

# 5 | Housing for health and welfare



## 5.1 Introduction

Housing plays a major role in the health and well-being of Australians; ‘adequate housing is essential for decent health, education, employment and community safety outcomes’ (FaCSIA 2007a). The cost of housing remains a major burden for many low and moderate income households. There is a high level of housing need among Indigenous Australians and a relatively large proportion of Indigenous households receive housing assistance. Australian Governments are examining new approaches to better meet Australians’ housing needs.

This chapter examines several aspects of the need for housing assistance for low and medium income households as well as other demographic and social characteristics of the population that impact on housing assistance. 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 6. Assistance to home owners who are buying or have purchased their home is also examined. Current policy issues and reforms are then discussed. The level of reporting on housing programs and reforms and initiatives in housing assistance raises a number of data development and measurement issues which are also discussed.

### Importance of housing and housing assistance to health and welfare

A dwelling can provide shelter, a clean environment and protection from the outside environment, including physical dangers and thus housing is an important component of healthy living. Housing also contributes to the other aspects of welfare status raised in this report covering autonomy, participation, and social cohesion (ABS 2001).

There has been a trend, beginning 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; the First Home Owner Grant; and various types of home ownership assistance targeted at low- and moderate-income households, including low start loans, capital indexed loans and shared equity schemes (Box 5.1).

Many of the issues described in the rest of this section have been the focus of policy and program reform by Australian governments in recent years, either through the Council of Australian Governments (COAG) agenda or the outcomes of ministerial meetings across relevant health, housing and community services areas.

## Box 5.1: Housing assistance types and definitions

### Private rental housing assistance

Private rental housing assistance is available to people on low incomes who are renting accommodation in the private market. Such assistance is provided in two quite different forms:

- Commonwealth Rent Assistance is supplementary financial assistance that may be payable to recipients of social security and Department of Veterans' Affairs payments who pay rents above specified threshold levels in the private rental market.
- Private rental assistance is a suite of housing assistance programs, provided by the states and territories through the Commonwealth State Housing Agreement, that are aimed at assisting low-income households experiencing difficulty in securing or maintaining private rental accommodation. Assistance is provided in the form of rental assistance (subsidies), bond assistance and other assistance (such as relocation expenses, and advice and information).

### Public and community-provided rental housing assistance

Public and community housing assistance takes several forms:

- housing for specific low-income groups such as single people, Indigenous Australians or homeless people
- housing support for people with additional needs
- purpose-built and modified dwellings for frail aged people and people with disabilities
- a variety of arrangements, from emergency or crisis accommodation through medium-term or transitional accommodation to long-term housing.

Public rental housing is an important form of housing assistance offered to people on low incomes and people with high and complex needs. Eligibility is determined by multi-faceted criteria designed to identify those most in need. State and territory governments provide and administer publicly owned dwellings that are funded through the Commonwealth State Housing Agreement. These dwellings provide appropriate, affordable and accessible shelter for low- to moderate-income earners and their families who are unable to enter the private market, and for those persons otherwise in need of housing. The dwellings include state owned and managed Indigenous housing.

Community housing is rental housing provided for low-income and special needs households that is managed by non-profit community-based organisations such as local governments, religious and charity groups. It is available to people who are eligible for public housing and who may have special needs best catered for by a community-managed organisation.

Commonwealth Rent Assistance is also available to community housing tenants, and state owned and managed Indigenous housing tenants in New South Wales, who pay rents above specified threshold levels.

### Home purchase or home ownership assistance

Home purchase or home ownership assistance is provided for people who wish to buy their own house but need help with financing. Assistance can be in the form of deposit assistance, mortgage relief and easier access to the transfer of public housing stock.

## Housing and health

The World Health Organization (WHO) has recognised that poorly constructed and inadequately maintained houses can put people's health and lives at risk. In its world health report it identified several features of the housing environment that directly or indirectly affect the health of occupants, including:

- the structure of the shelter, including the extent to which it protects the occupants from the elements
- the provision of adequate water supplies
- the provision of proper sanitation and waste disposal
- overcrowding, which can lead to household accidents and the increased transmission of airborne infections such as acute respiratory infectious diseases, pneumonia and tuberculosis (WHO 1998).

Housing is also an important factor in general health and wellbeing. A Tasmanian survey found that subjective quality of life increases as the sense of housing adequacy increases, and declines as the sense of housing adequacy declines (Tas DHHS 1999:72). In the survey, housing adequacy referred to the areas of living space, privacy, number of bedrooms, health issues (such as dampness), distance from work and services, and location.

Often poor housing does not feature prominently as a health issue because the health-housing link is still not well accepted and/or it is not seen as part of a health care responsibility. Examples of the relationship between housing and health are evident in recent New Zealand research that has demonstrated that properly insulating the houses occupied by low-income earners can result in significant health gains. The results showed significant improvements (10%–11%) in the health and quality of life of the occupants compared with low income earners in households with no insulation. Adults and children had reduced wheezing, colds and respiratory problems (40%–50% reduction). People on low incomes living in insulated houses were also less likely to take days off work and school (40%–50% reduction) than low-income earners in houses without insulation. There were also fewer visits to general practitioners and fewer hospital admissions for respiratory conditions (Howden-Chapman et al. 2007). The study found that improvements to the housing environment with insulation resulted in a 30% reduction in the frequency with which occupants were exposed to temperatures below 10 degrees Celsius, and mean relative humidity causing dampness was down by 4%. Insulated houses used less energy (81% of the energy used by non-insulated houses), which could result in more income available to be spent on non-housing essentials such as food and clothing.

A recent WHO-initiated synthesis of housing and health used a wide definition of housing-related health effects, and explored the relevance of housing conditions as a factor influencing mental health, sleep quality, indoor air, home safety, accessibility, obesity, mould growth, energy consumption, perception of crime, and residential quality (WHO 2004).

In examining the role of housing in health the WHO used broad conceptual definition of housing with four interrelated dimensions:

- the house—the physical structure of the dwelling as a shelter
- the home—the mental construct of the home as a safe harbour and refuge as well as the place where family life occurs (the meaning of home for a family and each individual)

- the immediate housing environment—the external dimension of the immediate housing environment (the quality and infrastructure of the neighbourhood)
- the community and its residents or neighbours, which form a social climate (Bonney et al. 2003a).

## Overcrowding

The effects of overcrowding on people's health are difficult to isolate, as overcrowding is often associated with other factors such as a low socioeconomic status and higher unemployment. However, overseas studies have shown that overcrowding is associated with a number of negative health outcomes such as meningococcal disease, tuberculosis, rheumatic fever, respiratory infections, and *Haemophilus influenzae* and *Helicobacter pylori* infection (Howden-Chapman & Wilson 2000). It has also been shown to be associated with higher rates of smoking and hazardous drinking, and with poorer self-reported mental and physical health in adults (Waters 2001). Waters points out that 'it is difficult to speculate on whether overcrowding in Australian homes is likely to have a direct effect on health' (Waters 2001:17).

Housing New Zealand is currently conducting the 5-year Crowding and Health Study. This study will assess the relationship between household overcrowding and hospitalisation rates for diseases such as meningococcal disease, pneumonia and skin infections, and whether moving to a less crowded house reduces the risk of such diseases (Baker et al. 2006). This follows the implementation of a pilot program, the Healthy Housing program, which focused on reducing diseases associated with overcrowding and generally improving the condition of Housing New Zealand properties (Housing New Zealand 2003).

## Indigenous households

Many Indigenous Australians live in substandard overcrowded houses, particularly in remote areas, and these housing conditions have been recognised as contributing to the lower than average health status of Indigenous Australians (CSTHMWGIH 1999).

Australian research has shown that to maintain good health among residents, the 'health hardware' (toilets, lights, drains, taps, showers, kitchens) of most houses in a community must function most of the time (Pholeros et al. 1993). In particular the breakdown in the major 'health hardware' of homes—water, waste removal and power facilities—has contributed to the high incidence among Indigenous people, especially children, of such conditions as skin and eye infections, diarrhoeal disease, respiratory illness and hepatitis (CSTHMWGIH 1999).

In May 2001, Australian housing ministers presented their 10-year statement of new directions for Indigenous housing—Building a Better Future: Indigenous housing to 2010 embracing a policy theme of 'Safe, healthy and sustainable housing for Indigenous Australians' (see Section 5.4). Implementation of this policy is designed to provide better housing and housing-related infrastructure, which it is hoped will lead to improved environmental health outcomes for Indigenous people. Box 5.2 describes the 11 critical healthy living practices contained in this strategy.

### Box 5.2: Approaches to healthy housing

Under the National Framework for the Design, Construction and Maintenance of Indigenous Housing there are 36 healthy living practices. Of these, the 11 critical healthy living practices are:

- power, water, waste connected
- safety: electrical system is safe
- safety: gas supply is safe
- safety: structure of and access to the house is safe
- safety: fire egress is available and safe
- shower working
- washing children: basin/bath/tub working
- laundry services OK
- flush toilet working
- waste removal from all other areas working (that is, non-toilet)
- ability to store and prepare and cook food.

*Source:* FaCS 2003.

## Mental health

One of the primary functions of housing is to provide a shelter from outside pressures. The nature of what is a home for a person can contribute to a person's mental, emotional and spiritual health.

To live somewhere means to develop a special relationship to space, time, luminosity, self and others. A house, in its concrete reality, brings support to certain aspects of individual psychological structuring—it is the 'central reference point of human existence' (Relph 1976:20).

The need for a private space differs from one individual to another and varies according to culture. However, homelessness, lack of control, deportation, being uprooted, and intrusion can have effects on health status and the incidence of illness that illustrate the importance of a house to an individual (Bonney 2004:19). Several studies, particularly in the field of social and environmental psychology, have shown the influence of environmental factors such as pollution, level of noise and crowding on mental health, depressive symptoms, and social wellbeing (Phibbs & Young 2005).

Loss of control over the residential environment, or difficulties in appropriating space will unsettle individuals and groups (Kearns et al. 2000:388–90). Children who live in overcrowded conditions have also been shown to be more likely to experience broken sleep, due to sharing rooms, and to be more aggressive than their non-crowded peers (Phibbs 2002).

In addition, symptoms of stress, anxiety, irritability, depression, even social misconduct (violence, vandalism) and alteration of attention capacities at school, in children may be related to noise exposure in relation to the housing conditions. It is also accepted that stressful housing conditions can aggravate pre-existing psychiatric pathologies (Evans 2003).

Major housing events such as moving house and eviction are recognised as major life events that may affect a person's mental health. In a study of public housing tenants in Queensland (Morrison 2000), tenants were asked about the effects of public housing on their lives. The most frequent response was that it provided security of tenure and a sense of physical and psychological security (see Chapter 6 for further details of mental health among homeless populations).

## Home accidents

Deaths and injuries from home accidents is a significant public health problem. They can also be considered a housing problem. In this context the evidence shows that, far from being a place of safety, the home is more dangerous than the working environment and more dangerous than public roads. Not only is it a dangerous place to be, those who spend the most time in the home are the most vulnerable—children, the elderly, and those who unable to work or go to school (ABS 1979a, 1979b). There is growing acceptance that many public health issues (such as accidental home injuries) should also be acknowledged as housing issues.

## Tenure type

Home owners tend to have better health than people who rent. For example, people who own their own home have a healthier and longer life and have lower death rates than those in rented properties (Waters 2001). People in rental accommodation have been found to be more likely than home owners to report fair or poor health and to visit the doctor more often. Howden-Chapman and Wilson (2000) suggest that security of tenure and control over accommodation may be important contributors to the health benefits of home ownership.

Homelessness has also been found to be associated with poor health. In general, homeless people have been found to have much poorer health than the general population (Dunn & Hayes 2000).

## Welfare and housing

Housing assistance by its nature differs from most of the community services programs discussed in other chapters of this report as it provides shelter which is basic to general health and wellbeing (AIHW 2001). A lack of housing can be a trigger that contributes to the need for broader types of welfare assistance. For example, an eviction in some circumstances can lead to children being placed in 'foster' care, changing education and job opportunities, and a life event that may have negative effects on a person's physical and mental wellbeing.

As well as affecting personal health and wellbeing the adequacy of housing can also affect neighbourhoods and community wellbeing and function. Housing and urban design can be important enabling factors in determining overall levels of participation and inclusion for communities. Concepts such as locational disadvantage and social exclusion usually include several dimensions of housing adequacy, location and amenity.

In 2003–04, the Australian Bureau of Statistics (ABS) estimated that almost one in five (19%) lower income households could be classified as being in housing stress. This included 4% of households who spent more than 50% of their gross income on housing costs (Table 8.5). Over the period 2000–01 to 2003–04, the proportion of lower income households that spent 30% or more of their gross income on housing costs remained stable at around 19% (ABS 2006).

About one in five lower income households with a mortgage and two in five private renters spent 30%–50% of their income on housing costs; around one in 10 of each household type spent more than 50%.

The most noticeable effect of housing assistance on welfare is its ability to improve a household's command over goods and services, by reducing the amount of household budget that has to be allocated to meet housing costs (AIHW 2001:164–5). Burke and Ralston (2003) reported that, in 1998–99, 45% of low-income private renters and 39% of public renters could not afford to pay for utilities. This compares with 16% for all households. In addition, 13% of low-income private renters and 8% of public renters went without a meal, compared with 3% of all households. Low-income private renters and public renters were also over 4 times as likely to seek assistance from welfare agencies: 15% and 16% respectively, compared with 4% for all households (see Table A5.1).

A lack of affordable housing can lead to overcrowding, which has been shown to affect children's academic achievement. Those living in crowded conditions do not perform as well in reading, language and arithmetic as those children with private home space (Phibbs 2002).

Financial stress also affects a household's ability to achieve security of tenure, which has a range of non-housing effects. For example, frequent moves have been shown to negatively affect children's school performance, particularly if the move is unplanned and occurs during the school year. This may be particularly difficult for low-income families who are often forced to move into a completely new area to access crisis or other affordable housing. Families can also experience increased pressure on relationships due to leaving behind important social networks and links to the local community (Phibbs 2002).

### **Deinstitutionalisation of disability and other welfare services**

The term deinstitutionalisation has traditionally been most closely associated with mental health and intellectual disability. In this context, its original meaning referred to the movement of individuals from an institutional setting to a community setting. Over time the term has attained a broader meaning in policy debates, being used in relation to the shift away from institutional services toward care in the home and the community, regardless of the movement of particular individuals. Across population groups the principles of facilitating the move from segregated, institutionalised services to community-based services, and increasing the range of service options available, has been the major feature of such activity (AIHW 2001:96–7).

In the fields of aged care, disability services and mental health, the establishment of income support payments has underpinned the shift toward community-based care. The contemporary array of income support payments includes the Age Pension, the Disability Support Pension, the Mobility Allowance, the Sickness Allowance, the Carer Allowance, and the Carer Pension (see chapters 3 and 4 of this report for more information on these payments).

The importance given to the link between housing and the health and welfare outcomes of people affected by deinstitutionalisation was emphasised in the Senate Select Committee on Mental Health 2006 report: *A national approach to mental health—from crisis to community*. The report notes that deinstitutionalisation requires a whole range of support and assistance, including housing, living skills and social connection in addition to the devolvement of therapy and treatment into community settings. This broad spectrum of services, one of which is housing, comprised the community-based services that consumers and carers required (Senate Select Committee on Mental Health 2006).

These issues were raised in the Report of the *National Inquiry into the Human Rights of People with Mental Illness* (the Burdekin Report) in 1993, which stated that 'one of the biggest obstacles in the lives of people with a mental illness is the absence of adequate, affordable and secure accommodation' (HREOC 1993:337).

The 2006 Senate report included in its recommendations for state and territory governments (Recommendation 13) the establishment of 'more longer term supported, community-based housing for people with mental illnesses with links to community mental health centres for clinical support' and also 'more respite and step up/step down accommodation options in conjunction with the federal government *Better Mental Health in the Community* program'.

## 5.2 Economic and social issues impacting on housing assistance

### Demographic and social background

This section examines some of the factors that currently shape the demand for housing assistance in Australia. 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 1996 to 341,400 dwellings in 2006 (Table A5.2). Community housing tenancies have remained more or less constant (Table 5.14). Also, the availability of low-rent housing in the private rental market has not kept pace with the increased demand by low-income households (Yates et al. 2004).

Current analysis indicates that several of the links between housing consumption and the life-cycle stages of individuals and families have been changing and will continue to change. This research indicates:

- regional differences in housing opportunities, along with a mismatch between housing location and labour markets (Bradbury & Chalmers 2003; Taylor et al. 2004)
- falling home purchase rates among 25–34 year olds
- people remaining longer in the private rental market
- delays in leaving the parental home
- delays in household formation
- fewer households with children and more children being raised in one parent households
- people living longer, with a rise in the number of very old people (older than 85 years) which has implications for the provision of housing for this group
- people not achieving or unable to sustain home ownership.

There has also been varying rates of growth in Australia's population across age groups. In the past decade or so, growth has been highest among those aged 45 years or over, 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 (Table A5.3). This is offset by the observation that, since 1996, there has been virtually no population growth in the 25–34 age group, which is the group most likely to include the majority of first home buyers.

In the long term these changes, particularly around the 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 they are rented rather than owned
- growing long-term demand for private rental assistance
- the need for new types of housing assistance within the social housing sector.

Research by the Australian Housing and Urban Research Institute (AHURI), funded by the Australian, state and territory governments suggests that Australia is on the threshold of a steady and sustained increase in the number of low-income, older renters, with the number of people aged 65 years or over living in low-income rental households projected to more than double from 195,000 in 2001 to 419,000 in 2026 (Jones et al. 2007:Table 16). The greatest projected change is in the 85 or over age range, where the number of low-income renters is estimated to increase from 17,300 to 51,000.

The number of low income aged persons living alone is projected to more than double from 110,800 households in 2001 to 243,600 in 2026, with single women accounting for two-thirds of these households (Jones et al. 2007:Table 17) . The demand for housing for low-income, aged couple households is projected to increase from 32,200 to 69,900 over this period.

## 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 increased by 1.8% per year while the population has grown 1.2%, meaning that average household size declined from 2.8 to 2.6 persons (AIHW 2003). The shift to smaller households accounted for about 40% 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 5.1 shows the projected growth of households, families and the population between 2001 and 2026. The number of households is expected to grow by 42% and the number of families by 31% compared with population growth of 25%. Single-person households are projected to show the greatest increase (75%) and families of couples with children the least (5%).

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 demand for housing.

**Table 5.1: Projected growth of households, families and population, 2001–26**

	Number		Change (per cent)
	2001	2026	
<b>Households</b>			
Family	5,269,000	6,920,000	31.3
Group	293,000	371,000	26.6
Lone person	1,805,000	3,149,000	74.5
<b>Total</b>	<b>7,368,000</b>	<b>10,441,000</b>	<b>41.7</b>
<b>Families</b>			
Couple families with children	2,492,000	2,610,000	4.7
Couple families without children	1,918,000	3,108,000	62.0
Lone parent	838,000	1,192,000	42.2
Other families	99,000	111,000	12.1
<b>Total</b>	<b>5,346,000</b>	<b>7,022,000</b>	<b>31.4</b>
Population	19,413,200	24,201,800	24.7

Note: Projections based on Series II assumptions (see ABS 2004a for further assumptions). The total number of families exceeds the total number of family households as some households contain two or more families.

Source: ABS 2004a:tables 6.2 to 6.4.

## Housing affordability and income

As discussed in *Australia's welfare 2005*, there has been an increased focus by governments and the community on the level of and trends in housing affordability and changes in economic and social variables that underlie the demand for and supply of affordable housing.

### Household income

Table 5.2 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 17% and 22% in all quintiles.

Compared with 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% of all public renters). In addition, only 14% of households renting from a state or territory housing authority have a gross income above the second quintile.

**Table 5.2: Income quintiles of households, 2002 (per cent)**

Equivalised gross household income quintiles <sup>(a)</sup>	Owner without mortgage	Owner with mortgage	Renter with state or territory housing authority	Renter with private landlord	All other tenure types	All persons
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*	21.4	18.0	22.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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

Source: Harding et al. 2004:Table 3.

## 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's or income unit's housing cost as a proportion of its income and is restricted to those in the bottom 40% of income distribution. 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 income support, for example Youth Allowance, are also treated as separate income units even though they may not be regarded as independent.

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 stress. This represents 9% of all income units or 1.7 million people (Harding et al. 2004). 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).

Table 5.3 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 a proportion of the tenure type, also focuses on private renters, with 21% 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%.

Of those families and singles in housing stress, it was estimated that 55% of them were single-person income units, 18% were couples with children, 14% were couples with children and 13% were sole parents. 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 children and highest for sole parents at 17% (Harding et al. 2004: Figures 5 and 6). Related data for households show that 13% of private renters and 9% 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 (AIHW 2005a:Table 2.6).

**Table 5.3: Income units in housing stress, June 2004**

	Owners		Renters		Other tenure	Total
	Without mortgage	With mortgage	Public	Private		
<b>Number of income units</b>						
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
<b>Total</b>	<b>3,152,000</b>	<b>2,464,000</b>	<b>456,000</b>	<b>2,839,000</b>	<b>1,143,000</b>	<b>10,056,000</b>
<b>Per cent of tenure</b>						
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
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total in housing stress (per cent)</b>	<b>4.3</b>	<b>26.2</b>	<b>2.6</b>	<b>66.8</b>	<b>0.0</b>	<b>100.0</b>

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

Source: Harding et al. 2004:Table 3.

## Duration of housing stress for low-income households

Recent analysis by AHURI of the Household, Income and Labour Dynamics in Australia Survey data gives an indication of how some households move in and out of housing stress. One out of every two persons living in a household paying at least 30% of its gross household income in meeting housing costs in 1 year will still be living in such a household in the following year; and approximately one out of every three persons living in a household will still be living in such a household in the 2 following years.

In other words, although the affordability measures employed are based on current income and current housing costs data, longitudinal data suggest that, for a significant proportion of those with high housing cost ratios, affordability problems are protracted rather than transient (Yates et al. 2004:Chapter 4).

## 5.3 Summary of housing assistance programs

### The value and distribution of government assistance

The range of housing assistance types for different types of tenure is illustrated in Figure 5.1.

The distribution of government housing benefits and taxes has been illustrated in recent research by Yates (2002; see also AIHW 2004). The most obvious is the assistance 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.

A less obvious form of assistance is provided through the taxation and regulatory mechanisms of government. These areas of assistance may provide benefits to households over a lifetime and not be immediately obvious. In particular, the relatively high level of home ownership in Australia and the investment by Australians in their own home

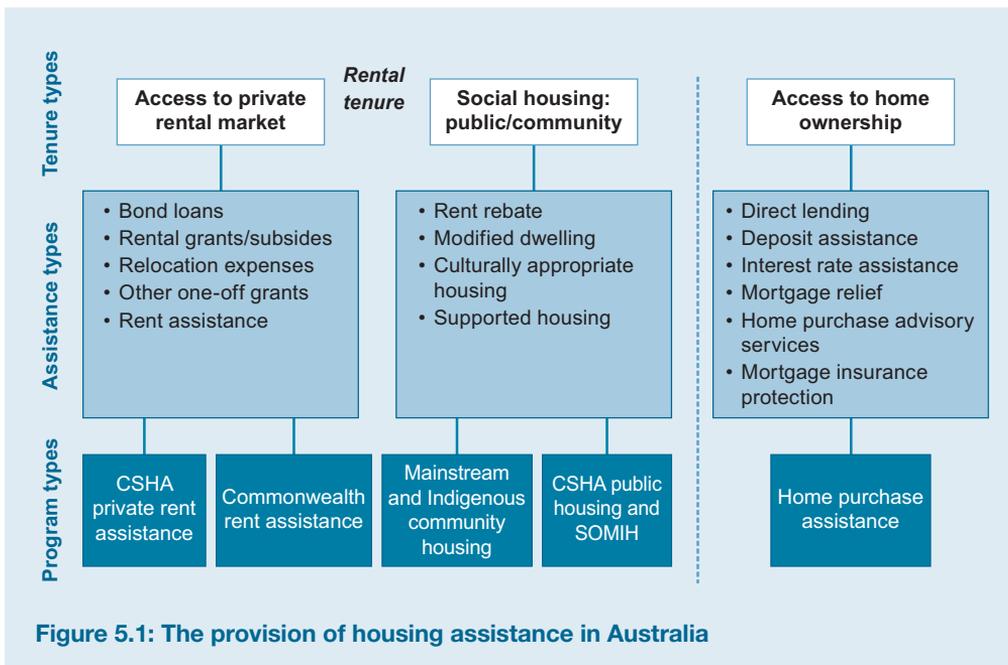


Figure 5.1: The provision of housing assistance in Australia

or as small property investors are facilitated by the assistance provided through tax and regulatory markets.

The value of the major forms of direct and indirect government assistance in 1999 is shown at Table 5.4.

- CRA expenditure provided recipients on average with \$1,655 per year in benefits. The greatest value of benefits went to lower income households, which also comprised the majority of recipients. Average benefit values vary by the size of the income unit (AIHW 2004).
- The First Home Owner Grant provided eligible home purchasers with at least \$7,000 per household.
- The average value of rent rebates provided to public renters was \$3,698 per annum. The greatest value of benefits went to lower income households, which also comprised the majority of recipients. Average benefit values vary by geographic location and household size (AIHW 2004).
- On average it is estimated that home owners received the equivalent of \$4,400 per year through tax expenditures.
- Home purchasers are estimated to have received the equivalent of \$900 on average through Australian Government tax expenditures (excluding state exemptions and subsidies such as stamp duties and land tax exemptions).

**Table 5.4: Value of direct and indirect assistance to households<sup>(a)</sup>, 1999 (\$)**

	Household quintile (by weekly income from all sources)					All
	Lowest	Second	Third	Fourth	Highest	
<b>Recurrent expenditure</b>						
Private renter—CRA amount	1,645	1,694	1,709	1,342	979	1,655
First Home Owner Grant 'one-off' amount <sup>(b)</sup>	7,000	7,000	7,000	7,000	7,000	7,000
<b>Capital expenditure</b>						
Public renters subsidy	3,550	3,990	3,710	3,325	..	3,698
<b>Tax expenditure</b>						
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) Represents the lump sum one-off payment of \$7,000 and is not an annual recurring benefit. Estimate of First Home Owners Grant value for 1999 based on value at time of introduction on 1 July 2000.

Source: AIHW 2004.

Of all the public renter households in receipt of a rental subsidy, 90% have an income within the lowest two income quintiles (Table A5.14). Almost 60% of these households receive an income within the lowest income quintile. This indicates that this form of direct assistance is highly targeted to households within the lower income quintiles. CRA is also similarly targeted to households within these income quintiles; however, the highest proportion of recipients of this benefit, 42%, receive an income within the second income quintile, not the first.

The proportion of households purchasing their own dwelling is skewed towards the highest income quintile. Only 5% of households that are purchasing their own home have incomes within the lowest income quintile while 33% have an income within the highest income quintile. Of those households that own their homes outright, the majority (52%), have an income within the lowest two income quintiles. The remaining households that own their home outright appear to be distributed relatively evenly between the third, fourth and fifth quintile. When grouped together as 'all owners', home owners and purchasers are distributed evenly between all the income quintiles, increasing slightly as the level of income increases.

In 2005–06, the value of assistance provided to private renters was over \$2.0 billion. This comprised nearly \$2.0 billion from the CRA program, and \$72.6 million through CSHA private rent assistance (Table 5.4). Also in 2005–06, the Australian, state and territory governments provided just over \$1.3 billion for housing programs under the CSHA (Table A5.4), with public and community housing accounting for the majority of this funding. The Australian Government paid to the states and territories \$93 million for the Aboriginal Rental Housing Program, \$66 million for community housing and \$41 million for crisis accommodation.

Another form of assistance that helps income support recipients is Centrepay, which allows Centrelink clients to have automatic deductions taken from their Centrelink payments for various purposes, such as payment of rent thus ensuring a more secure living environment by reducing the possibility of rent arrears and eviction. This method of payment also allows other housing related payments such as gas, water, rates or electricity to be automatically deducted, providing assistance in managing finances and meeting household commitments (FaCSIA 2007c).

The First Home Owner Grant Scheme is part of the Australian Government's tax reform package to help first home owners. The scheme was established to offset the effect of the goods and services tax (GST) on home ownership by providing a one-off \$7,000 grant to first home buyers. The scheme was introduced on 1 July 2000 and is ongoing with no end date yet identified. Eligible first home owners can receive the grant regardless of their income, the area in which they are planning to buy or build, or the value of their first home. The grant is not means tested and no tax is payable on it.

### **Trends in Commonwealth State Housing Agreement and Commonwealth Rent Assistance funding**

Over the period 1994–95 to 2003–04, there were significant shifts in government expenditure for the CSHA and CRA. In 1994–95, government expenditure for the CSHA was 4% higher than for CRA. However, an increase of 9% for CRA expenditure and a 31% decrease for CSHA expenditure between 1994–95 and 2003–04 resulted in CRA expenditure surpassing that for the CSHA (Table A5.4). The trends 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). Recent trends have shown a decline in public housing stock (see Table A5.2).

## Commonwealth Rent Assistance

CRA is a non-taxable income supplement paid through Centrelink to individuals and families who rent in the private rental market. CRA is also available to community housing tenants and state owned and managed Indigenous housing tenants in New South Wales who pay rents above specified threshold levels. It aims to address basic living costs by reducing the proportion of an income unit's budget that has to be spent on housing. In 2003–04 the CRA program provided nearly \$2.0 billion of assistance to private renters (see Table A5.4).

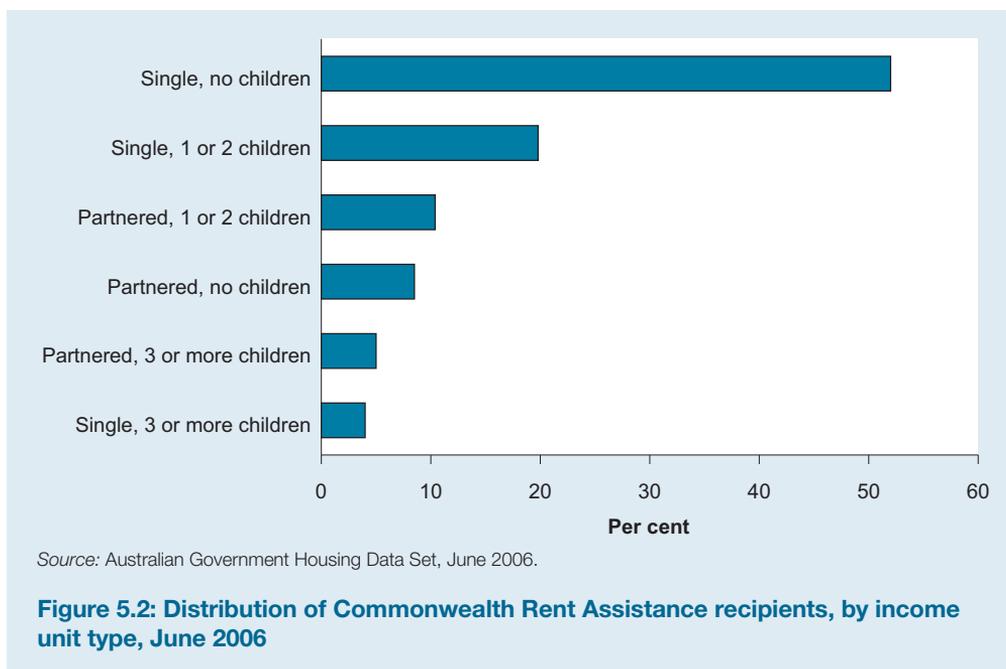
Recipients of a Centrelink pension or allowance, or an amount of Family Tax Benefit over the base rate of Family Tax Benefit Part A, who are also paying private rent above minimum thresholds, may be eligible for CRA. It is generally not paid to home owners or purchasers, people living in public housing, 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 and the 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 <<http://www.centrelink.gov.au>>.

The results presented in this section are derived using data on income units that were in receipt of a Centrelink pension or allowance, or an amount of Family Tax Benefit over the base rate of Family Tax Benefit Part A, for the fortnight ending June 2006. The source for all data presented here is the Australian Government Department of Families, Community Services and Indigenous Affairs (FaCSIA) housing data set.

### Profile of Commonwealth Rent Assistance recipients

In June 2006, of the 4,046,180 Centrelink clients, 947,333 (23%) had an ongoing entitlement to and were receiving CRA. (This subgroup of income units is hereafter referred to as 'CRA recipients'.) Figure 5.2 shows the significant differences in CRA recipient rates between income unit types, ranging from 52% for single people without children to 4% for lone parents with three or more children. The proportion of people in different groups (for example age, income unit type, Indigenous status) eligible for CRA depends on a number of factors, including the level of home ownership, the availability of public housing, the number 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.

Nationally 32% of CRA recipients pay more than 30% of income on rent after CRA; without CRA 59% of these households would pay more than 30% of income on rent. With CRA 23% of all CRA recipients pay in the range of more than 30% to 50% of income on rent and 8% pay more than 50% of income on rent. Without CRA these proportions are 35% and 24% respectively (Table 5.5).

The Australian Capital Territory and New South Wales had the largest proportions of CRA recipients paying more than 50% of their income on rent before CRA (31% and 27% respectively). The Australian Capital Territory remained the jurisdiction with the highest proportion of such recipients after receiving CRA (14%), followed by New South Wales (10%).

The proportion of income spent on rent varies widely across income unit types (Table 5.6). With CRA 68% of all CRA recipients pay 30% or less of income on rent. For the four major groups of income units this ranged from 58% of single-person income units, 75% for partners with no children, 77% of single-person with children income units up to partnered with children income units where 88% paid 30% or less of income on rent. For the two groups with children, those with three or more children were more often represented in this affordability category than those with only one or two children.

**Table 5.5: Recipients (income units) of Commonwealth Rent Assistance, proportion of income spent on rent with and without CRA, by state/territory, June 2006 (per cent)**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
<b>Over 30% to 50%</b>									
With CRA	25.0	22.6	23.3	20.1	21.6	19.8	23.6	23.4	23.2
Without CRA	35.1	36.9	34.4	35.4	34.5	37.5	25.5	36.0	35.3
<b>Over 50%</b>									
With CRA	10.1	8.3	8.0	5.5	5.9	4.8	14.1	6.9	8.4
Without CRA	26.7	23.9	23.4	19.1	20.9	19.2	30.6	22.9	24.0

*Notes*

- The proportion of income spent on rent (often referred to as 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. The approach used here follows the convention used in national reporting by FaCS and the Productivity Commission (SCRCSSP 2002).
- Total CRA recipients excluded 719 income units with missing income or nil income and 230 income units with unknown state or territory.

Source: Australian Government Housing Data Set, June 2006.

**Table 5.6: Recipients of Commonwealth Rent Assistance, by income unit type and proportion of income spent on rent with and without CRA payment, June 2006 (per cent)**

Income unit type	Proportion of income spent on rent			Total	Total CRA recipients (number)
	30% or less	Over 30% to 50%	Over 50%		
<b>With CRA</b>					
Single, no children <sup>(a)</sup>	57.7	29.9	12.5	100.0	491,689
Single, 1 or 2 children	75.4	20.8	3.8	100.0	188,020
Single, 3 or more children	82.4	16.0	1.6	100.0	37,709
Single with children income units	76.6	20.0	3.4	100.0	225,729
Partnered, no children	74.5	18.9	6.5	100.0	80,451
Partnered, 1 or 2 children	86.2	9.7	4.1	100.0	98,786
Partnered, 3 or more children	92.6	6.0	1.4	100.0	47,259
Partnered with children income units	88.2	8.5	3.2	100.0	146,045
<b>Total<sup>(b)</sup></b>	<b>68.4</b>	<b>23.2</b>	<b>8.4</b>	<b>100.0</b>	<b>946,614</b>
<b>Without CRA</b>					
Single, no children <sup>(a)</sup>	23.2	39.9	36.9	100.0	491,689
Single, 1 or 2 children	50.4	37.2	12.5	100.0	188,020
Single, 3 or more children	55.5	38.9	5.6	100.0	37,709
Single with children income units	51.2	37.5	11.3	100.0	225,729
Partnered, no children	50.7	36.4	12.9	100.0	80,451
Partnered, 1 or 2 children	75.1	16.7	8.2	100.0	98,786
Partnered, 3 or more children	82.3	14.2	3.5	100.0	47,259
Partnered with children income units	77.4	15.9	6.7	100.0	146,045
<b>Total<sup>(b)</sup></b>	<b>40.7</b>	<b>35.3</b>	<b>24.0</b>	<b>100.0</b>	<b>946,614</b>

(a) The category 'Single, no children' includes single people in shared accommodation.

(b) Total CRA recipients include 2,700 income units who were identified as partnered, no children, temporarily separated or separated due to illness, and exclude 791 income units with nil total income or missing rent.

Source: Australian Government Housing Data Set, June 2006.

As expected, single-person income units feature more prominently in the high-cost—low-affordability category with 13% paying more than 50% of their income in rent with CRA—more than 3 times as large as income units with children and double the partnered no children group. The proportion of single-person income units also showed the largest reduction in those paying more than 50% of their income in rent, from 37% without CRA to 13%.

## Commonwealth State Housing Agreement program areas

Six housing assistance program areas operate under the CSHA: public rental housing, Aboriginal Rental Housing Program (also referred to as state owned and managed Indigenous housing (SOMIH)), community housing, home purchase assistance, private rent assistance and the Crisis Accommodation Program. In 2005–06, governments provided \$1.307 billion for housing assistance under the CSHA, of which the greatest proportion went to public rental housing.

**Table 5.7: Commonwealth State Housing Agreement funding, 2004–05 and 2005–06 (\$m)**

Funding arrangement	2004–05	2005–06
Base funding grants <sup>(a)</sup>	733.8	743.9
Aboriginal Rental Housing Program	102.1	93.3
Crisis Accommodation Program	40.1	40.7
Community Housing Program	64.7	65.6
State matching grants	359.2	364.1
<b>Total</b>	<b>1,299.9</b>	<b>1,307.6</b>

(a) Includes public housing, home purchase assistance and private rental assistance programs.

Sources: FaCSIA 2006:Table 2.2; FaCSIA 2007b.

Table 5.8 shows that public rental housing is the larger form of housing provided under the CSHA, accounting for 88% of all dwellings at 30 June 2006. Community housing accounted for 7% of the dwellings, SOMIH 3% and the Crisis Accommodation Program the remaining 2% (Table 5.8).

**Table 5.8: Households assisted and dwellings for all Commonwealth State Housing Agreement programs, 2005–06**

	Public rental housing	SOMIH	Community housing	Crisis Accommodation Program	Private rent assistance	Home purchase assistance
Households at 30 June 2006	333,968	12,386	28,582	..	..	..
Households assisted in 2005–06	..	..	..	62,383 <sup>(a)</sup>	133,981	36,998
Dwellings at 30 June 2006	341,378	12,893	26,210 <sup>(b)</sup>	7,346 <sup>(c)</sup>	..	..

.. means the data item is not relevant to this program.

(a) Data was only available for New South Wales, Victoria, Queensland and Western Australia. For New South Wales, the number of instances, and not the number of households, is counted.

(b) This is for 'tenancy rental units', that is, a unit of accommodation to which a rental agreement can be made.

(c) This is the total for all jurisdictions. The total number of dwellings for New South Wales, Victoria, Queensland and Western Australia only is 6,506.

Sources: AIHW 2006a, 2006b, 2007b, 2007c, 2007d, 2007e.

At 30 June 2006 374,936 households were either in public housing, SOMIH or community housing. In addition, 233,362 households were assisted during 2005–06 by the three smaller programs: private rent assistance, home purchase assistance and the Crisis Accommodation Program.

## Households in public rental housing

### Household composition

Overall, the most common household type in public rental housing and SOMIH was single adult, comprising nearly half (44%) of all households, with single-parent families the next most common at 21%. Couples with children accounted for only 7% of all households. Just over one third (37%) of households had a male as the main tenant, and 63% had a female as the main tenant (Table 5.9).

The average age of the main tenant in public rental housing was 62 years for women and 55 years for men. This compares with an average age in SOMIH of 53 years for women and 48 years for men. The 2001 Census shows that the social housing system (of which public rental housing is the major provider) provides over half of all rental housing for people aged 65 or over. Jones and colleagues (2007) have projected an increase of 115% from 2001 to 2026 in the number of low-income households in this age group. Given the high percentage of single-adult families currently in public housing, it is difficult to see how the current supply could meet this increasing demand.

**Table 5.9: Sex of main tenant for public rental housing and state owned and managed Indigenous housing by household composition, 2005–06**

Household composition	Male—public housing	Male—SOMIH	Female—public housing	Female—SOMIH	Total <sup>(a)</sup>
Single adult	64,905	944	86,991	1,429	153,909
Single parent	7,087	493	59,850	4,303	71,733
Couple only	19,566	318	7,508	268	27,660
Couple with children	11,295	662	12,747	987	25,691
Group household	5,187	227	15,623	612	21,649
Mixed composition	6,800	361	11,926	1,020	20,107
Other singles	273	30	812	143	1,258
<b>Total<sup>(b)</sup></b>	<b>115,113</b>	<b>3,035</b>	<b>195,457</b>	<b>8,762</b>	<b>346,354<sup>(c)</sup></b>

(a) Totals include households where the sex of the main tenant is unknown.

(b) Totals include households where the household composition is unknown.

(c) Includes households where household composition and sex of main tenant is unknown.

Source: AIHW analysis of the national housing assistance data repository.

The next most common type of household for both public rental and SOMIH households was single parent, at 22% and 41% of all households respectively. Women were more likely to be the main tenant for both programs, representing 89% of all sole parents in public rental housing and 90% for SOMIH.

Research has shown that almost 50% of sole parents live in a very difficult financial situation, unable to afford adequate food and heating, and experience problems meeting bills (Birrell et al. 2002). Public rental housing will therefore continue to be an important tenure for this group, given its affordability compared with the private sector.

## Household income

The level of income coming into a household affects the amount of rent it pays. For both public rental housing and SOMIH, rents are calculated so that households pay no more than 25% of their income on rent. The difference between this amount and the full market rent of the dwelling is called the rebate amount. This capping of a tenant's housing costs assists the household by allowing a greater level of spending on other goods and services, and is particularly important to low-income households (Bridge et al. 2003).

In 2005–06, 88% of public rental households and 84% of SOMIH households effectively received a total of \$27.7 million and \$1.0 million in rebates respectively. The average weekly rebate for these tenants was \$94.61 for public renter rebated households and \$97.09 for SOMIH rebated households (AIHW 2006a, 2006b).

The principal source of income in 2005–06 for over 90% of rebated households in public housing and SOMIH was a government cash pension or allowance (92% and 91% respectively). Of these, the main pension type was the Disability Support Pension (31% and 19% of pensions respectively). Wages and salary were the main source of income for 6% of public renter households and 7% of SOMIH households (Table A5.8).

## Priority allocation

Of the 28,853 households newly allocated to either public housing or SOMIH in 2005–06, 10,824 (37%) were classified as in greatest need. This means that they were homeless, their life or safety was at risk, their health condition was aggravated by their housing, their housing was inappropriate to their needs or they had very high rental housing costs. Of those 10,824, over half (51%) were housed within 3 months of joining the waiting list.

**Table 5.10: New allocations of public rental housing and state owned and managed Indigenous housing to households in greatest need, by time to allocation, July–September 2005**

Time period	Public rental housing	SOMIH
Less than 3 months	5,334	175
3 months to less than 6 months	1,918	78
6 months to less than 1 year	1,728	50
1 year to 2 years	994	41
2 years or more	489	17
<b>Total all greatest need allocations</b>	<b>10,463</b>	<b>361</b>
<b>Total all new allocations</b>	<b>27,482</b>	<b>1,371</b>

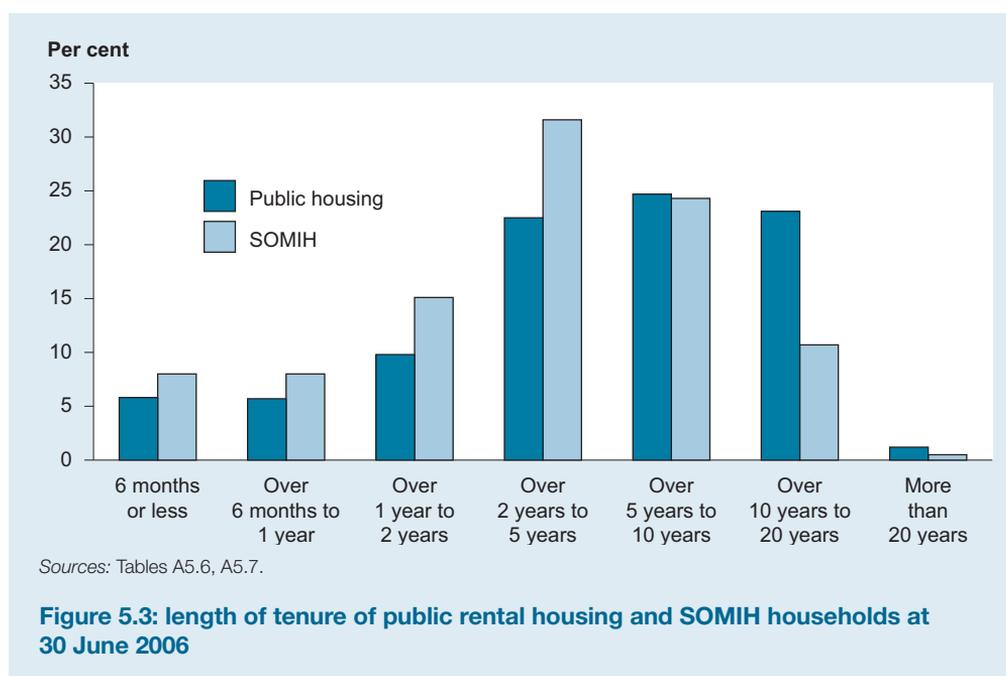
Sources: AIHW 2006a, 2006b.

In a study of public housing and community housing practitioners, over 70% said their allocation system worked well or very well. Targeting was generally supported across both sectors, but there were some concerns expressed that other households were missing out (Hulse & Burke 2005). Reforms to housing allocation have been implemented overseas and there are moves in Australia to follow this trend. At least five jurisdictions are either implementing or considering implementing a single waiting list for all their public rental housing, SOMIH and community housing dwellings.

## Length of tenancy

The median length of tenancy was greater for households in public rental housing (2,198 days) compared with SOMIH (1,293 days) (Table A5.6 and A5.7). At 30 June 2006, the greater proportion (25%) of public renter households had a tenure time of over 5 to 10 years, whereas the greater proportion of SOMIH households (32%) had a tenure time of over 2 to 5 years. SOMIH households were also more likely than public renter households to have tenure periods of 2 years or less, 31% compared with 21%.

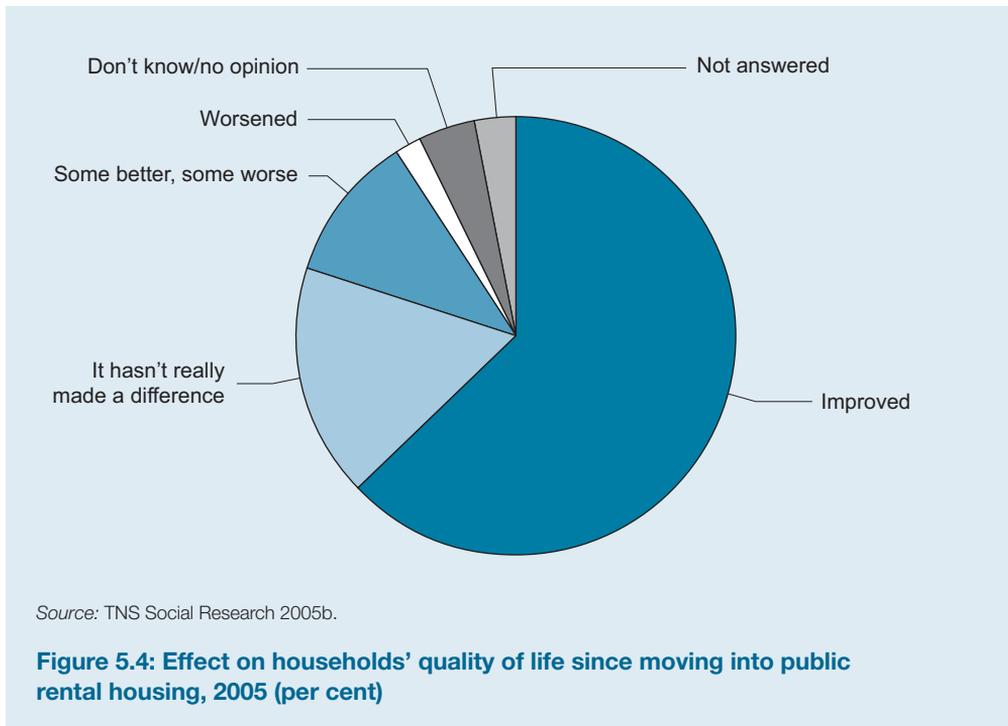
The effects of security of tenure are not well understood in Australia. While there is some evidence that it brings improved social cohesion and education outcomes, there is not sufficient evidence to say for certain. Evidence of the impact of security of tenure on employment outcomes is mixed, ranging from a positive outcome to a negative one as a consequence of the lack of willingness to move to a location with better employment prospects (Bridge et al. 2007).



## Public housing outcomes

In 2005, the most cited reason for moving into their current housing for both public renters and SOMIH households was that they couldn't afford private rental (67% and 35% respectively). For those in public rental housing the next most cited reasons were security of tenure (32%) and they wanted to live in this area (18%). For those in SOMIH the next most cited reasons were they wanted to live in this area (22%) and they wanted a better house (20%) (Table A5.9).

Nearly two-thirds (63%) of respondents said that their quality of life had improved since moving into public rental housing, with only 2% reporting that it had worsened (Figure 5.4). This question was not asked of SOMIH households.



When public renter households were asked about the specific benefits of public housing, the top three reasons were 'they felt more settled in general' (91%), 'they were more able to manage their money' (90%) and 'it allowed them to remain living in the area' (89%). SOMIH households also cited 'it allowed them to remain living in the area' (91%) and 'they felt more settled in general' (90%) but also gave a high score to 'they felt more able to cope' (89%) (Table A5.10).

### Tenant satisfaction with service delivery

In the 2005 National Social Housing Survey (NSHS), for both public rental and SOMIH households, tenants were asked to rate their overall satisfaction with the service provided by their state housing authority. Overall, SOMIH households showed a lower level of satisfaction than those in public rental housing, with the amount either satisfied or very satisfied being 63% for SOMIH households and 71% for public rental housing households. In addition, SOMIH households were more likely to be dissatisfied, 24% compared with 16% for those in public rental housing (Table A5.11).

### Labour force participation

In 2005, almost half (49%) of tenants were not actively looking for work in the previous 4 weeks. Tenants who were not actively looking for work cited such reasons as being unable to work (55%), having a permanent medical condition (43%) and needing more training, education or experience (24%). Just over one-fifth (22%) were concerned that their pension or benefits might be reduced and 18% that their rent might go up.

This issue was explored by AHURI in its attitudinal survey of 400 unemployed housing assistance recipients. AHURI found that the majority (79%) of respondents were looking for a clear financial benefit of at least \$100 per week and half wanted a net gain of at least \$200. Other problems cited included poor skills, age discrimination, travel costs and poor location. In fact, 42% of public renters said they would be willing to move if it meant finding a suitable job (Whelan 2005).

## Households in community housing

Household information presented for community housing is either from the 2005 NSHS, where one person responded on behalf of the household, or the 2006–07 national collection of household-level data.

### Household composition

In 2005, 35% of NSHS respondents were aged between 35 and 54 years and 18% between 55 and 64 years. The majority of these tenants (65%) were female. The most common household type was single adult, comprising nearly half (46%) of all households, with single-parent families the next most common at 18%. Couples with children only accounted for 6% of all households (TNS 2005a).

In 2005–06, 1,663 (6%) households in community housing were identified as Indigenous households. Another 7,718 (27%) households contained a household member with disability and 3,567 (12%) were from non-English speaking backgrounds (Table A5.12).

### Household income

The 2005 NSHS shows that the principal source of income in 2005 for the greater majority (about 80%) of community housing households was a government cash pension or allowance, of which the most common pension type was the disability pension (about 27%). This was closely followed by the Age Pension (about 26%). Of main income earners 14% received a wage or salary.

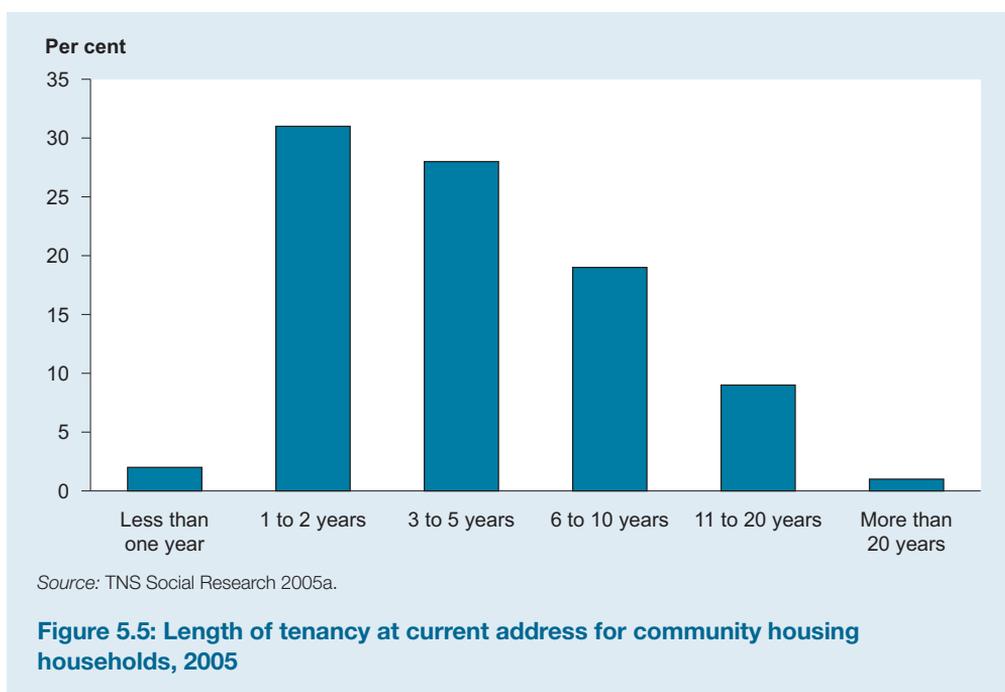
In 2005–06, 83% of community housing households paid no more than 25% of their income in rent. A further 11% paid between 25% and 30% of their income in rent, with only a small proportion (6%) paying above 30% (AIHW 2007b).

### Length of tenancy

In 2005 the greater proportion (31%) of community housing households had been at their current address for 1 to 2 years, with a further 28% having been at their current address for 3 to 5 years. Only 10% of households had been at their current address for 11 or more years (Figure 5.5).

### Community housing organisations

At 30 June 2006, 1,115 community housing organisations managed around 31,584 dwellings (Table 5.11). Organisations vary in size depending on the number of dwellings they manage. A small proportion of organisations managed a large proportion of dwellings, with only 3% of organisations managing about 43% of all dwellings. Conversely, a large proportion of organisations managed a relatively small proportion of dwellings, with 77% of organisations managing just 20% of all dwellings.



**Table 5.11: Community housing organisations and dwellings by organisation size, at 30 June 2006**

Organisation size	200 or more dwellings	100–199 dwellings	50–99 dwellings	20–49 dwellings	Less than 20 dwellings	Total
Total organisations	32	31	38	156	858	1,115
Total per cent of organisations	2.9%	2.8%	3.4%	14.0%	77.0%	100.0%
Total dwellings	13,718	4,262	2,648	4,636	6,320	31,584
Total per cent of dwellings	43.4%	13.5%	8.4%	14.7%	20.0%	100.0%

*Notes*

1. Percentages may not add to 100 due to rounding.
2. Excludes the Australian Capital Territory as it did not participate in the administrative data collection.

Source: AIHW 2007a.

Community housing organisations offer a range of support services to tenants including information, advice and referral, personal support, community living support, training and employment support, and financial and material assistance (AIHW 2007b). In 2005, 25% of tenants reported that at least one household member required support within the last month. Of these, 6% required daily living support, 47% required personal support and 38% required community living support.

One way in which community housing differs from public rental housing is that it allows households to be involved in the decision making and management of the community housing organisation. In 2005, the most common forms of tenant involvement were providing help when possible or when asked (31%) and attending meetings (27%). Other forms of tenant involvement included attending social events and activities (20%), being a member of the organisation (18%) and helping with general maintenance and working bees (11%) (TNS Social Research 2005a).

## Community housing outcomes

For over half (57%) of respondents to the 2005 NSHS, one of their reasons for moving into community housing was that they couldn't afford private rental. The house better suited the need of 45% of respondents, and 38% and 36% respectively cited security of tenure and difficulties with accessing public housing as a reason (Table A5.9).

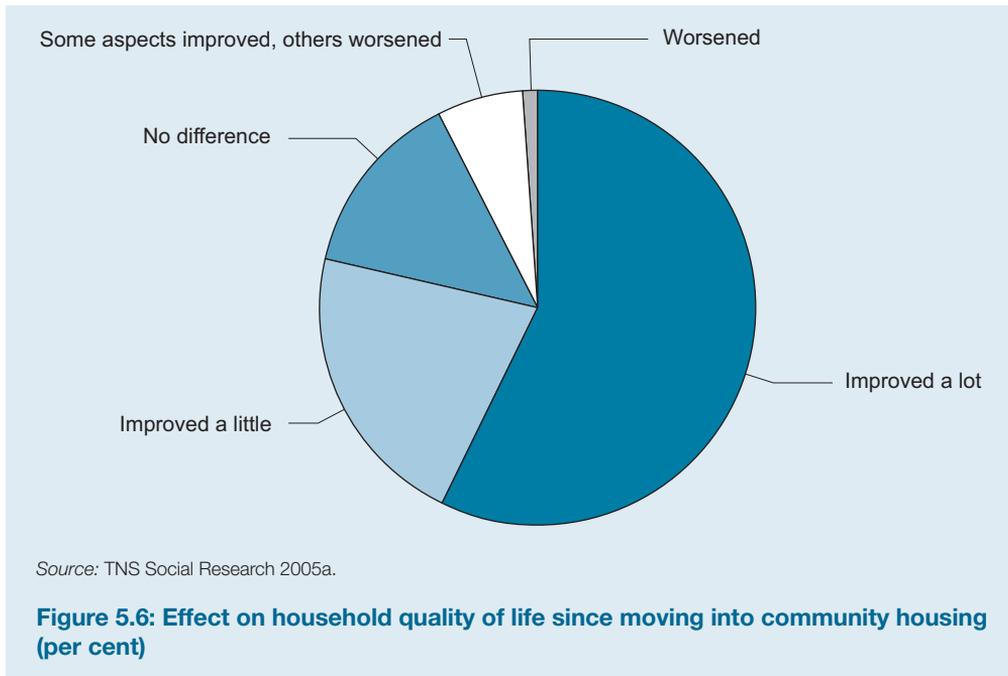
More than two-thirds (74%) of respondents said that their quality of life had improved since moving into community housing, with only 1% reporting that it had worsened (Figure 5.6). When tenants were asked about the specific benefits, the top four reasons were 'it allowed them to remain living in the area' (93%), 'they felt more settled in general' (92%), 'they were more able to manage their rent and money' (90%) and 'they felt more able to cope' (86%) (Table A5.10).

Research has also shown that community housing contributes to community building. In a series of focus groups with 12 service providers, 13 tenants and 12 policy and program administrators, AHURI found that community housing:

- 'restores individual capacities to live independently
- brokers access for tenants to the wider community
- provides the skills and supports that actually led to social participation and
- the organisations play a lead role in the community, for example through forming partnerships and providing leadership on community issues' (Barbato et al. 2003).

## Tenant satisfaction with service delivery

In the 2005 NSHS, tenants were asked to rate their overall satisfaction with the service provided by their community housing organisation. Nationally 85% of community housing tenants stated they were satisfied overall with the service provided by their housing organisation (Table A5.11).



When looking at overall satisfaction for all tenants, there were some differences between different subgroups of tenants:

- Consistent with most satisfaction surveys, overall satisfaction for both service delivery and condition of the home increased with age.
- Households without dependants were generally more satisfied with both service delivery and the condition of their home than those with dependants.
- Tenants living in semi-detached houses or flats/apartments were generally more satisfied with the condition of their home than those living in shared accommodation or separate houses.

### Crisis Accommodation Program

The Crisis Accommodation Program provides capital funding for services funded under the Supported Accommodation Assistance Program. The majority of funds are used for the purchase, construction and lease of dwellings for people who are homeless or in crisis. The crisis nature of this type of housing is demonstrated by the fact that in 2005–06, for the four jurisdictions that were able to provide both dwelling and household numbers, 59,383 households were assisted with 6,773 dwellings. This equates to 8.8 households per dwelling (AIHW 2007c). Details of persons assisted under the Supported Accommodation Assistance Program are provided in Chapter 6 of this publication.

### CSHA private rent assistance

CSHA private rent assistance is provided to eligible low-income households to assist them with securing or maintaining rental in the private sector. This program is in addition to the CRA Program, which is not a CSHA program and is administered by Centrelink.

Table 5.12 shows the range of private rent assistance programs current during 2005–06. All jurisdictions provide bond loans, five provide rental grants and subsidies, but only three provide relocation expenses or other one-off grants.

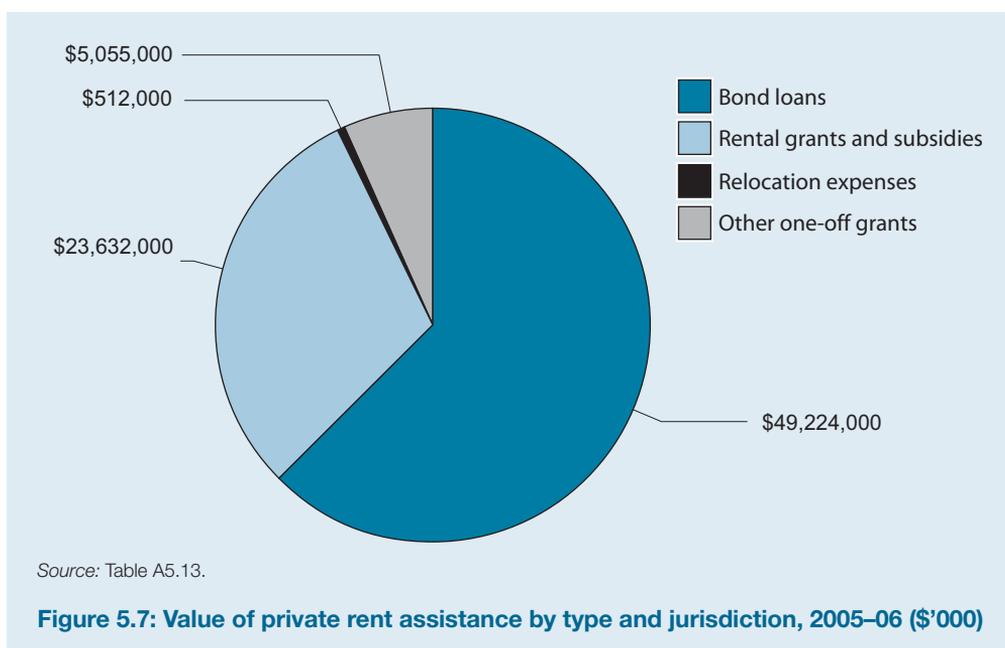
**Table 5.12: Commonwealth State Housing Agreement private rent assistance program coverage by jurisdiction, 2005–06**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Bond loans	✓	✓	✓	✓	✓	✓	✓	✓
Rental grants/subsidies	✓	✓	✓	..	✓	✓	..	..
Relocation expenses	..	✓	..	..	..	✓	✓	..
Other one-off grants	✓	✓	..	..	..	✓	..	..

Note: 'Current' represents programs that are accepting new clients for the year ending 30 June 2005. Where a jurisdiction is phasing out a program and only continuing to service ongoing clients until the end of their contractual obligations (that is, not accepting any new clients), these programs are not counted as current.

Source: AIHW 2007e.

Seventy-eight million dollars worth of private rent assistance was provided to just fewer than 134,000 households in 2005–06. The greatest area of expenditure was bond loans, which accounted for nearly two-thirds (63%) or \$49 million of private rent assistance (Figure 5.7).



### CSHA home purchase assistance

Home purchase assistance is provided to eligible households to assist them in securing or maintaining home ownership. It is provided in addition to the First Home Owner Grant, which is not a CSHA program and which is administered by state Treasury Departments.

Table 5.13 shows the range of home purchase assistance programs current during 2005–06. Direct lending is provided by five jurisdictions, four jurisdictions provide interest rate assistance and mortgage relief and three jurisdictions provide deposit assistance and advice and counselling.

**Table 5.13: Commonwealth State Housing Agreement home purchase assistance program coverage by jurisdiction, 2005–06**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Direct lending	..	✓	✓	✓	✓	..	..	✓
Deposit assistance	..	..	✓	..	..	✓	..	✓
Interest rate assistance	..	..	✓	✓	✓	..	..	✓
Home purchase advisory and counselling	✓	..	..	✓	..	✓	..	..
Mortgage relief	✓	✓	✓	✓	..	..	✓	..
Other	..	✓	✓	✓	..	..	..	..

Note: 'Current' represents programs which are accepting new clients for the year ending 30 June 2005 (that is, where a jurisdiction is phasing out a program and only continuing to service clients until the end of their contractual obligations, these programs are not counted as current).

Source: AIHW 2007d.

In total, \$1,001 million was provided to 36,122 households in home purchase assistance in 2005–06. The bulk of this funding (\$969 million) went to providing 20,293 households with some form of direct lending. The next most common form of home purchase assistance was advisory and counselling services, which were provided to 12,726 households at a cost of \$3 million (Table 5.14).

**Table 5.14: Commonwealth State Housing Agreement home purchase assistance: households assisted and value of assistance by assistance type, 2005–06**

	Households assisted (number)	Value of assistance (\$'000)
Direct lending	20,293	968,694
Deposit assistance	46	268
Interest rate assistance	3,207	25,414
Mortgage relief	299	2,621
Advisory and counselling services	12,726	2,950
Other	381	1,138
<b>Total</b>	<b>36,122</b>	<b>1,001,085</b>

*Note:* Not all jurisdictions have all types of programs. Some jurisdictions were also unable to provide data. Figures for direct lending are from Victoria, Queensland, Western Australia and Northern Territory, for deposit assistance from Queensland and Tasmania, for interest rate assistance from Queensland, Western Australia and South Australia, mortgage relief from New South Wales, Victoria, Queensland, Tasmania and the Australian Capital Territory, advisory and counselling services from New South Wales and Tasmania, and 'other' from Victoria and Queensland.

*Source:* AIHW 2007e.

## Trends in social housing under the 2003 CSHA

Examining data for the three major CSHA programs, public rental housing, SOMIH and CSHA-funded community housing for the last 4 years shows some of the long-term trends in social housing assistance. While there has been a decline in the number of households accommodated in public housing in the last 4 years, the proportion receiving rent rebates has remained steady at 87%–89% (Table 5.15). This pattern is most likely due to the continuing high proportion of new tenants on rebated rents being offset by existing tenants improving their incomes to the point where they pay market rents.

**Table 5.15: Households assisted and rebate status for the three Commonwealth State Housing Agreement social housing programs, 2003 to 2006**

	Public housing	SOMIH	Community housing
<b>Households at 30 June (number)</b>			
2003	338,035	11,963	28,480
2004	336,254	12,219	26,083
2005	335,264	12,286	26,248
2006	333,968	12,386	28,684
<b>Proportion of rebated tenants (per cent)</b>			
2003	89	86	85
2004	88	83	89
2005	87	82	n.a.
2006	88	84	n.a.

*Sources:* AIHW 2003b,c,d, 2004b,c,d, 2005d,e,f, 2006a,b, 2007b.

The number of new households assisted each year has declined in public housing and SOMIH sectors, while remaining relatively stable in the community housing sector in the last 3 years (Table 5.16). For public housing, the reduced turnover of tenancies results from fewer opportunities for low-income households to move into other tenures, and greater longevity among older tenants.

**Table 5.16: New households assisted for the three Commonwealth State Housing Agreement social housing programs, 2003 to 2006**

	Public housing	SOMIH	Community housing
2003	33,365	1,657	n.a.
2004	30,962	1,667	6,108
2005	27,776	1,497	8,793
2006	27,544	1,376	6,489

Sources: AIHW 2003b,c,d, 2004b,c,d, 2005d,e,f, 2006a,b, 2007b.

The number of applicants on the waiting list for public housing has declined, mainly due to more active management of the list, tightening of eligibility and processes to explore alternative housing options with potential applicants. The SOMIH waiting list has remained relatively stable, while the waiting list for community housing has grown as more households become aware of this housing option (Table 5.17). The extent of double-counting across these waiting lists is not known, but moves in a number of jurisdictions to combine their waiting lists across all three programs will alleviate this uncertainty.

**Table 5.17: Applicants on waiting list for the three Commonwealth State Housing Agreement social housing programs, 2003 to 2006**

	Public housing	SOMIH	Community housing
<b>Applicants on wait list at 30 June</b>			
2003	208,056	10,503	33,325
2004	204,247	10,660	31,719
2005	203,905	11,174	37,384
2006	186,934	9,815	36,983

Sources: AIHW 2003b,c,d, 2004b,c,d, 2005d,e,f, 2006a,b, 2007b.

The total dwelling numbers for public housing, SOMIH and community housing have declined in the last 4 years by around 6,000, with losses in public housing dwellings (6,634) offset by smaller increases in SOMIH and community housing dwellings (Table 5.18). This decline in public housing reflects a long-term trend, with numbers reducing from 365,000 in 1995 to 341,000 in 2006.

**Table 5.18: Dwellings for the three Commonwealth State Housing Agreement social housing programs, 2003 to 2006**

	Public housing	SOMIH	Community housing	Total
2003	348,012	12,563	29,367	389,942
2004	345,335	12,725	26,753	384,813
2005	343,301	12,860	29,279	385,440
2006	341,378	12,893	29,693	383,964

Source: AIHW 2003b,c,d, 2004b,c,d, 2005d,e,f, 2006a,b, 2007b.

The number of low-income tenants as a proportion of all new tenants has slowly grown over time for public housing and SOMIH. Data on community housing is shown but survey response rates appear to have affected the consistency of data over the period (Table 5.19).

**Table 5.19: Low-income tenants as a proportion of all new households for the three Commonwealth State Housing Agreement social housing programs 2003 to 2006 (per cent)**

	Public housing	SOMIH	Community housing (new and existing households)
2003	99.5	99.0	88.2
2004	99.7	99.1	95.6
2005	99.6	98.2	91.8
2006	99.7	99.3	90.3

Sources: AIHW 2003b,c,d, 2004b,c,d, 2005d,e,f, 2006a,b, 2007b.

An increasing proportion of new tenancies are being made to those households with special needs, defined as Indigenous households, household member with disability, or the principal tenant is aged 24 or under or 75 or over (55 or over for SOMIH) (Table 5.20).

**Table 5.20: Proportion of new tenancies allocated to households with special needs, 2003 to 2006 (per cent)**

	Public housing	SOMIH	Community housing
2003	48.1	39.5	63.3
2004	53.5	43.6	65.0
2005	58.2	48.1	69.9
2006	59.8	48.8	68.4

Note: Data should be interpreted with caution as disability and Indigenous information is self-identified and not mandatory.

Sources: AIHW 2003b,c,d, 2004b,c,d, 2005d,e,f, 2006a,b, 2007b.

There has been an increase in the proportion of new allocations to those in greatest need in public housing and SOMIH, and some decrease in community housing (Table 5.21). These figures need to be treated with caution, since they are not consistently collected across jurisdictions and sectors.

**Table 5.21: Greatest need allocations as a proportion of all new allocations, 2003 to 2006 (per cent)**

	Public housing	SOMIH	Community housing
2003	37.9	23.3	84.6
2004	36.3	26.5	70.1
2005	37.7	27.5	78.9
2006	38.1	26.3	71.0

Notes

1. The criteria used for determining greatest need were expanded during 2005–06.

2. Data should be interpreted with caution as some priority applicants may bypass the priority process in low waiting time areas.

Sources: AIHW 2003b,c,d, 2004b,c,d, 2005d,e,f, 2006a,b, 2007b.

## Other program areas

In addition to CSHA-funded housing assistance, governments and other organisations also provide housing assistance primarily through community housing. For example, several community housing organisations provide non-CSHA housing to aged persons that was established through subsidies provided by the Commonwealth Government under the Aged Persons' Homes Act. The largest area of community housing not funded under the CSHA is Indigenous community housing.

### Indigenous community housing

At 30 June 2006 there were 22,192 Indigenous community housing dwellings across Australia: 20,159 were administered through the state governments and 2,033 were administered through the Australian Government. The Australian Government, through FaCSIA (and formerly through Aboriginal and Torres Strait Islander Services), is directly responsible for the administration of Indigenous community housing in three jurisdictions—Queensland, Victoria and Tasmania. In Victoria and Tasmania there is only Australian Government Indigenous community housing, while in Queensland, some of the housing is administered by the Australian Government and some by the state government. In the five remaining jurisdictions—New South Wales, Western Australia, South Australia, the Australian Capital Territory and the Northern Territory—funding from the relevant state or territory and the Australian Government is pooled and the state or territory government has sole responsibility for the administration of the Indigenous community housing (AIHW 2007f).

The Northern Territory, with 6,807 dwellings, had the largest number of Indigenous community housing dwellings, followed by Queensland with 5,671. Almost one third (30%) of dwellings managed by Indigenous housing organisations required major repair or replacement. There were 294 dwellings in Australia not connected to an organised water supply, 405 not connected to an organised sewerage system and 336 not connected to an organised electricity supply (AIHW 2007).

The average weekly rent collected for Indigenous community housing dwellings ranged from \$29 in South Australia to \$98 in the Australian Capital Territory. The low value of rent charged also means that many tenants of Indigenous community housing organisations are ineligible for CRA.

As noted earlier, housing ministers have adopted policies to improve the environmental health outcomes for Indigenous people. The Fixing Houses for Better Health program funded by FaCSIA uses this improved housing for health approach. It reports on the functionality of 'health hardware' in a house (before and after the program) in relation to whether it can support 11 critical healthy living practices that are required for good health (see Box 5.2).

Also under the reforms, efforts are being directed to improve the management of Indigenous community housing. In 2005–06 there were 559 Indigenous community housing organisations in Australia. All states and territories have strategies in place to assist these organisations to develop housing management plans and to improve their effectiveness in managing Indigenous housing. However one quarter of organisations did not have a current housing management plan in 2005–06 (AIHW 2007f).

## 5.4 Current housing policy issues

Under the 2003 CSHA, housing ministers and Australian, state and territory government housing agencies have initiated a range of new policies and programs as well as continuing reforms begun under the 1999 CSHA to ensure housing assistance meets government priorities. The major areas being addressed include:

- Indigenous housing issues
- affordable housing
- reducing barriers to home ownership
- addressing homelessness
- meeting the housing needs of tenants with high and complex needs.

Several of these areas aim to directly improve the health and welfare of Australians while others produce changes in the way housing is provided by governments, the private sector and the community and indirectly improve wellbeing through changing housing markets and infrastructure.

### Indigenous housing issues

Indigenous Australians suffer from above-average levels of substandard housing, overcrowding and homelessness. This is most evident in remote Australia where access to services and opportunities are also restricted by distance.

Indigenous Australians generally do not have the same levels of access to affordable, secure housing as other Australians. This can be the result of low income levels, discrimination on the part of landlords and rental agencies, or a lack of suitable housing. Additionally, some Indigenous Australians leave their homes for long periods to fulfil cultural obligations and this may lead to the loss of a permanent dwelling (AIHW 1999).

Nearly 59% of Indigenous households in Australia are in some form of rental housing with 9% in housing provided by Indigenous or community organisations, 20% renting from state or territory housing authorities and 30% renting from private or other landlords. Just over one-third of Indigenous households were home owners (AIHW 2007f).

In addition to the Indigenous-specific programs, Indigenous households can also access mainstream housing programs. At 30 June 2006, 6% of households (21,141) in public housing and 6% of households (1,663) in mainstream community housing had one Indigenous member or more. A lower proportion of Indigenous households (3% or 30,168 households) were receiving assistance through the CRA Program (AIHW 2007f).

According to the 2006 ABS Census, an estimated 4,118 Indigenous people (0.8% of the population) were classified as homeless because their accommodation fell below community standards. These included 2,284 without conventional accommodation, 659 in homeless hostels and 1,175 staying with friends and relatives (AIHW 2007f).

In May 2001, housing ministers endorsed a 10-year statement of new directions for Indigenous housing, *Building a Better Future: Indigenous housing to 2010* (HMC 2001). *Building a Better Future* recognised that Indigenous housing was a major national issue requiring priority action and sought to improve housing and environmental health outcomes for Indigenous Australians. The focus of *Building a Better Future* was on identifying and addressing outstanding need; improving the viability of Indigenous

community housing organisations; establishing safe, healthy and sustainable housing for Indigenous Australians, especially in rural and remote communities; and establishing a national framework for the development and delivery of improved housing outcomes for Indigenous Australians by state, territory and community housing providers. The seven outcome areas are shown in Box 5.3.

Part of this policy was to measure and monitor the housing needs of Indigenous Australians. The *Indigenous housing needs 2005: a multi-measure needs model* report (AIHW 2005b) assessed housing needs with the use of a multi-measure needs model. The report presented data from the five endorsed dimensions of need:

- homelessness
- overcrowding
- affordability
- dwelling conditions
- connection to essential services.

It also assessed the feasibility of including an additional three dimensions in the model:

- appropriateness of housing
- security of tenure
- emerging housing needs.

Also under Building a Better Future changes have been made across Australia in the area of addressing Aboriginal issues in accessing mainstream social housing. Jurisdictions have reviewed and amended operational policies to improve Aboriginal people's access to public rental housing and improving data collection processes to better understand the numbers of Aboriginal households living in mainstream social housing.

### **Box 5.3: Building a Better Future: Indigenous housing to 2010 outcome areas**

1. **Better housing**—Housing that meets agreed standards, is appropriate to the needs of Aboriginal and Torres Strait Islander people, and contributes to their health and wellbeing
2. **Better housing services**—Services that are well managed and sustainable
3. **More housing**—Growth in the number of houses to address both the backlog of Indigenous housing need and emerging needs of a growing Indigenous population
4. **Improved partnerships**—Ensuring Indigenous people are fully involved in planning, decision making and delivery of services
5. **Greater effectiveness and efficiency**—Ensuring that assistance is properly directed to meeting objectives, and that resources are being used to best advantage
6. **Improved performance linked to accountability**—Program performance reporting based on national data collection systems and good information management
7. **Coordination of services**—A whole-of-government approach that ensures greater coordination of housing and housing-related services linked to improved health and wellbeing outcomes.

Source: HMC 2001.

## Australian Remote Indigenous Accommodation (ARIA) program

The Australian Government has implemented a significant strategy of major reforms to help fix the Indigenous housing problem, particularly in remote Australia. The Australian Government's Australian Remote Indigenous Accommodation (ARIA) program was provided \$293.6 million in new funds in the 2007–08 Budget, over and above the current level of Indigenous housing funding of around \$380 million per year (FaCSIA 2007a).

These funds will be used in remote locations across Australia where Indigenous housing need is greatest to construct new houses and repair and upgrade existing houses. ARIA funds would be spent on new houses or upgrades only where ownership of the houses could be transferred to state or territory housing authorities and made available for purchase by individuals. This approach has been undertaken in response to the ABS analysis showing that the Indigenous community housing stock had increased by only 2% since 2001 and in the Northern Territory there are 271 fewer houses than there were 5 years ago. The ARIA program will also provide assistance for Indigenous people to directly purchase new homes or to lease–purchase a home.

The program aims to improve the management of houses through management by state or territory housing authorities or private owners. This would in many cases replace the current situation where the majority of stock is managed by Indigenous community housing organisations (ICHOs). These organisations will have the opportunity to upgrade their properties, where they agree to private ownership opportunities or to transfer title to state housing authorities.

## Affordable housing

The Housing Industry Association (HIA) estimated that, in 2006–07, 10% of households with mortgages were in housing stress and 12% of private renters were in housing stress (Table 5.22).

**Table 5.22: Households in housing stress, 2006–07**

Year	NSW	Vic	Qld	WA	SA	Tas	ACT/NT	Australia
<b>Number of households in housing stress</b>								
Private renters	100,000	61,000	85,000	16,000	15,000	3,000	6,000	286,000
Households with mortgages	124,256	51,700	55,735	13,015	10,261	3,227	2,806	261,000
<b>Total</b>	<b>224,256</b>	<b>112,700</b>	<b>140,735</b>	<b>29,015</b>	<b>25,261</b>	<b>6,227</b>	<b>8,806</b>	<b>547,000</b>
<b>Proportion of households in housing stress</b>								
Private renters	12.7	10.4	16.8	6.8	8.0	5.1	10.2	12.0
Households with mortgages	14.3	8.0	10.0	5.0	4.9	5.1	4.4	10.0
<b>Total</b>	<b>13.5</b>	<b>9.1</b>	<b>13.2</b>	<b>5.9</b>	<b>6.4</b>	<b>5.1</b>	<b>7.2</b>	<b>11.0</b>

Sources: HIA, NATSEM

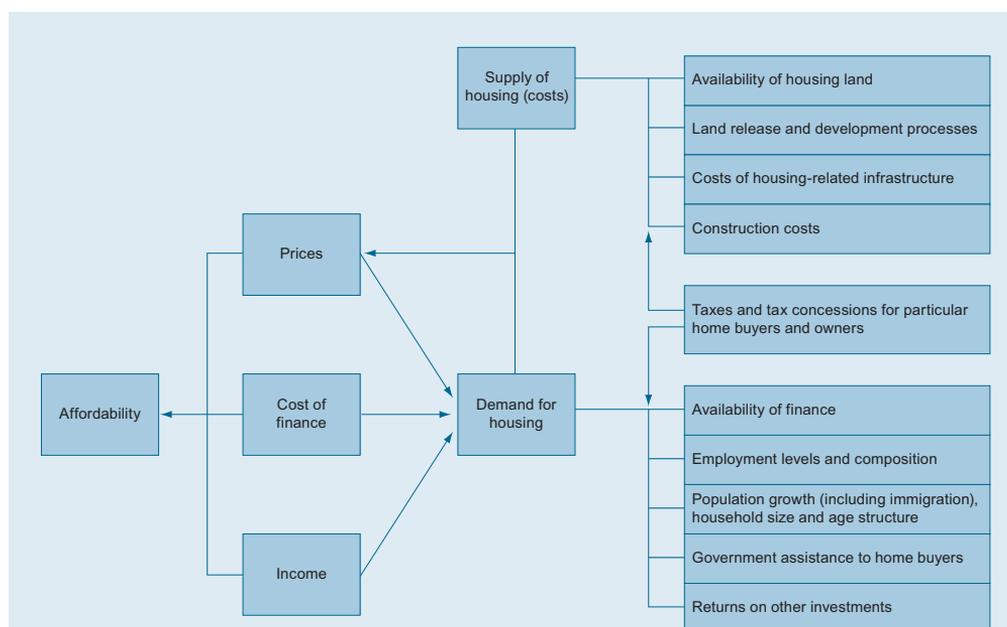
In July 2007 the HIA noted that action was needed as the number of Australian families in rental stress was about to rapidly increase, creating what it calls a 'rent crisis'. The HIA with the NATSEM undertook research that estimated that over the next 3 years, the number of private households paying more than 30% of their income in rent will jump by 230,000 to about 750,000 households. The HIA noted that to address record rent rises and record low rental vacancy rates there was an urgent need to boost the supply of affordable rental housing (ABC 2007).

The factors affecting the affordability of housing in Australia were examined by the Productivity Commission and the main components summarised in Figure 5.8.

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 housing more affordable for lower income Australians (Milligan et al. 2005).



Source: Productivity Commission 2004: Figure 1.1.

**Figure 5.8: Multiple determinants of housing affordability**

## Barriers to home ownership

Related to housing affordability is the sustainability of home ownership levels around 70% of all tenures which is a key feature of the Australian housing system. Successive governments have reinforced the goal of home ownership, with the Australian social security system traditionally being underpinned by high rates of owner occupation (McDonald 2003). Section 5.3 outlined the range of assistance to home owners. For some households home purchase may be attempted but not maintained as a result of change in the economic and social environment of the household. Also low- and medium-income households may need assistance to enter home ownership.

Across the states and territories governments have implemented a range of programs around affordable housing aimed at supporting home ownership for renters. These programs often include shared equity approaches. Shared equity housing helps low- and moderate-income households become homeowners. Shared equity schemes aim to facilitate home purchase by people who cannot afford the mortgage repayments on 100% of a home's purchase price, but whose incomes would allow them to pay a proportion of the mortgage. The remaining proportion would be paid for and owned by another party in a shared equity arrangement. The other parties might be a financial institution, not-for-profit organisation or government agency.

For example, under the Western Australian State Government's shared equity housing scheme the Department of Housing and Works will help first home buyers on low incomes by buying up to 40% of the value of a property below a \$365,000 threshold. This will reduce both the deposit and monthly repayments to affordable levels because the home owner will only pay a mortgage on the share they own. The \$300 million First Start program is expected to help 3,000 first home owners (WA DHW 2007).

## Housing assistance and homelessness

Homeless people are the most disadvantaged in relation to housing. Homeless people can be simply defined as those with no housing or those residing in temporary or emergency accommodation. However, the concept of homelessness depends on prevailing community standards. According to the Chamberlain and MacKenzie (2003) definition adopted by the ABS, people are considered homeless if their accommodation falls below the minimum community standard of a small rental flat with a bedroom, living room, kitchen, bathroom and an element of security of tenure.

In their 2003 report, Chamberlain and McKenzie used a different definition of homelessness for Indigenous people by excluding Indigenous people who lived in certain types of improvised dwellings. In the 1996 Census, if a dwelling did not have a working shower or toilet it was classified as improvised. In some Indigenous communities, however, bathrooms and toilets are provided in properly constructed amenity blocks and used by multiple households. Chamberlain and McKenzie argued that these dwellings were culturally appropriate housing. The definition of an improvised dwelling was modified for the 2001 Census so these dwellings were not classified as improvised even though they fell below the general community standard used to define homelessness.

Chapter 6 of this report provides a range of data on homeless persons and on the assistance to support and accommodate them.

Housing assistance to homeless persons can take a variety of forms and the relative success of transitions from marginal to stable accommodation varies. Social housing programs provide a priority access to accommodation for people who are homeless or at risk of homelessness. Private rent assistance may also provide early assistance to people at risk of homelessness by reducing financial stress due to high housing costs.

As the targeting of social housing to those in greatest need continues, jurisdictions continue to implement broad programs that support a range of homelessness assistance services such as a mix of capital units and short-term leases, partnerships with outreach support services and other flexible short-term accommodation assistance. An example of this approach in the New South Wales is shown in Box 5.4.

### **Housing assistance and tenants with high and complex needs**

The increased targeting of housing assistance based on relative need in recent CSHAs has seen social rental housing become a key part of assistance for households facing challenging circumstances. This has seen public housing authorities and community housing organisations increasingly allocate rental housing to accommodate individuals with high and complex needs.

#### **Box 5.4: Inner City Homelessness Outreach and Support Service**

The Inner City Homelessness Outreach and Support Service (I-CHOSS) provides a range of services to homeless people in the inner city of Sydney.

The I-CHOSS began on 27 January 2006. This service replaced two separate services that had been operating in the inner city, the Homelessness Action Team Support and Outreach Service and the City of Sydney Street Outreach Service.

The new service model is the result of an independent evaluation of phase one of the Inner City Homelessness Action Plan undertaken by an independent consultant, which recommended that a 'one service' model of support be developed to help homeless people in the inner city.

The new service operates 7 days a week and provides regular patrols to all known and emerging 'hot spot' locations across the inner city. I-CHOSS works directly with homeless people on the streets, providing a range of support to meet their individual needs.

I-CHOSS staff provides assistance with health care, counselling, mental health, drug and alcohol issues, and transport.

I-CHOSS works closely with a range of government and non-government agencies to ensure that homeless people can sustain housing in the long term. An evaluation of the Inner City Homelessness Action Plan recommended that strategies for enhancing the service's capacity to support people with high and complex needs be developed, along with the further development of effective housing and support models.

In particular, the evaluation recommended that existing governance structures be strengthened, including extending the membership to a broader range of stakeholders. As a result of this, the former Street Outreach and Support Services Committee (SOSSC) has evolved into the Inner Sydney Homelessness Action Committee (ISHAC).

*Source:* NSW DoH 2006.

In the context of housing assistance the term 'high and complex needs' usually refers to individuals who not only require housing assistance but also need other services to maintain stable accommodation. This additional support may include personal support, assistance with activities of daily living and medical care, and may feature recurrent use of crisis accommodation and care facilities. The tenants in this group are often a subset of the aged, disabled or ill households mentioned previously, but specifically refer to those tenants at risk of tenancy failure. In this subgroup there is often the existence of multiple factors of disadvantage, including combinations of various forms of disability, mental illness, personality disorders, cognitive deficits, ill health, substance dependency and antisocial or behavioural issues. In some instances the group also includes repeat offenders.

People with high and complex needs that are not being successfully managed are susceptible to changes in their accommodation. Persons not in stable accommodation may find it difficult to sustain home ownership and renters may lose their tenancy. Achieving stable accommodation with appropriate care and support for people with high and complex needs would minimise:

- the movement of persons living in stable accommodation either home ownership or rental tenancies into institutionalized care
- the movement of persons living in stable accommodation to marginal accommodation or becoming.

Appropriate care or support here refers to the range of health, housing or community services or assistance that would enable the person to maintain their current tenancy by reducing any adverse effects of their high or complex needs on their circumstance. While existing households may be considered to have high and complex needs requiring extra assistance, it is often the people who have recently moved from an institution or marginal housing who require most assistance.

The management of high and complex need tenancies in social housing adds to the cost of support. Loss of tenancy may make it even more difficult for a person to be rehoused. By their very nature, sustaining a tenancy for such people requires programs available across a range of program areas. The aim of these programs should be to move people either out of the high and complex needs group, or to provide stability in the way their high and complex needs affect the probability of maintaining their current tenure.

Housing agencies are currently exploring a range of models for delivery of modified and supported accommodation and related services. Some key drivers include:

- increasing numbers of people with complex needs seeking housing assistance, particularly in inner city locations
- the impact of de-institutionalisation and community care policies across government with people being assisted in the community rather than in an institutional setting
- the high financial and social costs of tenancy failure for people with complex needs
- the potential for non-government services to deliver greater opportunities to innovate, where tenants have access to CRA.

### **Partnerships/interdependencies with other agencies**

A major factor in improving housing outcomes for tenants with high and complex needs is the engagement of other government human services agencies as well as non-government organisations. This has led to the establishment of across-government and agency housing

and human services accords, and service-level agreements. These structures establish the framework for cross-agency housing and support service agreements for social housing tenants with complex needs.

This approach often includes ‘shared access’ systems, whereby support agencies will share ‘nomination rights’ to public housing on behalf of their clients to provide support and enhance the quality of life and community participation of social housing tenants with complex needs.

### **Mental health and housing assistance**

As mentioned previously the deinstitutionalisation of people with mental illnesses who require support has led to increased stresses on the infrastructure that provides housing or homelessness assistance. These pressures have led to partnerships being developed between housing providers and health workers under the auspices of the National Mental Health Plan 2003–2008. The plan was endorsed by all Australian health ministers in July 2003 and states:

Improving the mental health of Australians cannot be achieved within the health sector alone. A whole-of-government approach is required which brings together a range of sectors that impact on the mental health of individuals, such as housing, education, welfare and justice. Together these sectors have an important role to play in promoting the mental health and wellbeing of the general population and assisting with the recovery of those experiencing mental health problems and mental illness. Partnerships with these other sectors must be fostered in order to develop a broader, whole of government approach to mental health that promotes positive reforms. (Australian Health Ministers 2003:13)

In 2006 COAG acknowledged the problems that mental health presents to the community and is preparing an action plan that includes ‘getting the balance right between hospital care, community and primary care and the best type of accommodation for people who are unable to manage on their own’ (COAG 2006:13).

Many people with mental illnesses are eligible for ‘out of turn’ public housing allocations. To reduce problems with maintaining tenancy responsibilities state housing authorities have developed and implemented programs that give households support to successfully maintain a tenancy. An example of this approach in the Northern Territory is shown in Box 5.5.

### **Meeting housing needs for tenants with a diverse range of high and complex needs**

The provision of housing assistance to tenants with high and complex needs requires a substantial amount of flexibility as this tenant group contains a range of people with multiple disadvantages that range from poor education and discrimination to a range of complex health problems not necessarily based around mental illness.

A range of approaches have been developed by state housing providers and community housing organisations to provide appropriate housing. Often with support from other agencies, new service delivery arrangements have been developed to accommodate population groups that are unable to find assistance elsewhere. An example of such an approach is shown in Box 5.6.

### Box 5.5: TEAMHealth Supported Living Services, Northern Territory

Territory Housing rents three-bedroom houses and two-bedroom flats to TEAMHealth, a non-government mental health organisation, which then becomes responsible for the tenancy obligations. The target population is homeless mental health consumers, usually with dual disabilities (mental health with alcohol or other drugs).

This program aims to provide assistance to seriously mentally ill persons in Darwin who become homeless due to relapses of their mental illness and are unable to maintain a tenancy without support. There are a limited number of accommodation options if public housing is denied. Cheap private accommodation options in Darwin are not available.

TEAMHealth furnishes the houses and flats and becomes the landlord for the consumers. TEAMHealth pay the fixed rental rate to Territory Housing. The number of beds fluctuates but is currently around 20.

TEAMHealth are funded by the Department of Health and Community Services to supply outreach support to mental health consumers in Darwin. Some of this funding is used to support the consumers living in the supported living service. It has been identified that if there was an increase in the outreach/recovery support component more accommodation would be made available.

*Source: Teamhealth 2006.*

### Box 5.6: Port Jackson Supported Housing Program

The Port Jackson Supported Housing Program was established by the NSW Department of Housing, to meet the needs of those who are unable to sustain a tenancy in the public, community or private rental markets due to their high support needs.

The Port Jackson Supported Housing Program aims to expand the range of housing options for people who are homeless, frail aged, people with disability, people with a mental illness, youth, and other people with support needs in the inner city suburbs of Sydney.

The Port Jackson Supported Housing Program is operated by a registered community housing provider. The program uses a range of different types of dwelling, including houses, units, single living units (furnished accommodation with utilities) and some hostel-style accommodation. The program has over 21 registered partners that provide support and care to tenants. This involves the development of an intensive supported tenancy management approach.

**Partnerships**—The Port Jackson Supported Housing Program has formal partnerships. All partner support agencies sign a service agreement with the housing provider outlining the roles and responsibilities of each partner and also develop an individual support plan with the client to outline the support that will be provided. The program does not have a waiting list or housing register. Instead all prospective tenants are nominated by the support agencies working in partnership. These support agencies are also responsible for assessing the support needs of clients and arranging for the ongoing provision of support services.

**Scale of operation**—Up to 211 properties are to be provided for the program, consisting mainly of single dwellings made up from capital, acquisitions, leasehold and stock transfer

from public housing. Currently the Port Jackson Supported Housing Program has 21 registered preferred partners and continues to receive applications from support services seeking to take part in the program.

Typically, support agencies receive funding from other human service agencies for their designated target group. To become a preferred partner, agencies are required to demonstrate that they have their funding agency's endorsement to assist their client group in partnership with the Port Jackson Supported Housing Program.

*Source: NSW DOH 2006b.*

## 5.5 Pressure for change in delivery of housing assistance

This section looks at the other issues relevant to government housing assistance into the future. These issues may be addressed during the renegotiation of the next CSHA in 2008.

### Reform of social housing

Reform of social housing includes:

- changing eligibility and tenure conditions for social housing
- reconfiguration of portfolio in line with need. A major challenge to implementation of targeting is the lack of alignment between current stock and the needs of future tenants
- major urban renewal and redevelopment in areas that have high concentrations of public housing and high levels of disadvantage
- improving the viability and sustainability of social housing through rent-setting changes and other charges.

### Changing eligibility and tenure conditions for social housing

Under the 2003 CSHA the increased targeting of housing to those in need for the duration of that need has led state housing authorities to revise many of their tenancy criteria. For example, the New South Wales Government in April 2005 introduced Reshaping Public Housing reforms which included incorporating housing need along with financial need as the primary eligibility criteria (that is tenancies matched to need); new categories of fixed-term tenure based on housing need (ending the 'tenancy for life' policy); changing calculations for rental subsidies; introducing water usage charges; and investing in a targeted community regeneration program (NSW DOH 2005).

### Reconfiguration of portfolio in line with need

A major challenge to meeting the increased targeting of social housing in the areas highlighted in Section 5.4 comes from the lack of alignment between the current stock of social housing in jurisdictions and the needs of current and future tenants (Office of Housing, Vic DHS 2006a).

To address this most jurisdictions are modifying their current dwelling stock portfolio through a range of reforms covering:

- reducing stock in lower demand areas
- acquiring stock in high demand areas
- reducing concentrations on estates
- increasing assets close to services and transport
- implementing maintenance programs to remedy the maintenance backlog on current stock or disability modification.

### **Major urban renewal and redevelopment**

Across Australia housing agencies are working to improve the communities and neighbourhoods for social housing tenants. This stems from the concern that many areas that have high concentrations of public housing also can be considered as areas with high levels of disadvantage, including locational disadvantage.

An example of redevelopment is the Carlton redevelopment project being undertaken in Victoria (Office of Housing, Vic DHS 2006b:8–9). The project involves a major redevelopment of the Carlton public housing estates. These estates comprise 192 walk-up flats and 6 high-rise towers, as well as the former Queen Elizabeth Centre that contains vacant institutional buildings, some of which are heritage-listed. The redevelopment will involve replacement of all the 1960s-style walk-up flats on the estates with a mix of new social and private housing, and the re-integration of the Victorian Office of Housing estates into the local neighbourhood.

Redevelopment of the property began with demolition in 2006. New construction will continue in stages over 7 years. The project will yield up to 795 new units (245 public and 550 private).

These major urban renewal projects are aimed at delivering significant benefits to these areas through creating sustainable local neighbourhoods with better and more appropriate housing, improving services and infrastructure, supporting innovative urban design, improving transport, promoting a safer community and environment, and enhancing economic growth in the local area.

### **Improving the viability and sustainability of social housing**

Social housing rent policy encompasses a range of objectives that must deliver affordable housing and equity outcomes for tenants. Rents for public housing are set as a proportion of income (income-based rents) and rent rebates are not funded. This level of subsidy leads to state housing authorities operating with a deficit as rental revenue does not meet the expenditures from provision of public housing.

Table 5.23 shows the average market rent value, the rent revenue per week that public housing authorities receive from tenants and the average direct costs that they must meet to maintain the current viability of providing assistance. At 30 June 2006 the average rent paid across Australia by public housing tenants was \$90.56 while the average direct cost, excluding capital costs, was \$98.64. For most jurisdictions the income from rent did not meet the direct cost of provision. Due to the large subsidy under the current rent-setting policies, for many housing authorities the income from rent was under half of the amount of rent that could be charged based on the market value of the dwelling. Such shortfalls must either be covered through an operating deficit or from drawing on the capital

funding the Australian Government provides under the CSHA. The need to increasingly target available vacancies to those most in need may result in further reduction in income from rent for state housing authorities.

**Table 5.23: Average weekly market rent, rent charged and direct costs per dwelling for public rental housing, 30 June 2006**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
<b>Average weekly \$ per dwelling</b>									
Market rent	198.09	160.15	168.09	135.98	147.52	150.29	234.17	188.11	173.80
Rent paid by tenants	91.52	89.56	95.05	81.35	86.68	84.19	111.34	94.35	90.56
Direct cost per dwelling	98.50	81.40	90.75	103.50	101.60	131.02	147.79	178.92	98.94

Source: AIHW 2006a: Tables 4.4, 4.10 and 4.11.

As many jurisdictions have ageing public housing stocks this rent revenue shortfall has led to many public housing authorities having to dedicate CSHA capital funds to stock renewal, often at the expense of increasing stock numbers (Hall & Berry 2004).

Another important driver for rent reform options is the proposition that tenants of social housing are discouraged from workforce participation under current rent rebate arrangements. This is because public housing rebate policy and Centrelink taper rates, act to impose high marginal penalties when income increases. Significant income increases result in a disproportionate improvement in disposable funds. To date housing authorities have relied on rebate concessions such as ‘rent holidays’ and ‘rent free’ areas to assist transition to paid work by tenants. These concessions, however, act to reduce revenue to authorities and affect the jurisdiction’s viability (Hulse et al. 2003).

The need to consider rent reform is the subject of a forthcoming AHURI report *Operating deficits and public housing: policy options for reversing the trend: 2005/06 update* and may be addressed in the context of the next CSHA to be renegotiated in 2008.

## 5.6 Information issues facing housing assistance

There are a range of information gaps relating to housing status and need. Information is not consistent across tenure and program areas.

- Information on tenants in private rental is less than that available for public housing, even though they represent a larger proportion of low- and middle-income renters. In particular, data such as that collected in the NSHS are currently missing.
- Indigenous community housing data are patchy and less than mainstream community housing.
- Community housing administrative data are still being developed.
- Data on affordable housing initiatives, access to mainstream assistance for Indigenous households and the transition of homeless people to independent tenure are limited.
- Data are sparse on how the housing circumstance of individuals may affect other social and economic activities such as workforce participation, education and training.

The inclusion of health and welfare information outside the housing sphere, such as information on primary care and community health or disease and functioning would add to the usefulness of these data across areas of government and service provision.

## Record linkage

Record linkage offers a tool to help to build a common information vocabulary that enables us to connect the dots among health, community services, housing and sustainability of tenures.

## Examining high and complex needs

Operational reporting and data development initiatives are showing increasing evidence of both the effectiveness and potential limitations of service models.

Data are needed to identify whether flexibility of service delivery and coordinated cross-portfolio approaches are providing broad social or economic outcomes while still ensuring individual program accountability.

## Cost of provision and cost shifting

Under a number of established reporting protocols, including within the CSHA, some services may be identified as comparatively expensive or inefficient as the broader cost savings to communities and governments (such as reduced admissions to acute facilities including hospitals) are not identified. Similarly, the provision and cost of non-housing activity from housing budgets, such as security and law enforcement, needs to be measured.

## 5.7 Summary

Appropriate housing not only meets the housing needs of the population but contributes to broader outcomes, such as the improved social and economic wellbeing of individuals, families and communities. 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. The ageing of Australia's population and the decline in average household size is generating an increased need for different housing types and houses in different locations.

Housing assistance has undergone considerable change during the 2003 CSHA and it is likely this reform of assistance to low- and moderate-income households will continue under the 2008 CSHA. 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 the current level of home ownership is important as the capacity for private and social rental housing to meet the growing needs of low-income households is limited on current evidence. Improvements to the supply of low-rent housing to meet housing needs will remain a major challenge to governments.

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