

Chapter 3

Housing

3.1	Introduction	93
3.2	Overview of the housing market	93
3.3	Housing assistance policy	95
3.4	Housing tenure	96
3.5	Housing occupancy	102
3.6	Target groups for housing assistance services	103
3.7	Housing assistance in the private sector	110
3.8	Social housing	117
3.9	Where to from here?	132
	References	135

3 Housing

At a glance

Housing affordability and size

- Australian house prices grew rapidly over the decade to 2012. The growth was more evident among established houses (6.7% average annual increase) than newly constructed houses (3.9% average annual increase).
- Over this period, house prices outstripped growth in household income. The disparity suggests that house purchase affordability has been in long-term decline.
- More than 1 in 5 (22%) lower income households were considered to be in housing stress in 2009–10—up from 19% in 2003–04.
- The National Housing Supply Council estimated that there was a total shortfall of 228,000 dwellings nationally at June 2011.
- While the average number of people per household decreased between 1986 to 2001, and then stabilised to 2011, the size of dwellings has increased.

Help with costs

- Of the forms of direct assistance to renters in the private market, Commonwealth Rent Assistance was accessed by the most households—1.2 million income units (more than 2.4 million people) received assistance in the week ending 1 June 2012. Private Rent Assistance was provided to 94,500 households in 2011–12.
- Nationally, 103,600 people received a First Home Owners Grant in 2010–11 and 41,200 households received Home Purchase Assistance in 2011–12.

Social housing

- At 30 June 2012, around 411,300 households were provided with social housing. At the same time, around 173,200 applicants were waiting for allocation to either public housing or state-owned and managed Indigenous housing (SOMIH), and 51,000 were waiting to enter or transfer within the mainstream community housing program.
- In 2011–12, two-thirds (68%) of newly allocated public housing and around half (54%) of newly allocated SOMIH were for households with special needs.
- Of households that were newly allocated public housing and SOMIH in 2011–12, 54% were previously homeless and a further 36% were at risk of homelessness.

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3.1 Introduction

Housing plays a critical role in the health and wellbeing of Australians and provides the security that allows people to participate in the social, economic and community aspects of their lives. Home ownership is a widely held aspiration in Australia, providing security of tenure and long-term economic benefits to home owners, albeit exposing them to some financial risk (ABS 2011d). A range of factors—including Australia’s growing and ageing population, and taxation and other policies—affect the supply and demand for housing. The absence of affordable, secure and appropriate housing can result in a number of negative consequences, including homelessness, poor health, and lower rates of employment and education participation, all of which can lead to social exclusion.

3.2 Overview of the housing market

Over the decade to 2012, Australian house prices grew strongly, despite short periods of small declines. The highest levels of growth were for established houses, with an average annual increase of 6.7%. This is in comparison with newly constructed houses, which rose in value steadily but more slowly, at an annual average of 3.9% (ABS 2012e). Note that construction prices do not reflect the increase in land price, which has been a key driver of price increase until 2011 (Yates 2011a).

The growth in house prices resulted from a number of factors. At the start of the decade, interest rates fell and the number of low-deposit, easily accessible loans grew. This happened against a background of relatively strong and consistent economic and employment growth that continued until 2007–08. Over the same period, housing supply failed to keep pace with population growth, and building activity levels dropped from historically high levels at the beginning of the decade and again in 2008–09 (NHSC 2010). The global financial crisis (GFC) in 2008–09 led to falls in established house prices. While prices quickly recovered to new peaks in 2009–10, prices then remained largely flat through 2010–11. By 2012, prices were again on the increase, and data for December 2012 suggest a quarterly increase in established house prices of 0.3% (ABS 2013b).

Household income has steadily risen across Australia throughout the decade to 2012, increasing at an average annual rate of 4.4% (ABS 2012c). The disparity in house price and income growth (Yates 2011a) suggests that house purchase has become less affordable over time. Nationally, Australian house prices were more than 7 times the average household income in 2011, compared with 4 times at the start of 2002 (NATSEM 2011). House prices as a multiple of local incomes are substantially higher in many local markets, including those of the nation’s largest capital cities. Sustained house price growth in excess of income growth has meant that many moderate-income households are spending a greater proportion of their income on housing than previously (Flood & Baker 2010).

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Interest rates play an important role in the level of activity in the housing market—rates steadily increased from 4.75% in late 2002 to a high of 7.25% in March 2008. In response to a number of factors, including the GFC and falling house prices, the cash rate was cut rapidly, falling to 3.0% by April 2009. From there, it rose to 4.75% in November 2010, and then fell to a new low of 2.75% in May 2013 (RBA 2013).

Rental markets are currently tight across Australia. While price trends are the key measure of the balance between supply and demand, the rental vacancy rate is another indicator of market conditions. The Australian rental vacancy rate has been below the long-term average for the seven years prior to 2012 (Kearns, 2012). This tightening of the Australian rental market was also noted by the Federal Government when setting out policy guidelines for the National Rental Affordability Scheme (FaHCSIA 2011).

While house purchase affordability in Australia has worsened since 2002, a decline in house prices and reduced interest rates have provided some relief for home buyers in 2011 and 2012. Strong house price growth affects households differently, with some home owners and investors enjoying a surge in wealth while potential first home buyers may be locked out of home ownership in a private rental market where rents have risen strongly in recent years.

Factors including Australia's growing and ageing population (see Chapter 1), taxation policy, land release and zoning, and labour costs affect the supply and cost of housing, and consequently its affordability. The rising cost of housing remains a significant concern in Australia, and is reflected in an undersupply of affordable housing, high levels of housing stress and continuing high level of demand for housing assistance.

Focus on need in the future

As noted earlier, Australia's growing and ageing population, as well as ongoing changes in household composition, directly affect the demand for housing. In 2011, there were 7.8 million households living in private dwellings (excluding visitor only and other non-classifiable households)—up from 7.1 million in 2006 (an increase of 10%) and from 5.8 million in 1991 (an increase of 34%) (ABS 1993, 2007, 2012b). This increase in underlying demand for housing currently outstrips housing supply. The housing shortfall continued to increase over the year to June 2011 but was at a slightly slower pace than in the two preceding years (NHSC 2010). The National Housing Supply Council (NHSC) has estimated that the gap between total underlying demand and total supply was a shortfall of 228,000 dwellings at 30 June 2011. In the 5 years to 2016, the NHSC projects growth in the overall gap to increase to 370,000 dwellings, and to 492,000 dwellings by 2021 (NHSC 2010, 2012).

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The housing supply gap has a direct impact on housing affordability for both renters and home purchasers (FaHCSIA 2010). If these trends continue, the need for housing assistance will increase. The increasing shortage of housing will affect households differently by tenure type, with the biggest impact expected to be felt by those on the lowest incomes. NHSC projections indicate that in 2021, relative to 2009, the increased demand for housing will be strongest in the public rental sector for the majority of states and territories, varying from 19% in Hobart to 55% in Perth. Private rental demand projections are lower, varying from a 9% increase in Tasmania (excluding Hobart) to a 34% increase in Perth, while increased demand for owner/purchaser dwellings ranges from 16% in Tasmania (excluding Hobart) to 42% in Perth (NHSC 2011).

3.3 Housing assistance policy

Housing assistance aims to relieve the pressures of housing costs and provide safe and secure housing for many low-income Australian households, particularly those which are disadvantaged or vulnerable. Housing assistance is provided through a number of programs and is a part of the Australian Government's social and economic policies and social inclusion agenda. Assistance is provided to those renting or purchasing their own home who are having difficulties meeting their housing costs, and to those who are homeless or in crisis.

National Affordable Housing Agreement

Housing assistance in Australia is currently delivered under the National Affordable Housing Agreement (NAHA). The NAHA started on 1 January 2009 and is a considerable shift in housing policy from its predecessor, the Commonwealth State Housing Agreement.

The overarching objective of the NAHA is to ensure that all Australians have access to affordable, safe and sustainable housing that contributes to social and economic participation. It is a framework for improving outcomes for all Australians: for renters and home buyers; for those receiving and those not receiving housing assistance; and for those who have access to housing and those who are experiencing, or are at risk of, homelessness (COAG Reform Council 2012a).

Under the agreement, the Australian Government, together with state and territory governments, committed to achieving six outcomes and identified indicators by which the community could assess their performance toward these outcomes (see COAG 2009a for further details). Each year, the COAG Reform Council assesses and publicly reports on the governments' performance.

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National Partnership Agreements

Five National Partnership Agreements were established to support the NAHA:

- the National Partnership Agreement on Homelessness (\$1.1 billion over 4 years) (see Chapter 7 for further details)
- the National Partnership Agreement on Social Housing (\$400 million for the construction of new social housing over 2 years from 2008–09 to 2009–10) (Treasury 2011b)
- the National Partnership Agreement on Remote Indigenous Housing (\$1.9 billion over 10 years) (COAG 2009c)
- the National Partnership Agreement on Nation Building and Jobs Plan (\$6 billion for construction of new social housing from 2008–09 to 2011–12 and \$400 million for repairs and maintenance of public housing until 2008–09 under the Social Housing Initiative) (Treasury 2011a)
- the National Partnership Agreement on Extending the First Home Owners Boost (an additional \$7,000 to first home buyers until the end of 2009) (COAG 2009d).

These agreements have provided added support to existing programs (Commonwealth Rent Assistance, National Rental Affordability Scheme, the Housing Affordability Fund and the First Home Owners Grant) that are not part of the NAHA, yet contribute to the objectives of the NAHA. The NAHA has ongoing funding, provided by the Australian Government and state and territory governments, and was updated in December 2012 to incorporate provisional performance benchmarks. It is expected that the terms of the next NAHA will be negotiated in the second half of 2013, with one of the priorities to bring together these policies and programs as part of a cohesive national housing strategy.

3.4 Housing tenure

Of the 7.8 million households living in private dwellings in Australia in 2011, the majority owned their own home with or without a mortgage (5.2 million, or 67%) and a further 2.3 million were renting either private (25%) or social housing dwellings (5%). (As explained further in Section 3.8, social housing is housing provided by the government and community sectors.) The remaining 3% either had an 'other' tenure type or the information was not specified (AIHW analysis of ABS 2011 Census). The tenure of households varies depending on their composition, income and the life stage of the members.

Owner-occupied housing has long been the most common form of tenure in Australia. According to the ABS Survey of Income and Housing (see Box 3.1), between 1994–95 and 2009–10, the proportion of households that were owner-occupiers fell slightly from 71% to 69% (Figure 3.1). However, there was a considerable shift within this group. Until 2003–04, more households owned their homes outright than had a mortgage. From 1994–95 to 2009–10, the share of households that were paying off a mortgage rose from 30% to 36%, while those who owned their house outright fell from 42% to 33%. A higher proportion of households rented privately in 2009–10 than in 1994–95 (24% and 18% respectively), while relatively fewer were renting from a state or territory housing authority (5.5% and 3.9% respectively).

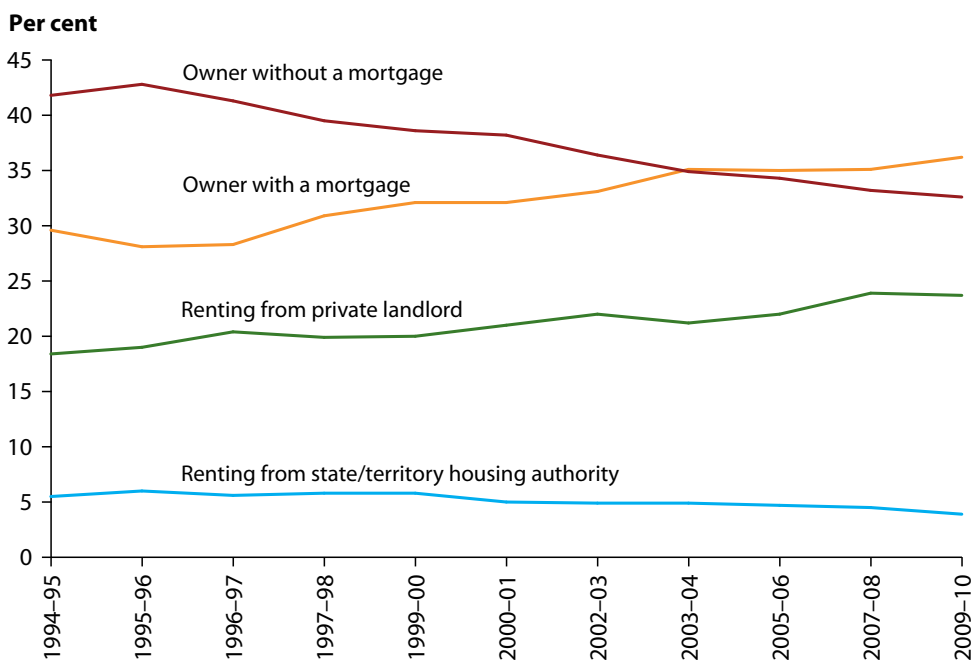
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Box 3.1: Survey of Income and Housing

The ABS Survey of Income and Housing (SIH) is a household survey that collects information on sources of income, amounts received, housing characteristics, household characteristics and personal characteristics. Information on current income (which is generally based on their most recent payment) as well as annual income is collected. The SIH is conducted about every 2 years; the most recent available data are for 2009–10 (ABS 2011e). Data from the 2011–12 SIH, which were not available at the time of writing, are being released by the ABS from July 2013 onwards.

It is often of interest to compare households based on the characteristics of their members, such as age or employment status. The SIH facilitates this by identifying a ‘reference person’ for each household. In households with more than one member, the reference person is identified by considering the tenure, relationship and parental status, income and age of all household members aged 15 and over (see Glossary).



Notes

- Not shown are households with tenure type of ‘Renting from other landlord type’ (accounts for 1% to 2% of households) and ‘Other tenure type’ (accounts for 2% to 3% of all households).
- Data for this figure are shown in Table A3.1.

Source: ABS 2011e: Data cube Table 3.

Figure 3.1: Selected tenure and landlord types, 1994–95 to 2009–10 (per cent of households)



Variations in tenure by household composition

A range of market factors affect trends in housing tenure, including accommodation cost and supply, demographic change, and economic conditions and expectations. Similarly, at the household level, tenure choice is subject to a range of individual factors, such as stage of life, personal preferences and lifestyle choices, as well as affordability.

The influence of household structure is evident in patterns of tenure, which vary between types of family and non-family households (Figure 3.2). In 2009–10, the majority of couples with dependent children were paying off a home mortgage (62%)—a slightly higher proportion than in 2000–01 (58%), while the proportion owning their home outright decreased from 21% in 2000–01 to 15% in 2009–10 (see Box 1.4 for definition of dependent children and related terms).

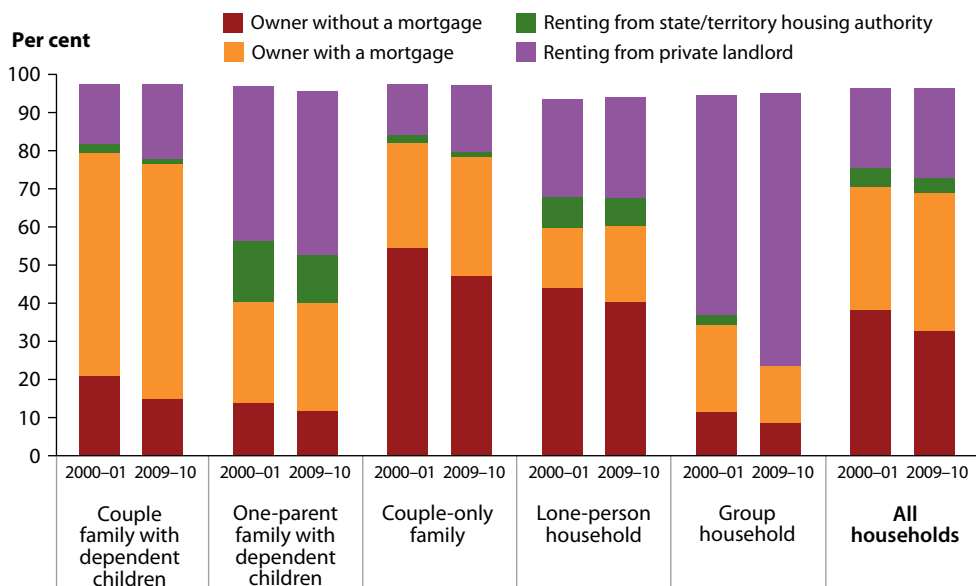
This is part of an important wider trend of overall home ownership rates (including those with and without mortgages) falling substantially for some adult cohorts. For example, as shown in Table 3.1, the proportion of households that owned their home where the reference person was aged 25–34 fell from 61% in 1981 to 51% in 2006, with a further reduction to 47% in 2011. The relative stability of the population-wide home-ownership rate to date masks key changes in the age of home purchase that appear to be more sensitive to the longer term reduction in house purchase affordability.

Households with no dependent children living in the household (which accounted for more than half of all Australian households) had relatively high rates of outright home ownership: 47% of couple-only households and 40% of lone-person households were owners without a mortgage in 2009–10 (Figure 3.2). However, both of these proportions were down from 2000–01 (54% and 44% respectively). The proportion of lone-parent households in social housing was 3 times that of all households, with 13% renting from a state or territory housing authority in 2009–10 (down from 16% in 2000–01). The proportion of households renting from private landlords increased across all housing types, most notably for group households (up 13 percentage points from 2000–01).

Patterns of tenancy among households with no dependent children were strongly related to age. In 2009–10, 4% of lone-person and 2% of couple-only households with the reference person aged under 35 owned their home outright, compared with 72% of lone-person and 84% of couple-only households with the reference person aged 65 or over. Younger persons in couple relationships were more likely to move into home ownership than younger single people, with 49% of younger couple households owning their home with or without a mortgage, compared with only 35% of younger singles. Likewise, younger couples with dependent children are more likely than younger couple-only households to own their home (ABS 2011d).

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Notes

- Household composition categories 'Multiple-family households' and 'Other one-family households' are not shown; together, they account for about 13% of all households for both reference years.
- 'Other tenure type' and 'Renting from other landlord type' are not shown; together, they account for about 4% of all household tenures.
- Data for this figure are shown in Table A3.2.

Sources: ABS 2003: Data cube Table 7; ABS 2004: Data cube Table 7; ABS 2011a: Data cube Table 12; ABS 2011d: Data cube Table 7.

Figure 3.2: Tenure and landlord type, by selected household types, 2000-01 and 2009-10 (per cent of households)

Table 3.1: Home ownership^(a), in Australia, by age of reference person^(b), 1981 to 2011 (selected years) (per cent)

Age group (years)	1981	1986	1991	1996	2001	2006	2011
15-24	25	26	24	22	24	24	25
25-34	61	58	56	52	51	51	47
35-44	75	74	74	70	69	69	64
45-54	79	79	81	79	78	78	73
55-64	81	82	84	83	82	82	79
65 and over	78	80	84	82	82	82	79
All households	70	70	72	69	70	70	67

(a) Refers to home ownership with or without a mortgage.

(b) For a definition of 'reference person', see Glossary.

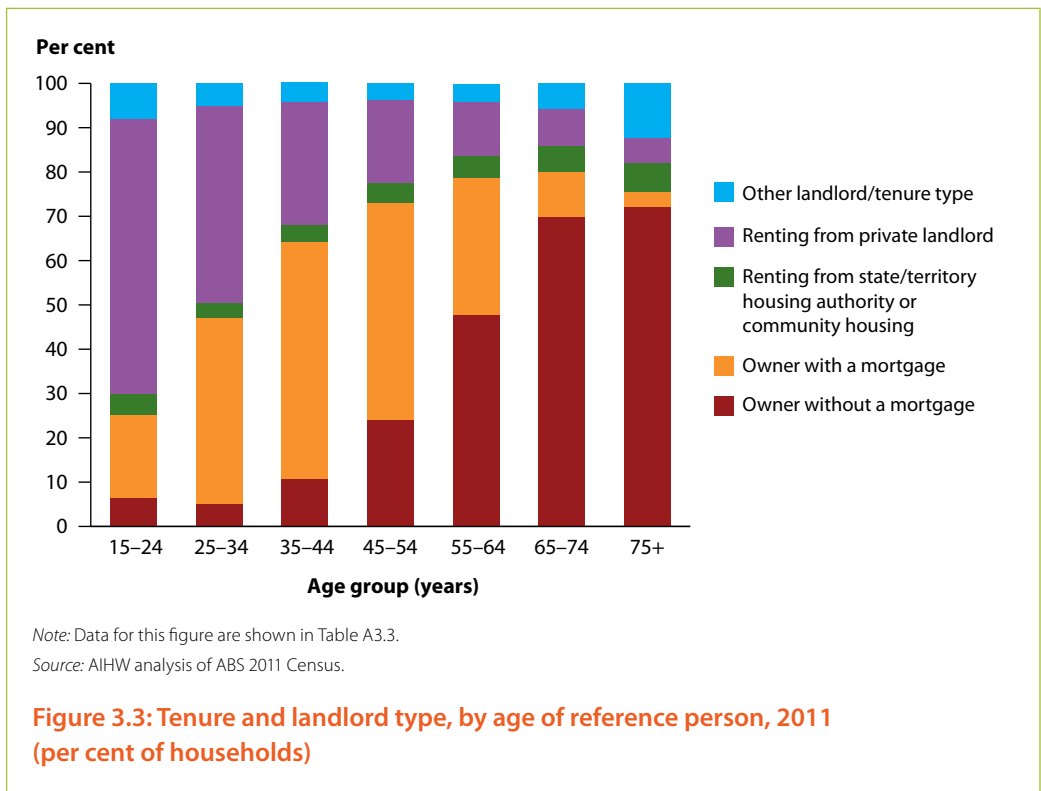
Sources: Yates 2011b (for 1981 to 2006 data); data for 2011 provided by Yates (based on the ABS 2011 Census).



Tenure across the life cycle

Housing tenure has strong links with the stages of a person's life. A pattern of renting in early adulthood is generally followed by moving to home purchase and a mortgage as income rises, and partnerships and families are formed, then to owning the home outright in middle or late adulthood. Figure 3.3 shows the change in patterns of housing tenure according to the age of the reference person:

- private rental was most common among households with a reference person aged 15 to 24 (62% of these households) and aged 25 to 34 (44%)
- ownership with a mortgage was most common for households with a reference person aged 35 to 44 (53%)
- outright home ownership was the most common type of tenure for households with a reference person aged 55 or over (from 48% to 72%, depending on the age group)
- between 3% (for households with a reference person aged 25–34) and 7% (for households with a reference person aged 75 or over) of households were renting from a state or territory housing authority or community housing.



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Home ownership contributes a large part of the wealth of many households. Higher rates of home ownership among older age groups generally reflect wealth accumulation over the life cycle, although the growing practice of housing equity withdrawal means this is no longer as straightforward. Housing equity withdrawal is when a person uses the wealth accumulated through house ownership to help pay for household expenses. Wealth accumulated through housing equity acquired during a person's working life can be used to support household expenses, as income typically falls after retirement. See Section 2.4 for further information on differences in household income by household composition and age.

Younger couples, generally those aged 35 and under, and lone-person households of all ages were more likely than older households to be paying off a home mortgage, or renting from a private landlord. However older people, defined as those aged 65 and over, had slightly higher usage of state or territory provided housing (AIHW analysis of ABS 2011 Census).

Older people are generally more likely than younger people to have relatively low housing costs. However, older people also tend to have lower incomes, so housing affordability can be a significant concern for people of retirement age with relatively high-cost housing, such as those renting in the private market. People unable to attain home ownership during their working life are at risk of being pushed into severe financial stress by private rents that tend to be high in relation to retirement incomes, or forced to depend on social housing (see Section 3.6). This group includes older people who are lower income workers and those who have been outside the labour force for an extended period over their working life, such as people with disability and informal carers.

Tenure of Indigenous Australians

In contrast to the general population, rental accommodation remains the dominant form of tenure for Aboriginal and Torres Strait Islander people. Data from the 2011 Census indicate that 59% of Indigenous households were renters, and almost half of these (26% of all Indigenous households) rented from a state or territory housing authority or community housing (ABS 2012f). Around 1 in 3 (36%) Indigenous households were owner-occupiers in 2011—25% with a mortgage and 11% without a mortgage. (Note that an Indigenous household is one in which at least one person identifies as being Indigenous).

Among households with a reference person aged 65 or over, 41% of Indigenous households owned their home outright compared with 71% of other households. The proportion of Indigenous households who rented from a state or territory housing authority or community housing varied according to the age of the reference person, ranging from a low of 23% of those aged 15 to 24 to a high of 30% of those aged 65–74 (Table A3.4).

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3.5 Housing occupancy

While the number of households in Australia has continued to rise over time, this is not the case for household size. Census data indicate that household size decreased from the mid-1980s to 2001, with the average number of people per household falling from 2.8 in 1986 to 2.6 in 2001. However, the 2006 and 2011 Censuses show that household size has stabilised at 2.6 (a trend that has also been seen elsewhere such as in the United Kingdom). A contributory factor may be that young people are not as readily leaving the family home due to declining housing affordability (see Section 4.6).

Despite household size decreasing between 1986 to 2001, and then stabilising to 2011, the size of dwellings has increased over time, with the proportion of homes with four or more bedrooms doubling from 15% in 1986 to 30% in 2011 (AIHW analysis of ABS 2011 Census).

Indigenous households tend to be larger than other households. However, the size of Indigenous households has decreased at a greater rate than other households—from an average of 4.5 people per household in 1986 to 3.3 people per household in 2011 (AIHW analysis of ABS 2011 Census).

The dwelling size requirements of a household can be measured according to the Canadian National Occupancy Standard (CNOS; see Box 3.2). While most Australian households have sufficient bedrooms for their residents, a small proportion are considered to be overcrowded. In 2009–10, 3% of Australian households were assessed as needing one or more additional bedrooms to meet this occupancy standard (ABS 2011d). Households containing multiple families (25%) or one-parent family households with dependent children (12%) were the most likely family types to be assessed as overcrowded (ABS 2011d).

Box 3.2: Canadian National Occupancy Standard

The CNOS is a standard used to assess overcrowding in households. It measures the bedroom requirements of a household based on the number, sex, age and relationships of household members. For a household not to be considered as overcrowded, it specifies that:

- no more than 2 people share a bedroom
- parents or couples may share a bedroom
- children under 5, either of the same sex or opposite sex, may share a bedroom
- children under 18 of the same sex may share a bedroom
- a child aged 5 to 17 should not share a bedroom with a child under 5 of the opposite sex
- single adults aged 18 and over and any unpaired children require a separate bedroom.

Source: ABS 2011c.

Indigenous households have comparatively high rates of overcrowding—in the 2011 Census, 11.8% were reported as overcrowded (that is, requiring one or more extra bedrooms) (data provided by the ABS). This compares with 13.7% in the 2006 Census (AIHW 2011a).

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3.6 Target groups for housing assistance services

Housing assistance remains important for many Australians who experience difficulty securing or sustaining affordable and appropriate housing in the private market. This assistance becomes increasingly important as factors such as population growth, changing demographics, dwelling supply constraints and affordability issues limit the capacity of lower income households to meet their housing needs in the private market. Assistance is also available to those experiencing homelessness and is aimed at meeting emergency, transitional and longer-term housing needs.

Social housing allocation policies generally give preference based on assessed need. Households in greatest need are defined as those that, at time of allocation, were homeless, in housing inappropriate to their needs, in housing that is adversely affecting their health or placing their life and safety at risk, or that has very high rental costs (AIHW 2012). While the number of new social housing allocations has decreased in recent years, the proportion of allocations to households in greatest need has risen. For further information, see Section 3.8.

The Australian Government and state and territory governments have adopted policy and funding mechanisms to assist selected households purchasing or renting their home.

First home buyers and low-income home buyers

Enabling home purchase, particularly for younger working age groups, may help to limit the need for future housing assistance. Housing costs are a major component of expenditure for most households and, as noted earlier, equity accumulated through home ownership is an important source of wealth, especially for those who are retired.

National house prices increased by 147% between 2001 and 2011—up from a median price of \$169,000 to a median of \$417,500—while annual median disposable incomes for households increased by 57% over the same period—from \$36,000 in 2001 to \$57,000 in 2011 (NATSEM 2011). Although influenced by prevailing interest rates and the length of the loan period, rising house prices feed through into the cost of meeting home mortgage payments—a particular issue for low-income households. In 2009–10, low-income mortgagees were 1.6 times as likely as all mortgagees (37% compared with 23%) to be classified as in housing stress (Box 3.3; Figure 3.4).

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Box 3.3: Key concepts relating to housing costs and affordability

Low-income households

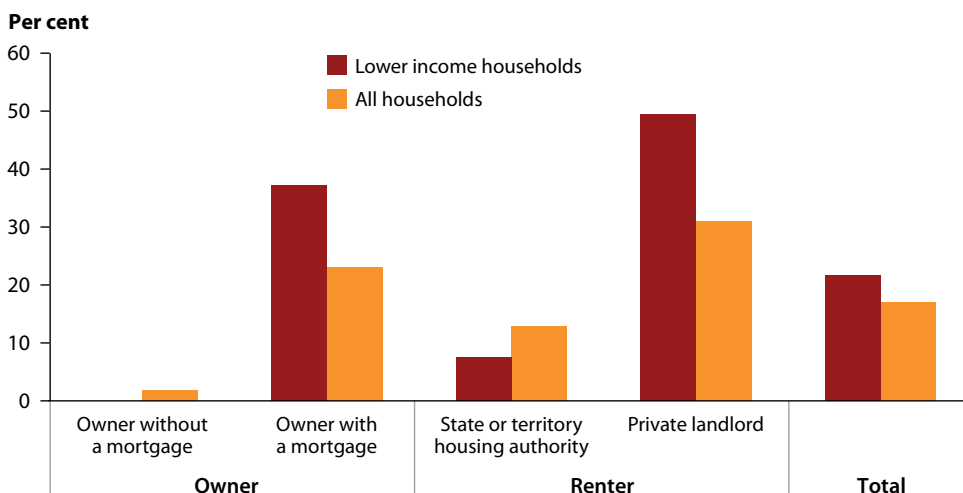
Some analyses presented in this chapter refer to 'low-income households'. In this chapter, when using AIHW data holdings, low-income households are defined as those whose equivalised gross household income is in the bottom 40% of the income distribution. This measure is not necessarily indicative of eligibility for government assistance targeted at low-income households, and some types of assistance may also be provided to households that do not meet this definition.

This definition differs from the ABS definition as used in their *Housing occupancy and costs, 2009-10* report (ABS 2011d). That definition refers to lower income households as those in which equivalised disposable household income falls between the bottom 10% and 40% of the income distribution. When data from the ABS about lower income households are referred to in this report, this second definition applies (unless otherwise indicated).

Housing stress

A household spending more than 30% of its gross household income on housing costs is said to be in housing stress.

Sources: AIHW 2012; ABS 2011d; SCRGSP 2013.



Notes

1. The estimate for lower income households with a tenure type of 'owner without a mortgage' is not shown. It has a relative standard error greater than 50% and is considered too unreliable for general use.
2. Data for this figure are shown in Table A3.5.

Source: ABS 2011d: Table 5.

Figure 3.4: Households spending more than 30% of their gross income on housing costs, by tenure and landlord type, 2009-10 (per cent of households)



The mean value of dwellings purchased by first home buyers with a mortgage more than doubled between 1995–96 and 2009–10 (from \$186,000 to \$401,000 taking inflation into account). This increase in value exceeds that of dwellings for changeover buyers (that is, existing home owners trading up or down), which still rose by a substantial 90% over the same period (compared with 116% for first home buyers) (ABS 2011d).

The rise in purchased dwelling values has come with a rise in the size of mortgages secured. Between 1993 and 2011, in real terms, the average size of loans for first home buyers with a mortgage increased by 127%, mainly reflecting the rise in dwelling values over the same period (ABS 2011d).

In addition to higher average mortgage values, higher dwelling values for first home buyers also increase entry costs since either a larger deposit must be saved or, if only a partial deposit (less than 20% of the value of the purchase) has been saved, first home buyers generally have to bear the additional cost of mortgage insurance. A measure of declining home purchase affordability is the increased time needed to save a deposit. Nationally, first home buyers needed to save for 4.1 years to raise a 20% deposit to buy a house in June 2011; in June 2006, it was 3.8 years (Bankwest 2011).

According to the Australian Housing and Urban Research Institute (2007), higher value dwellings, larger mortgages and difficulties in obtaining the necessary deposit, in addition to various market factors, can result in:

- first home buyers being discouraged from (or delaying) home ownership, which can be seen in reduced home ownership rates among younger households since the 1970s
- home ownership becoming unattainable for many single-income households (this is further magnified by people partnering later in life)
- larger loans being required with higher mortgage repayment-to-income ratios.

Box 3.4 further explores the characteristics of first home buyers and recent trends.

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Box 3.4: First home buyer trends

More than 1 million households had purchased a home within the previous 3 years in 2009–10, and 40% of these were first home buyers (ABS 2011d). In the ABS Survey of Income and Housing, a first home buyer is defined as a household in which the reference person (or their co-resident partner) bought the dwelling in which they live in the 3 years before being interviewed, and neither that reference person nor their co-resident partner had owned or been purchasing a home previously.

In 2009–10, there were 429,000 first home buyer households, of which 93% (399,500) had a mortgage. First home buyers with a mortgage accounted for 7% of all owner–occupiers with a mortgage, compared with 18% in 1995–96.

First home buyers with a mortgage

In 1995–96, the ABS SIH found that the average age of the reference person for all first home buyers was 32. This peaked at 33 in 2002–03 and 2003–04, then returned to 32 in 2004–05 where it remained to 2009–10. The average age of the reference person for lower income first home buyers with a mortgage remained slightly higher at 34 (ABS 2011d).

First home buyers were disproportionately represented among higher income households: almost two-thirds (61%) had an equivalised disposable household income in the top 40% of the income distribution of the population in 2009–10. The proportion of first home buyers who were in the bottom three equivalised disposable income quintiles in 2009–10 has returned to 1995–96 levels at 39%, despite significant fluctuations occurring between these two points in time. On average, housing costs for first home buyers accounted for 26% of gross household income in 2009–10.

Notable first home buyer trends in recent years include an increased tendency to purchase medium- and high-density housing (including semi-detached houses, terrace houses, townhouses, flats, units and apartments)—26% of dwellings in 2009–10 compared with 15% in 1995–96. However, first home buyers were more likely to purchase new homes in 2009–10 than they were in 2007–08. Over this period, the proportion buying new homes, as opposed to established homes, rose from 9% to 18%. The shift towards new dwellings may reflect the availability of housing stock as well as the availability of the First Home Owners Boost during this period as an additional incentive to buy new dwellings.

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Low-income renters in housing stress

Almost one-third (30%) of Australian households in 2011 were renting privately, an increase from 26% in 1981 (AIHW analysis of the ABS 1981 and 2011 Censuses). In terms of the number of dwellings, Australia's private rental sector grew by 14% between 2006 and 2011, bringing the total number of private rental dwellings to 2.3 million.

The private rental market is affected by affordability conditions in the home purchase market, investor landlord activity, government policies and the prevailing economic conditions. In many areas the demand for moderately priced rental housing is greater than supply. The need for housing assistance services in the private rental sector is largely driven by affordability pressures, particularly for lower income households. In 2009–10, almost half (49%) of lower income households in the private rental market were in housing stress (ABS 2011d).



However, it is not only lower income households in the private rental market who are experiencing housing stress. Across all tenure types, 22% of lower income households were considered to be in housing stress in 2009–10. This compares with 19% in 2003–04 (see Indicator 9 in Chapter 11 for further details).

Older Australians

The Australian population is ageing and growth in the number of people aged 65 and over is expected to continue to accelerate over the next 20 years (see Chapter 1). This change places demands on housing provision, because the housing needs of many older Australians differ from those of the rest of the population (AIHW 2013).

Older Australians have high rates of home ownership: in 2011, 70% of households in which the reference person was aged 65–74 and 72% of those with the reference person aged 75 or over owned their own home outright (Figure 3.3). Home ownership constitutes a crucial financial resource for many older people, as well as providing a sense of security and continuity of lifestyle. This can reduce other stresses and delay entry into residential aged care, particularly where appropriate home-based services are available (AIHW 2008). However, as mentioned previously, for older Australians who do not own their homes and who are unable to access social housing, housing affordability can be a major concern, given that they may need to meet relatively high private rents from often limited incomes (see Box 3.5). Historically, older people are prioritised by social housing allocation systems and 40% of renters aged 65 and over live in social housing (ABS 2011d). Because social housing supply has not kept up with demand, there has been a tightening of eligibility criteria for public and community housing towards those most in need, leading to many older people not meeting the required threshold for social housing.

For details of assistance provided to older Australians within the residential aged care setting, as well as other specialist aged care services provided to this group, see Chapter 6.

Box 3.5: Older people with high housing costs

Older Australians—especially older couples—tend to have relatively low housing costs as the majority own their home outright or are paying relatively low residual mortgage payments. In 2009–10, people aged 65 and over in lone-person households spent, on average, 10% of gross income on housing costs and those in couple-only households (in which the reference person was aged 65 or over) spent 5%. People aged 65 and over in lone-person households with a mortgage spent 21% of gross income on housing costs compared with 13% for couple-only households (in which the reference person was aged 65 or over).

Five per cent of households in which the reference person was aged 65 or over rented from a state or territory housing authority, in which rental payments are tied to tenants' income.

For older people living in private rental accommodation, housing costs accounted for, on average, 29% of gross income for couples only households and 37% of gross income for lone-person households with the reference person aged 65 or over.

Source: ABS 2011d.

3



People with disability

An estimated 4 million Australians (18.5% of the population) had some form of disability in 2009 and, of these, around 1.3 million (5.8% of the population) had severe or profound core activity limitation (see Chapter 5; ABS 2011b). In the context of housing assistance, people with disability are likely to have lower incomes than the general population and therefore tend to have fewer housing options (AHURI 2009). In 2011, 1 in 10 people (10%) who needed help with core activities (that is, self-care, mobility and communication) because of disability or a long-term health problem were living in social housing, compared with almost 4% of the overall population (AIHW analysis of ABS 2011 Census). For further information about housing arrangements of people with disability, see Chapter 5.

Indigenous Australians

A number of factors may limit the housing options available to Indigenous people, including relatively low incomes and the lack of suitable dwellings. In very remote areas, some Indigenous Australians live in poorly maintained, overcrowded housing and may lack essential infrastructure, such as safe drinking water supply or an effective sewerage system (AIHW 2009a).

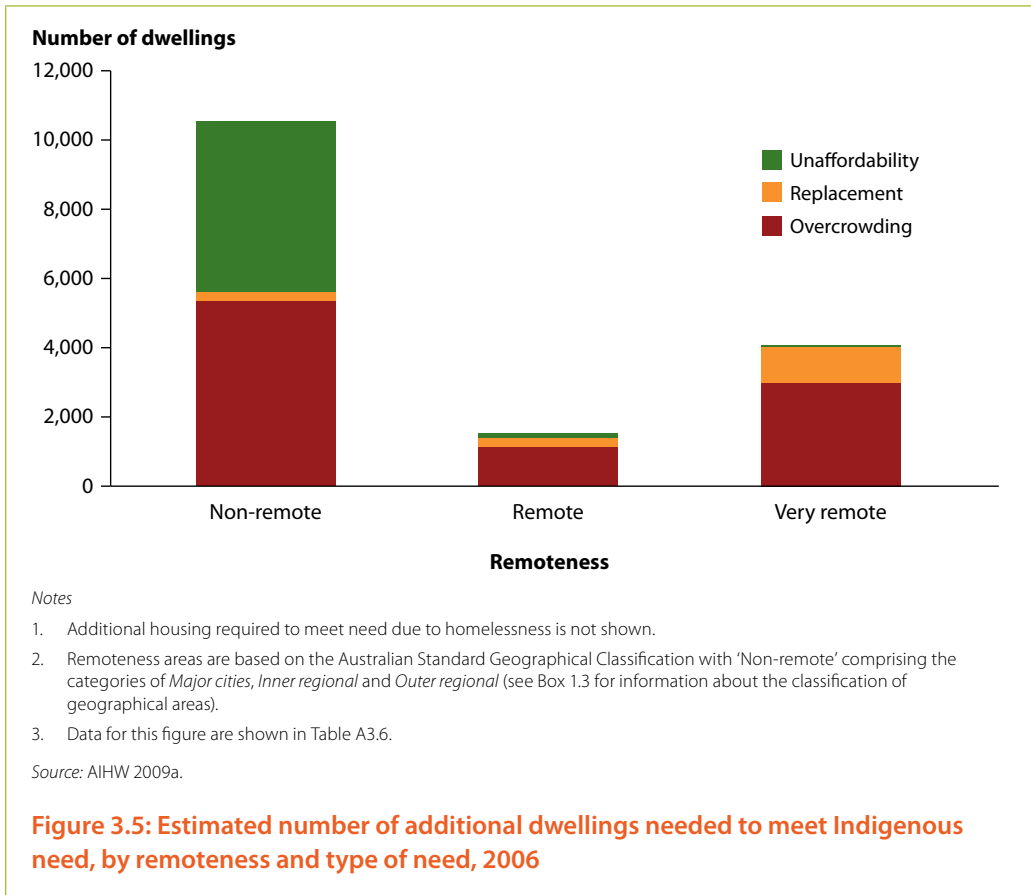
Housing assistance plays an important role in addressing Indigenous housing need, with 26% of Indigenous households living in social housing in 2011—more than 6 times the rate of non-Indigenous Australians (AIHW analysis of ABS 2011 Census).

On Census night in 2011, Indigenous Australians accounted for 28% of all homeless people who provided information on their Indigenous status (see Section 7.3). Of the Indigenous Australians who were classified as homeless, 75% were living in severely crowded dwellings compared with 30% of non-Indigenous homeless people (see Glossary for definitions of homeless people and severely crowded dwelling). In 2011, there were about 20,000 Indigenous people living in about 1,800 severely crowded dwellings (ABS 2012d).

In 2006, more than 16,000 additional dwellings were required to help Indigenous people in need in relation to overcrowding, poor dwelling condition and affordability stress according to modelling undertaken by the AIHW (Figure 3.5). This is expected to increase by a further 4,200 dwellings by 2018 due to population growth and changes in household composition. The majority (58%) of these dwellings are needed to deal with overcrowding and are required in non-remote areas.

3





Homeless people

Homelessness is a complex issue that often results from factors other than just a lack of housing. Chapter 7 focuses on the housing needs of people experiencing homelessness or at risk of homelessness and the services provided to them, including accommodation support. It discusses pathways from specialist homelessness services into social housing and highlights the lack of social housing options as an exit out of homelessness for many people. Additional data are also now emerging from the FaHCSIA-funded Journeys Home longitudinal study that highlighted the cycle of homelessness and marginal housing experienced by many people with complex needs and a lack of resources to achieve sustained housing outcomes (Chigavazira et al. 2013).

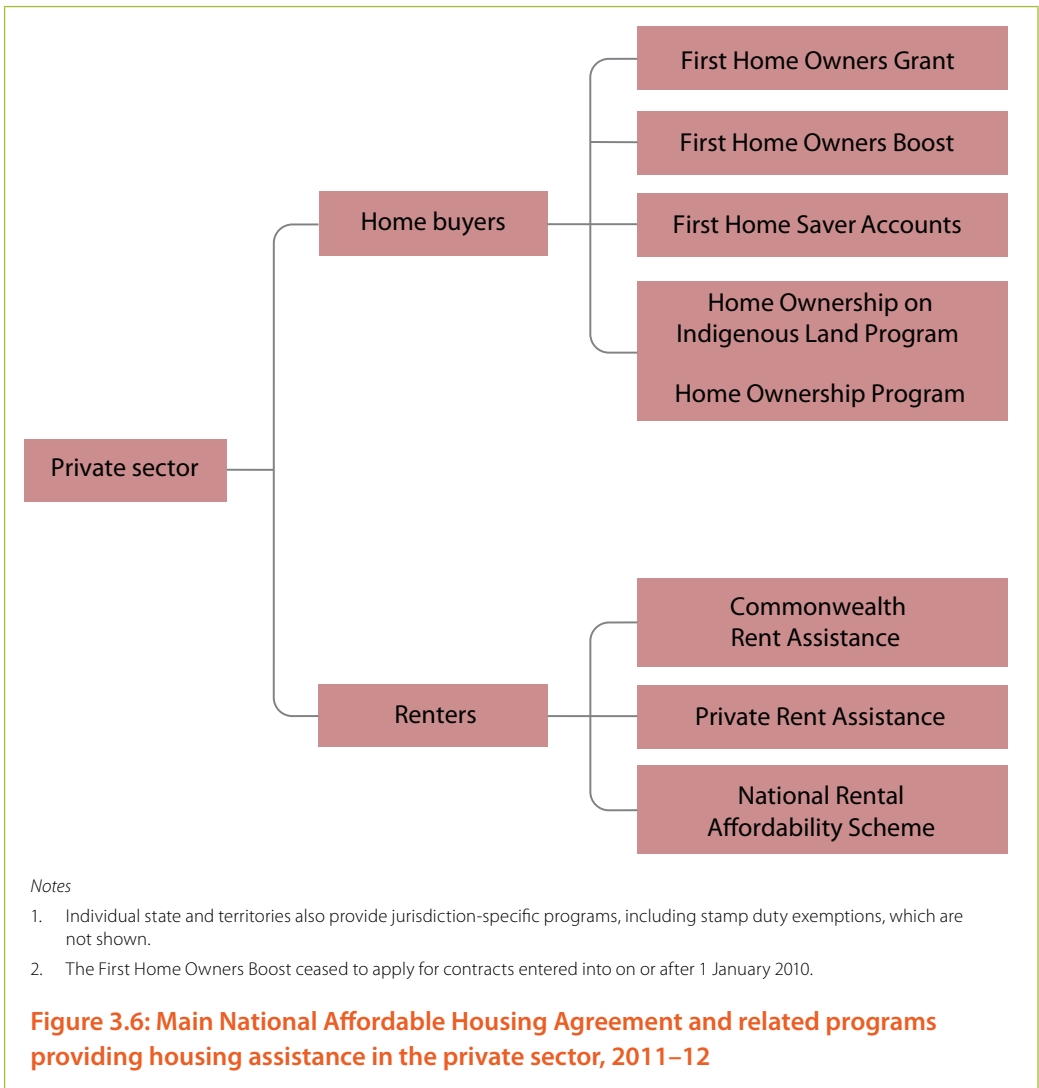
People experiencing homelessness receive priority allocation into social housing relative to other categories of greatest need. In 2011–12, social housing provided a pathway out of homelessness for more than 13,000 households (AIHW analysis of National Housing Assistance Data Repository). According to the 2012 National Social Housing Survey (NSHS), around 1 in 10 (9%) public rental housing households had been homeless at some time in the 5 years to July 2012, as had around 1 in 10 state-owned and managed Indigenous housing (SOMIH) tenants. In comparison, almost 1 in 5 mainstream community housing households had been homeless in the past 5 years (AIHW analysis of 2012 NSHS).

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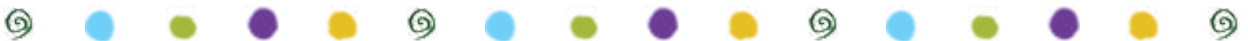


3.7 Housing assistance in the private sector

About 95% of Australian households are in the private housing sector in either owner-occupied dwellings or homes rented from private landlords. A range of services, including social housing provision, stamp duty exemptions, first home owners grants and private market financial products are available to help secure affordable, safe and sustainable housing through rental or home purchase. The main private-sector housing assistance programs that the NAHA and its related National Partnership Agreements fund or provide are summarised in Figure 3.6.



3



Assistance to home buyers

Governments provide assistance to people purchasing their home, particularly first and low-income home buyers, through a range of direct and indirect measures. The following four programs represent the main types of direct assistance available in 2011–12.

First Home Owners Grant

The First Home Owners Grant (FHOG) was introduced in 2001 to compensate first home buyers for the imposition of the goods and services tax (GST) on new housing. The states and territories administer this grant. Nationally in 2010–11, 103,600 people received the FHOG, compared with 168,600 people in 2009–10 (COAG Reform Council 2012a). Increased demand in 2009–10 appears to constitute demand brought forward from later years in response to the First Home Owners Boost, which applied to contracts to purchase or build a home entered into between 14 October 2008 and 31 December 2009 (COAG Reform Council 2012a).

First Home Saver Accounts

These accounts assist Australians saving for their first home through low tax savings accounts and Australian Government co-contributions. In 2011–12, the dollar value of government contributions paid was \$15 million (ATO 2012).

Home purchase assistance for Indigenous Australians

Two programs assist low-income Indigenous households to purchase their own homes: the Home Ownership Program and the Home Ownership on Indigenous Land Program. As announced in the 2012–13 Budget, the programs are to be merged into a single Indigenous Home Ownership program and will assist up to an additional 545 Indigenous Australians buy their own home in established housing markets over the next 4 years. By May 2012, the Australian Government supported more than 15,000 Indigenous households move into home ownership (FaHCSIA 2012).

Home Purchase Assistance

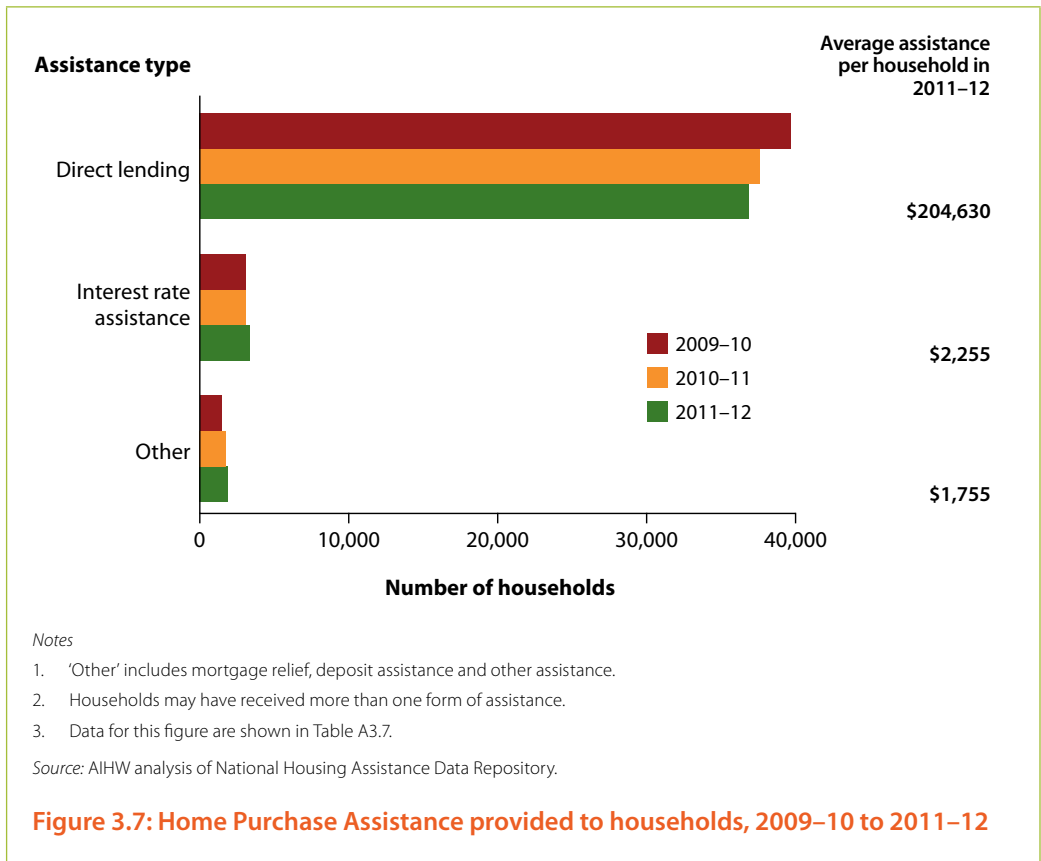
Home Purchase Assistance (HPA) is a state- and territory-administered program that provides financial assistance to eligible households to improve their access to home ownership. It includes direct lending (including government loans, shared equity loans and bridging loans), deposit assistance, interest rate assistance, mortgage relief and other assistance grants.

HPA supported 41,200 households in 2011–12, at a cost of almost \$11 billion (AIHW analysis of National Housing Assistance Data Repository). The most common form of assistance was direct lending, accounting for 89% of all recipients in 2011–12 (Figure 3.7). A further 3,300 households were helped with interest rate assistance and about 1,000 households received other forms of HPA, including deposit assistance and mortgage relief. The average amount of assistance provided per household for 2011–12 was \$205,600 for direct lending, \$2,300 for interest rate assistance, and \$1,800 for other assistance (Figure 3.7). The number of households receiving HPA in the form of direct lending and 'other' types of assistance has fallen since 2009–10, while the number receiving interest rate assistance has increased over the same period.

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While the majority (63%) of households that received Home Purchase Assistance were in *Major cities* in 2011–12, around 1 in 5 (18%) were in *Outer regional* areas and 1 in 6 (15%) were in *Inner regional* areas. Very few were located in either *Remote* (4%) or *Very remote* (1%) areas (AIHW analysis of National Housing Assistance Data Repository).



3



Assistance in the private rental sector

Direct government assistance to eligible households in the private rental sector is mainly provided under the following two programs:

- **Commonwealth Rent Assistance (CRA)** is a demand-based subsidy funded by the Australian Government. It provides help to income support recipients and low- and moderate-income families (with children) in the private rental market and community housing.
- **Private Rent Assistance (PRA)** is a program that assists households to meet rent payments, relocation costs and the cost of bonds; advice or information services may also be offered. PRA is provided to low-income households experiencing difficulty in securing or maintaining private rental accommodation directly by states and territories, or by not-for-profit organisations funded by state or territory governments.



Commonwealth Rent Assistance

CRA is the largest program in the housing assistance services sector, with more than 2.4 million people making up the 1.2 million income units that received this payment in the week ending 1 June 2012 (AIHW analysis of Australian Government Housing Data Set). An income unit is a person or group of related people within a household whose command over income is shared, or any person living in a non-private dwelling who is in receipt of personal income. CRA is available to households renting in the private market, mainstream community housing (CH) or Indigenous community housing (ICH) tenants and, in New South Wales, to tenants living in SOMIH (see the discussion of social housing programs in Section 3.8). As a result, there is some overlap between CRA recipients and households supported through other housing programs.

CRA recipients receive assistance on behalf of their income unit. The level of assistance varies (up to a prescribed maximum rate) depending on the financial circumstances of the income unit. There is no separate income or asset test but the amount of rent assistance may be affected by income and asset tests applicable to the primary payment. For the week ending 1 June 2012, the average weekly amount of CRA that income units received was \$52, and 54% of income units were receiving the prescribed maximum rate. At its maximum rate, the gap between CRA and average rents has been increasing and CRA is now far below typical capital city rents, even those at the bottom of the market.

Who receives Commonwealth Rent Assistance?

Around half (53%) of all income units receiving CRA in June 2012 were a lone person with no children (that is, no dependents living with them), and more than one-fifth (22%) were a single adult with dependent children. Compared with the general population in the rental market at 2007–08, one-parent families were over-represented among CRA recipients, while relatively few recipients were couples without children. Of the 1.1 million children and young people that CRA supported, 22% lived in one-parent families (Table 3.2).

Table 3.2 Income unit types receiving Commonwealth Rent Assistance compared with all renter households, 2012 (per cent)

Income unit type	CRA ^(a,b)	All renters ^(c)
Lone person	53.0	53.3
Couple without children	9.1	18.5
Single with children	21.6	11.3
Couple with children	16.4	16.9
Total	100.0	100.0

(a) Data are as at week ending 1 June 2012.

(b) Unlike in previous years, 2012 data no longer exclude units with inconsistencies between payment type and unit structure. Therefore, 2012 data are not comparable with data for previous years.

(c) These data pertain to 2007–08 and are the latest data available to AIHW at the time of writing on 'all renters' by income unit.

Sources: ABS 2011e; AIHW analysis of Australian Government Housing Data Set; unpublished data from the ABS 2007–08 Survey of Income and Housing.

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In the week ending 1 June 2012, more than one-third (39%) of people living in income units that received CRA were aged under 18, with an additional 7% aged 19–24. Almost 272,000 people (11%) in income units receiving CRA were aged 65 and over. This is lower than the proportion of older Australians in the population (14% in 2012, see Chapter 1), but higher than the proportion of households headed by older people in the private rental market (6% in 2009–10; AIHW analysis of ABS 2011d). These patterns reflect that one-parent families and people aged 65 and over are relatively more likely to live in lower income households.

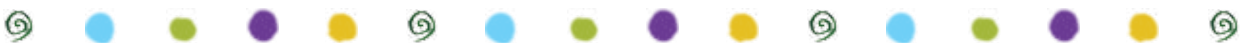
CRA was a significant source of housing assistance to people with disability, with 1 in 5 (249,000) income units receiving assistance in June 2012 also receiving the Disability Support Pension (DSP). This equates to roughly one-quarter of all DSP recipients (see Chapter 5 for more information about people receiving the DSP).

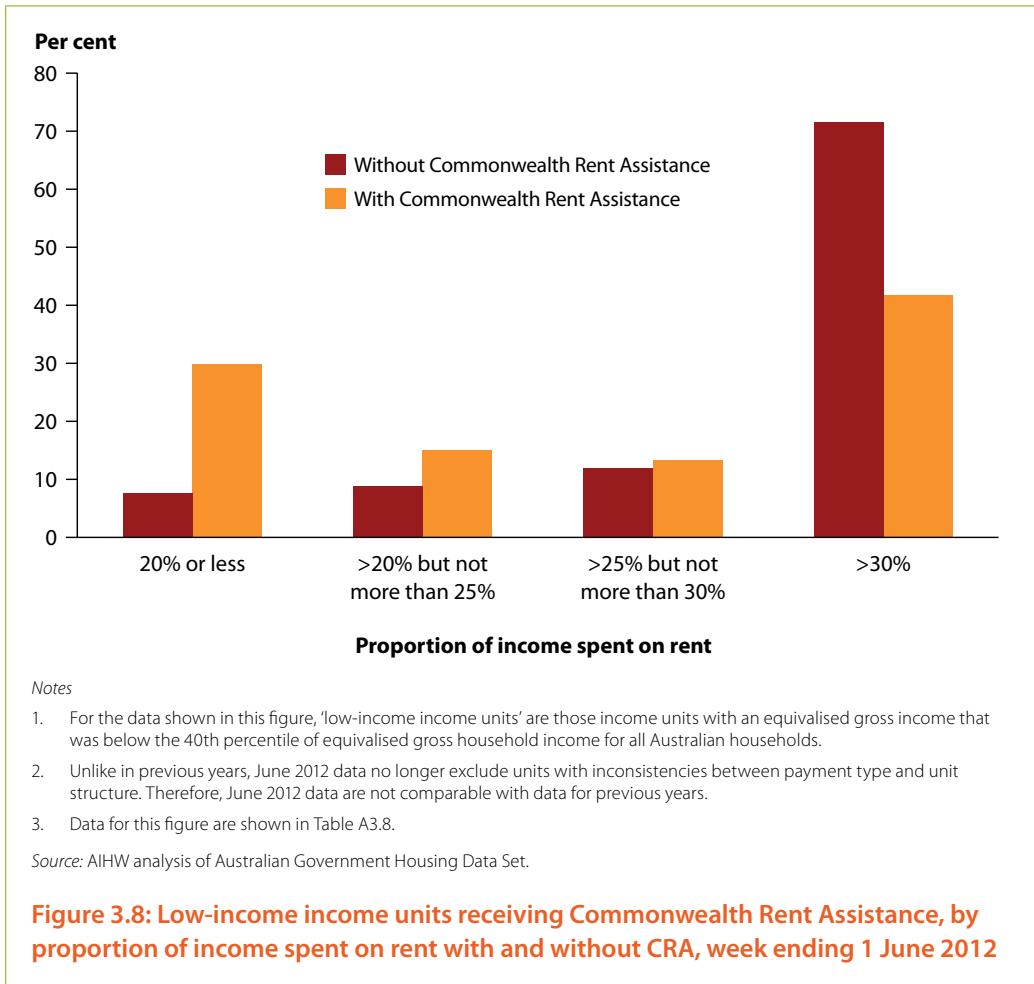
Almost two-thirds (64%) of income units that received CRA in June 2012 lived in *Major cities*, 24% in *Inner regional* areas, 10% in *Outer regional* areas and around 1% in *Remote* or *Very remote* areas (AIHW analysis of Australian Government Housing Data Set). Indigenous income units accounted for 4.2% of all CRA recipients in June 2012 (almost 50,000 income units). Some of these were also being assisted through social housing (see Section 3.8).

Commonwealth Rent Assistance and housing stress

CRA alleviates affordability pressures for renters in the private sector by providing additional income that can contribute to rent payments. Before CRA is taken into account, almost 3 in 4 (71%) low-income income units receiving CRA would have been in housing stress at June 2012 (Box 3.3; Figure 3.8). Low-income income units are defined here as those whose equivalised gross income falls below the 40th percentile of equivalised gross household income for all Australian households. In June 2012, 92% of income units were classified as low income. The impact CRA has on households' housing affordability is substantial, with a 29 percentage point reduction in the number of low-income recipients in housing stress due to CRA. Despite this, a considerable proportion of low-income recipients (42%) remain in housing stress, even after receiving CRA.

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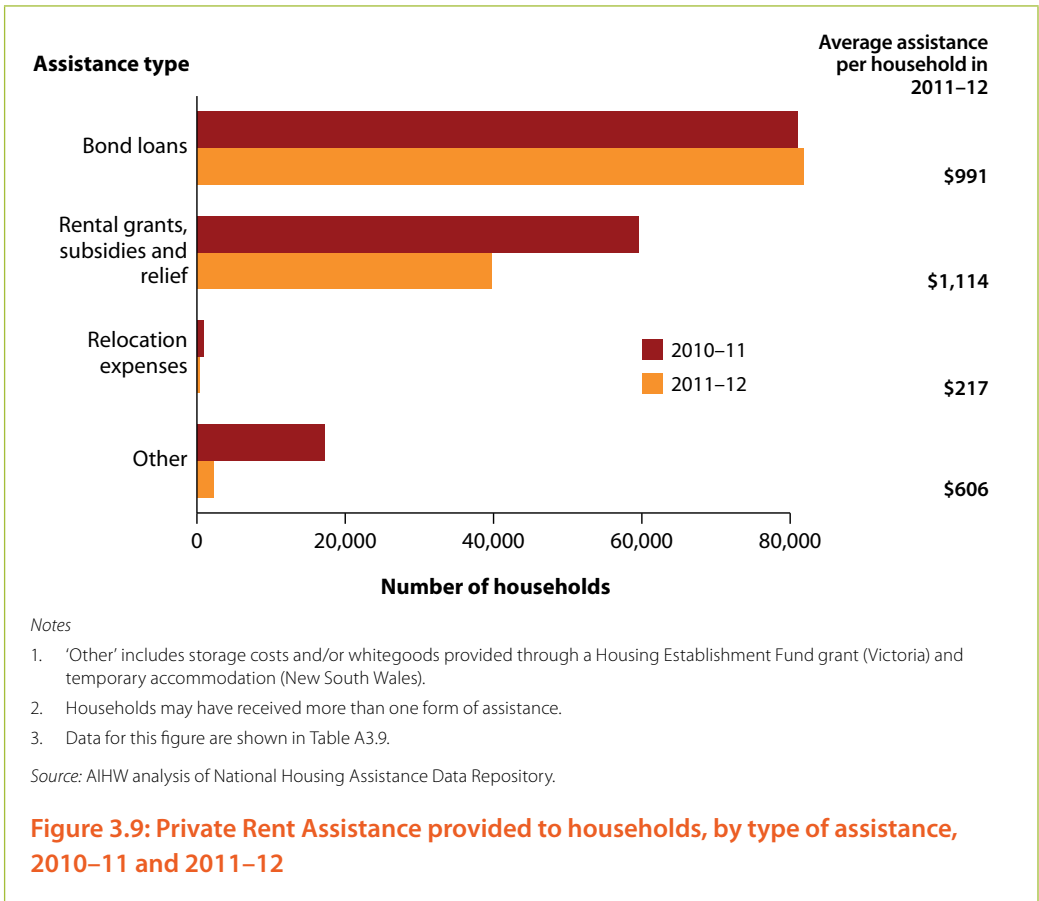
Private Rent Assistance

In 2011–12, PRA assisted around 94,500 households, at a cost to states and territories of more than \$126 million (AIHW analysis of National Housing Assistance Data Repository). The range of assistance and eligibility criteria differs across jurisdictions. During 2011–12, all states and territories provided bond loans; 5 provided rental grants, subsidies and relief (New South Wales, Northern Territory, Queensland, South Australia, and Tasmania); 2 provided relocation expenses assistance (Australian Capital Territory and Tasmania); and 2 provided other types of assistance (South Australia and Tasmania).

Of the 94,500 households assisted nationally in 2011–12:

- almost 9 out of 10 (86%) received bond loan assistance
- around 2 in 5 households (42%) received rental grants, subsidies and relief
- less than 1% received relocation expenses assistance, and 2% received other assistance (Figure 3.9).





Note that many households received more than one type of Private Rent Assistance.

Between 2010-11 and 2011-12, the number of households receiving bond loans increased while the number of households receiving rental grants, subsidies and relief, relocation expenses or 'other' types of assistance decreased. The average amount of assistance provided per household varied according to the type of PRA received (Figure 3.9).

Almost 3 in 5 (59%) instances of PRA in 2011-12 involved households in *Major cities*, with 26% in *Inner regional* areas, 13% in *Outer regional areas* and 2% in *Remote or Very remote* areas (AIHW analysis of National Housing Assistance Data Repository). This pattern differs somewhat to the distribution of households in the population generally with 67% of households in *Major cities*, 20% in *Inner Regional areas*, 10% in *Outer regional areas*, and 3% in *Remote or very remote* areas (AIHW analysis of ABS 2011 Census).

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3.8 Social housing

Housing provided by state and territory governments and the community sector is collectively referred to as social housing. There were four main social housing programs operating in Australia in 2011–12 (Figure 3.10):

- **Public rental housing** (also referred to as public housing) encompasses publicly owned or leased dwellings that state and territory governments administer; this provides affordable and accessible housing, largely for low-income households in housing need.
- **State-owned and managed Indigenous housing** is administered by state and territory governments but is targeted specifically at low- to moderate-income households with at least one Indigenous member.
- **Mainstream community housing** (referred to as ‘mainstream’ community housing to distinguish it from Indigenous community housing) is provided for low- to moderate-income or special needs households by not-for-profit housing providers. In the main, the housing stock concerned remains in state government ownership, with management outsourced under contract.
- **Indigenous community housing** is owned and/or managed by Indigenous community housing organisations and provides housing to Indigenous Australians. ICH is funded along with mainstream housing services under the NAHA (COAG 2009a) and the National Partnership Agreement on Remote Indigenous Housing (COAG 2009b).

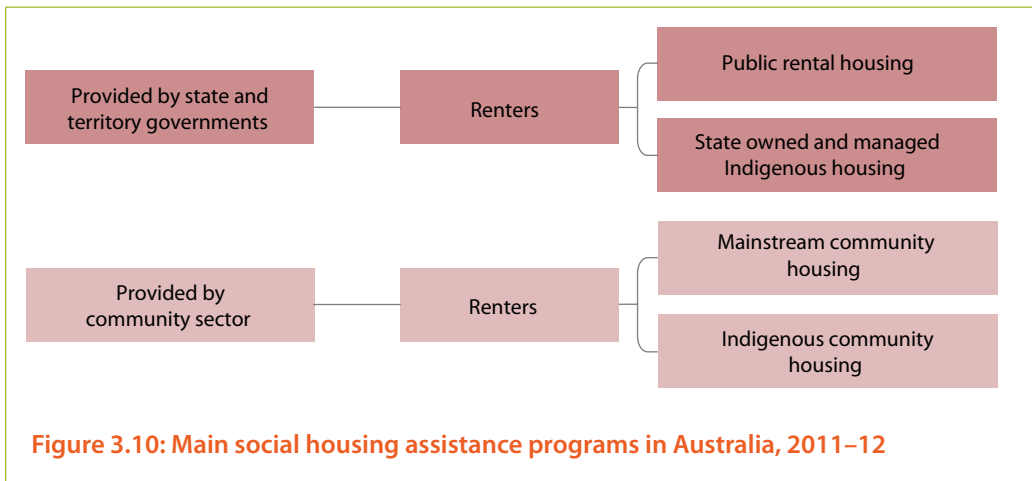


Figure 3.10: Main social housing assistance programs in Australia, 2011–12

Number of social housing dwellings

The number of households that can be assisted through social housing is limited by the stock (that is, the number of dwellings) in each program and by the turnover of occupants. In response to the GFC, the Australian Government introduced an economic stimulus plan that, among other things, initiated the construction of almost 20,000 new social housing dwellings under the Social Housing Initiative (COAG 2009b).

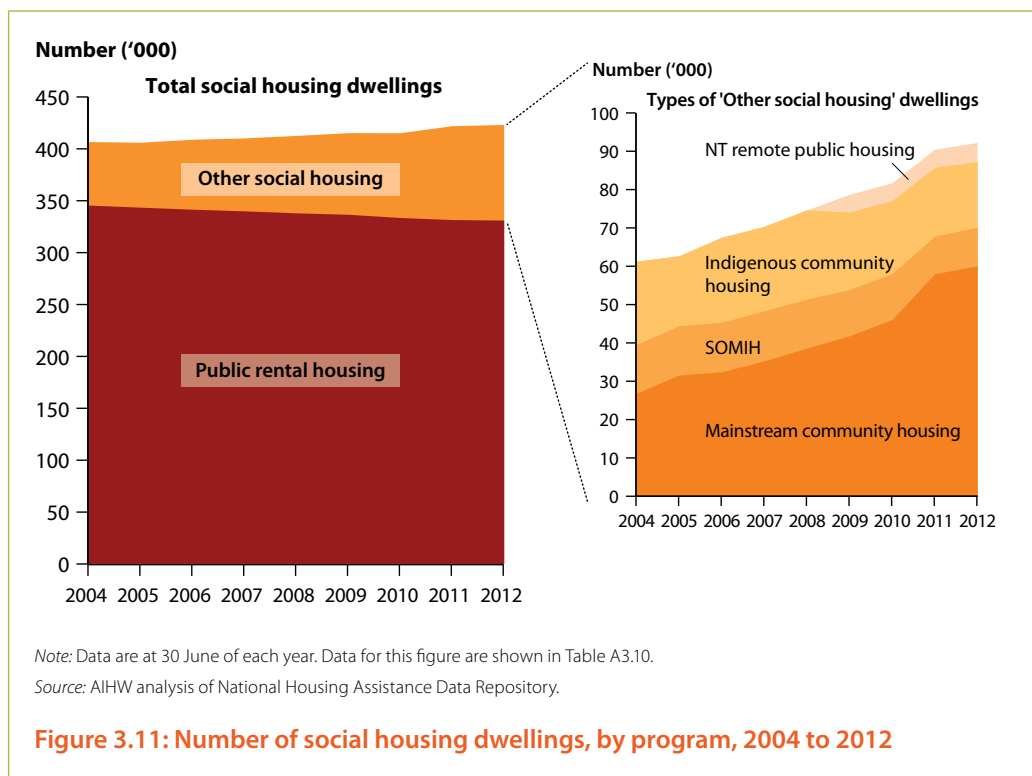
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At 30 June 2012, the total social housing stock in Australia was around 423,000 dwellings, of which 78% (331,000) were public rental housing (Figure 3.11). Mainstream community housing was the second-largest holder of social housing dwellings—almost 60,000, or 14%, of the total stock. Indigenous-specific programs accounted for the remainder of social housing dwellings (8%).

Between 30 June 2006 and 30 June 2012, the overall social housing stock increased from 408,800 to 423,000 dwellings. While the Social Housing Initiative contributed to maintaining the level of stock, during this period there was a small decline in the stock relative to the total number of dwellings in Australia—from 4.7% of all dwellings in 2006 to 4.5% in 2011 (AIHW analysis of ABS 2006 and 2011 Censuses). A decrease in the number of public rental dwellings was offset by an increase in mainstream CH (Figure 3.11). The increasing contribution of the community sector reflects housing policy at both the Australian Government and state and territory government levels.

The mainstream not-for-profit housing sector has grown rapidly over the 5 years to 2011–12, increasing by more than half between 2007–08 and 2011–12 (AIHW analysis of National Housing Assistance Data Repository). This trend looks set to continue, with housing ministers committing to an aspirational target under which community housing will account for up to 35% of all social housing by 2014 (FaHCSIA 2010).



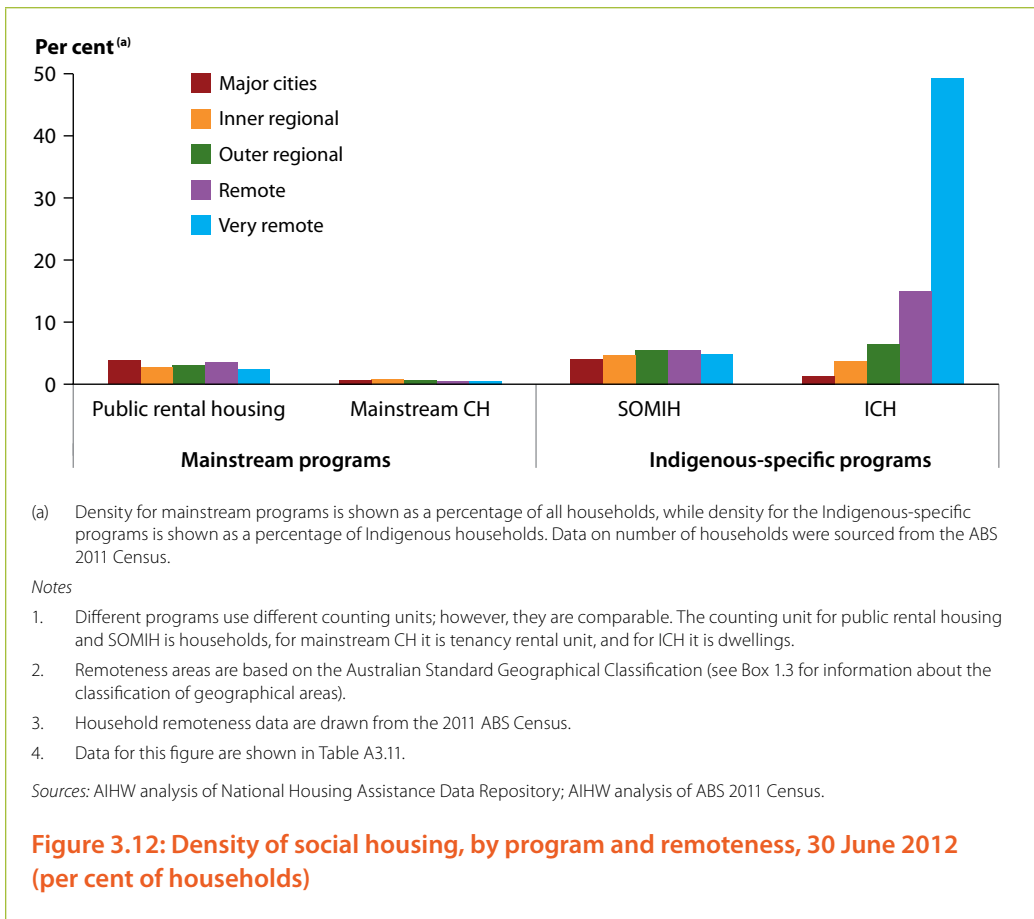
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Location of social housing

For mainstream social housing programs, no clear pattern exists in the location of social housing by remoteness areas, apart from a slightly higher density of households in public housing in *Major cities* and *Remote* areas compared with the overall number of Australian households in these areas (Figure 3.12).

On the other hand, social housing through Indigenous-specific programs accounts for a greater proportion of Indigenous households in *Very remote* areas compared with other areas. In particular, 49% of Indigenous households in *Very remote* areas lived in an ICH dwelling at 30 June 2012, compared with just 1% of Indigenous households in *Major cities* (AIHW analysis of National Housing Assistance Data Repository). This partly reflects the limited housing options available in more remote areas to Indigenous Australians, as well as the generally lower socioeconomic status of these households (ABS 2011a).



Social housing tenancies

At 30 June 2012, around 411,300 households were being provided with social housing (Table 3.3), reflecting an overall dwelling occupancy rate of 97%. Public rental housing had the highest occupancy rate at 98%, followed by SOMIH (97%), mainstream CH (96%) and ICH (92%). Up to 2% of dwellings were being redeveloped or otherwise unavailable for occupation (AIHW analysis of National Housing Assistance Data Repository).

Indigenous households

About 61,400 Indigenous households were living in social housing at 30 June 2012 (Table 3.3). This represents just under one-third (29%) of the 209,000 Indigenous households reported in Australia at the latest Census (ABS 2012a). Indigenous-specific programs (that is, ICH and SOMIH) accommodated almost half (44%) of these households and the remainder were in mainstream programs (public rental housing and mainstream CH). The largest single program providing social housing assistance for Indigenous Australians was not a targeted program but public rental housing, which accommodated 30,300 Indigenous households at 30 June 2012—an increase from 7% of Indigenous households at 30 June 2007 to 9% at 30 June 2012. However, care should be taken when comparing these data over time as some jurisdictions transferred dwellings and households previously reported under SOMIH to public rental housing since they no longer have a separately identified or funded public Indigenous housing program. At 30 June 2012, Indigenous households accounted for 7.1% of mainstream CH households (Table 3.3), compared with their overall share of 2.7% of Australian households (ABS 2012a).

Household composition

An average of 3% of Australians lived in public rental housing in 2011–12. For children and young people aged under 20 and people aged 65 and over, the share was between 3% and 5% (Figure 3.13). Almost 259,800 residents of public rental housing were aged under 25 (37% of all people living in public rental housing), while 131,300 (19%) were aged 65 and over. This age profile relates to the over-representation of single adults and one-parent families in public rental housing. Almost 1 in 5 (18%) households were one-parent families, and more than half comprised a single adult without children (Table 3.4)—both household types were more common in public rental housing than among renters generally.

Residents of SOMIH households were also disproportionately children and older people, with 1 in 4 Indigenous young people aged 19 and below, and more than 3 in 10 aged 55 and over, living in a SOMIH household in 2011–12 (Figure 3.13). One-parent families were the largest group in this program, comprising 39% of all SOMIH households (Table 3.4). More than half (57%) of SOMIH residents were aged under 25 (18,500 children and young people).

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Table 3.3: Households receiving social housing assistance, Indigenous households and all households, by social housing program, 2007 and 2012^(a)

	Public rental housing		SOMIH		Mainstream CH		ICH ^(b)		Total	
	2007	2012	2007	2012	2007	2012	2007	2012	2007	2012
Number										
Indigenous households ^(c)	23,102	30,262	12,622	9,692	1,773	4,345	22,192	17,113	59,689	61,412
All households	333,085	323,423	12,622	9,692	33,557	61,033	22,192	17,113	401,456	411,261
Per cent										
Indigenous households (% of all households)	6.9	9.4	100.0	100.0	5.3	7.1	100.0	100.0	14.9	14.9

(a) Data are at 30 June of each year.

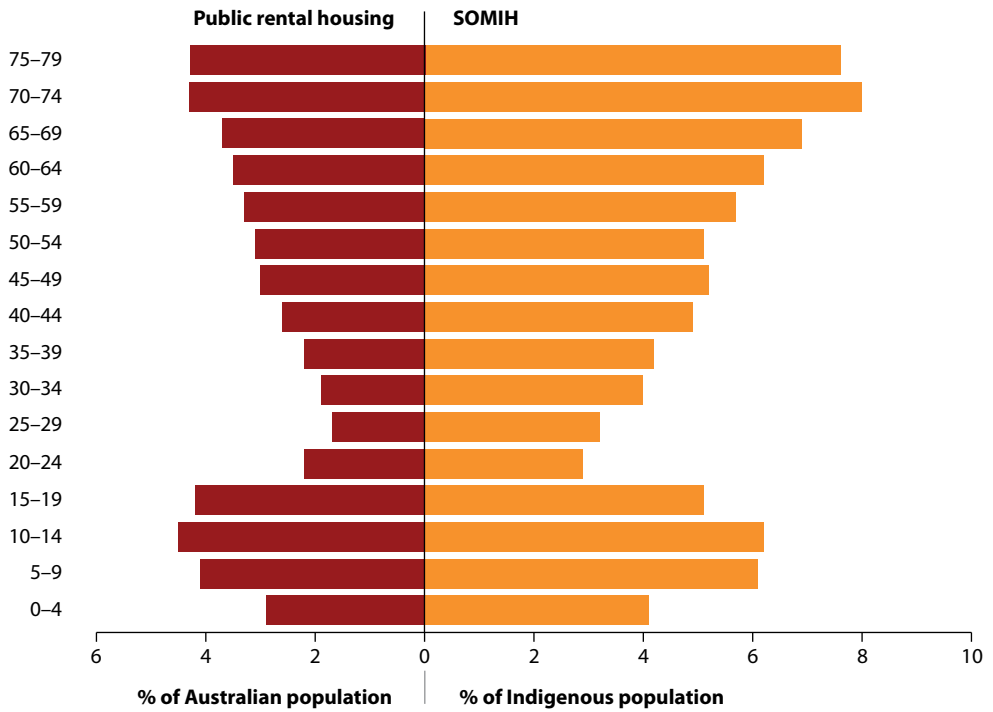
(b) Data on the number of households are not available for CH; thus, the data on the number of dwellings are shown for this program.

(c) An Indigenous household is one in which at least one person identifies as being Indigenous.

Source: AIHW analysis of National Housing Assistance Data Repository.



Age group (years)



Notes

1. Residents of public rental housing are shown as a percentage of the total Australian population (as sourced from ABS 2013a for June 2012); residents in SOMIH are shown as a percentage of the Indigenous population, as sourced from ABS 2009 (Series B) for 2012.
2. Excludes residents for whom date of birth was missing or not known.
3. Data for this figure are shown in Table A3.12.

Sources: AIHW analysis of National Housing Data Repository; ABS 2009, 2013a.

Figure 3.13: People living in public rental housing and SOMIH, by age, 2011–12 (per cent of population)

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Table 3.4: Composition of households in selected social housing programs at 30 June 2012, and all renter households, 2011 (per cent)

Household composition	Social housing programs		
	Public rental housing	SOMIH	All renters ^(a)
Single adult	52.2	25.0	21.9
Couple only	8.5	4.6	16.9
Sole-parent with dependent children	18.0	39.3	39.2
Couple with dependent children	5.8	10.8	9.0
Group and mixed composition ^(b)	15.5	20.4	13.0
Total	100.0	100.0	100.0

(a) Data for all renter households are from ABS 2011 Census.

(b) Includes group, other one-family and multiple-family households.

Sources: AIHW analysis of ABS 2011 Census; AIHW analysis of National Housing Assistance Data Repository.

Tenant income sources

Australian Government pensions and allowances were the main income source for most social housing tenants in 2011–12 (92% in public rental housing and 89% in SOMIH). (See Section 2.6 for information on major income support and other Australian Government payments.) Among public housing tenants, the Disability Support Pension (34%) and the Age Pension (27%) were the most common primary sources of household income, with only 7% having employee cash income as the primary household income source. Among SOMIH tenants, the primary source of household income was a non-specified government payment for 37% of households, and employee cash income for 9% of households (AIHW analysis of National Housing Assistance Data Repository).

Priority groups for social housing

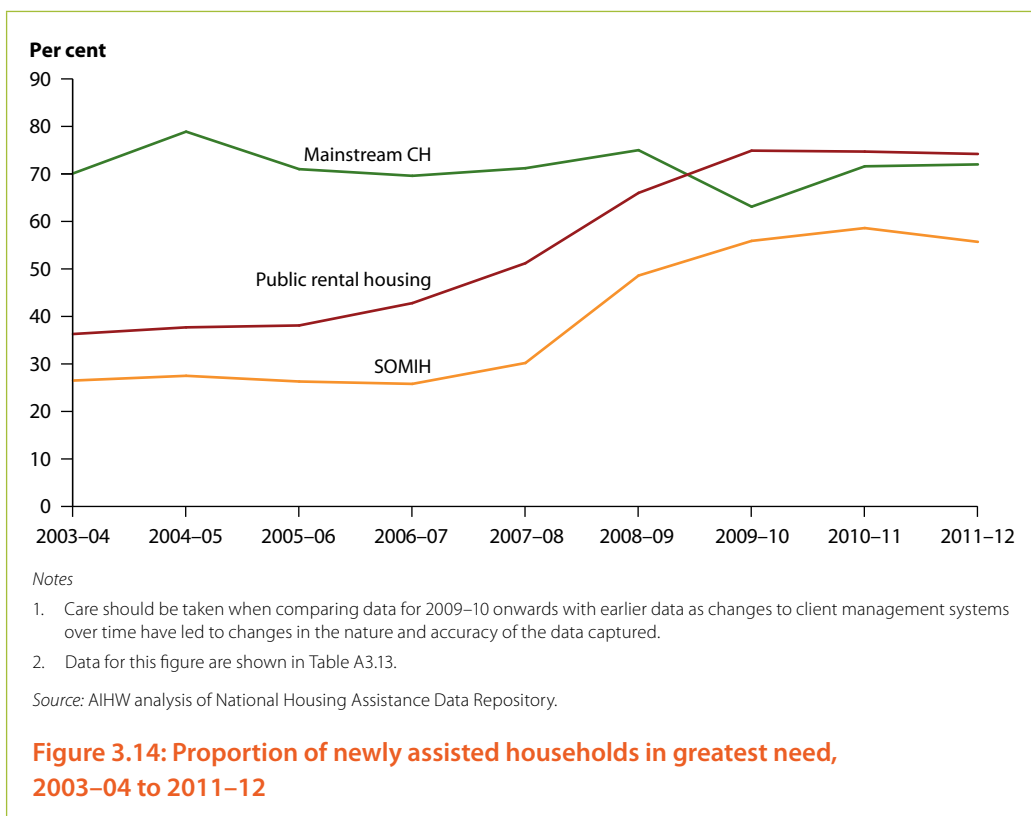
Public rental housing, SOMIH and mainstream CH have allocation policies in place that prioritise households in the ‘greatest need’. A household can be classified as such if they are homeless or are subject to one or more other circumstances that put them at risk of homelessness, namely:

- their life or safety was at risk in their accommodation
- their health condition was aggravated by their housing
- their housing was inappropriate to their needs
- they had very high rental costs.

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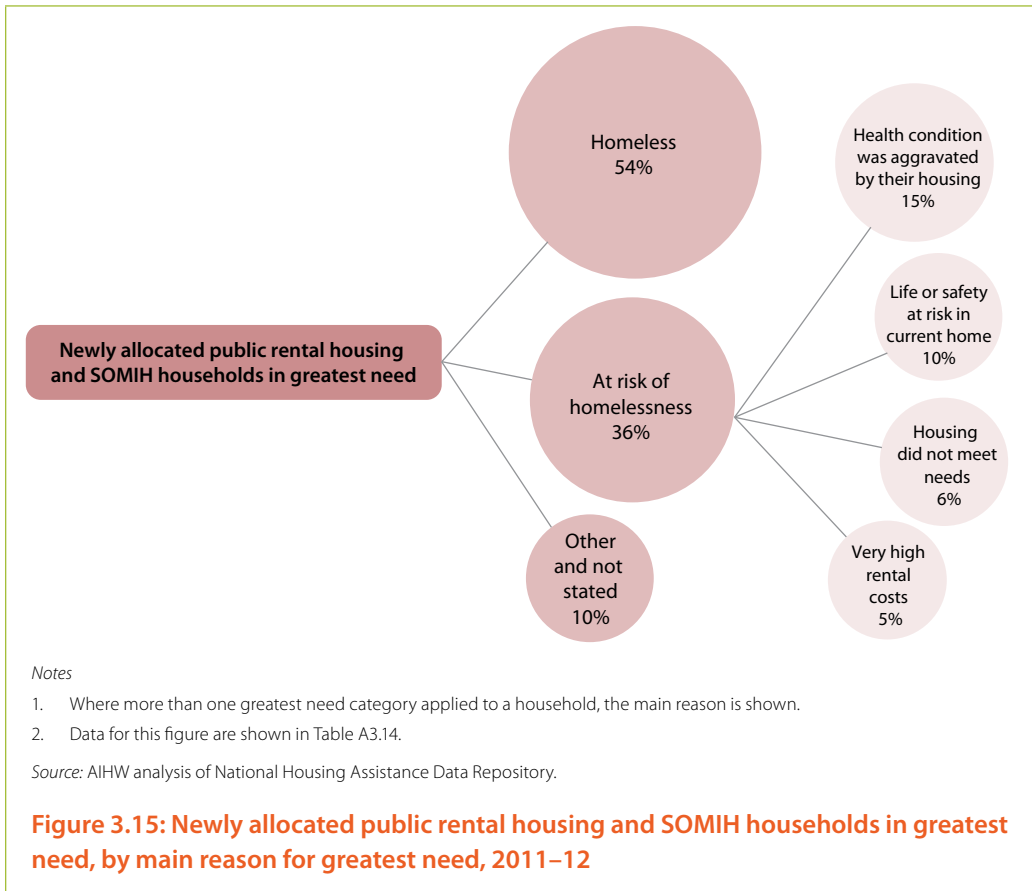
Between 2003–04 and 2011–12, the proportion of newly assisted households (that is, new tenancies, excluding transfers) classified as being in greatest need more than doubled for both public rental housing (from 36% to 74%) and SOMIH (from 27% to 56%). In comparison, the proportion of households newly allocated to mainstream CH increased only marginally between 2003–04 and 2011–12 (from 70% to 72%) (Figure 3.14). However, care should be taken when comparing data for 2009–10 onwards with earlier data as changes to client management systems over time have led to changes in the nature and accuracy of the data captured.



Of the households newly allocated to public rental housing or SOMIH in 2011–12 and classified as in greatest need, around half (54%) were homeless at the time of allocation, while another 36% were at risk of homelessness (Figure 3.15). In mainstream CH, around 1 in 10 (8%) households assisted were homeless at the time of allocation (AIHW analysis of National Housing Assistance Data Repository).

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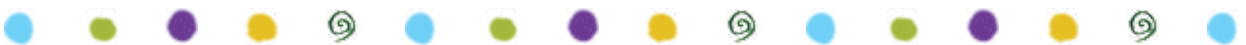




The priority allocation these households receive is illustrated by the times they had to wait before allocation compared with newly allocated households not in greatest need. In 2011–12, 81% of newly allocated households who waited less than 3 months for housing were classified as being in greatest need. Similarly, in SOMIH, 70% of newly allocated households who waited less than 3 months for allocation were in greatest need (AIHW analysis of National Housing Assistance Data Repository). Households newly allocated to public rental housing in 2011–12 had a median waiting time of 307 days since application (up from 283 days in 2007–08), compared with 188 days for SOMIH households (down from 243 days in 2007–08) (AIHW 2009b, 2009c, 2011b, AIHW analysis of National Housing Assistance Data Repository). Waiting times for mainstream CH are not available.

Special needs

Many households assisted by social housing are also considered to have special needs. This includes households where there is a member with disability, a main tenant aged under 25 or aged 75 or over, or an Indigenous member. For SOMIH, special needs households are those that have a member with disability, or a principal tenant aged under 25 or 50 or over. A household may fall into more than one special needs categories (AIHW 2006).



In 2011–12, two-thirds (68%) of newly allocated public housing tenants (up from 59% in 2007–08) and around half of newly allocated SOMIH households (54%, up from 47% in 2007–08) had special needs (AIHW 2009b, 2009c, 2011b; AIHW analysis of National Housing Assistance Data Repository). Disability was the most prominent special needs category across both social housing programs, while households with a principal tenant aged under 25 were particularly prominent in SOMIH (Figure 3.16).

At 30 June 2012, around 1 in 5 people in public rental housing (22% or 138,600 people) and more than 1 in 10 in SOMIH (11% or around 3,000 people) had disability (AIHW analysis of National Housing Assistance Data Repository).

A considerable proportion of households with a person with disability were classified as being in greatest need. In 2011–12, 78% of newly allocated public rental housing households and 59% of those newly allocated to SOMIH that included a person with disability were deemed to be in greatest need (AIHW analysis of National Housing Assistance Data Repository). In each program, around two-fifths of these households nominated homelessness as their main reason for seeking support (55% and 51% respectively).



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Social housing waiting lists

Social housing waiting lists have continued to increase across all social housing programs. At 30 June 2012, there were 164,000 applicants registered for access to public housing (up from 154,000 at 30 June 2008), and 9,200 applicants waiting for allocation to state-owned and managed Indigenous housing (up from 9,100 at 30 June 2008). The number of applicants in the community housing sector has increased by around 40%, with more than 51,000 waiting to enter or transfer within mainstream CH at 30 June 2012 (up from almost 37,000 at 30 June 2010) (AIHW analysis of National Housing Assistance Data Repository).

The management of waiting lists varies across jurisdictions. New South Wales, Queensland, Western Australia, the Australian Capital Territory and the Northern Territory have adopted an integrated social housing waiting list and do not differentiate between public rental housing, SOMIH and community housing. Progress towards adopting an integrated waiting list varies for the remaining jurisdictions. In states without a consolidated waiting list, households may be on more than one list; therefore, the total number of households on official waiting lists across Australia is likely to be an overestimate.

Of those on the waiting list in 2011–12, 29% of public rental housing applicants, 49% of SOMIH applicants and 65% of mainstream CH applicants were new applicants and classified as being in greatest need (AIHW analysis of National Housing Assistance Data Repository).

Overcrowding and underutilisation of social housing

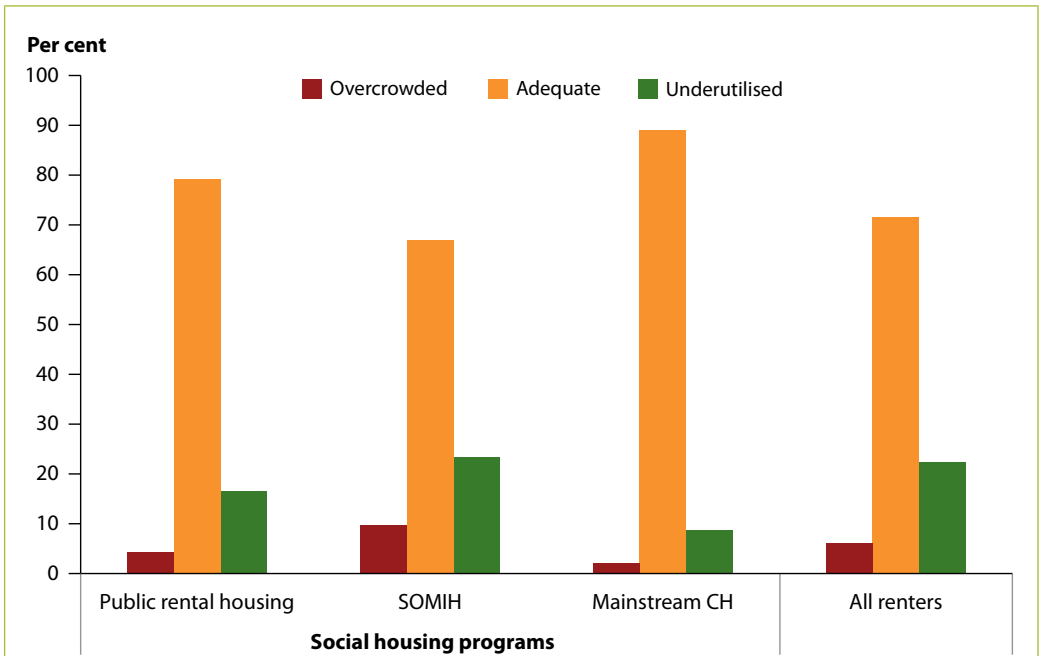
Matching of dwelling size to household size helps ensure that existing dwelling stock is used to its capacity and that households are accommodated according to their requirements. Overcrowding occurs when the dwelling is too small for the size and composition of the household living in it. Underutilisation occurs when the dwelling size is larger (that is, more than one spare bedroom) than required to adequately accommodate the household.

Based on the Canadian National Occupancy Standard (see Box 3.2), overcrowding rates in public rental housing (4%) at 30 June 2012 and in mainstream CH (2%) were lower than in the overall rental sector (6% at 30 June 2010; Figure 3.17). Indigenous households were more likely than average to experience overcrowding, with 10% of SOMIH households classified as overcrowded, as were 10% of Indigenous households in public rental housing, and 4% of Indigenous households in mainstream CH (AIHW analysis of National Housing Assistance Data Repository). Comparable data are not available for ICH.

In all social housing programs shown in Figure 3.17, underutilisation was more prevalent than overcrowding. In part, this reflects the built form of public housing, where family-size dwellings predominate. Around 1 in 5 public housing tenants (17%), almost one-quarter of SOMIH households (23%) and almost 1 in 10 mainstream CH tenants (9%) were living in underutilised dwellings at 30 June 2012. Underutilisation rates in public housing and mainstream community housing are lower than those in the wider Australian rental sector as measured at 30 June 2010 (22%; ABS 2011d).

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Notes

1. Excludes households for which sufficient details were not known.
2. Some assumptions have been made where only partial household information was known, including: all single-person or couple-only households and any unmatched single-person households each require their own bedroom; and each person in a household that is classified as a 'group of unrelated adults' each require their own bedroom.
3. Data for this figure are shown in Table A3.16.

Sources: AIHW analysis of National Housing Assistance Data Repository; ABS 2011d: Table 14.

Figure 3.17: Dwelling utilisation in social housing programs, 30 June 2012, and for all renters, 30 June 2010

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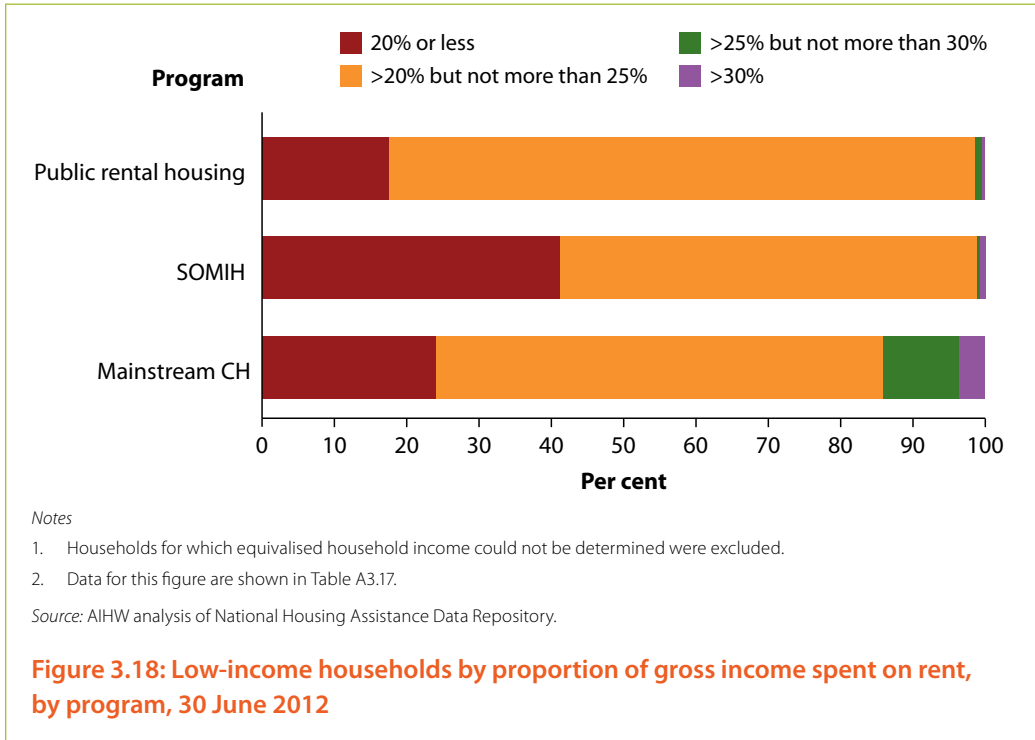


Affordability

Subsidised rents play an important role in keeping public rental housing and SOMIH households out of rental stress. While dwelling rents are set at market levels, amounts actually charged to the occupying tenant are set at a fixed percentage of household incomes, usually 25% or 30%. Nationally, 91% of households in public rental housing and 78% of SOMIH households paid subsidised rents (that is, market rents discounted in line with tenant incomes) with average rental subsidies of \$143 and \$136 per week respectively (AIHW analysis of National Housing Assistance Data Repository). Consequently, less than 1% of low-income public rental housing and SOMIH households were reported to be in rental stress at 30 June 2012 (0.4% of low-income public rental housing households and 0.7% of low-income SOMIH households) (Figure 3.18). Almost 98% of public rental households are low-income households, as are 94% of SOMIH households. In mainstream CH, however, 4% of low-income households were reported to be in rental stress at 30 June 2012. Almost 92% of mainstream CH households are low-income households.



These figures should be interpreted with caution as there is some uncertainty about the treatment of Commonwealth Rent Assistance by organisations. While the CRA amount should be excluded from rent charges and household income, some organisations have incorrectly included CRA, which may result in a higher estimation of rental stress.

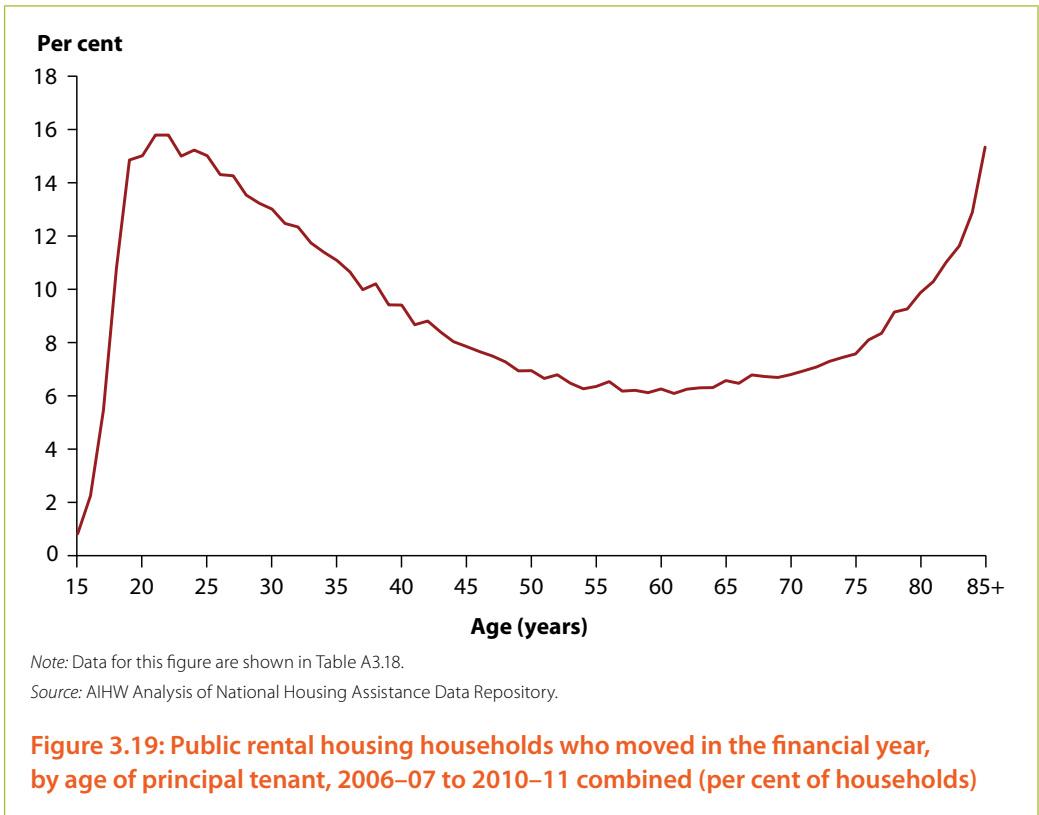


Sustainable tenancies

Housing can be considered to be sustainable if the household can maintain their dwelling for a prolonged period. Even though this can be across different dwellings, sustainable tenure is an important component of sustainable housing. In most jurisdictions, public housing tenants continue to occupy their homes on 'open-ended' tenancies. However, reviewable fixed-term tenancies have been issued to new tenants entering public housing in New South Wales since 2006 and in Queensland since 1 July 2012. Similar regimes have recently been under consideration in Victoria, where an extensive consultation process for a new social housing framework is ongoing. Length of tenure can be affected by the principal tenant's age. Combined data for 2006–07 to 2010–11 show that housing mobility among public housing tenants declined between the ages of 20 to 60, with a subsequent, rapid increase in housing mobility beginning around the age of 75 (AIHW analysis of National Housing Assistance Data Repository). Given these households have relatively low incomes and the low cost of public housing, it may be that as public housing tenants age, they are less inclined to move, and they often stay in their homes until health conditions compel them to move (Figure 3.19).

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Within social housing, length of tenure varies between programs. In 2011–12, 37% of tenancies in public rental housing had been in effect for less than 5 years, compared with 47% in SOMIH and 63% in mainstream CH (AIHW analysis of National Housing Assistance Data Repository and 2012 NSHS).

The long average lengths of tenure are reflected in the number of exits and transfers within each program. Nationally, less than 3% of public rental housing tenants and 3% of SOMIH tenants transferred to a new dwelling in 2011–12. Exit rates are slightly higher, with 6% of public rental housing tenants and 6% of SOMIH households ending their tenancies in 2011–12 (AIHW analysis of National Housing Assistance Data Repository).

Social and economic participation

Feeling valued and having the opportunity to participate fully in society are important indicators of social inclusion and long-term wellbeing. The Australian Government has the objective of facilitating a socially inclusive society by ensuring that all Australians have the resources, opportunities and capability to learn, work, engage in the community and have a voice (Australian Social Inclusion Board 2011).

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In the 2012 NSHS (see Box 3.7), social inclusion as an overall characteristic was measured through the separate attributes of ‘feel part of the local community’, ‘feel more able to improve job situation’ and ‘feel more able to start or continue education/training’. Using those criteria, around 43% of public housing tenants, 50% of mainstream CH tenants and 57% of SOMIH tenants reported that living in social housing had improved their sense of social inclusion within their community (AIHW analysis of 2012 NSHS).

As would be expected, given prevailing allocation policies (see earlier), social housing tenants are much less likely to participate in the labour force and, among those that do, more likely to be unemployed than the wider population (see Section 2.3). However, 12% of public rental housing tenants, 16% of mainstream CH tenants and 22% of SOMIH tenants reported that social housing had helped them to improve their job situation. In addition, a further 11% of public rental housing tenants, 16% of mainstream CH tenants and 19% of SOMIH tenants reported that social housing had helped them to start or continue their education or training. More than one-third of public housing tenants (38%), 43% of mainstream CH tenants and 51% of SOMIH tenants reported that living in social housing had helped them to feel part of their local community (AIHW analysis of 2012 NSHS).

Box 3.7: National Social Housing Survey

The 2012 NSHS data were collected via postal and online questionnaires from a randomly selected sample of public rental housing, SOMIH and mainstream CH tenants. The tenants completing the questionnaires were from all jurisdictions, with 13,400 tenants responding. The overall response rate was 16% for public rental housing, 14% for SOMIH and 17% for mainstream community housing tenants. Survey responses were weighted to obtain national totals.

Dwelling condition

Acceptable dwelling condition is defined as the proportion of households living in a dwelling that has at least four working facilities (for example, washing machine, stove, fridge and laundry tub) and not more than two major structural problems (such as major cracks in walls/floors and rising damp) for public rental housing, SOMIH and community housing (SCRGSP 2013). The 2012 NSHS found that the majority (76%) of households in social housing lived in dwellings with acceptable conditions. However, this varied by housing program—85% of mainstream CH tenants, 75% of PH tenants and only 61% of SOMIH tenants reported that their dwelling had four working facilities and not more than two major structural problems. More than 1 in 3 SOMIH tenants reported that their dwelling had 3 or more structural problems. The proportion of public rental housing and community housing tenants reporting living in dwellings with 3 or more structural problems was lower—1 in 5 (21%) for public housing and 1 in 10 (11%) for community housing (AIHW analysis of 2012 NSHS).

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Dwelling amenities and location of social housing

The 2012 NSHS also collected information on the importance of aspects of dwelling amenities and location. The following features were reported as being important to more than 80% of tenants of public rental housing, SOMIH and mainstream CH:

- privacy
- easy access and entry
- yard space and fencing
- car parking
- dwelling size
- safety and security within the home and neighbourhood
- close to emergency services, medical services or hospitals
- close to shops and banking
- close to family and friends
- close to public transport
- close to community and support services.

In relative terms, safety and security within the home and proximity to emergency services, medical services and hospitals were rated as most important of the aspects assessed. Meanwhile, modifications for special needs and proximity to child care services were rated as least important. For those who rated dwelling amenity or location aspects as important, more than three-quarters (75%) reported that their dwelling met their needs in that regard (AIHW analysis of 2012 NSHS).

3.9 Where to from here?

Quality data about housing, including social housing and housing assistance, are required for housing policy development and service delivery, as well as for public accountability. Australian governments have agreed to increase transparency in the social housing sector by establishing consistent and comparable accounting and reporting standards across jurisdictions. Further, under the National Affordable Housing Agreement, governments have committed to share and continually improve data to provide a nationally consistent picture of the housing sector.

Information requirements need to be clarified to gain a coherent national picture of social housing. This needs to be informed by clear direction in social housing policy involving discussion and understanding of how housing policy informs the broader national economic and social policy.

Measuring whether housing meets people's needs and is affordable

The broad objective of the NAHA is to ensure that housing meets the needs of people and is affordable for all Australians. Measuring the extent to which housing meets people's needs is complex, but can be considered to cover issues of whether the housing is safe, in good condition,

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has sufficient amenities and is well located in relation to labour markets, services and community and support networks. Across all housing types there is a need for more information about the match of housing to needs. For example, the Grattan Institute has observed that there is little survey data available about Australians' housing preferences (Kelly et al. 2011). Similarly, the recent review of the NAHA reporting framework noted the difficulty and expense of gathering data about the affordability aspects of housing needs (COAG Reform Council 2012b).

Housing affordability affects most Australians regardless of housing tenure. The current affordability measures are based on the '30/40 rule'—indicating lack of affordability if a household pays more than 30% of its income and the household is in the bottom 40% of the income distribution. There has been some criticism of this approach and work towards improving affordability measures is ongoing. For example, the National Housing Supply Council has noted that non-discretionary housing-related costs are not included in affordability calculations, particularly for owner-occupiers (NHSC 2012). The council has indicated its intention to look into broader housing costs, including fuel costs for households living in new, outer suburbs.

The usefulness of current affordability measures in social housing collections has also been questioned. The recent review of the NAHA Performance Reporting Framework noted that using the 30/40 rule as a measure of affordability in social housing was of limited use because rent-setting policies in the sector generally kept rents below 30% of households' income. The more significant issue for reporting was that of the affordability of housing for low-income earners in the private market.

Measuring outcomes

The NAHA has a strong focus on outcomes such as the sustainability of housing tenure. The need for more data related to tenant sustainability is the focus of projects such as the Australian Housing and Urban Research Institute's work around the types of housing services that prevent people from returning to homelessness (AHURI 2012).

The recent NAHA review considered current performance indicators, measures and proxies used for reporting and found them to be largely sufficient, though recommended the disaggregation of indicators by 'young people' and 'disability'. The review found that measuring sustainability from an affordability perspective was appropriate.

There is room for further improvements in outcomes data, for example, about employment outcomes for social housing tenants. Little is known about the effectiveness of housing assistance programs, such as Private Rent Assistance, which commonly assists with the cost of bonds. Similarly, data from programs such as tenant support are often not available or are not published in a nationally consistent way. Data are needed to help understand the relative outcomes of tenants in different social housing sectors. Longitudinal data about housing pathways is also needed to understand the longer term housing outcomes and the relationship between homelessness programs and housing assistance.

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Social housing

As detailed above, social housing encompasses public housing, state-owned and managed Indigenous housing, mainstream community housing and Indigenous community housing. There has been a significant investment in the social housing sector in recent years through the Social Housing Initiative. Data developments have not kept pace with this and other changes in the profile of social housing in Australia. Better information is needed to understand the costs, effectiveness and outcomes across the social housing spectrum. Improvements to data on how mainstream government services assist those in social housing are also needed, for example, data about the integration of housing assistance and social support.

Activities under way to improve and develop data about social housing include:

- further improving the coverage and completeness of unit record data in the community housing collection
- developing reporting requirements and establishing a National Regulatory System for community housing providers
- ongoing quality enhancements in the collection of data on Indigenous community housing. Accurate and timely data about ICH are difficult to obtain due to the structure and processes of ICH organisations and challenges of collecting information in remote areas
- establishing integrated waiting lists for social housing across jurisdictions, which has been the first stage in providing improved information about households awaiting allocation. However, further work is needed to improve the consistency and quality of integrated wait-list information for national reporting (as discussed in Section 3.8). This includes the use of common data definitions and standards
- the Social Housing Data Development project, which will provide a longer term plan for social housing and housing assistance data developments. This will support policy information into the future and contribute to defining the core data needed for a clearer picture of social housing at the national level.

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National Rental Affordability Scheme

The affordability of housing is an ongoing issue, especially for lower income households in the private rental market. One recent initiative is the National Rental Affordability Scheme (NRAS), which provides incentives to developers to build and rent dwellings at 20% below market rent to eligible households. Due to the eligibility requirement of NRAS, it is difficult to identify households and dwellings assisted by this program. Further work needs to be done to identify the assistance provided by the program across all sectors.



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