to experience a 'moderate degree of overcrowding'. Households that have the exact number of bedrooms to meet the standard are defined as 'exact match'. Households that have one bedroom spare have dwellings which are 'moderately under utilised'.

(continued)

### Box 5.3 (continued): Definitions and terms used to describe non-financial housing problems

Households that have two or more bedrooms spare have dwellings which are 'highly under utilised'. Estimates vary from those given by the ABS (1996e) because exact ages and numbers of children were not available from confidentialised unit record data and had to be imputed.

**Reasons for moving:** In the 1994 AHS, those households who had moved house and were not owners or purchasers at the time of survey were asked to cite the reason for moving out of their previous dwelling. Reasons for moving included 'owners required dwelling', 'evicted', 'rent too expensive', 'marriage breakup', 'job transfer', 'wanted to move' and 'other'. The first three reasons are considered as moves beyond the control of the householder and have been used as indicators of involuntary moves; the others, resulting from family formation and employment change, are considered as 'voluntary' moves.

issues, including the sensitivity of the Canadian measure in the context of the profile of the Australian housing stock, is presented in the Technical Appendix.

Comparison of the Canadian standard against the numbers of bedrooms reported by Australian households (Table 5.12) shows that in 1994:

- 5% (or 304,000) of households lived in an overcrowded dwelling. However, only 1% of households experienced a high degree of overcrowding;
- almost one-quarter of households (24%) lived in a dwelling of adequate size, having the exact number of bedrooms specified by the standard; and
- most households (63%) lived in an under-utilised dwelling, having one or more bedrooms above that specified by the standard.

**Table 5.12: Incidence of overcrowding,<sup>(a)</sup> using Canadian standard, by household type, 1994<sup>(b)</sup> (%)**

Household type	High degree of overcrowding	Moderate degree of overcrowding	Exact match	Moderately under-utilised	Highly under-utilised	Total	All households ('000)
Lone person	..	1.4	16.4	40.2	42.0	100	1,463.0
Couple only	..	*0.2	3.2	26.2	70.3	100	1,665.2
Couple with children	0.8	4.8	32.8	48.1	13.4	100	2,305.5
One-parent family	*0.6	7.0	44.6	40.7	7.2	100	574.2
Other household	2.7	13.4	45.5	31.3	7.1	100	670.0
<b>Total</b>	<b>0.6</b>	<b>4.0</b>	<b>24.1</b>	<b>38.6</b>	<b>32.7</b>	<b>100</b>	<b>6,677.9</b>

(a) For definitions, see Box 5.3.

(b) Estimates are derived from the ABS 1994 AHS. See Technical Appendix, especially Box TA5.2, for discussion of issues that affect interpretation.

Source: AIHW analysis of the ABS 1994 AHS, confidentialised unit record file.

'Other' households, including group households, extended family households and multiple family households, had the highest level of overcrowding (16%). Apart from these 'other' households, containing a diverse range of household types, the incidence of overcrowding was also high for households with children, with one-parent family households tending to be more overcrowded than two-parent family households—8% and 6%, respectively.

Overcrowding correlates broadly with equivalent household gross income. The data show that, in 1994, households in the lower quintiles tended to have a higher incidence of overcrowding than those in the top quintile. Of households in the bottom quintile, 6% reported that they were living in an overcrowded dwelling, whereas of those in the top quintile only 3% experienced overcrowding (Table A5.5).

The level of overcrowding varied across tenures (Table 5.13). Most overcrowding occurred among renter households, with private renters having the highest incidence (over 8%) and public renters also having a relatively high level of overcrowding (7%). Few outright owners had problems resulting from overcrowding (fewer than 3%), while at 4%, purchasers had an incidence slightly below the Australian average.

**Table 5.13: Incidence of overcrowding,<sup>(a)</sup> using Canadian standard, by tenure type, 1994<sup>(b)</sup> (%)**

Tenure type	High degree of overcrowding	Moderate degree of overcrowding	Exact match	Moderately under-utilised	Highly under-utilised	Total	All households ('000)
Owner	0.4	2.2	14.6	37.2	45.5	100	2,793.9
Purchaser	0.6	3.3	23.0	41.9	31.1	100	1,890.3
Public renter	*0.9	5.8	45.3	34.5	13.5	100	414.8
Private renter	0.9	7.5	37.1	39.5	14.9	100	1,271.4
Other	*0.4	6.1	35.2	32.9	25.5	100	307.6
<b>Total</b>	<b>0.6</b>	<b>4.0</b>	<b>24.1</b>	<b>38.6</b>	<b>32.7</b>	<b>100</b>	<b>6,677.9</b>

(a) For definitions, see Box 5.3.

(b) Estimates are derived from the ABS 1994 AHS. See Technical Appendix, especially Box TA5.2, for discussion of issues that affect interpretation.

Source: The database used in this analysis was the ABS 1994 AHS, confidentialised unit record file.

The incidence of overcrowding also varied with the type of dwelling a household lived in. Households in flats, units and apartments (between 7% and 9%) and in other dwellings, such as caravans, houseboats and flats attached to an office or shop (12%), were more likely to live in an overcrowded dwelling than households in separate houses and semi-detached, row or terrace houses and townhouses (around 4%) (Table A5.5).

### Physical adequacy of dwelling

In terms of measuring the physical condition of a dwelling, King (1994) suggests applying the classification used by the United Kingdom Department of Environment. There, housing in poor condition is described as having at least one of the following properties: be unfit for human habitation, lack basic amenities, or be in substantial disrepair.

Of these three aspects of poor housing condition, the fitness of a dwelling for human habitation is the most basic and fundamental element of a measure of housing need. However, King (1994) argues that the incidence of dwellings which would be deemed unfit for human habitation in contemporary Australia would be very low, though there would be some instances and, indeed, concentration in some rural and remote communities and among dwellings used by homeless persons. National estimates are unavailable as the 1994 Australian Housing Survey did not cover this aspect of housing condition. This section therefore examines only basic amenities and need for repair.

Based on King's criteria (see AIHW 1993:67), access to basic amenities is defined here as including the presence of working cooking facilities, a kitchen sink, a working refrigerator, and a working sewerage system and access to an internal bathroom. In 1994, a total of 294,000 households or 4% of all households would be considered to have been living in housing with inadequate amenities (Table 5.14). The highest incidence of lack of access occurred among single parents (6%) and single person households (5%). As could be expected, households with higher equivalent income were less likely to have problems of access to basic amenities than lower income households (Table A5.6).

**Table 5.14: Households without access to basic amenities, by household type, 1994<sup>(a)</sup> (%)**

Household type	Without working cooking facilities	Without kitchen sink	Without working refrigerator	Without working sewerage system	Total without basic amenities <sup>(b)</sup>	Total households ('000)
Lone person	1.0	0.9	1.6	2.9	5.3	1,463.0
Couple only	*0.1	*0.1	*0.2	2.8	3.2	1,665.2
Couple with children	0.2	0.2	0.4	3.8	4.4	2,305.5
One-parent family	*0.4	**0.0	*0.6	4.3	5.5	574.2
Other household	*0.4	**0.1	*0.6	3.0	4.2	670.0
<b>Total</b>	<b>0.4</b>	<b>0.3</b>	<b>0.6</b>	<b>3.3</b>	<b>4.4</b>	<b>6,677.9</b>

(a) Estimates are derived from the ABS 1994 AHS. See Technical Appendix, especially Box TA5.2, for discussion of issues that affect interpretation.

(b) Total households without basic amenities include households that lacked access to at least one amenity specified in the table above, or an internal bathroom.

Source: The database used in this analysis was the ABS 1994 AHS, confidentialised unit record file.

There are differences between tenures in the incidence of lack of access to basic amenities, with owners (3%) and purchasers (4%) having average or below-average levels of problems in this area (Table 5.15). 'Other' tenures had the highest incidence of problems with access (9%). The data also show that public renters (8%) had relatively high levels of lack of access to basic amenities.

Dwellings in need of repair were defined as those dwellings that were described by the occupants as being in substantial disrepair, either outside or inside, or which had amenities requiring essential or urgent repair. It is estimated that nearly 10% (or 654,000) of households in Australia in 1994 were living in dwellings in need of repair (Table 5.16). Lone parent households had the highest incidence of need (18%). House-

**Table 5.15: Households without access to basic amenities, by tenure type, 1994<sup>(a)</sup> (%)**

Tenure type	Without working cooking facilities	Without kitchen sink	Without working refrigerator	Without working sewerage system	Total without basic amenities <sup>(b)</sup>	Total households ('000)
Owner	*0.1	*0.1	0.3	2.6	3.1	2,793.9
Purchaser	0.3	0.3	0.2	3.7	4.3	1,890.3
Public renter	*0.8	*0.3	1.8	5.4	8.0	414.8
Private renter	0.5	*0.1	1.2	3.2	5.1	1,271.4
Other	2.3	2.4	2.2	5.1	8.7	307.6
<b>Total</b>	<b>0.4</b>	<b>0.3</b>	<b>0.6</b>	<b>3.3</b>	<b>4.4</b>	<b>6,677.9</b>

(a) Estimates are derived from the ABS 1994 AHS. See Technical Appendix, especially Box TA5.2, for discussion of issues that affect interpretation.

(b) Total households without basic amenities include households that lacked access to at least one amenity specified in the table above, or an internal bathroom.

Source: The database used in this analysis was the ABS 1994 AHS, confidentialised unit record file.

holds in the bottom equivalent income quintile reported that 12% needed repairs, whereas only 7% of those in the top income range reported such a need (Table A5.7).

**Table 5.16: Households needing essential or urgent repairs,<sup>(a)</sup> by household type, 1994<sup>(b)</sup> (%)**

Household type	Need for repairs: essential or urgent			Total	Number ('000)
	Outside dwelling	Inside dwelling	Facilities		
Lone person	4.6	3.4	3.7	8.7	1,463.0
Couple only	3.2	2.9	3.1	7.0	1,665.2
Couple with children	4.8	4.6	3.2	9.4	2,305.5
One-parent family	9.4	10.0	7.0	18.0	574.2
Other household	5.7	7.4	7.3	13.6	670.0
<b>Total</b>	<b>4.8</b>	<b>4.6</b>	<b>4.0</b>	<b>9.8</b>	<b>6,677.9</b>

(a) For a description of 'need for repairs', see Box 5.3.

(b) Estimates are derived from the ABS' 1994 AHS. See Technical Appendix, especially Box TA5.2, for discussion of issues that affect interpretation.

Source: The database used in this analysis was the ABS 1994 AHS, confidentialised unit record file.

Across tenures, owners and purchasers had the fewest problems with repairs, with only 4% and 9%, respectively, needing essential or urgent repairs to be carried out (Table 5.17). Nearly one-quarter of public tenants, however, were living in an inadequately maintained dwelling, with private renters (19%) being only slightly better off. Households in 'other' tenures were more likely to be in housing in reasonable repair than public and private renters with around 13% of households living in inadequately maintained dwellings.

### Security of tenure

While there are a number of views about how to measure a household's security of tenure (AIHW 1993), there is not a standard measure for all tenures. Households living

**Table 5.17: Households needing essential or urgent repairs,<sup>(a)</sup> by tenure type, 1994<sup>(b)</sup> (%)**

Tenure type	Need for repairs: essential or urgent				Number ('000)
	Outside dwelling	Inside dwelling	Facilities	Total	
Owner	2.6	1.6	1.0	4.1	2,793.9
Purchaser	5.0	3.7	2.5	8.6	1,890.3
Public renter	11.9	14.9	8.6	23.2	414.8
Private renter	6.7	9.1	10.8	19.0	1,271.4
Other	6.4	6.0	6.9	13.4	307.6
<b>Total</b>	<b>4.8</b>	<b>4.6</b>	<b>4.0</b>	<b>9.8</b>	<b>6,677.9</b>

(a) For a description of 'need for repairs', see Box 5.3.

(b) Estimates are derived from the ABS 1994 AHS. See Technical Appendix, especially Box TA5.2, for discussion of issues that affect interpretation.

Source: The database used in this analysis was the ABS 1994 AHS, confidentialised unit record file.

in dwellings that are owned outright or being purchased would be expected to be more likely to have security of tenure than households living in rented dwellings (Foard et al. 1994). Due to data limitations the current analysis of security of tenure excludes owner and purchaser households. The following analysis adopts the NHS (1992b) definition of the occurrence of an involuntary move as a measure of security of tenure (see Box 5.3).

Among the 1,994,000 households not owning or buying in 1994, nearly half had not moved in the past 5 years, 44% had moved voluntarily and about 9% (185,000) had moved owing primarily to reasons beyond their control (Table 5.18). These 185,000 households are considered to have lacked security of tenure. The most commonly cited reasons for forced move were that 'owner required the dwelling' (5%) and 'expensive rents' (4%). Evictions were a less common cause of involuntary moves. Unfortunately

**Table 5.18: Reasons for involuntary moves,<sup>(a)</sup> by household type, 1994<sup>(b)</sup> (%)**

Household type	Voluntary moves	Involuntary moves				Total	No move	Number of households ('000)
		Owner required	Evicted	Rent too expensive				
Lone person	36.5	4.1	**0.1	3.3	7.5	56.7	572.3	
Couple only	44.4	4.3	**0.2	3.3	7.8	48.6	321.0	
Couple with children	46.8	7.0	..	3.7	10.7	43.7	436.0	
One-parent family	43.2	5.2	**0.2	7.1	12.5	45.6	293.2	
Other household	53.5	4.9	0.7	3.8	9.1	38.1	371.2	
<b>All households</b>	<b>44.2</b>	<b>5.1</b>	<b>0.2</b>	<b>4.0</b>	<b>9.3</b>	<b>47.4</b>	<b>1,993.7</b>	

(a) For a description of reasons for moving, see Box 5.3. Table excludes current owners and purchasers.

(b) Estimates are derived from the ABS 1994 AHS. See Technical Appendix, especially Box TA5.2, for discussion of issues that affect interpretation.

Source: The database used in this analysis was the ABS 1994 AHS, confidentialised unit record file.

type of rental tenure at the time of the move was not recorded in the housing survey so that it is not possible to get a clear picture of the relative security of tenure in the public and private sectors.

One-parent family households were in the worst situation in terms of security of tenure: 13% were estimated to be lacking that security. For most household types, the majority of involuntary moves were owner-instigated, although, for one-parent families cost was the main reason given for having to move. Additionally, security of tenure is influenced by household income. Low-income households were more likely to lack security of tenure than high-income households; not unexpectedly, rents were more of a problem for lower-income households than for high-income households (Table A5.8).

### **Suitability of location and access**

To measure the suitability of a location with respect to access to services, a service access index is used in the following analysis.<sup>12</sup> The index is generated for each household and measures the proportion of services that respondents considered relevant to them to which they had poor access. The main advantage of an index is that it takes into account life cycle stage and is therefore comparable across different groups of interest. Moreover, households which are disadvantaged in their access to services can be identified by means of this index (see Box 5.3).

To identify households with significant access difficulties, three different groups based on the index have been formed. Households with an index below 0.25 are considered to have good access to services overall; households with an index between 0.25 and 0.5 are considered to have fair access to services; while households with an index above 0.5 are considered to have poor access to services, and so live in a location unsuitable for those households.<sup>13</sup>

The majority of people in 1994 did not have access problems, with 89% of households having good access to services, and 7% having fair access (Table 5.19). However, 4% had poor access to relevant services. There was little difference in level of access to relevant services by household type.

While over 85% of households in all tenures had 'good' access to services, purchasers and private renters had the best level of access, with 97% of such households having 'fair' or 'good' access to services relevant to them (Table 5.20). Public renter households, however, did not fare well on this measure of non-financial difficulties: nearly 7% of these renters had poor access to services which were relevant to them. These results suggest that households living in the private rental sector, especially those on higher incomes (Table A5.9), have greater flexibility than other households in choosing a location to suit their needs.

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12 In the ABS 1994 AHS, there is another related question: 'Satisfaction with location of dwelling'. Statistical analysis did not show that this question reflected satisfaction with access to services.

13 An index above 0.5 means that a household had poor access to at least half of relevant services.

**Table 5.19: All households, by degree of access to services,<sup>(a)</sup> by household type, 1994<sup>(b)</sup> (%)**

Household type	Index of access to services				Number ('000)
	Good	Fair	Poor	Total	
Lone person	88.3	6.8	5.0	100	1,463.0
Couple only	90.2	5.9	4.0	100	1,665.2
Couple with children	89.4	7.5	3.1	100	2,305.5
One-parent family	87.4	9.4	3.2	100	574.2
Other household	91.0	5.8	3.3	100	670.0
<b>Total</b>	<b>89.3</b>	<b>6.9</b>	<b>3.8</b>	<b>100</b>	<b>6,677.9</b>

(a) For a description of the index of access to services, see Box 5.3.

(b) Estimates are derived from the ABS 1994 AHS. See Technical Appendix, especially Box TA5.2, for discussion of issues that affect interpretation.

Source: The database used in this analysis was the ABS 1994 AHS, confidentialised unit record file.

**Table 5.20: All households, by degree of access to services,<sup>(a)</sup> by tenure type, 1994<sup>(b)</sup> (%)**

Tenure type	Index of access to services				Number ('000)
	Good	Fair	Poor	Total	
Owner	89.6	6.2	4.1	100	2,793.9
Purchaser	89.6	7.6	2.8	100	1,890.3
Public renter	85.1	8.3	6.6	100	414.8
Private renter	90.8	6.4	2.8	100	1,271.4
Other	84.9	8.9	6.2	100	307.6
<b>Total</b>	<b>89.3</b>	<b>6.9</b>	<b>3.8</b>	<b>100</b>	<b>6,677.9</b>

(a) For a description of the index of access to services, see Box 5.3.

(b) Estimates are derived from the ABS 1994 AHS. See Technical Appendix, especially Box TA5.2, for discussion of issues that affect interpretation.

Source: The database used in this analysis was the ABS 1994 AHS, confidentialised unit record file.

**Table 5.21: Households reporting poor access to selected services,<sup>(a)</sup> by their relevance, 1994<sup>(b)</sup> (%)**

Service	Relevant (% all households)	Access poor (% all households)	Access poor (% households for whom service relevant)
Shop	99.5	3.6	3.6
Public transport	79.3	12.3	15.5
Doctor	98.6	4.4	4.5
Hospital	97.7	7.8	8.0
Parks/recreation	94.1	5.3	5.6
Work	69.1	3.3	4.8
School	53.7	1.6	3.0
Child care	26.6	2.3	8.6
Entertainment	89.7	10.6	11.8

(a) For a description of 'access to services', see Box 5.3.

(b) Estimates are derived from the ABS 1994 AHS. See Technical Appendix, especially Box TA5.2, for discussion of issues that affect interpretation.

Source: The database used in this analysis was the ABS 1994 AHS, confidentialised unit record file.

Services such as shops, doctors, hospital, parks/recreation and entertainment were considered relevant by the vast majority of households (Table 5.21, above). The most frequently reported area of poor access was public transport, with 16% of households for whom public transport was relevant reporting poor access. At around 8%, hospitals and child care services had relatively high incidences of poor access for people who needed these services.

### Discrimination

Discrimination may affect people's access to affordable, adequate or appropriate housing. However, its occurrence is hard to quantify and only limited data on discrimination in the rental sector have been collected. In the 1994 housing survey, about 5% of currently renting households reported that they had ever been refused rental accommodation, with 5% of private renters experiencing such problems. When investigating these refusals further, analysts in DSS found that:

the major grounds upon which such discrimination was claimed were: lack of references, family type (including having children), age and other reasons—a category which includes ethnicity, gender, being a student, etc. A further ground cited for refusal were rules concerning pets. While the data does not allow very extensive analysis, the highest level of reported refusals was experienced by sole parents (8%) (DSS 1996g:40).

### Financial and non-financial problems

Taking financial and non-financial aspects together, about 28% of households had difficulties with their housing in 1994 (Table 5.22). Just under one-half of those with the housing difficulties considered had affordability problems, while about one-third required urgent or essential repairs to be carried out. Across household types, sole parents had the highest incidence of problems (47%) and couples without children, the lowest, with only 19% having one or more housing problems.

**Table 5.22: Incidence of housing problems,<sup>(a)</sup> by household type, 1994<sup>(b)</sup> (%)**

Household type	Type of problem					Total <sup>(c)</sup>	Number ('000)
	Affordability	Over-crowding	Lacking basic amenities	Requires repairs	Poor access to services		
Lone person	17.5	1.4	5.3	8.7	5.0	30.6	1,463.0
Couple only	8.3	0.2	3.2	7.0	4.0	18.7	1,665.2
Couple with children	12.3	5.6	4.4	9.4	3.1	28.3	2,305.5
One-parent family	26.8	7.6	5.5	18.0	3.2	46.9	574.2
Other household	8.1	16.1	4.2	13.6	3.3	34.2	670.0
<b>Total</b>	<b>13.3</b>	<b>4.6</b>	<b>4.4</b>	<b>9.8</b>	<b>3.8</b>	<b>28.4</b>	<b>6,677.9</b>

(a) Affordability is measured using the equivalent NHS affordability ratio. For other problem types, see Box 5.3.

(b) Estimates are derived from the ABS 1994 AHS. See Technical Appendix, especially Box TA5.2, for discussion of issues that affect interpretation. 586,391 weighted cases were missing data for the equivalent NHS affordability measure.

(c) Households with more than one problem are only counted once in the total. Therefore columns will not necessarily add to the total.

Source: The database used in this analysis was the ABS 1994 AHS, confidentialised unit record file.

Across tenure types there are large differences in the levels of housing problems experienced in the five problem areas examined (Table 5.23). In 1994 prevalence of housing problems ranged from 16% of owners up to 48% of private renters.

**Table 5.23: Incidence of housing problems,<sup>(a)</sup> by tenure type, 1994<sup>(b)</sup> (%)**

Tenure type	Type of problem					Total	Number ('000)
	Affordability	Over-crowding	Lacking basic amenities	Requires repairs	Poor access to services		
Owner	5.9	2.7	3.1	4.1	4.1	16.2	2,793.9
Purchaser	14.6	3.9	4.3	8.6	2.8	27.8	1,890.3
Public renter	12.8	6.6	8.0	23.2	6.6	44.7	414.8
Private renter	28.8	8.5	5.1	19.0	2.8	48.4	1,271.4
Other	5.0	6.5	8.7	13.4	6.2	31.6	307.6
<b>Total</b>	<b>13.3</b>	<b>4.6</b>	<b>4.4</b>	<b>9.8</b>	<b>3.8</b>	<b>28.4</b>	<b>6,677.9</b>

(a) Affordability is measured using the equivalent NHS affordability ratio. For other problem types, see Box 5.3.

(b) Estimates are derived from the ABS 1994 AHS. See Technical Appendix, especially Box TA5.2, for discussion of issues that affect interpretation. 586,391 weighted cases were missing data for the equivalent NHS affordability measure.

Source: The database used in this analysis was the ABS 1994 AHS, confidentialised unit record file.

Of all households, 22% were identified as being low-income (income in the bottom 40% of all incomes) but with no housing problems, while 19% were low-income with problems (Table 5.24). Across all households experiencing problems, about one-fifth had more than one problem, with the incidence of multiple problems varying across household type. Over one-quarter of one-parent families with problems had multiple housing problems, compared with only one in eight of couple-only households.

Across all households, there were 3% that were low-income and had multiple needs or problems that included affordability (Table A5.10). Among the different household types, sole parents had the highest proportion of households (9%) that were low-income and had multiple problems including affordability. An additional 3% of sole parents had multiple problems that were not explicitly related to affordability.

Table 5.25 shows the distribution of housing problems for different tenures. For all private renters with problems (48% of all private renters), over one-quarter had multiple housing problems (13% of all private renters). While large proportions of both public renters (45%) and private renters (48%) had one or more problems, the distribution in number of problems and income status is markedly different. For public renters, only one in eight of those with problems were not from the low-income group, while for private renters one-third of those with problems were not low-income.

The number and type of problems are distributed differently across tenure types for low-income households (Table A5.11). For over a half of public renters with multiple problems in 1994, affordability was not a problem. On the other hand, it was a problem for almost all low-income private renters with multiple problems.

**Table 5.24: Distribution of housing problems,<sup>(a)</sup> by income group and household type, 1994<sup>(b)</sup> (%)**

Housing problems	Lone person	Couple only	Couple with children	One-parent family	Other household	Total
<b>Low-income</b>						
No problems identified	33.4	28.2	12.3	20.5	9.7	21.6
Single problem	18.3	9.2	13.3	28.0	10.5	14.4
Multiple problems	4.7	1.8	4.0	11.4	3.6	4.2
<i>Total with problems</i>	<i>23.1</i>	<i>11.0</i>	<i>17.3</i>	<i>39.4</i>	<i>14.1</i>	<i>18.6</i>
<b>Not low-income</b>						
No problems identified	36.0	53.0	59.4	32.5	56.1	50.0
Single problem	6.7	7.1	9.8	6.3	16.6	8.7
Multiple problems	0.8	0.6	1.1	1.2	3.5	1.1
<i>Total with problems</i>	<i>7.5</i>	<i>7.8</i>	<i>10.9</i>	<i>7.5</i>	<i>20.0</i>	<i>9.8</i>
<b>All households</b>						
No problems identified	69.4	81.3	71.7	53.1	65.8	71.6
Single problem	25.0	16.3	23.1	34.3	27.1	23.1
Multiple problems	5.5	2.5	5.1	12.6	7.1	5.3
<i>Total with problems</i>	<i>30.6</i>	<i>18.7</i>	<i>28.3</i>	<i>46.9</i>	<i>34.2</i>	<i>28.4</i>
<b>Total households ('000)</b>	<b>1,463.0</b>	<b>1,665.2</b>	<b>2,305.5</b>	<b>574.2</b>	<b>670.0</b>	<b>6,677.9</b>

(a) Problems are as presented in Table 5.22.

(b) Estimates are derived from the ABS 1994 AHS. See Technical Appendix, especially Box TA5.2, for discussion of issues that affect interpretation. 586,391 weighted cases were missing data for the equivalent NHS affordability measure.

Source: The database used in this analysis was the ABS 1994 AHS, confidentialised unit record file.

**Table 5.25: Distribution of housing problems,<sup>(a)</sup> by income group and tenure type, 1994<sup>(b)</sup> (%)**

Housing problems	Owner	Purchaser	Public renter	Private renter	Total
<b>Low-income</b>					
No problems identified	35.7	4.4	44.6	7.3	21.6
Single problem	9.2	12.7	30.0	22.4	14.4
Multiple problems	1.2	3.2	8.5	10.5	4.2
<i>Total with problems</i>	<i>10.4</i>	<i>15.9</i>	<i>38.6</i>	<i>32.9</i>	<i>18.6</i>
<b>Not low-income</b>					
No problems identified	48.1	67.8	10.6	44.2	50.0
Single problem	5.3	10.6	5.4	13.1	8.7
Multiple problems	0.5	1.3	0.7	2.5	1.1
<i>Total with problems</i>	<i>5.8</i>	<i>11.9</i>	<i>6.1</i>	<i>15.5</i>	<i>9.8</i>
<b>All households</b>					
No problems identified	83.8	72.2	55.3	51.6	71.6
Single problem	14.5	23.4	35.5	35.5	23.1
Multiple problems	1.7	4.4	9.3	13.0	5.3
<i>Total with problems</i>	<i>16.2</i>	<i>27.8</i>	<i>44.7</i>	<i>48.4</i>	<i>28.4</i>
<b>Total households ('000)</b>	<b>2,793.9</b>	<b>1,890.3</b>	<b>4,14.8</b>	<b>1,271.4</b>	<b>6,677.9</b>

(a) Problems are as presented in Table 5.22.

(b) Estimates are derived from the ABS 1994 AHS. See Technical Appendix, especially Box TA5.2, for discussion of issues that affect interpretation. 586,391 weighted cases were missing data for the equivalent NHS affordability measure.

Source: The database used in this analysis was the ABS 1994 AHS, confidentialised unit record file.

## 5.5 Summary

Housing assistance is provided through a range of programs across different housing tenures. The diversity of assistance and the lack of consistent data create difficulties in examining the effectiveness of the range of assistance provided. There is substantial development work yet to be undertaken to obtain reliable and generally acceptable measures of the need for and effect of housing assistance.

Most funding for housing assistance is provided under the Commonwealth–State Housing Agreement (CSHA). However between 1984–85 and 1994–95, taking inflation and changes in the population into account, levels of spending on public rental housing assistance under the CSHA decreased by 25%. The decrease in spending on public rental assistance, however, has been more than compensated for by increases in spending on Rent Assistance to private renters over the same period. Real per capita spending on Rent Assistance increased by 282% between 1984–85 and 1994–95.

From the ABS 1994 Australian Housing Survey it was estimated that around 84% of public renters, or 340,000 households, were paying reduced rents in 1994, with assisted tenants receiving an average rebate of \$51 per week. In addition, an estimated 35% of private renters, or 451,000 households, and 17% of ‘other’ tenures (51,000 households) were receiving DSS/DVA Rent Assistance. The average level of assistance received was around \$33 per week per household.

Across all income groups, about 28% of households had problems with their housing in 1994. Nearly one-half of those with housing difficulties had affordability problems, while about one-third required urgent or essential repairs to be carried out. Of those experiencing problems, about one-fifth had more than one problem. For households on low incomes, in 1994, there were some 1.2 million households (19% of all households) with housing-related problems. About 888,000 of these households had affordability problems and 280,000 had multiple difficulties.

Even after allowing for rental assistance, there are still differences in the incidence of housing affordability problems across tenures. In 1994 private renters were much more likely to have unaffordable housing costs than households in other tenures. Even after receiving assistance, about 29% of private renters were low-income and paid more than 25% of their gross income in rent. This was also true for 13% of public renters.

While public housing and DSS/DVA Rent Assistance alleviate affordability problems, they do not eliminate financial stresses caused by housing costs. Because of their greater value, public rental rebates are more effective in reducing financial stress than Rent Assistance. However, there is some evidence that households in public housing have slightly more problems with the physical condition of their dwelling and with accessing services.

Currently, there is large variability in data quality and compatibility across current housing assistance information. In particular, measurement of the needs and effectiveness of assistance to disadvantaged households, such as persons with a disability or Indigenous households, is difficult due to the lack of comprehensive and reliable data for these groups. Substantial data development activity needs to be undertaken to enable reliable measurement, over the medium and long term, of effectiveness, efficiency and appropriateness. Furthermore, standard methodologies need to be developed, agreed and implemented in a manner that facilitates comparison across areas of housing assistance and also related community services.

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