



6 Assistance for housing

6.1 Overview

A person's access to stable, adequate shelter is recognised as a basic human need. As noted in Chapter 2 healthy living encompasses the basic needs of life—a ready supply of clean water and nutritious food, access to shelter, a clean environment in which to live, and safety from harm. Housing is an important component of healthy living and also contributes to the other aspects of welfare status raised in this report covering autonomy and participation, and social cohesion. The following two chapters examine in more detail housing circumstances of Australians in terms of tenure, affordability and homelessness.

Homes more than provide shelter; they are also the major store of household wealth and the major source of household debt. Moreover, the delivery of housing services is an important part of the Australian economy: Australia has roughly 8 million dwellings, valued at over \$2,200 billion (including the land). Dwellings account for almost two-thirds of private sector wealth—well above the levels in countries such as the United States and the United Kingdom (Productivity Commission 2004).

Since *Australia's Welfare 2003* there has been an increased focus by governments and the community on the level of and trends in housing affordability. In particular, the impact of housing affordability on housing outcomes has been examined for:

- low-income renter households in housing stress due to their inability to afford rental accommodation; and
- those households wishing to purchase a home that may be prevented by the high cost of doing so.

The higher priority given to these issues is set against a trend, commencing in the 1970s, to diversify housing assistance through various programs and policies aimed at spreading the assistance safety net wider. The key assistance areas are: Commonwealth Rent Assistance (CRA), an income support payment for private renters linked to the eligible household's private rental costs; public rental housing; community housing managed by not-for-profit organisations; and various types of home ownership assistance targeted at lower income households, including the First Home Owners Grant, low start loans, capital indexed loans and shared equity schemes.

In the past few years various changes have impacted on the effectiveness of current approaches to housing assistance:

- demographic change, including the ageing of the population, with a rise in the number and proportion of smaller households with smaller incomes and increased numbers of persons with a disability living in the community;
- housing preferences changing away from home ownership towards renting, placing more demand pressure on the private rental market;
- a reduced supply of low-rent dwellings in the private and social housing sectors;

- escalating house prices associated with low interest rates, assistance to home buyers and speculative behaviour by investors;
- concerns around the lack of acceptance of low-cost housing in the community and related innovation in the building industry; and
- labour market change and the related uneven changes in real incomes between income groups and across geographic regions of Australia.

These issues have been the subject of housing-related research undertaken by the Australian Housing and Urban Research Institute (AHURI), funded by Commonwealth, state and territory governments¹, and are discussed later in this chapter.

The rest of this chapter examines in more detail the need for housing assistance reflected in housing affordability for low-income households as well as other demographic and social characteristics of the population. Assistance provided to households is examined in terms of government programs aimed at households that are renting covering private, public and community housing. The issue of homelessness is raised in this context but is discussed in more detail in Chapter 7. Assistance to home owners who are buying or have purchased their home is then examined. This level of reporting on housing programs raises a number of data development and measurement issues and the final section discusses these.

6.2 Housing affordability

Recent research by AHURI has identified that finding affordable, secure and appropriate housing is a major problem for lower income Australian households. This problem has been increasing in size and depth and is now affecting moderate as well as low-income households (Milligan et al. 2005). The major concerns are:

- Limits to the ability of public and community housing stock to increase at a time of static or declining funding commitments under the Commonwealth–State Housing Agreement (CSHA). The need to target available vacancies to those most in need has diminished income from rent for state housing authorities. In many states and territories public housing stocks are aged. This has led to many public housing authorities having to dedicate CSHA capital funds to stock renewal, often at the expense of increasing the stock numbers of units in their portfolios (Hall & Berry 2004).
- CRA payments, while providing an important income supplement for eligible low-income households, often are not able to fully alleviate housing stress after the payment is taken into account. Australia-wide, one-third of CRA recipients pay more than 30% of their income in rent. This ratio also varies geographically with variation in rental markets (i.e. the proportion of households still in housing stress is larger in certain metropolitan areas) (AIHW 2004d).

1. AHURI is a joint venture between governments and universities. Each year, research themes and key topics are reviewed and research areas identified. Up to \$2.6 million per annum is available for research to be undertaken by AHURI research centres, which are located in all states and territories.

- There is an overall shortage in the supply of private low-cost housing suitable for low-income households, with growth in the supply of private rental dwellings focused toward the high-rent end of the market (Yates, Wulff & Reynolds 2004).
- In the GST environment, uncertainty surrounds the respective ongoing roles of the Commonwealth and the states and territories in the provision of housing assistance.

Housing affordability is related to more than just the cost of housing. The following section examines the context in which housing affordability issues are occurring in terms of household income and debt.

Household income

Table 6.1 shows household income distribution by tenure type based on equivalised gross household income. In the lower income quintiles, public housing renters and owners without a mortgage are over-represented, while in the higher income groups owners with a mortgage are more common. Private renters are fairly evenly distributed across all income groups, accounting for between 16.9% and 22.0% in all quintiles.

Compared to all other tenure types, households renting from a state or territory housing authority are more likely to have a gross household income in the lowest quintile (66.2% of all public renters). In addition, only 14.2% of households renting from a state or territory housing authority have a gross income above the second quintile.

Table 6.1: Income quintiles of households, 2002 (per cent)

Equivalised gross household income quintiles ^(a)	Owner			Renter with state or territory housing authority	Renter with private landlord	All other tenure types	All persons
	without mortgage	with mortgage					
Lowest	25.6	8.2		66.2	16.9	26.0	19.6
Second	20.6	14.2		19.6	22.0	23.2	18.7
Third	17.6	20.6		9.2	21.4	14.4	18.9
Fourth	16.7	26.3		4.0	18.3	18.3	19.9
Highest	19.5	30.7		1.0 ^(b)	21.4	18.0	22.9
Total	100	100		100	100	100	100

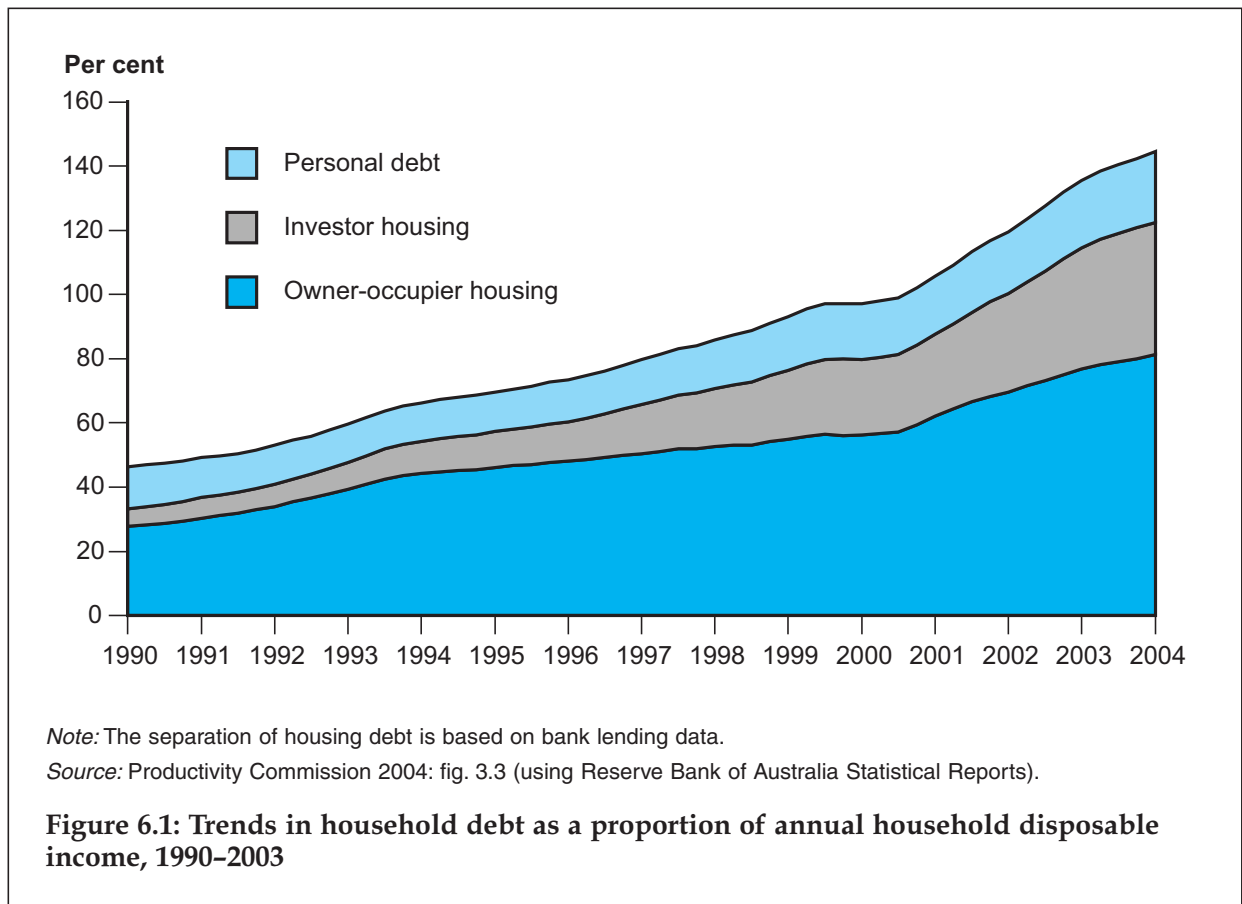
(a) Excludes persons where household income was not known or was not adequately reported.

(b) Estimate has a relative standard error of between 25% and 50% and should be used with caution.

Source: ABS 2004d.

Housing debt and borrowing for housing

Since the beginning of the 1990s, household debt (comprising debt from owner-occupied housing, investor housing and personal debt) has increased more than three and a half times in real terms. Over the same period, real household disposable income has risen by around 30%. Consequently, household debt as a proportion of household disposable income has increased from 49% in 1990–91 to 143% in 2004 (Figure 6.1). The Reserve Bank of Australia (Productivity Commission 2003b: 14) notes this growth in household debt has been very rapid by international standards, with the result that Australia has moved from the lower end of the debt-to-income spectrum to close to the top.



The major component of this rise in household debt has been the even greater increase in borrowing for housing. Such borrowing has grown more than fourfold in real terms since 1990, with housing-related debt accounting for 84% of total household debt in 2004, up from 69% in 1990. Not all of this debt is actually spent on housing services as an increasing number of households have been using borrowed funds secured against property for other purposes.

While in dollar terms most of the increase in borrowing since 1990 has been for owner-occupied dwellings, the rate of growth in loans for investment properties has been much higher. This has resulted in the share of investment loans in total housing-related debt held by the banks rising from 14% in 1990 to 33% in 2003 (Productivity Commission 2003b).

Recent focus on affordability

The 2003 CSHA (Box 6.1) contains a broader focus on affordable housing than previous agreements. The last of its 11 principles seeks to ‘promote a national, strategic, integrated and long term vision for affordable housing in Australia through a comprehensive approach by all levels of government’. The 2003 CSHA also specifically calls for the development of new programs that will involve the private sector in the financing and management of affordable housing delivery (Commonwealth of Australia 2003).

Box 6.1: The 2003 Commonwealth-State Housing Agreement (CSHA)

The 2003 CSHA will provide an estimated \$4.75 billion, primarily for public, community, Indigenous and crisis housing.

The 2003 CSHA consists of a multilateral agreement accompanied by bilateral agreements between the Commonwealth and each state and territory. The CSHA specifies the guiding principles, funding arrangements and operating procedures. It also specifies an outcomes measurement framework based on bilateral information and a core set of nationally consistent indicators and data for benchmarking purposes. This includes the National Housing Data Agreement (NHDA) as a subsidiary agreement to the CSHA. The Commonwealth and the states and territories will provide such data as are required under the Data Agreement, according to specified standards, and will provide specific funding for data management and other purposes. The bilateral housing agreements allow for flexibility in the delivery of housing assistance according to each jurisdiction's needs and priorities.

The major guiding principles underlying the CSHA include:

- to maintain a core Social Housing sector to assist people unable to access alternative suitable housing options;*
- to develop and deliver affordable, appropriate, flexible and diverse housing assistance responses that provide people with choice and are tailored to their needs, local conditions and opportunities;*
- to provide assistance in a manner that is non-discriminatory and has regard to consumer rights and responsibilities, including consumer participation;*
- to commit to improving housing outcomes for Indigenous people in urban, rural and remote areas, through specific initiatives that strengthen the Indigenous housing sector and the responsiveness and appropriateness of the full range of mainstream housing options;*
- to promote innovative approaches to leverage additional resources into Social Housing, through community, private sector and other partnerships; and*
- to ensure that housing assistance supports access to employment and promotes social and economic participation.*

The Commonwealth and the states and territories agree that the bilateral agreements will be the main instruments for approving housing assistance outcomes and objectives.

Source: Commonwealth of Australia 2003.

Also, the Report of the Inquiry into First Home Ownership commissioned by the Commonwealth Government was released in 2004. The Treasurer had asked the Productivity Commission to undertake a public inquiry to evaluate the affordability and availability of housing for first home buyers, recognising that 'the ability to achieve home ownership continues to be of vital importance in maintaining family and social stability' (Treasury 2003). The Inquiry found that 'housing markets are large, diverse and

interactive' and that there 'is no "quick fix" to address affordability concerns'; however, 'there is scope for governments to increase the efficiency of housing markets and thereby to improve price and affordability outcomes over time'. The report identifies several areas where action could be taken (Productivity Commission 2004).

In the wider community these and many other issues concerning affordability were examined at the National Summit on Housing Affordability, conducted in June 2004 and hosted by the Housing Industry Association, Australian Council of Social Service, Australian Council of Trade Unions, Australian Local Government Association, and the National Housing Alliance. This forum identified several aspects of affordable housing in Australia requiring attention (Powall & Withers 2004: 31-38):

- increasing the supply of affordable housing;
- increasing access to housing that is affordable;
- enhancing delivery arrangements for social and affordable housing; and
- consideration of market efficiency and effectiveness.

Affordability for low-income households

The issue of housing affordability for people on low incomes is usually measured in terms of housing stress. This measure uses a household or income unit's² housing cost as a proportion of their income and is restricted to those in the bottom 40% of the income distribution³.

Recent analysis undertaken by the National Centre for Social and Economic Modelling (NATSEM) estimated that in 2004 there were 883,000 families and singles in housing stress⁴. This represents 8.8% of all income units or 1.7 million people (Harding et al. 2004). Table 6.2 shows that two-thirds of all families and singles in housing stress are private renters, followed by owners with a mortgage (one-quarter). The risk of being in housing stress, expressed as the proportion in the tenure type in stress, also focuses on private renters, with 20.8% or around one in five families and singles privately renting being in housing stress. This proportion is much lower for all other tenures, with owners with a mortgage the next highest group at 9.4%.

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2. An income unit is the basic unit used to determine eligibility for social security payments. Income units are analogous to family units with the distinction that non-dependent children and other adults living in the same household are treated as separate income units. Children receiving an income support payment, for example Youth Allowance, are also treated as a separate income unit even though they may not be regarded as independent (AIHW2004d).
 3. There is no official housing affordability measure applicable to all tenures. For example, the CSHA program measures are based on households while the CRA measures are based on income units. For more information, see AIHW (2001).
 4. The definition of housing stress used by NATSEM was 'families and singles were in housing stress if their estimated housing costs exceeded 30 per cent of their disposable income and they were in the bottom 40 per cent of the equivalent income distribution using an OECD equivalence scale' (Harding et al. 2004: 5).

NATSEM also examined the income unit type of those families and singles in housing stress. It was estimated that 55% of them were single person income units, 18% couples with children, 14% couples with no children and 13% sole parents. However, the estimated risk of being in housing stress for each of these family types was 10% for singles, 5% for couples with no children, 14% for couples with no children and highest for sole parents at 17% (Harding et al. 2004: fig 5 and 6). Related data for households are shown in Chapter 2 (Table 2.6), indicating that 13.4% of private renters and 8.6% of owners with a mortgage who are in the two lowest gross weekly income quintiles spend more than 50% of their gross income on housing costs.

Table 6.2: Income units in housing stress, June 2004

	Owners		Renters		Other tenure	Total
	Without mortgage	With mortgage	Public	Private		
Number of income units						
In housing stress	38,000	231,000	23,000	590,000	0	883,000
Not in housing stress	3,114,000	2,233,000	433,000	2,249,000	1,143,000	9,173,000
Total	3,152,000	2,464,000	456,000	2,839,000	1,143,000	10,056,000
Per cent of tenure						
In housing stress	1.2	9.4	5.1	20.8	0.0	8.8
Not in housing stress	98.8	90.6	94.9	79.2	100.0	91.2
Total	100.0	100.0	100.0	100.0	100.0	100.0
Total in housing stress (%)	4.3	26.2	2.6	66.8	0.0	100.0

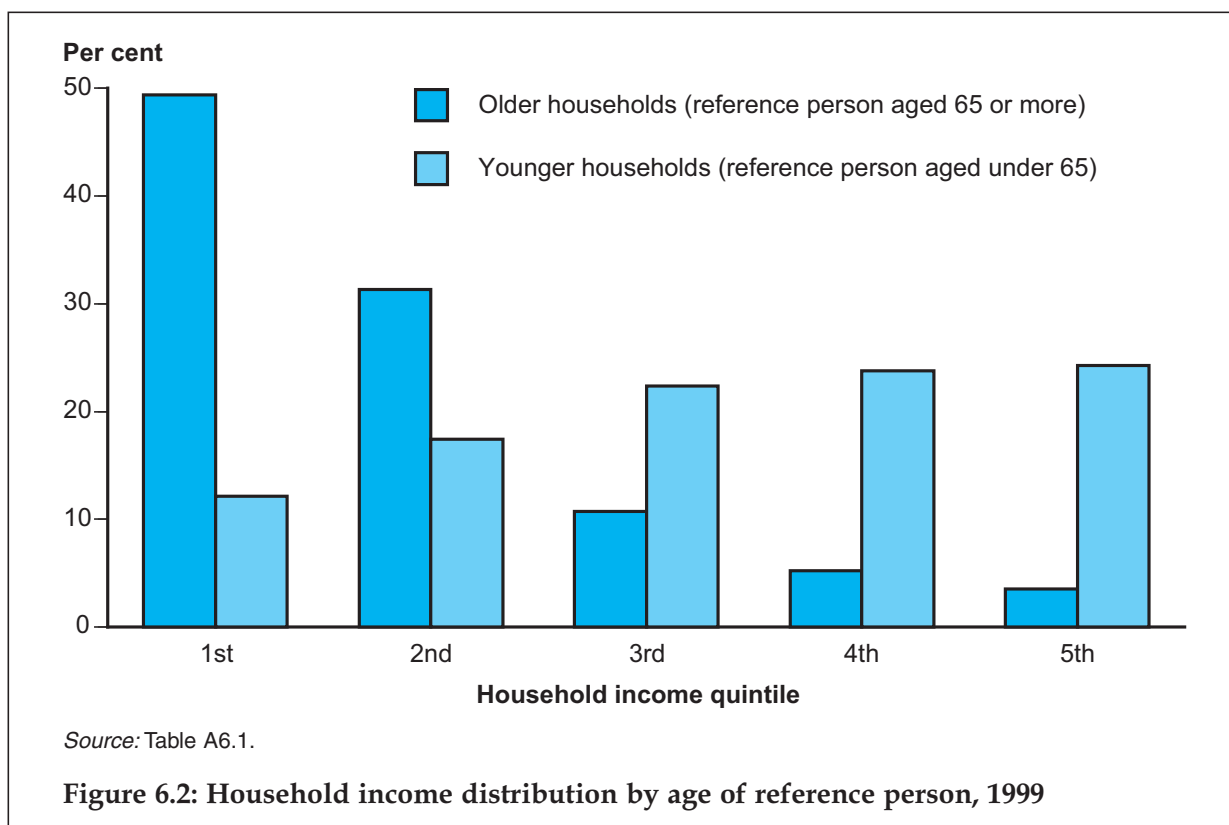
Note: Cell numbers may not add to total due to rounding.

Source: Harding et al. 2004: table 3.

Affordability for older Australians

Figure 6.2 presents household income distribution by age group of the household reference person, as reported in the 1999 Australian Housing Survey. Households with an older reference person (65+) are generally on lower incomes (i.e. the first and second quintiles) than younger households (under 65). About 30% of these younger households have income within the bottom 40% of income distribution. On the other hand, this proportion is 81% for older households. For older public housing tenants, 95% are in the two low-income quintiles; for older private renters the comparable figure is 88% (Table A.6.1).

The overall home ownership rate among older Australians living in private dwellings increased from 71.4% in 1991 to 73.0% in 2001. (Data presented in this section are based on the age of the households' reference person). This was made up of an increase in owners without a mortgage, from 64.7% to 68.5%, and a decrease in owners with a mortgage, from 6.7% to 4.5%. Also over this decade covering the last three Census years (1991, 1996 and 2001), there was a change in the rental housing profile of older Australians. The proportion renting private dwellings rose from 6.2% to 7.1%, while the proportion in public housing fell from 5.3% to 4.4% (see Table A6.2).



The proportion of older Australians living in non-private dwellings (residential institutions) decreased from 9.9% in 1991 to 9% in 1996 and 8.1% in 2001. This trend reflects the deinstitutionalisation process and the policy implementation of ‘ageing in place’ in Australia over the last decade. The trend was stronger for older age groups. For people within the 75–79 age group, 9.6% were in non-private dwellings in 1991, dropping gradually to 7.4% in 1996 and 6.1% in 2001. For people aged 80 years and over, nearly 27% were in non-private dwellings in 1991; however, in 2001 this proportion dropped to 21%. Further details on ageing and aged care can be found in Chapter 4.

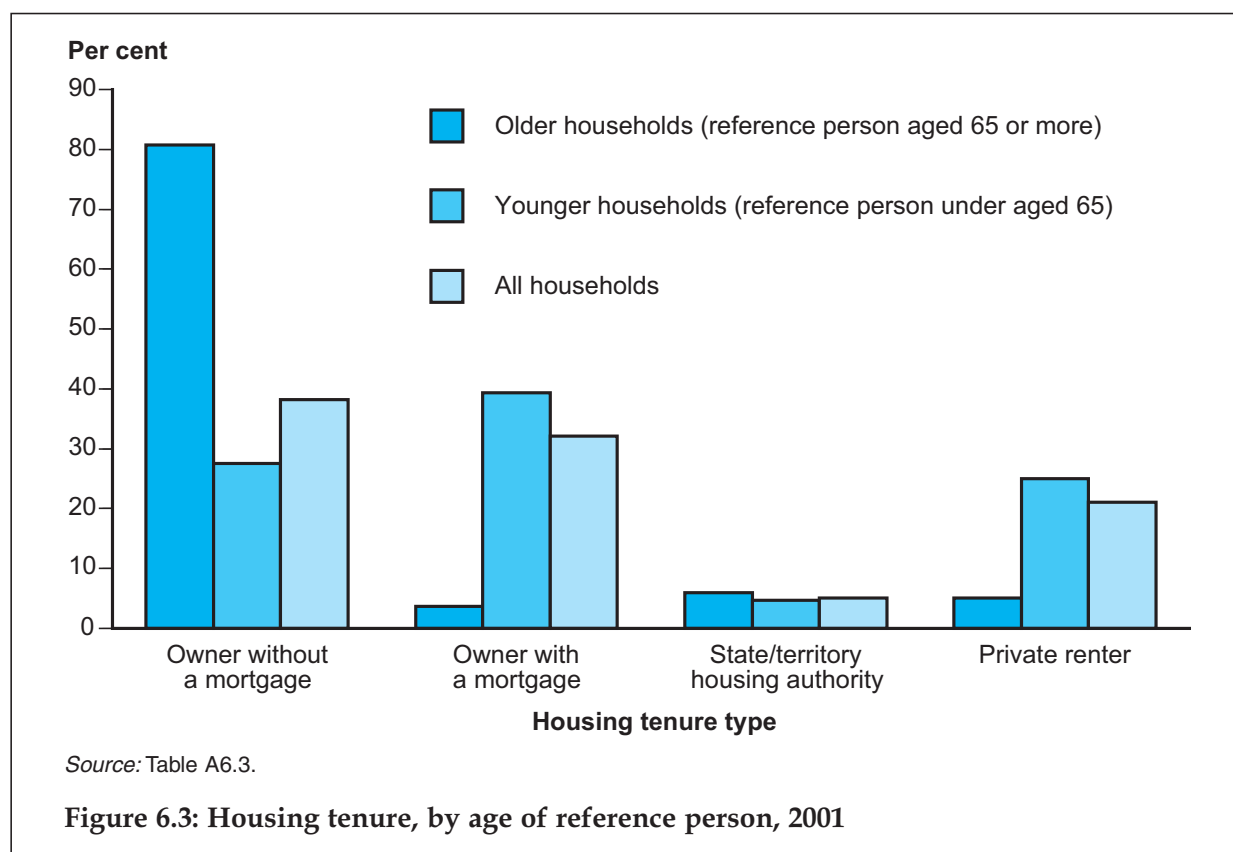
Figure 6.3 shows the different housing tenure profile of those aged 65 years and over and those aged under 65 years in 2001. Overall 70% of households were home owners. Older Australians are characterised by very high rates of home ownership: 81% of older households were home owners without a mortgage compared with only 21% of younger households. Overall, 84% of older households were home owners in 2001.

While the majority of older households own their home, 6% of older households were renting in public housing and 5% in the private rental market. For households with a younger reference person, nearly 20% were private renters, while only 3.6% were in public housing.

An area requiring closer examination is the nearly 30% of older CRA recipients who spend 30% or more of their income on rent after CRA payments. In particular, 6.5% (more than one in 20) of older CRA recipients spend over half their total income on rent.

For people in extreme housing stress (paying half or more of their income on rent), those paying 'private rent' and 'maintenance and other fees' are over-represented. Those who spend less than half but over 30% of their income on rent are mainly paying 'private rent' or for 'board and lodgings' (see Table A6.4).

The low-income older renters are found to have a limited capacity to meet increasing costs in the private rental market. Also some older people, particularly those on a low income with specific housing needs, are unable to find appropriate housing. Government housing assistance is seen as critical for helping these high-needs older people to overcome housing stress. Section 6.3 further discusses the housing needs of older Australians.



Ways to improve housing affordability

In seeking to address affordability, governments and housing researchers are currently examining a range of policies and programs to identify which are the most appropriate (Berry & Hall 2001; Milligan et al. 2004). The areas being examined fall into six categories:

1. *Housing market efficiency*—to improve the operation of the housing market generally so that it produces and allocates dwellings at lowest cost and prices.
2. *Affordable housing market efficiency*—to improve efficiency in the management / delivery of affordable or subsidised housing.
3. *Supply-side subsidies*—to expand the stock of affordable housing.
4. *Demand-side subsidies*—to provide explicit or implicit income assistance for lower income renters and buyers.

5. *Fund-raising regulatory or taxation measure*—to raise cash or in-kind resources to fund the subsidies in categories 3 and 4 above.

6. *Ethical investment and charities*—as a means of funding affordable housing subsidies.

A number of affordable housing initiatives have been developed in recent years by state housing authorities, state land commissions, state planning and development agencies, local authorities, and the not-for-profit sector. Many are demonstration or pilot projects and some schemes operate under the broad framework of the CSHA while others are non-CSHA initiatives. They have in common a broad goal to make more affordable housing for lower income Australians (Milligan et al. 2005).

The distribution of government assistance

The distribution of government housing assistance has been illustrated in recent research (Yates 2003; see also AIHW 2004e). The most obvious is that provided through capital and recurrent funding through the CSHA and CRA to public and private renters. The effect of this form of assistance is immediate and fairly easily measured. Indirect assistance comes through the taxation and regulatory mechanisms of government. These provide benefits to households over a lifetime and may not be immediately obvious. In particular, the relatively high level of home ownership in Australia and the investment by Australians in their own home or as small property investors are facilitated by the assistance provided through tax and regulatory markets (see Section 6.5).

On a household basis, the value of assistance relating to capital gains and imputed rent in 1999 was on average \$4,400 per household per year for owners and \$900 for purchasers. This compares with \$3,698 for public renters and \$1,655 for private renters (Table 6.3). While the value of indirect assistance is greater than direct assistance by a factor of five, its different nature and the basis used to measure these benefits make such direct comparison unreliable (AIHW 2004e).⁵

The distribution of this group of benefits varies across households by income group, household type and location, with benefits to renters being targeted to low-income households while benefits to home owners are not (see Table A6.5). For example:

- More than 77% of the total CRA benefit was received by households with incomes in the lowest two income quintiles; 90% of the total public housing rental subsidy was received by households in public housing with incomes in the lowest two income quintiles.
- Assistance to home owners, on the other hand, primarily benefits higher income households. Nearly 70% of tax benefits to home purchasers went to households with incomes in the top two income quintiles. The tax benefit to home owners without mortgages shows that a significantly higher proportion of this benefit (93%) was received by households with incomes in the top two income quintiles.

5. While the value of imputed rent can be calculated, its use in a housing policy context is subject to debate (Productivity Commission 2004: 83-84).

Further information on the types of government housing assistance is provided in Sections 6.4 and 6.5.

Table 6.3: Value of direct and indirect assistance to households(a), 1999 (\$)

	Household quintile (by weekly income from all sources)					All
	1st quintile	2nd quintile	3rd quintile	4th quintile	5th quintile	
Recurrent expenditure						
Private renter—CRA amount	1,645	1,694	1,709	1,342	979	1,655
FHOG 'one-off' amount ^(b)	7,000	7,000	7,000	7,000	7,000	7,000
Capital expenditure						
Public renters subsidy	3,550	3,990	3,710	3,325	..	3,698
Tax expenditure						
Outright owners	0	2,100	2,500	4,600	8,800	4,400
Home purchasers	0	400	100	500	2,100	900

(a) Annual average amount.

(b) First Home Owners Grant (FHOG): Represents the lump sum one-off payment of \$7,000 and is not an annual recurring benefit. Estimate of FHOG value for 1999 based on value at time of introduction on 1 July 2000.

Source: AIHW 2004e.

6.3 Demographic and social background

This section examines some of the factors that currently shape the demand for housing assistance in Australia. As noted previously, along with the rising demand for affordable housing there has been a drop in the level of public housing stock, decreasing nationally from around 372,100 dwellings in 1995–96 to 345,300 dwellings in 2003–04 (see Table A6.6). Also, as already mentioned, the availability of low-rent housing in the private rental market has not kept pace with the increased demand by low-income households (Yates & Wulff 2000).

Current analysis indicates that several of the links between housing consumption and life-cycle stages of individuals and families have been changing and will continue to change (Baxter & McDonald 2004; Bradbury & Chalmers 2003; Howe 2003; McDonald 2003b; Taylor et al. 2004). This research indicates:

- regional differences in housing opportunities along with a mismatch between housing location and labour markets;
- falling home purchase rates among 25–34 year olds;
- people remaining longer in the private rental market;
- delays in leaving the parental home and delays in household formation;
- fewer households with children and more children being raised in single parent households;
- persons living longer, with a rise in the number of 'old old' persons, which has implications for the provision of housing for this group; and
- people not achieving or unable to sustain home ownership.

The change is also an outcome of the varying rates of growth in Australia's population across age groups. In the past decade or so, growth has been highest among those older than 44 years, who as a group are more likely to be trading up to more expensive houses than entering the home purchase market for the first time (see Table A6.7). This is offset by the observation that, since 1996, there has been virtually no population growth in the 25–34 age group, which is usually the group most likely to include the majority of first home buyers.

In the long term these changes, particularly around structural ageing of the population along with reduced ability to achieve home ownership, may result in:

- persons who have spent all or most of their adult lives in private rental housing having higher lifetime housing costs, with subsequent implications for their ability to achieve financial independence in retirement;
- a reduced ability to keep older Australians in their own homes because it is rented rather than owned;
- growing long-term demand for private rental assistance; and
- the need for new types of housing assistance within the social housing sector.

Structural ageing and housing assistance

In the past three decades, the proportion of the older population in Australia (those aged 65 years and over) has risen by over 60%, from 8% in 1971 to 13% in 2001. The continuation of this trend, combined with apparent reductions in home ownership over the life-cycle, is expected to increase both the number and proportion of older people who rent, resulting in a higher demand for rental housing assistance by lower income older renters in years to come. Changes in levels of affordability, if sustained over the long term, may also have a fundamental impact. Similarly, changes in household structure over the last two decades or so—the increase in single person households through divorce or separation—have significant implications for the housing needs of older Australians.

Housing can have an influence on quality of life and overall wellbeing, particularly for the older population. The ability to remain in the community with assistance has been shown to be important to people's capacity to maintain health and wellbeing (Waters 2001).

Home ownership constitutes a significant financial resource for many older people, as well as a personal and social resource, providing a sense of security and continuity. This can reduce other stresses and delay entry into residential aged care, particularly where appropriate home-based services are available. As noted previously, it is generally recognised that home ownership has maintained the living standards of many older Australians and falling home ownership rates may, in the longer term, generate greater demands for income support.

It is argued that appropriate and affordable rental housing assistance to older people with few assets can, like home ownership, provide a stable basis of support. To date, social housing has provided such support and it is this solid public housing commitment that has been seen as the most important means of preventing poverty and hardship among older Australians who are economically disadvantaged and who do not live in their own home (COTA 1997).

In addition to affordability, security of tenure and rent regulation are also major issues for older private tenants. In some states, with the loss of low-cost rental accommodation, caravan parks or marinas may become a de facto low cost housing option. AHURI research suggests that such cheaper accommodation is often inappropriate to the needs of older persons not only in terms of access to facilities (supermarkets, transport, health services) and infrastructure (adequate lighting, safety features, flat well-maintained paths), but also because tenants may have limited legal rights (Jones et al. 2003).

Household formation

Based on current estimates the number of dwellings required nationally will grow more rapidly than the aggregate population if the average number of people per household continues to fall. During the 1990s and into the 2000s, the number of households has increased by 1.8% per year, while the population has grown by 1.2%, meaning that average household size has declined from 2.8 to 2.6 persons (AIHW 2003j). The shift to smaller households accounted for approximately 40 per cent of the growth in the number of households in the first half of the 1990s and 30% in the second half (BIS Shrapnel 2004).

Table 6.4 shows the projected growth of households, families and population between 2001 and 2026. The number of households is expected to grow by 41.7%, and the number of families by 31.4% compared with population growth of 24.7%. Single person households are projected to show the greatest increase (74.5%) and couples with children the least (4.7%).

The link between population growth and household formation is influenced by a large number of social and demographic factors. The current major influences include population ageing, the growing incidence of family breakdown, the declining birth rate, more people remaining single, and young adults staying at home for longer. Some of these factors encourage household formation and some work against it. Overall, these trends are increasing the underlying demand for housing.

Table 6.4: Projected growth of households, families and population, 2001–26 ('000)

	2001	2026	Change %
Households			
Family	5,269	6,920	31.3
Group	293	371	26.6
Lone person	1,805	3,149	74.5
Total	7,368	10,441	41.7
Families			
Couple families with children	2,492	2,610	4.7
Couple families without children	1,918	3,108	62.0
Lone parent	838	1,192	42.2
Other families	99	111	12.1
Total	5,346	7,022	31.4
Population	19, 413.2	24,201.8	24.7

Note: Projections based on Series II assumptions.

Source: ABS 2004c tables 6.4 to 6.6.

Health and disability

On a self-assessed basis, state or territory housing authority tenants consider themselves to have poorer health than those in other tenure types. Only 34.7% of such tenants consider themselves to have excellent health, compared to the national average of 59.2%. In addition, the percentage who rated their health as fair or poor was 37.2%, more than twice the national average (15.9%) (Table 6.5).

Table 6.5: Self-assessed health status of households, 2002 (per cent)

	Owner without a mortgage	Owner with a mortgage	Renter with state or territory housing authority	Renter with private landlord	All other tenure types ^(a)	All persons
Excellent/very good	51.3	68.2	34.7	63.2	63.5	59.2
Good	28.1	22.3	28.1	23.4	20.5	24.9
Fair/poor	20.6	9.5	37.2	13.4	16.0	15.9
Total	100.0	100.0	100.0	100.0	100.0	100.0

(a) Includes 'other renter' and 'other tenure types'.

Source: ABS 2003b.

While public housing tenants are more likely to assess their own health as poor, it appears that the provision of public housing itself brings improvements over their previous housing situations. Recent research found that health improvements for new public housing tenants included reduced stress, more money to buy better food, reduced dust and hazards in the home, and improved self-esteem. The study also found a slight decline in the costs and use of health services and that greater security led to people feeling safer (Phibbs & Young 2005).

For people with a disability, housing needs range from affordability to specific modifications and support services. People with a disability often cannot access secure, affordable, appropriate housing in the private market. Housing choice is limited by factors such as the additional costs of living associated with disability, the need for extra support services and dwelling modifications, and discrimination (AIHW 2003j).

In 2003 19.0% of Australians (3,958,300 people) had a reported disability (see Chapter 5). Approximately 3.8 million people with a disability were living as part of households in private dwellings (rather than in a residential setting) and of these, 61% needed assistance to manage their health condition and/or tasks of daily living (ABS 2004a).

The tenure group with the highest proportion of persons with a disability was public housing. Approximately 41% of public housing tenants reported a disability and this trend persisted across age groups (see Table A6.8). The tenures with lower proportions of people with a disability across age groups were owners with a mortgage, boarders and those living rent-free. In 2003 nearly one-third (32.8%) of state or territory housing

authority tenants⁶ said they had a core activity limitation (Table 6.6). The number of people with a disability in public housing is increasing. In the 1998 ABS Disability, Ageing and Carers Survey, 38.7% of persons aged 15–64 years in public housing reported a disability (170,700 persons out of 441,000)(AIHW 1999: table 5.5). In the 2003 survey, this figure had increased to 41.6%.

The deinstitutionalisation of disability services has resulted in a greater need for community-based accommodation and support for people with disabilities (Bostock et al. 2001). Public and community housing are now, more than ever before, providing assistance to people who require additional support to sustain their housing (AIHW 2003j). For example, the deinstitutionalisation of those with intellectual disabilities continues to shape demands upon housing assistance. Research has found that, while there remain a significant number of people who could be deinstitutionalised, the rate of deinstitutionalisation is slowing across most jurisdictions in Australia, with the exception of New South Wales and Victoria. In New South Wales, almost 2,500 people will move into community-based housing over the next 10 years. Another 900, according to reports from other states, will make this move by 2011. As people with disabilities often cannot find appropriate housing in the private market, the main

Table 6.6 Disability status of people aged 15–64 living in households, 2003

	Core activity limitation ^(a)			All with disability ^(b)	No disability	Total with/without disability
	Profound/severe	Moderate	Mild			
Distribution of disability status within each tenure type (%)						
Owner without mortgage	4.6	5.3	6.8	21.9	78.1	100.0
Owner with mortgage	2.7	2.4	3.1	13.4	86.6	100.0
Public housing renter	14.2	8.4	10.2	41.6	58.4	100.0
Private renter	3.4	2.8	4.0	15.7	84.3	100.0
Boarder	3.8	1.3	3.9	15.6	84.4	100.0
Living rent-free	3.7	1.6	3.2	12.9	87.1	100.0
Other ^(c)	4.5	1.8	3.5	13.7	86.3	100.0
Total	3.7	3.2	4.4	16.6	83.4	100.0

(a) Core activities comprise communication, mobility and self-care (see Chapter 5).

(b) Includes those with employment or schooling restrictions or people without restrictions but still screened as disabled.

(c) Includes life tenure schemes and rent/buy or shared equity schemes.

Source: AIHW analysis of ABS 2003 Survey of Disability, Ageing and Carers confidentialised unit record file.

6. The ABS classification of tenure types used in this survey includes the following rental categories:

- State or territory housing authority.
- Private landlord—a real estate agent, parent or other relative not in the same household, or another person not in the same household.
- Other renter—a parent or other relative in the same household, the owner/manager of a caravan park, an employer (including a government authority), a housing cooperative, community or church group, or any other landlord not included elsewhere.

impact on housing demand as a result of deinstitutionalisation is likely to fall greatest upon the social housing sector (Bostock et al. 2001).

The impact of unmet housing need

The costs of unmet housing need are numerous and diverse and are often referred to as social costs. The most obvious and extreme form of such need is homelessness, although it is widely acknowledged that housing which is not affordable or adequate can also generate significant social and economic costs (Box 6.2).

Box 6.2: The costs of unmet housing need

Individual costs

- *homelessness*
- *family breakdowns*
- *physical and mental health problems (including drug and alcohol abuse and the inability to meet nutritional needs)*
- *problems of continuing formal education for both individuals and their children*
- *problems of obtaining or retaining employment or social security benefits*
- *social isolation and loneliness*
- *increased cost of travel due to location*
- *frustration and a sense of powerlessness*
- *discrimination*
- *loss of identity*
- *violence, anti-social behaviour and criminalisation*
- *health problems that can stem from the lack of follow-up treatment that is likely to occur if a person is constantly on the move*
- *poor nutrition resulting from limited or non-existent cooking facilities*
- *dwellings that are too small can exert pressure on a variety of households by: curtailing recreational or educational pursuits; increasing levels of conflict or stress; inhibiting visits from friends and relatives thereby increasing social isolation*
- *domestic violence can also become a problem within marginally housed families.*

Social costs

- *the lost opportunity cost of public, private and non-profit expenditure on homeless shelters and associated support services*
- *the opportunity costs of lost productivity due to illness and increased levels of morbidity*
- *environmental and maintenance costs of poor quality or poorly planned housing*
- *possible increased levels of crime*
- *costs of vacancies and eviction proceedings for private landlords.*

Source: Phibbs et al. 1999.

Factors contributing to unmet housing need include:

- mismatches between housing supply and demand of housing;
- poor location of housing (with respect to employment, transport and services);
- poor quality or poorly designed housing;
- poor physical and/or social planning (e.g. Radburn-style⁷ developments; or concentrations of socioeconomically disadvantaged groups leading to a reduction in community diversity and 'ghettoisation');
- poorly maintained housing;
- the rigidity of specific housing assistance measures.

Many of these factors relate to non-housing outcomes and there is interest in how housing conditions impact on social and economic inequalities in Australia. In relation to low-income renters, recent AHURI research found that housing in itself is not the root cause of disadvantage and that the housing assistance received was not able to overcome the relative disadvantage experienced by the recipients (Mullins & Western 2001).

6.4 Housing assistance to low-income renters

In 2003–04, the value of assistance provided to private renters was over \$2.0 billion. This comprised nearly \$2.0 billion from the CRA program, and \$78.4 million through CSHA private rent assistance (Tables A6.9, and 6.13). Also in 2003–04, the Commonwealth, state and territory governments provided nearly \$1.3 billion for housing programs under the CSHA (Table 6.7), with public and community housing accounting for the majority of this funding. The Commonwealth paid to the states and territories \$100 million for the Aboriginal Rental Housing Program, \$64 million for community housing and nearly \$40 million for crisis accommodation.

Table 6.7: CSHA funding, 2002–03 and 2003–04 (\$m)

Funding arrangement	2002–03	2003–04
Base funding grants ^(a)	824.2	725.2
Aboriginal Rental Housing Program	100.0	^(b) 100.7
Crisis Accommodation Program	39.7	39.7
Community Housing Program	64.0	64.0
State matching grants	359.5	355.0
Total	1,387.4	1,284.5

(a) Includes Public Housing, Home Purchase Assistance and Private Rental Assistance Programs.

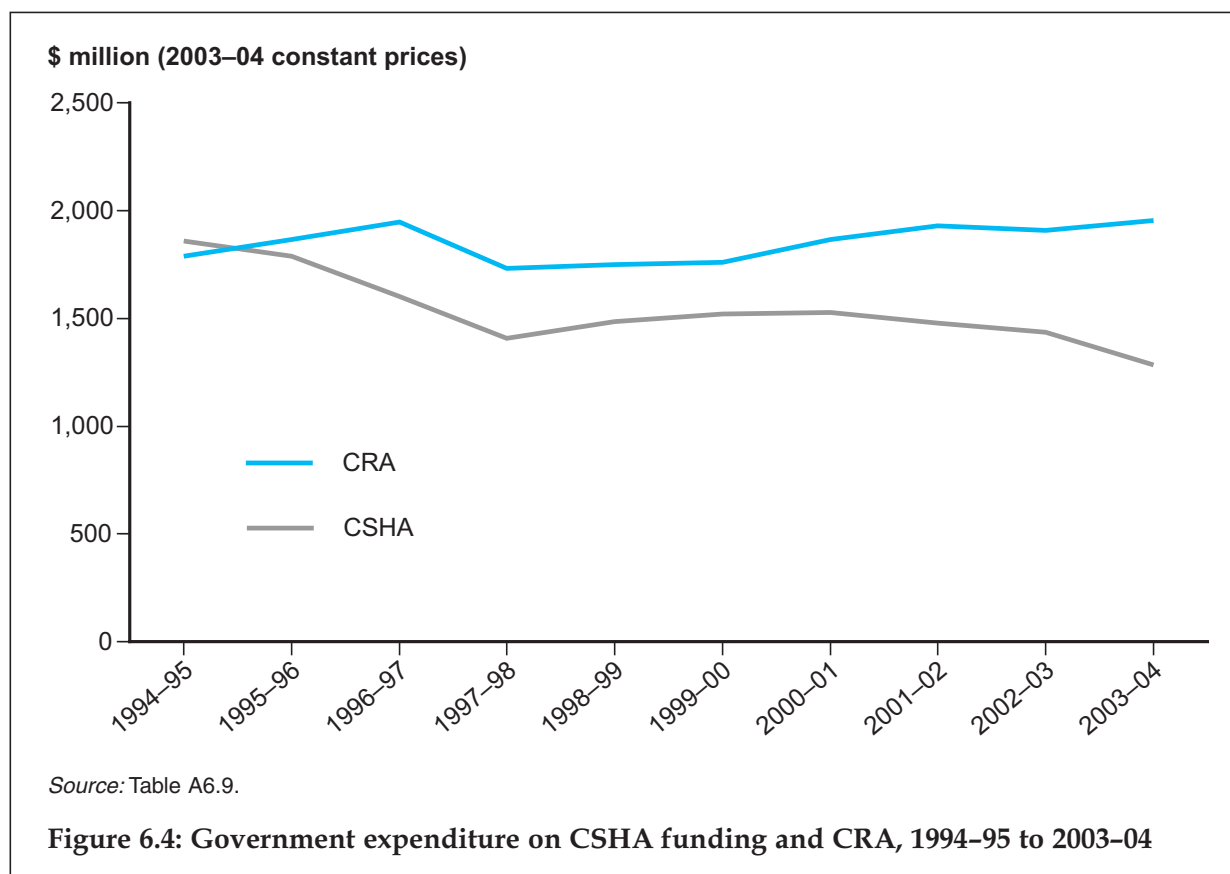
(b) Tas received \$351,000 of their ARHP allocation of \$696,000 as allowed in the CSHA. The remainder was not paid as there was no agreed Indigenous Housing Plan for ARHP for Tas for 2003–04.

Sources: FaCS 2003, 2005.

7. Features of Radburn public housing estates are: separation of motor vehicles and pedestrian access, large areas of internal open space connected by walkways, houses facing open space with back doors facing the street, housing constructed on superlots (not separate title) which makes subdivision and individual sale difficult.

Over the period 1994–95 to 2003–04, there were significant shifts in government expenditure for the CSHA and CRA (Figure 6.4). In 1994–95, government expenditure for the CSHA was 4% higher than for CRA. However, an increase of 9% for CRA expenditure and an 31% decrease for CSHA expenditure in constant price terms resulted in CRA expenditure surpassing that for the CSHA.

The figure should be interpreted with caution because of the differing nature of the programs. CRA is a recurrent expenditure program that is driven by demand (SCRCSSP 2002). Increases in CRA expenditure over the period are due to the extended coverage of the program and also to increases in the maximum rates of CRA during the early 1990s (FaCS 2001a, 2001b). CSHA expenditure includes recurrent and capital components. The capital component has provided funding for public housing stock totalling over \$30 billion that is continually used for housing assistance (FaCS 2001a). A decline in CSHA expenditure may not necessarily result in a decrease in available CSHA stock; however, recent trends have shown a decline in public housing stock (see Table A6.6).



Benefits of housing assistance

The benefits of housing assistance to individuals, families and communities vary across the different assistance types. For example, CRA can provide long-term assistance for Centrelink clients, while CSHA private rent assistance is of a more ‘one-off’ nature intended to assist either transitions into private rent (bond loans, movement fees) or to address specific episodes of financial stress (‘top-up’ CRA to improve affordability and prevent eviction) (see also Burke 2002).

The advantages of public rental housing identified by recent research (Burke et al. 2002) include: regulation by the government, therefore reduced likelihood of discrimination; affordable rent, as no tenant pays more than 25% of income on rent; and public housing generally meets the requirement of people with special needs, such as disabled tenants needing modifications to their dwellings. In addition to these advantages, there are other aspects of public housing that tenants also identify as benefits. In the 2003 National Social Housing Survey (NSHS), tenants noted that public housing helps them 'feel more settled in general' and they are able to 'manage rent/money better' (Table 6.8). Other aspects perceived to have improved tenants' quality of life and psychological wellbeing included being able to continue living in the same area, having better access to services, being 'more able to cope', feeling part of the local community and enjoying better health (CBSR 2003). Many of these aspects relate to the security of tenure afforded by public housing.

Data for community housing were also collected in the 2002 NSHS (see Section 6.4). Unfortunately, similar data on low-income private renters and home owners are not available so it is not possible to explore these issues for these tenure types.

Table 6.8: Ways in which public rental housing helped tenants, April–May 2003 (per cent)^(a)

	Yes it has helped	It hasn't helped yet but may in the future	No it hasn't helped	Per cent
Feel more settled in general	91	3	6	100
Manage rent/money better	91	3	6	100
Been able to stay living in this area	88	3	9	100
More able to cope	87	3	10	100
Better access to services	80	5	15	100
Feel part of local community	74	6	20	100
Enjoy better health	66	8	26	100
Start or continue education/training	50	18	34	100
See an improvement in job situation	40	19	42	100

(a) The base for percentages is all respondents with an opinion and who say this statement applies to them (base size varies by statement).

Source: CBSR 2003.

Who benefits from housing assistance?

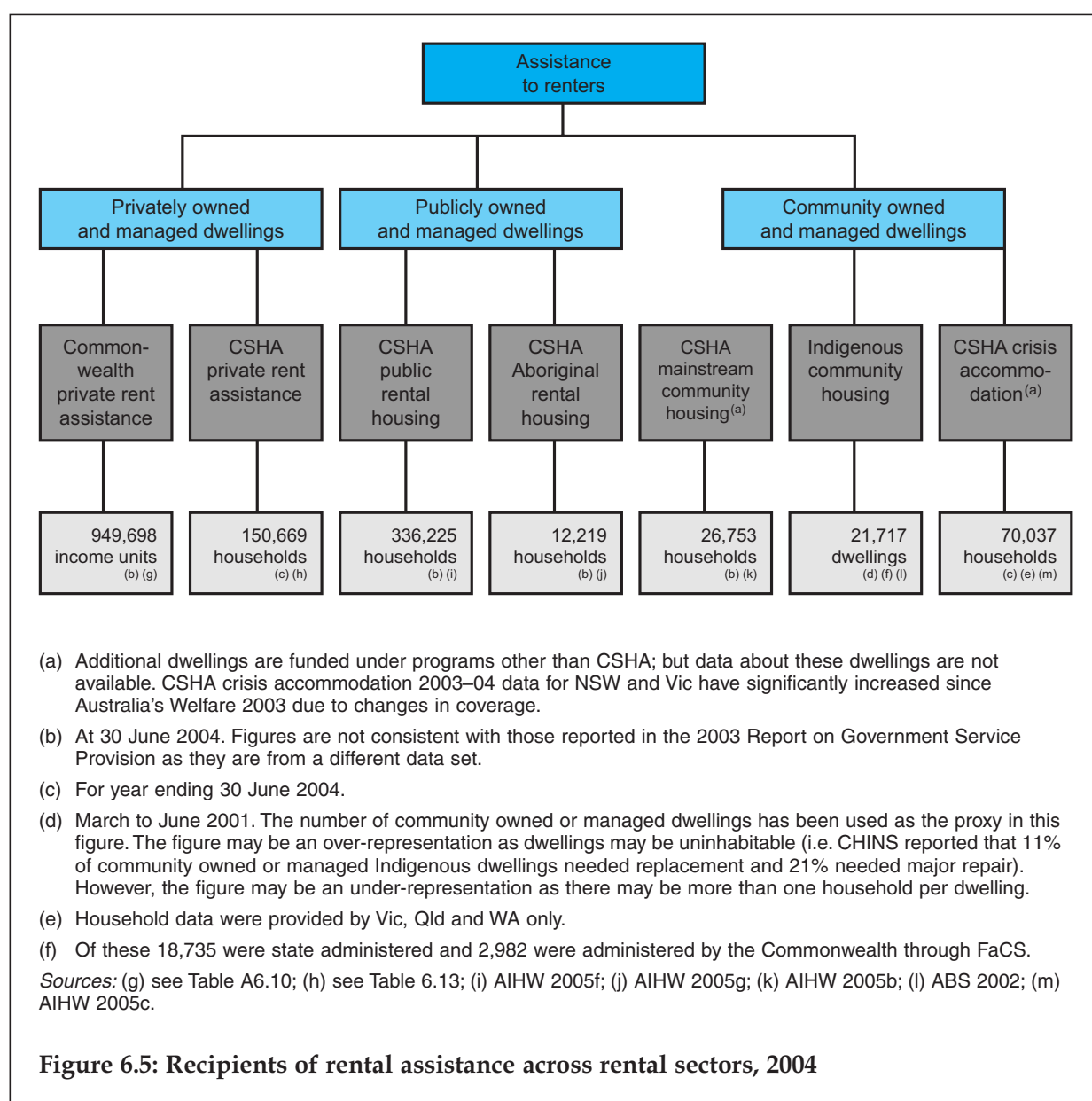
Figure 6.5 shows the distribution of recipients of rental assistance across the private, public and community rental sectors. The different data sources limit comparisons across sectors and highlight the need to improve data in the future (see Section 6.6).

In June 2004 in the private rental market, 949,698 income units received CRA (AIHW 2003a). Although it is not possible to readily identify how many households this represents, estimates based on 1999 ABS housing survey data indicate that in 1999 the 594,600 income units identified as receiving CRA were living in 426,200 households. This represents a ratio of 1.4 income units per household (AIHW 2003i; see also AIHW: Karmel et al. 1998:191). Under the CSHA, private rental assistance was also provided to

150,669 households in 2003–04 (see Table 6.13). Because of the overlapping nature of these two types of assistance and because the data cannot be adjusted to avoid double-counting, the data cannot be added together to obtain a total number of households receiving some form of private rental assistance.

In June 2004, 336,255 households occupied mainstream public housing, paying either rebated or non-rebated rent. A further 12,219 households were occupying public housing specifically for Indigenous Australians, provided through the CSHA Aboriginal Rental Housing Program (AIHW 2005a).

At least 26,753 households in June 2004 lived in mainstream community housing provided through the CSHA and state and territory community housing programs (AIHW 2005b). A 2001 ATSIC survey identified 18,842 permanent and temporary occupied dwellings that were managed by Indigenous community organisations (ABS 2002:15).



In addition to CSHA-funded and Indigenous targeted housing, other organisations provide community housing. For example, several community housing organisations provide housing to aged persons using stock outside the CSHA that was established through subsidies provided by the Commonwealth Government under the Aged Persons' Homes Act. It should also be noted that some affordable housing initiatives funded under the CSHA may provide housing through not-for-profit housing organisations but are not represented in CSHA community housing data as they are not funded through this program.

In 2003–04, 70,037 households received crisis accommodation through the CSHA Crisis Accommodation Program in Victoria, Queensland and Western Australia (AIHW 2005c). Information about additional types of assistance provided to homeless persons through the Supported Accommodation Assistance Program can be found in Chapter 7.

Assistance across rental sectors

With the recent concerns around declining home ownership rates, particularly for younger households, the demand for rental accommodation has been strong. In addition to causing increased housing stress for many low-income households for whom home ownership is always likely to be beyond reach, the growing shortage of rental housing that is affordable for low-income households may also make it more difficult for some households to save a housing deposit. This concern was noted in the Productivity Commission's report on First Home Ownership and reflected in the recommendation that a national public inquiry should be established to examine the housing needs of low-income households across Australia, including in Indigenous communities, and the nature and extent of assistance to help meet those needs (Productivity Commission 2004).

Assistance to renters across private, not-for-profit and public rental housing is undertaken in an environment where:

- private renters may have difficulty finding low-rent housing and as a result face high rental costs; and
- demand for social housing from public and community housing is high, reflected in significant wait lists in a situation of stagnant or declining public housing stock and slow growth in the community housing stock.

How governments are able to allocate scarce funds to achieve efficient and effective outcomes now includes a greater focus on tailoring housing assistance to meet particular needs for defined periods.

The role of social housing

Under the 1999 and 2003 CSHA there has been greater recognition that assistance should be to those in greatest need and be restricted to the duration of that need. Housing assistance to renters has a greater focus on the differing duration of need. Programs and policies are now more tightly focused on providing assistance to address a short-term, one-off or unexpected need for assistance, transitional assistance or ongoing assistance.

This focus on those in greatest need is changing the profile of recipients of assistance. Table 6.9 illustrates this by examining the types of needs tenants had when they entered public housing. The data show that far more newer tenants (those in public housing for less than a year) give, as a reason for moving into public housing, 'homeless/in a refuge/living with friends' or 'in a violent/dangerous situation' than longer term tenants.

Table 6.9: Reasons for moving into public housing, April–May 2003 (per cent)

	Total time as public tenant						Total ^(a)
	6 months or less	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 5 years	Over 5 to 10 years	Over 10 years	
Couldn't afford private rental	37	49	48	48	53	43	47
It offered low or lower rent	40	45	48	45	48	39	44
Security of tenure/not having to move	33	31	36	36	37	30	34
Was homeless/in a refuge/living with friends	39	31	27	20	18	12	20
Wanted to live in this area/meant I could afford to live in this area	18	20	18	17	19	15	18
Previous housing was poor quality/this is a better house	18	10	13	16	14	16	14
Couldn't get private rental	14	14	10	8	7	9	9
Was in a violent/dangerous situation	9	9	9	9	6	4	7

(a) Total does not add to 100% as more than one answer was allowed.

Source: CBSR 2003.

Across states and territories both public and community housing organisations work with community services agencies to provide accommodation to homeless persons. The SAAP program is the major program operating across all jurisdictions (see Chapter 7). Quite often national-level data do not reflect the diversity that operate in each jurisdiction. Different programs and allocation policies in public and community housing as well as the links to support services have built differences in the way homeless persons enter social housing. Nationally 17% of all new allocations to public housing in 2002–03 were to people who were homeless (Table 6.10). The Australian Capital Territory had the highest proportion of homeless allocations (78.2%), followed by Tasmania (59.8%). Queensland had the lowest proportion (2.8%).

Table 6.10: CSHA public rental housing homeless allocations, 2002–03

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Number of homeless allocations	727	2,170	145	152	724	810	740	n.a.	5,468
Percentage of allocations	7.2	32.5	2.8	3.5	19.2	59.8	78.2	n.a.	16.8
Total of all new allocations	10,129	6,670	5,251	4,411	3,776	1,355	946	827	33,365

Note: see Table 6.11.

Source: AIHW analysis of NHDA NMDS state and territory data files.

Of all new housing allocations to state owned and managed Indigenous housing (SOMIH) in 2002–03, 7% were to people who were homeless (Table 6.11). South Australia had the highest rate, at over 15%, while Queensland had the lowest at 1.3%.

Table 6.11: New SOMIH placements for Indigenous homeless, 2002–03

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Number of homeless allocations	30	20	4	19	34	0	..	..	107
Percentage of allocations	6.8	11.8	1.3	4.4	15.1	0.0	..	..	6.5
Total of all new allocations	440	169	312	428	225	83	..	..	1657

Notes

1. NSW, Vic, Qld and WA provide only one priority reason. However, some new allocations may have more than one priority reason, so homelessness may be undercounted.
2. SA has a single priority code that covers two categories, that is, HA = homelessness/at risk and access barriers. Households have been split equally between the two categories.

Source: AIHW analysis of NHDA NMDS state and territory data files.

For mainstream community housing at 30 June 2003 there were 41 CSHA community housing providers who primarily assisted the homeless, which represents 3% of all CSHA community housing providers in Australia (Table 6.12). At 30 June 2004 there were 7,129 dwellings funded through the CSHA Crisis Accommodation Program (CAP).

Table 6.12: Community housing providers at 30 June 2003(a), and dwellings funded through the CSHA Crisis Accommodation Program, 30 June 2004

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Total number of community housing providers with a primary target group of homeless people	12	19 ^(b)	5	2	1 ^(b)	1	1	0 ^(b)	41
Proportion of community housing providers targeting homeless people (%)	6.3	8.1	1.5	0.8	0.8	2.1	11.1	0.0	3.3
Total number of community housing providers	190	234	345	255	126	48	9	22	1,229
Number of crisis accommodation dwellings	1,355	3,779	1,015	447	243	118	56	116	7,129

(a) Data are provided by survey except where noted and may be affected by low response rates.

(b) Results pertain to administrative data—all other data for community housing are based on jurisdiction surveys.

Source: AIHW 2003a, 2005c.

In recent years there has been a shift to more community housing providers taking on the role of assisting homeless persons that was previously provided through CAP and SAAP. This shift in response has come about for a number of reasons related to homelessness no longer being restricted to specific situations or people, due to such things as rising unemployment and a decrease in the availability of low-cost housing, with all kinds of people being affected. The deinstitutionalisation of people with mental illness has been a further contributing factor (NCHF 2003).

Also the increase in people requiring crisis-related accommodation and the decrease in affordable housing have led to the need for greater length of time in crisis accommodation, leading in turn to a growth in the supply of medium-term or transitional housing and long-term options. Providers have taken on a broader role and operate to provide a wider range of housing and support services (NCHF 2003). An example of this is shown in Box 6.3.

Box 6.3: One organisation's approach – Multi Agency Community Housing Association (MACHA)

MACHA is a community housing provider targeting low-income and homeless adults in the inner city of Adelaide. Established in 1991 it currently manages approximately 120 properties, and is gradually expanding due to unmet need.

MACHA was established through the cooperation of a group of welfare organisations and undertakes the function of a landlord, pursuing housing development opportunities, while member agencies provide support services to tenants. All tenant referrals are taken from member agencies. If applicants are then approved they are put on a waiting list and placed in housing as it becomes available. After applicants have been housed, MACHA works closely with member agencies in the ongoing management of tenancies.

Many of the support services provided to MACHA tenants are funded through SAAP, but also draw on funding through other Commonwealth, state and local governments, churches and other charitable organisations.

MACHA has an annual turnover of approximately 16% and an average length of stay of almost 2 years. This organisation has been able to develop a growing level of stability for its tenants and has been successful in its attempts to provide for this special needs group.

Sources: Farrar et al. 2003; Woodward 1999.

Assistance to private renters

Private rental accommodation has unique attributes that make it a desirable form of assistance for some renters. Private renters have greater choice regarding the size, location and quality of their dwelling. Such choice may involve a trade-off between these factors and price, but it allows private renters to have direct control over their standard of housing.

In Australia, the current forms of housing assistance for the private rental market cover a range of policies and programs. The major types of assistance are: government budget outlays, including financial assistance to households to pay rent, bond and relocation costs; taxation expenditure, providing incentives for investors and landlords through negative gearing; government regulations and standards for tenants and landlords, including residential tenancy legislation and 'affordable housing' planning regulations; and other services, such as tenant advice services and automatic rent deductions for income support recipients.

Commonwealth Rent Assistance

Commonwealth Rent Assistance (CRA) is a non-taxable income supplement paid through Centrelink to individuals and families who rent in the private rental market. It aims to address basic living costs by reducing the proportion of an income unit's budget that has to be spent on housing. As noted previously, in 2003–04 the CRA program provided nearly \$2.0 billion of assistance to private renters (see Table A6.9).

Recipients of a Centrelink pension or allowance, or an amount of Family Tax Benefit over the base rate of Family Tax Benefit Part A (FTB A), who are also paying private rent above minimum thresholds, may be eligible for CRA (FaCS 2002). It is generally not paid to home owners/purchasers, people living in public housing, or people living in residential aged care services with government-funded beds.

CRA is paid at a rate of 75 cents for every dollar paid by the income unit above the thresholds until a maximum rate is reached. The maximum rates and thresholds vary according to a client's family situation, the number of dependent children they have and amount of rent paid. For single people without children, the rent threshold and maximum rate also vary according to whether or not accommodation is shared with others. Rent thresholds and maximum rates are indexed twice each year (March and September) to reflect changes in the consumer price index. More information on CRA eligibility rules including minimum rent amounts and maximum amounts of CRA payable for various income unit types can be obtained from Centrelink's website at <www.centrelink.gov.au>.

The results presented in this section are derived using data on income units who were in receipt of a Centrelink pension or allowance, or an amount of Family Tax Benefit over the base rate of FTB A, for the fortnight ending 14 June 2004. The source for all data presented here is the Department of Family and Community Services (FaCS) housing data set.

Profile of CRA recipients

In June 2004, of the 3,975,800 Centrelink clients, 949,700 (about 24%) had an ongoing entitlement to and were receiving CRA. (This subgroup of income units is hereafter referred to as 'CRA recipients'). Figure 6.6 shows the significant differences in CRA recipient rates between income unit types, ranging from 53.7% for single people without children to 3.8% for single parents with three or more children. The proportion of people in different groups (e.g. age, income unit type, Indigenous status, etc.) who are eligible for CRA depends on a number of factors, including the level of home ownership, the availability of public housing, the proportion of young people living with parents, and rental obligations. Separate analysis of the CRA entitlement rate based on these variables is difficult to undertake as the rental circumstances of income units not entitled to CRA may not be verified or updated.

Impact on housing affordability

The aim of CRA is to assist low-income families and single persons with meeting their private housing rental costs. It is not intended to meet a specific benchmark for housing affordability but rather to improve affordability. This section examines the impact CRA has on housing affordability by comparing the proportion of income that recipients would spend on rent both before and after CRA is received. CRA has been treated as a housing subsidy, and deducted from rent, to calculate affordability after CRA is received.⁸

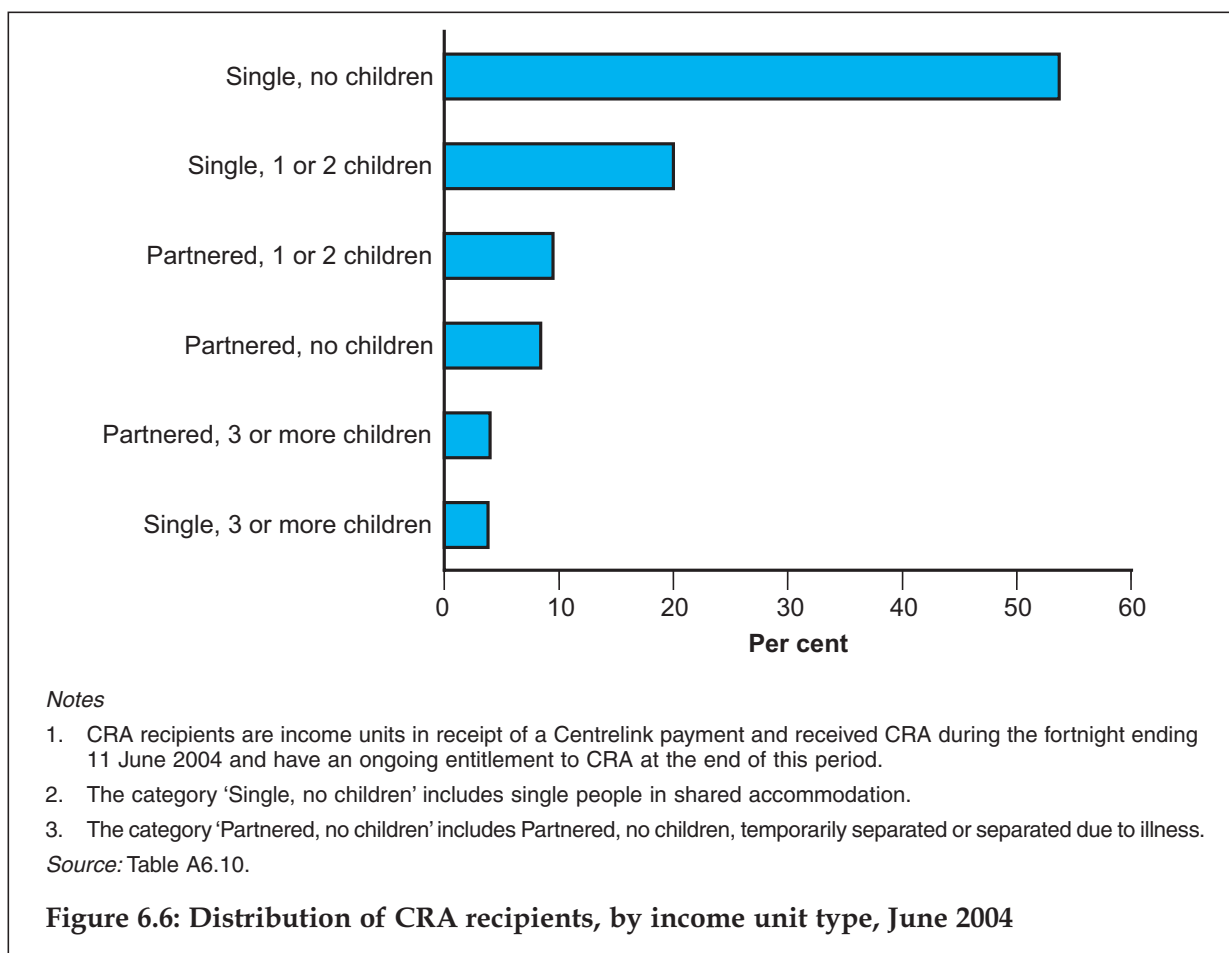
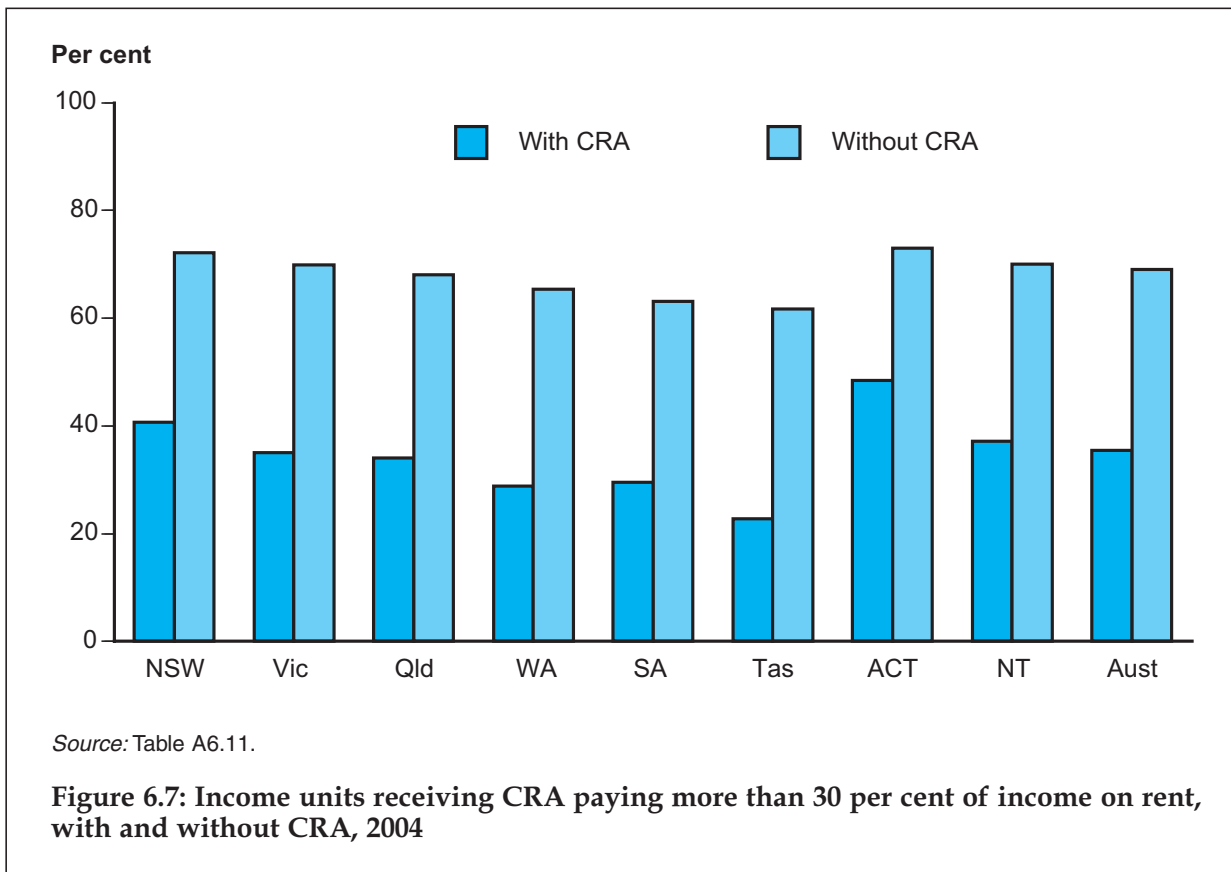


Figure 6.7 shows the proportion of income units receiving CRA in June 2004 that paid more than 30% of their income on rent, with and without CRA. Before CRA payments, 65% of income units did so; after CRA payments, the proportion fell to 31%. There was a similar pattern for income units that spent more than 50% of income on rent: before CRA, 28% of income units; after CRA, 9% (see Table A6.11). The Australian Capital Territory, New South Wales and the Northern Territory contained the largest proportions of CRA recipients spending 30% or more of their income on rent before CRA was received (73%, 72%, and 70% respectively). This reflects the high market rents in these jurisdictions. After receipt of CRA, affordability improved substantially, with the proportions decreasing significantly (33.5%, 43.6% and 47% respectively).

8. Affordability without CRA is the ratio of rent to total income (excluding CRA), and expressed as a proportion. It is calculated by 'Affordability without CRA' = rent/total income * 100. Affordability with CRA is calculated by subtracting CRA from the actual rent paid, then dividing this by total income (excluding CRA), and expressed as a proportion. That is, 'Affordability with CRA' = (rent less CRA)/(total income excluding CRA) * 100. Other approaches to calculating affordability can be used (National Shelter & Australian Council of Social Service 2003). The approach used here follows the convention used in national reporting by FaCS and the Productivity Commission (SCRCSSP 2003).



The Australian Capital Territory and New South Wales also had the largest proportions of CRA recipients paying more than 50% of their income on rent before CRA was received (39% and 32% respectively). After receiving CRA, however, the Australian Capital Territory remained the jurisdiction with the highest proportion of such recipients (over 16%), followed closely by New South Wales (12%) (see Table A6.11).

CSHA private rent assistance

Funding is also provided under the CSHA to enable people to access and maintain accommodation in the private rental market. The types of assistance include bond loans; assistance with rent payments, including advance rent payments and cash assistance additional to CRA; and relocation expenses, other one-off grants such as housing establishment grants, and advice and information. In 2003–04, states and territories provided almost \$73 million of CSHA-funded private rent assistance to over 150,000 Australian households. More than half of this assistance was in the form of bond loans (Table 6.13). The diversity of types of assistance, the varying ways in which assistance is targeted across states and territories, and the lack of consistent national data make it difficult to gain a national perspective. For example, a single episode of assistance may involve a one-off rent payment subsidy to prevent eviction and homelessness, or it may take the form of long-term assistance such as a rental supplement over several months to resolve a housing affordability problem.

Table 6.13: Assistance provided under CSHA private rent assistance, 2003–04

	NSW ^(a)	Vic	Qld ^(b)	WA	SA	Tas	ACT	NT	Aust.
Total households assisted (number)^(c)									
Bond loans	15,606	14,432	17,378	14,128	13,057	3,497	67	766	78,931
Rental grants/subsidies	8,775	35,423	950	..	12,368	956	..	..	58,472
Relocation expenses	..	2728	..	..	..	121	..	..	2,849
Other one-off grants	3,774	1,569	..	..	..	5,074	..	..	10,417
Total households assisted	28,155	54,152	18,328	14,128	25,425	9,648	67	766	150,669
Total value of assistance (\$'000)									
Bond loans	14,758	8,746	12,081	5,800	7,066	1,236	47	499	50,233
Rental grants/subsidies	14,146	5,648	911	..	3,511	165	..	..	24,381
Relocation expenses	14	354	..	..	..	32	..	..	400
Other one-off grants	3,081	280	..	..	..	..	..	..	3,361
Total value of assistance	31,999	15,028	12,992	5,800	10,577	1,433	47	499	78,375

(a) Figures represent the number of households that were approved for assistance in the 2003–04 financial year, not the actual number of households assisted.

(b) The proxy for number of households assisted is the number of bond loans paid to the Rental Tenancies Authority and the number of rental grants paid to the agent/lessor.

(c) Households may be eligible for more than one type of assistance.

Source: AIHW 2005e.

Public housing and state owned and managed Indigenous housing

Since 1945, Commonwealth and state governments have provided long-term housing assistance to Australian families and individuals under the CSHA. The 2003 CSHA aims to provide affordable and appropriate housing assistance for those who most need it, for the duration of their need. In 2003–04, governments provided \$1.28 billion of housing assistance under the CSHA, with public housing accounting for the majority of CSHA funding.

There are two government housing programs that operate under the CSHA: public housing, and state owned and managed Indigenous housing (SOMIH). At 30 June 2004, these programs accommodated 348,469 households consisting of 724,483 people. The public housing program determines the eligibility of tenants by multi-faceted criteria designed to identify those most in need and is open to all households. The SOMIH program, however, provides housing assistance specifically for Indigenous households.

Under the public housing and SOMIH program, tenants usually pay reduced rents to state and territory housing authorities. The level of rent paid is based largely on household income. Although rent rebate schemes are not uniform across state and territory housing authorities, most of the states and territories share a consensus that tenants eligible for a rebate will not pay more than 25% of their assessable household income on rent.

Following the introduction of the 1999 CSHA, the national level of public housing stock decreased from 362,967 dwellings in 1999–00 to 345,335 dwellings in 2003–04 (see Table A6.6). This reduction was a result of several factors, including: the transfer of public

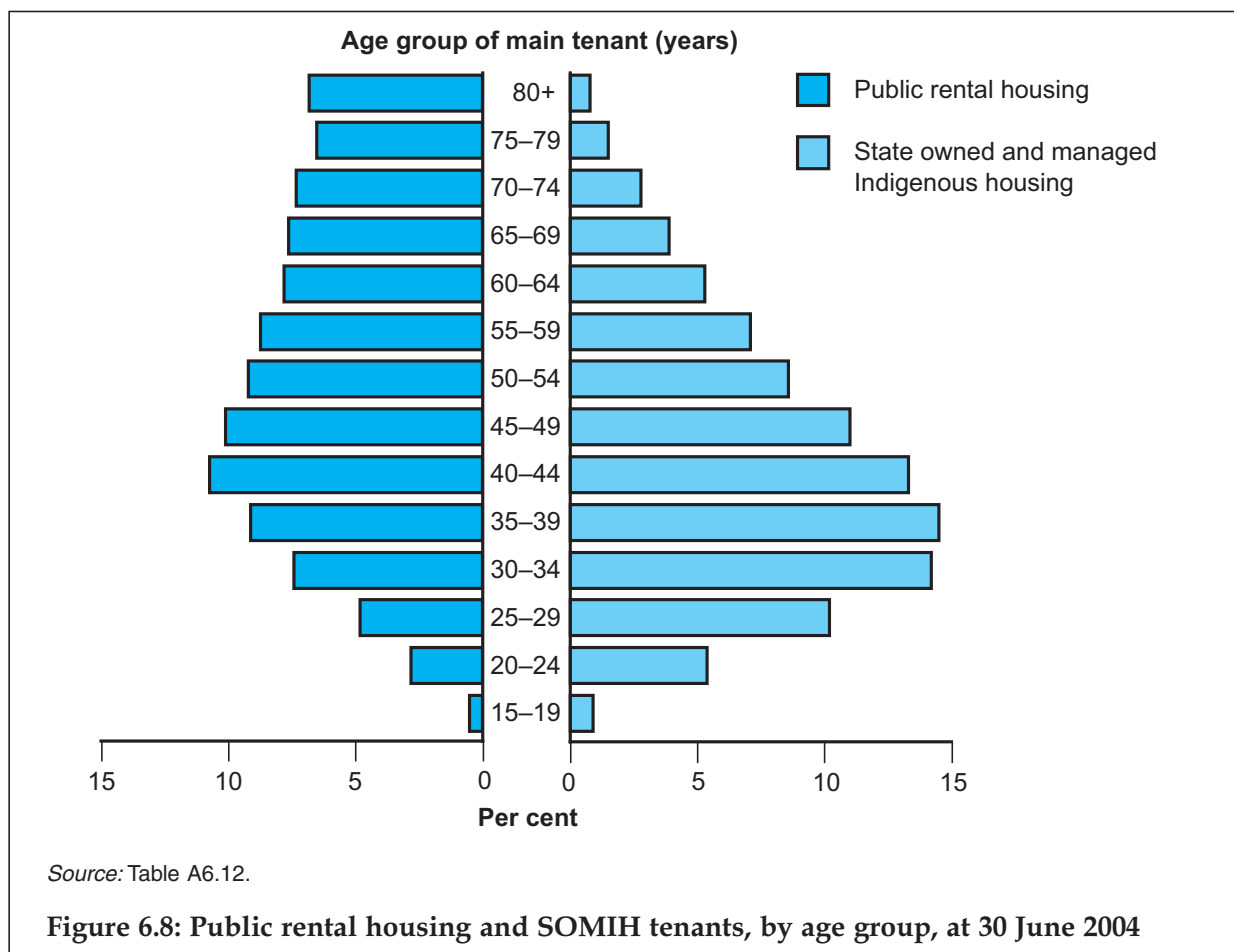
housing dwellings to other social housing stock; ageing stock requiring maintenance and upgrades; and the reconfiguration of stock to better meet client needs (AIHW 2001).

Rebated households at 30 June 2004

The large majority of public rental housing tenants (88%) and SOMIH tenants (83%) receive a rental rebate (see Tables A6.13, A6.14). This represents a total of 304,598 public rental and SOMIH households. The rent paid by rebated households is lower than the actual market rent of the occupied dwelling. The rebate amount is generally the difference between the market rent and the rent paid by the tenant.

This section focuses on the characteristics of only those tenants receiving rental rebates, because in most jurisdictions the administrative data for rebated tenants is more accurate than for non-rebated tenants.

There is a marked difference between the ages of public housing tenants and SOMIH tenants (Figure 6.8). On average, public housing tenants are older than SOMIH tenants (53 and 43 years respectively). Three per cent of public housing tenants are aged under 25 years, compared to 6% of SOMIH tenants. Less than one-third (32%) of public housing tenants are aged 25-44 years; over half (52%) of SOMIH tenants are in this age group. Nearly 30% of public housing tenants are 65 years and over, compared to only 9% of SOMIH tenants. The differences in age distribution can be largely accounted for by higher levels of fertility and lower life expectancy in the Indigenous population (ABS 2003a).



Household composition and size

More than half (52%) of public housing households and 21% of SOMIH households consist of a single adult (Table 6.14). A key difference is the proportion of each household group who are single adults aged 65 or more (22% in public housing but only 4% in SOMIH). Couples without dependent children account for 9% of public housing households and 5% of SOMIH households.

Sole parents with dependent children are almost twice as prevalent in the SOMIH program (47%) as in public housing (24%). Similarly, couples with dependent children are nearly twice as common in SOMIH (11%) as in public housing (6%). A large majority of sole parents (89%) are female in both public housing and SOMIH. Sole female parents have, on average, more children aged under 16 years than sole male parents (1.7 and 1.3 children respectively). Sole parents in SOMIH have, on average, more children aged under 16 than sole parents in public housing (2.0 and 1.5 respectively). Sole parents have fewer children aged under 16 years than couples with children (average 1.5 and 1.9 respectively).

Table 6.14: Rebated public rental and SOMIH households, at 30 June 2004

Household composition	Public rental housing		SOMIH	
	Number	Per cent	Number	Per cent
Single, aged <25	3,722	1.3	93	0.9
Single, aged 25–64	82,701	28.1	1,603	15.8
Single, aged 65+	65,525	22.3	434	4.3
<i>Single adult total</i>	<i>151,948</i>	<i>51.6</i>	<i>2,130</i>	<i>21.0</i>
Couple only, <65	11,627	3.9	367	3.6
Couple only, 65+	14,968	5.1	133	1.3
<i>Couple only total</i>	<i>26,595</i>	<i>9.0</i>	<i>500</i>	<i>4.9</i>
Sole parent with dependent children	70,911	24.1	4,759	46.9
Couple with dependent children	17,813	6.0	1,138	11.2
Group household	13,052	4.4	500	4.9
Multiple household	13,832	4.7	1,124	11.1
Total^(a)	294,441	100.0	10,157	100.0

(a) Includes unknown composition.

Source: AIHW 2005h (forthcoming): table 3.

The average size of SOMIH households is 3.0 people, while the average size of public housing households is 1.9 people. Nearly 18% of SOMIH households consist of five or more people, compared with fewer than 5% of public housing households (see Tables A6.13, A6.14).

Source of income: public housing tenants

Table 6.15 shows the main source of income of public housing tenants by household composition. More than 93% of all public housing households rely on a government pension or benefit as their main source of income. More than one-quarter (27%) receive a Disability Support Pension, and 26% an Age Pension. Nearly one-third (32%) obtain their main income from some other government pension or benefit, for example, Youth Allowance or Service Pensions.

Table 6.15: Main source of income of rebated public rental housing tenants, at 30 June 2004 (per cent)

Household composition	Wages/salary	Disability Support Pension	Age Pension	Unemployment benefit	Other government pension/benefit	Other (super-annuation/compensation)	Nil income	All	Number of households
Single, aged <25	8.9	27.7	0.7	23.4	36.3	0.7	2.2	100.0	3,390
Single, aged 25–64	7.6	60.0	4.4	17.6	9.3	0.9	0.1	100.0	82,669
Single, aged 65+	0.2	2.4	82.2	0.1	12.9	1.9	0.4	100.0	65,513
<i>Single adult total</i>	<i>4.4</i>	<i>34.4</i>	<i>37.9</i>	<i>10.2</i>	<i>11.5</i>	<i>1.3</i>	<i>0.3</i>	<i>100.0</i>	<i>151,572</i>
Couple only, <65	6.3	58.0	3.7	11.5	18.7	0.9	0.9	100.0	11,512
Couple only, 65+	0.4	3.9	76.4	0.3	17.1	1.8	0.2	100.0	14,945
<i>Couple only total</i>	<i>3.0</i>	<i>27.4</i>	<i>44.8</i>	<i>5.2</i>	<i>17.8</i>	<i>1.4</i>	<i>0.5</i>	<i>100.0</i>	<i>26,457</i>
Sole parent with dependent children	6.6	10.1	3.2	4.8	74.7	0.5	0.1	100.0	70,829
Couple with dependent children	10.1	23.6	3.8	15.9	45.1	0.8	0.7	100.0	17,683
Group household	7.3	31.9	26.2	14.0	19.2	1.1	0.4	100.0	12,931
Multiple household	6.3	20.8	10.3	8.7	52.6	0.7	0.5	100.0	13,672
Total	5.4	26.5	26.3	8.9	31.6	1.1	0.3	100.0	292,932

Note: 2,509 rebated households with unknown income source or household composition are excluded from this table.

Source: AIHW 2005h (forthcoming): table 4.

Wages and salaries are the main sources of income for a very small proportion of public housing tenants (just over 5%). A further 9% receive an unemployment benefit. Hence, 14% of public housing tenants are in the workforce or seeking work. Of single adults aged less than 25 years old, 9% receive wages and 23% unemployment benefits. A relatively high percentage of young single adults (28%) receive a Disability Support Pension. Of single adults aged 25–64 years, nearly 8% receive wages as their main source of income, 18% unemployment benefits and a large percentage (60%) a Disability Support Pension.

Source of income: SOMIH tenants

Table 6.16 shows the main source of income across the different household compositions for SOMIH tenants. The pattern is different from the one for the public housing tenants, but is similar in the overall proportion of tenants receiving a government pension or benefit.

Over 91% of all SOMIH tenants rely on a government pension or benefit as their main source of income. About 17% receive a Disability Support Pension, and 10% an Age Pension. The main source of income for more than 50% of tenants is some other government payment, for example, Youth Allowance or Service Pensions.

The proportion of SOMIH tenants on wages and salaries is higher than for public housing tenants (8% versus 5%), but the level of unemployment benefit recipients is similar (10% compared with 9% for public housing tenants). Of single adults less than 25 years old, 22% receive wages, a significantly higher proportion than in public housing. A further 22% receive unemployment benefits and 17% a Disability Support Pension.

Of single adults aged 25–64 years, 11% receive wages and salaries as their main source of income, 27% unemployment benefits, and 47% a Disability Support Pension.

Table 6.16: Main source of income of rebated SOMIH tenants, at 30 June 2004 (per cent)

Household composition	Wages/salary	Disability Support Pension	Age Pension	Unemployment benefit	Other government pension/benefit	Other (super-annuation/compensation)	Nil income		Number of All households
Single, aged <25	22.2	16.7	. .	22.2	32.2	1.1	5.6	100.0	90
Single, aged 25–64	10.8	46.7	3.6	27.0	10.5	1.1	0.2	100.0	1,602
Single, aged 65+	1.2	2.8	92.9	0.5	2.3	0.5	.	100.0	434
<i>Single adult total</i>	<i>9.3</i>	<i>36.5</i>	<i>21.7</i>	<i>21.4</i>	<i>9.8</i>	<i>0.9</i>	<i>0.4</i>	<i>100.0</i>	<i>2,126</i>
Couple only, <65	9.8	46.9	2.8	20.7	17.9	0.3	1.7	100.0	358
Couple only, 65+	3.0	3.0	89.5	.	3.0	1.5	.	100.0	133
<i>Couple only total</i>	<i>7.9</i>	<i>35.0</i>	<i>26.3</i>	<i>15.1</i>	<i>13.8</i>	<i>0.6</i>	<i>1.2</i>	<i>100.0</i>	<i>491</i>
Sole parent with dependent children	5.7	5.7	3.1	3.6	81.2	0.4	0.1	100.0	4,751
Couple with dependent children	14.2	13.2	4.4	16.5	50.7	0.3	0.7	100.0	1,130
Group household	11.0	31.3	20.4	18.6	17.4	1.0	0.2	100.0	499
Multiple household	5.7	14.6	10.4	6.5	61.7	0.7	0.4	100.0	1,114
Total	7.8	16.7	10.0	10.4	54.2	0.6	0.3	100.0	10,111

Note: 51 rebated households with unknown income source or household composition are excluded from this table.

Source: AIHW 2005h (forthcoming): table 5.

Comparing CRA recipients to Centrelink clients in public housing

At June 2002, approximately 331,800 income units receiving Centrelink payments were living in public housing (see Table A6.15). The Age Pension and Disability Support Pension were the most common primary Centrelink payments received (29% and 28% respectively), followed by Parenting Payment Single (22%). For CRA recipients (see Table A6.16), the most common payment types were Newstart Allowance (22%), Parenting Payment Single (20%) and Disability Support Pension (17%), followed by the Age Pension (16%). Taken together, clients receiving the Age Pension or Disability Support Pension accounted for 56% of public housing tenants receiving a Centrelink payment, but only 33% of CRA recipients.

Labour force participation

The greater majority of public housing tenants (76%) in 2003 were neither employed nor looking for work. The next biggest group comprised those who were employed full or part-time (17%) (Table 6.17). Of these 8% of tenants who were unemployed and looking for work, when asked why they were not employed, almost half (44%) said they needed more education and training, and 42% said there were no jobs in the types of work they wanted. In addition, 20% were concerned about a rent increase and 15% that they might have to leave their current housing (see Table A6.17). The 2003 NSHS also found that as the length of time spent in public housing increases, the proportion of respondents who are employed also increases and the proportion who are unemployed decreases (CBSR 2003).

Table 6.17: Employment status of public housing tenants, April–May 2003 (per cent)

Household type	Employed	Unemployed, actively looking for work	Not available for or looking for work	Total	Total number
Single alone	11	6	83	100	4,035
Single with children	22	10	68	100	2,106
Couple only	12	3	84	100	1,079
Couple with children	35	14	51	100	1,020
Group	18	17	65	100	81
Other	13	7	80	100	160
Total	17	8	76	100	8,480

Note: 523 cases are excluded from the table due to either missing household type values or no-response to employment status.

Source: CBSR 2003.

Community housing

Characteristics of community housing

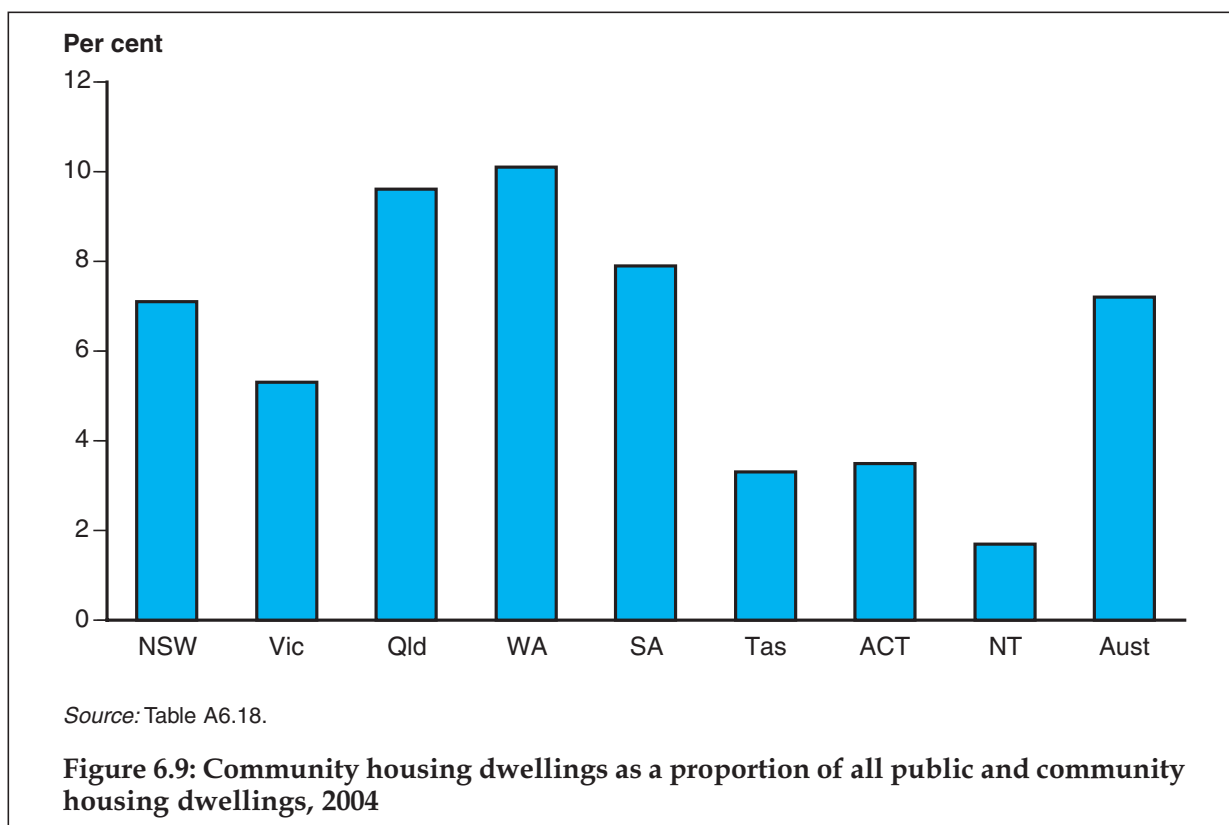
In Australia, community housing has traditionally seen housing organisations established as either housing cooperatives or housing associations. Housing cooperatives are self-managed organisations, while housing associations are managed on behalf of tenants by a committee.

Approximately one in every 200 households in Australia lives in community housing. While a relatively small component of housing, it has the ability to provide the most flexible and diverse types of housing assistance to ensure families and single persons have adequate housing. Community housing organisations are not-for-profit community groups that manage all tenancy matters such as tenant selection, rent collection and property maintenance. State and territory governments provide a regulatory framework for the community housing sector and facilitate its continued operation and growth.

The size of the sector varies between jurisdictions, reflecting not only the differing emphasis states and territories place on community housing as an alternative to public housing but also its role in deinstitutionalisation (NCHF 1998:3). At 30 June 2004, Western Australia had the highest proportion of CSHA community housing (10%) and Northern Territory had the lowest (2%) (Figure 6.9).

Community housing has been growing gradually and in June 2004 under the CSHA more than 1,100 organisations were managing 26,753 dwellings. This constitutes around 7% of all CSHA-funded housing. In addition to this CSHA mainstream community housing sector there is also a significant crisis and transitional housing sector (around 7,000 CSHA Crisis Accommodation Program dwellings); an Indigenous community housing sector (approximately 21,000 dwellings managed by 616 organisations); and specialised providers operating in the aged and disability sectors⁹.

In 1998 it was estimated that approximately 15,000 dwellings across Australia were providing mainstream community housing outside of the CSHA and mostly by different providers to those operating in the CSHA sector.



Increased concern about providing adequate and affordable housing for Australians has brought a greater acceptance that community housing has a growing role in meeting this demand. Community housing organisations generally cater for low-income people and families. Increasingly, moderate income households are also provided for, as many in this group experience housing stress from living in unaffordable housing. The major source of income for most households is Centrelink payments, such as disability and age pensions and unemployment and training-based benefits (NCHF 2003:73).

The transfer of substantial amounts of public housing stock to community housing management has been a national trend in social housing. Also worth noting is the significant percentage of community housing stock that is head-leased from the private rental sector. At 30 June 2004, of the 26,750 CSHA community housing dwellings 7,600 had been head-leased (AIHW 2005b).

Generating diversity of housing options

Community housing provides an expanded range of choice for social housing tenants and is an alternative to public rental housing. Through the provision of safe, secure,

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- Several community housing organisations provide housing using stock outside the CSHA that was established through subsidies provided by the Commonwealth Government under the Aged Persons' Homes Act. This housing is commonly referred to as Independent Living Units and approximately 33,000 dwellings were constructed between 1954 and 1996 (McNeils & Herbert 2003:viii).

appropriate and affordable housing by way of community-based initiatives, it has the ability to integrate a range of community services to meet tenant needs.

Community housing can provide specialised housing services to meet particular areas of need within the community—women escaping domestic violence, mental health, aged, disability, youth, families, homeless and students. It is also able to create close collaborative links between housing providers and support services for tenants with particular needs. For example, the 2002 NSHS found that prior to moving into community housing, 43% of tenants surveyed had been unable to afford private rental housing, 20% had been homeless and 9% had been living in a violent or dangerous situation (NFO Donovan Research 2002).

In 2003–04, 65% of new households assisted with community housing had a special need¹⁰ (AIHW 2005b). The Australian Capital Territory and Victoria had the highest proportion of special needs allocations (89% and 87% respectively), while Tasmania had the lowest (13%). Priority allocations to households in greatest need comprised 70% of community housing provision. The Australian Capital Territory had the highest proportion of priority allocations (99%) and Tasmania had the lowest (18%).

Providing a supported environment

Community housing, like public housing, is able to contribute to broader social issues such as strengthening communities and building community capacity, 'to counteract the growing patterns of social exclusion in Australia today and to support greater social and economic participation' (Farrar et al. 2003:5).

Recent research has found a general lack of understanding in Australia of the contribution of effective housing provision to sustaining communities. The exception is the case estate renewal and Indigenous community renewal (Farrar et al. 2003). The research identified a range of community-building activities undertaken by community housing providers including: improving housing access; brokering more effective access to community services; and supporting tenants in economic and social participation. The value of volunteer work undertaken by community housing to provide a range of housing and support services to tenants has never been fully measured. However, as with other welfare areas such as health and community services, the value to the community of this effort is likely to be significant.

Providing opportunities for individuals

The ability of tenants to be involved in decision making and management is an aspect that differentiates many community housing models from other forms of social housing.

10. 'Special need' is defined as low-income households that: satisfy the Indigenous household definition; or have a member with a disability; or where the principal tenant is aged 24 years or under, or 75 years or more. The 'Priority access to those in greatest need' national standard includes low-income households that at the time of allocation were subject to one or more of the following circumstances: they were homeless; 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; or they had very high rental housing costs.

Community housing helps individuals to achieve social integration and avoid stigmatisation. The opportunities for social inclusion through self-help and personal development are often cited as major benefits of community housing for individuals and communities.

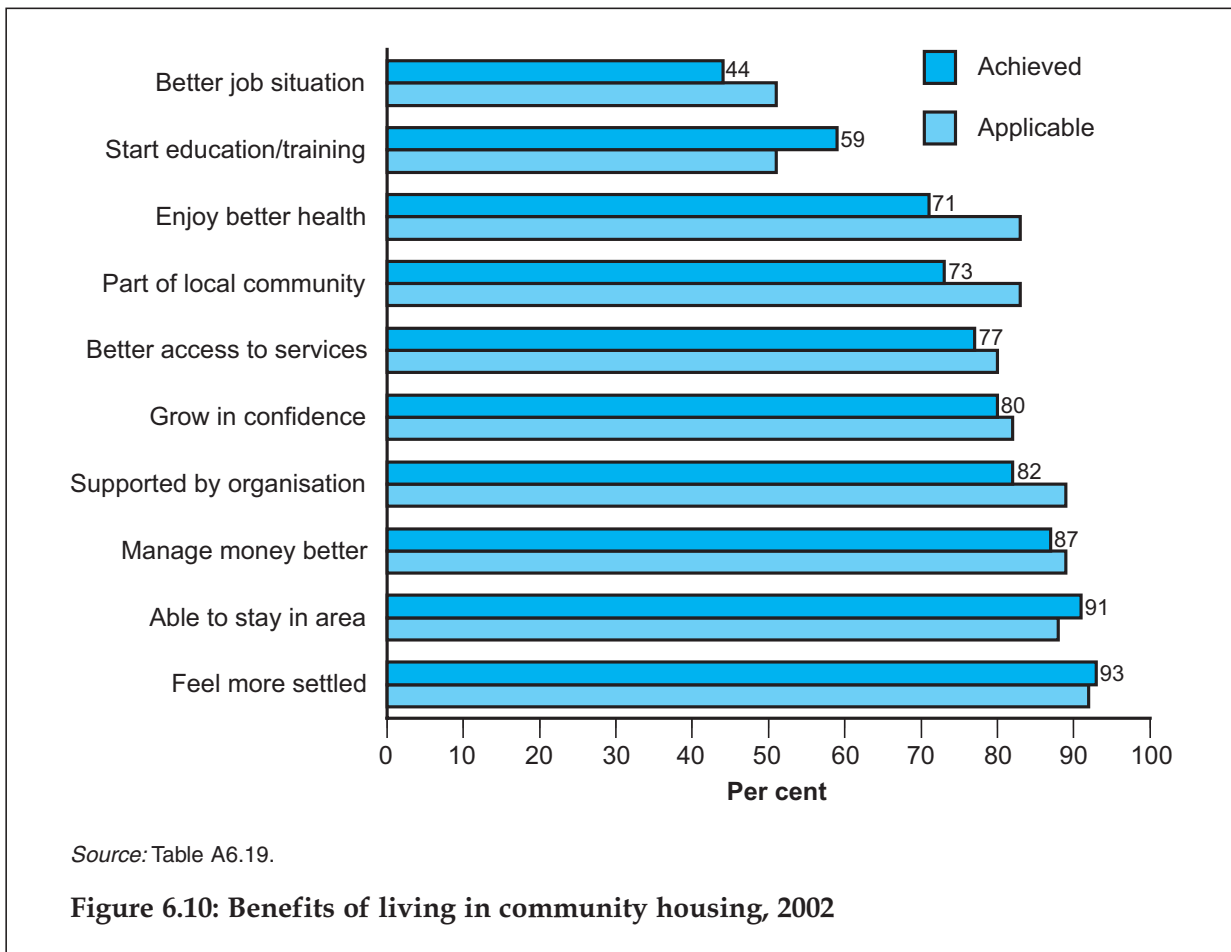
Participation in the operation of the organisation helps tenants to build social and work-related skills. This can provide access to work experience, training or education and improved employment prospects. In the 2002 NSHS of community housing tenants, the following aspects of participation were identified:

- Eighty-five per cent of tenants in cooperatives said they were involved, compared to 35% of tenants in other types of organisations.
- The most common forms of involvement were providing help (33%) and attending meetings/member (34%).
- Involvement was lowest among younger tenants, with 66% of 15–24 year olds saying they had little or no involvement.
- Involvement tended to increase with length of tenancy – 27% of tenants of less than 1 year duration compared to 53% with over 5 years duration.

The 2002 NSHS asked tenants whether they felt community housing had helped them in a various ways (Figure 6.10). For each benefit, they were asked to report on whether it was something they had wanted to achieve or to have. If it was, they were then asked whether they thought living in community housing had helped, hadn't helped, or hadn't helped yet but might in the future. The following findings emerged:

- The benefit which applied to the most people (92%) was that of feeling more settled. This was also one of the most widely achieved aspects (93%).
- Eighty-nine per cent said that they wanted to manage money better and 87% had found living in community housing to help in this way. A similar proportion said feeling supported by the organisation was a benefit they sought; 82% said community housing had helped.
- A benefit which was widely required but against which community housing had been less effective was enjoying better health (83% saying it was relevant; of those, 71% thought community housing had helped).
- An improvement in job situation or starting/continuing education were benefits that were relevant to about one-half of tenants. In both instances the extent to which living in community housing had helped was lower than in the other areas; 44% of those for whom this was relevant said their job situation had been helped and 59% their education/training prospects.

Over half of all tenants (54%) felt living in community housing had improved their quality of life a lot and a further 24% said it had improved it a little; hence in total three-quarters had seen an improvement. Only 2% said their quality of life had worsened (NFO Donovan Research 2002).

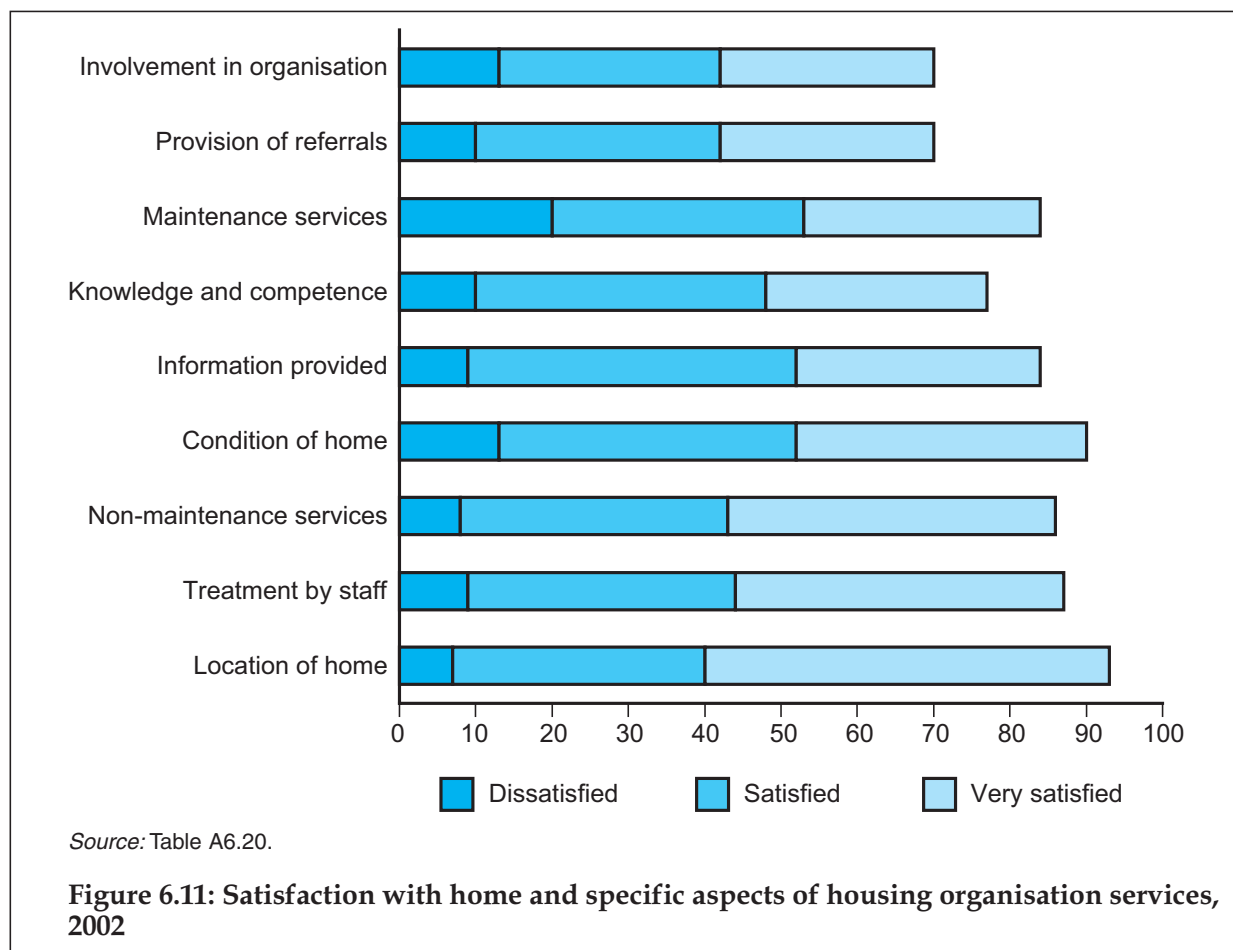


Tenant satisfaction

The 2002 NSHS of community housing tenants examined tenant satisfaction with the service being provided by housing cooperatives and housing associations (Figure 6.11). The survey reported high levels of satisfaction for 'treatment by staff' and 'non-maintenance related service' with 43% of tenants very satisfied and less than 10% dissatisfied with each aspect. The highest level of dissatisfaction was associated with maintenance services (20%); however, 64% of tenants were still satisfied or very satisfied. More detailed analysis of the survey identified that tenants' overall satisfaction is influenced most by the manner and helpfulness of the staff more than the quality of their home. Involvement in the organisation and provision of support/referrals have slightly less influence on overall satisfaction than the condition of the home (NFO Donovan Research 2002:9).

The results from the 2002 NSHS indicate that 77% of community housing tenants were satisfied or very satisfied with the service provided by their community housing organisation. As with most customer satisfaction surveys, including the public housing NSHS, the level of satisfaction with community housing increases with age (NFO Donovan Research 2002:5). Tenants aged 65 years or over were more likely than tenants aged 15–34 years to be very satisfied (47% and 32% respectively) and were less likely to be dissatisfied (6% and 15% respectively) (see Table A6.21).

Tenants living in shared accommodation (i.e. a room in a shared house or living in a larger rooming house) were more likely to be dissatisfied (16%) than those living in a separate house, attached house or self-contained unit (11%, 7% and 10% respectively). Although overall levels of satisfaction were similar for Indigenous and non-Indigenous tenants, Indigenous tenants were less likely to be very satisfied (23% and 40% respectively) (see Table A6.21).



Generating diversity of management and financing

Recently the community housing sector has become more involved with government policies and programs that have been established with the specific purpose of delivering affordable housing. Under the 2003 CSHA this entails the development of approaches that endeavour to attract a greater level of involvement from the private sector to partly finance affordable housing. Many of these approaches will need to utilise the capacity of community housing providers to attract financial benefits through their ability to utilise CRA, and GST exemptions, and their status as income tax exempt charities and public benevolent institutions. Community housing is also seen as the sector that already has a range of housing assistance products along with the expertise to offer choice and be cost effective. The continuation of the current policy direction may see more rapid growth as community housing takes on a changing role to become a high-volume supplier of affordable rental housing in Australia (Milligan et al. 2004).

6.5 Assistance to home owners and purchasers

The Productivity Commission (2004) report on first home ownership identified a range of social benefits of home ownership, noting that access to affordable and quality housing is central to community wellbeing. Apart from meeting the basic need for shelter, it provides a foundation for family and social stability, and contributes to improved health and educational outcomes and a productive workforce. This enhances both economic performance and 'social capital'. Home ownership can also reduce the extent of welfare dependency later in life. In effect home ownership is a form of 'forced' saving which, like superannuation, can subsequently be drawn on as an alternative to welfare payments (Productivity Commission 2003b: box 1.1).

In Australia, assistance for home owners or purchasers includes government outlays, such as for the First Home Owner Grant; taxation expenditures, rates and land tax concessions, and capital gain and stamp duty exemptions; government regulations and standards in housing and financial markets; and other assistance, such as directly subsidising purchases by some home buyers and offering home purchase advisory and counselling services. This support is in addition to the exclusion of the family home from the income support assets test by Centrelink.

First Home Owner Grant (FHOG)

Direct assistance to first home buyers is provided through the FHOG which was introduced in July 2000 as an offset to the GST. The basic grant of \$7,000 is funded by the Australian Government and administered by state and territory governments. Over the period from March 2001 to June 2002, the basic grant was supplemented by top-up grants funded by the Australian Government. The rationale for these was to provide additional support to the building construction industry. By January 2004, the scheme had provided around \$4.3 billion in assistance, including the top-up grants, to over half a million first home buyers (FHOG 2005).

The Productivity Commission report noted that the FHOG is not targeted to low-income households and that grant levels will need to be substantially increased if the grant is to make a significant difference to home ownership levels among lower income households. It recommended that, if the FHOG continues, assistance should be targeted to the housing needs of these households (Productivity Commission 2004: rec. 10.2).

State and territory assistance

Every state and territory provides stamp duty concessions for first home buyers, though in the Australian Capital Territory they are available to all home buyers, subject to an income test. Concessions generally take the form of reduced amounts of duty while in Tasmania first home buyers are allowed to stagger stamp duty payments over a 2 year period. These concessions are generally restricted to homes below specified threshold values.

In addition, state and territory governments also assist home ownership through a range of other support for housing purchases under the CSHA. Eligibility is often linked to income and other household characteristics and may require that applicants do not already own, or part-own, a home or land.

Home purchase assistance under the CSHA is designed to make home ownership (including shared home ownership) more accessible for people who are otherwise unable to obtain private sector finance for home ownership. Active CSHA home purchase programs exist where market circumstances allow the purchase of dwellings by low-income people. The range of support available, which varies across the states and the territories, includes direct lending, deposit assistance, interest rate assistance, home purchase advisory and counselling services, and mortgage relief (AIHW 2005d). Examples of some of the programs are provided in Box 6.4.

Box 6.4: Examples of home purchase assistance programs

- *The Keystart Home Loan scheme in Western Australia offers low-deposit loans to low-income earners who do not own or part-own a home or land. Fee assistance of up to \$2,000 can be capitalised into the loan, which does not require mortgage insurance.*
- *HomeStart Finance in South Australia offers an 'Advantage Loan' of up to \$165,000 to eligible home buyers.*
- *The Victorian Government provides mortgage interest relief of up to \$15,000 over a maximum of 2 years for people who have experienced an unavoidable change in circumstances for which adequate preparations could not be made, and where mortgage repayments exceed 27 per cent of income.*
- *The Streets Ahead program in Tasmania offers a range of incentives to low to moderate income home buyers. Assistance may be provided in one or more forms, including deposit assistance, payment of transactions costs (such as stamp duty and mortgage insurance), prepayment of rates for the first year, contributions towards home improvements, and provision of advice on home finances or property condition. Also, Housing Tasmania's Sales Program gives precedence to public housing tenants and others on low incomes when public housing properties are put up for sale.*

Source: Productivity Commission 2004.

In 2003–04, the total value of home purchase assistance to households by the states and territories through the CSHA was more than \$830 million (Table 6.18). The different types and monetary values of the services provided indicate the difficulty in making comparisons across jurisdictions.

The emphasis of the 2003 CSHA on housing affordability has seen increased activity around the development of affordability objectives by the government-owned land development agencies. New regulations and programs encourage private developers to supply affordable housing in their residential developments. For example, VicUrban is required to contribute to improvements in housing affordability in Victoria while undertaking its functions in a commercial manner; and in the future the ACT Government's Land Development Agency will make a proportion of its serviced land affordable to specific sectors of the market, such as first home buyers (Productivity Commission 2004:205).

Table 6.18: CSHA home purchase assistance, 2003–04

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust.
Total households receiving assistance (number)									
Direct lending	..	99 ^(a)	41	4,346	13,465	121	..	194	18,266
Deposit assistance	..	..	18	..	..	244	..	281	543
Interest rate assistance	..	..	160	23	3,070	..	..	505	3,758
Mortgage relief	172	6	4	..	..	..	61 ^(b)	..	243
Home purchase advisory and counselling services	12,329 ^(c)	..	..	4,346	..	..	..	..	16,675
Other types of assistance	..	61 ^(d)	5	742	..	..	..	..	808
Total households receiving assistance	12,501	166	228	9,457	16,535	365	61	980	40,293
Value of assistance (\$m)									
Direct lending	..	6.0	3.2	530.3	247.2	6.0	..	20.4	813.1
Deposit assistance	..	..	0.07	..	..	1.0	..	0.4	1.4
Interest rate assistance	..	..	n.a. ^(e)	0.1	12.4	..	..	0.5	13.0
Mortgage relief	0.7	0.03	0.02	..	..	..	0.1	..	0.9
Home purchase advisory and counselling services	..	..	..	0.1	..	..	..	..	0.1
Other types of assistance	..	0.3	0.05	1.5	..	..	..	..	1.9
Total value of assistance	0.7	6.3	3.4	532.1	259.6	6.9	0.1	21.3	830.4

Note: Cell numbers may not add to total due to rounding

(a) Includes 48 households that sought refinancing through the private sector during the year.

(b) All ACT Government home buyer lending for public housing tenants ceased in 1996. New households assisted during the year refers to those households who had taken out a mortgage on their government home prior to that date in 1996 and who became eligible for deferred assistance in the 2003-04 financial year because their standard monthly loan instalment became greater than 27% of their household income.

(c) Total number of calls to the Home Purchase Advisory Service during 2003-04. Excludes calls from clients seeking general information about other forms of assistance provided by the Department of Housing.

(d) Excludes 4 loans approved in June 2004 but advanced in July 2004.

(e) Interest rates assistance is linked to direct lending as part of the product package. Therefore a specific value on the assistance provided is not available.

Source: AIHW 2005d.

Taxation expenditures

Currently, there are no official estimates on the assistance provided through the taxation system to households owning or purchasing their home. However, recent research has shown that its impact is significant (Bourassa et al. 1995; Pender 1994; Yates 2002).

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

(Bourassa et al. 1995; Yates 2002). The capital gains tax exemption for gains on the disposal of a taxpayer's main residence (Treasury 2001) is also recognised as an important area of housing assistance.

The value of indirect assistance provided to owner-occupied housing through taxation expenditures in 2001 was estimated to be \$21 billion (Yates 2002). This consisted of:

- \$13 billion arising from the non-taxation of capital gains under the post-1999 approach to taxing capital gains; and
- \$8 billion arising from the non-taxation of imputed rent, consisting of a \$13 billion benefit from the non-taxation of net imputed rent and a \$5 billion cost from the non-deductibility of mortgage interest costs.

The most recent analysis of how these benefits were distributed across the population showed that in 1999 the estimated distribution of the annual value of capital gains was \$1,200 per household that fully owned or were purchasing their dwelling, ranging from zero in the lowest income quintile to \$2,300 per household in the top income quintile (AIHW 2004e: table A3.2). The average annual value of non-taxation of the imputed rent was \$1,600 across all income groups. This ranged from zero for home owners in the lowest income quintile to \$2,400 per year per household in the top quintile. For owners without a mortgage (outright owners) the average value was \$3,200, while for owners with a mortgage (purchasers) the value was negative \$300 per year per household (Yates 2003).

6.6 Data development

Under the NHDA (AIHW 2000a) and the Agreement on National Indigenous Housing Information (ANIHI) (AIHW 2000b), a variety of data development initiatives have been implemented to improve housing assistance data availability, quality and consistency. The major components of the NHDA Management Group work program are based on four priority policy areas for national data: public rental housing, private rental market assistance, community housing, and Indigenous housing. Indigenous housing priorities are being progressed jointly with the National Indigenous Housing Information Implementation Committee which operates under the ANIHI.

These groups are working to improve the policy relevance and quality of data to build on the development and standards work undertaken for the 1999 CSHA. That work included the development of national performance indicator frameworks and the establishment of standards to measure housing assistance across the range of performance areas, including the identification of Indigenous access to mainstream assistance and measuring priority access to those in greatest need (AIHW 2003i, 2004f).

Under the 2003 CSHA several areas are given more prominence, such as measuring affordability, improving data on Indigenous access to mainstream assistance and improved reporting of financial data. Also, data gaps in areas such as community housing, public housing non-rebated tenants and measuring the impact of assistance on workforce participation will be examined. The emergence of longer term research ventures by AHURI in several of these areas requires a close relationship between researchers and statisticians.

The compatibility of mainstream and Indigenous housing data with the health and community services information is an objective of both the NHDA and the ANIHI. These agreements support relevant work across areas such as priority access to housing services and the links to community services programs such as the Supported Accommodation Assistance Program. Also, understanding the relationship of housing assistance and homelessness assistance for health target groups, such as persons with a mental illness, requires joint work with health data development.

As noted in the previous issue of *Australia's Welfare*, work is ongoing in improving the measures of households in different tenure types. In particular, work is continuing to better understand the different measures of affordability (Gabrielle et al. 2005; Karmel 1998) and variation in the way different tenures are identified in Census, survey and administrative data, including:

- Home ownership rates at the national level may vary by several percentage points in the same time period (AIHW 2001:56).
- Public rental housing numbers vary due to identification and definition differences, particularly in the treatment of public rental dwellings that are specifically targeted to Indigenous households (AIHW 2003j: table 5.39).
- Difficulties in measuring the size of the community housing sector arise due to the diversity of programs, variation in funding sources, and provider capacity to supply reliable data (AIHW 2001:75).

Through the NHDA and the ANIHI, state and territory housing authorities and FaCS work with the ABS and the AIHW to improve the understanding of data differences and their impact on policy and program reporting, and analysis will continue.

6.7 Conclusion

Housing provides shelter and a place where people are guaranteed security and privacy, and where they can form and maintain relationships with family and friends. Having a home also enables people to engage with the wider community – socially, recreationally and economically – and may influence both their physical and mental health.

Housing assistance aims to meet housing needs as well as contribute to broader outcomes, such as the improved social and economic wellbeing of individuals, families and communities. Under the 2003 CSHA, research and data development are being undertaken to better understand the most appropriate ways of delivering assistance to those in need.

Population growth along with changes in household formation and in housing markets has affected the demand for housing assistance and this will continue as Australia's population ages. Also recent economic and social changes have contributed to changes in the demand for and supply of housing, particularly for low-income households. There is evidence of a change in home ownership patterns, indicating that home ownership is occurring at a later stage in the family life-cycle. The effect of tax expenditures in providing short- and long-term benefits to home owners and in influencing the type of housing stock produced is increasingly being recognised as an important area of housing assistance.

The private rental sector has grown faster than other segments of the housing market but the supply of low-cost private rental properties has not shown a similar increase. Social housing is increasingly being targeted to those in greatest need. Increasing pressure on housing assistance to meet the diverse needs of homeless and other marginalised persons, at a time when public housing stock is diminishing, has emphasised the importance of the community housing sector to meet needs that cannot be met through the private rental market.

With concerns around housing affordability for low- and middle-income households, governments are looking to identify and develop new approaches to the provision of housing assistance. As the population ages, maintaining current levels of home ownership is important as, on current evidence, the capacity for private and social rental housing to meet the growing needs of low-income households is limited. Improvements to the supply of low-rent housing to meet housing needs will remain a major challenge to governments.

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