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**Australian Institute of
Health and Welfare**

Housing assistance in Australia 2014



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*Authoritative information and statistics
to promote better health and wellbeing*

Housing assistance in Australia 2014

Australian Institute of Health and Welfare
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Contents

Acknowledgments.....	vi
Abbreviations.....	vii
Symbols.....	viii
Summary	ix
1. Housing in Australia	1
1.1. Key issues in Australia's housing	2
1.2. Housing assistance policy and programs in Australia	4
1.2.1. Current housing assistance programs	5
1.2.2. Recipients of housing assistance 2014	7
2. The housing market in Australia and access to affordable housing	10
2.1. Key facts	10
2.2. Population growth and demographic changes.....	11
2.2.1. Ageing population	12
2.3. The housing market in Australia	13
2.3.1. House prices and household incomes.....	13
2.3.2. Income.....	15
2.3.3. House price and income relationship.....	17
2.4. Housing supply and demand.....	19
2.4.1. Dwelling stock and supply	19
2.4.2. Mortgage commitments	20
2.4.3. Rental vacancy rates.....	20
2.5. Housing affordability and stress.....	20
2.5.1. International comparisons of housing affordability.....	20
2.5.2. Housing affordability markets in Australia	21
2.5.3. Affordability for renters	23
2.6. Changing context: implications for housing	25
2.6.1. Implications for house prices.....	25
2.6.2. Implications for tenure choice	25
3. Social housing.....	27
3.1. Key facts	27
3.2. What is social housing?	27
3.2.1. Social housing dwellings.....	28

3.2.2. Where is social housing located?	29
3.3. Who lives in social housing?	33
3.3.1. Rent assistance in social housing	38
3.4. Social housing tenure/dwelling management	40
3.4.1. Occupancy	40
3.4.2. Tenancies in social housing	41
3.5. Matching of dwelling to household size.....	43
3.5.1. Overcrowding.....	44
3.5.2. Underutilisation	46
3.6. Tenants' views about social housing.....	48
3.6.1. Tenants' satisfaction.....	48
3.6.2. Overall satisfaction over time.....	49
3.6.3. Acceptable dwelling condition.....	49
4. Priority groups for social housing assistance services	51
4.1. Key facts	51
4.2. Social housing assistance to priority groups: allocation, waiting times and waiting lists	52
4.2.1. Priority groups.....	52
4.2.2. Priority access to those in greatest need	52
4.2.3. Eligibility criteria for access to social housing	55
4.2.4. Profile of newly allocated households	56
4.3. Waiting lists and waiting times.....	57
4.3.1. Where are newly allocated social housing tenants living?.....	59
4.3.2. Waiting time for allocation to social housing.....	60
4.3.3. Social housing stock: matching dwelling types to demand	60
5. Financial assistance for housing.....	63
5.2.1. Commonwealth Rent Assistance	64
5.2.2. CRA and trends in rental stress	69
5.2.3. Private Rent Assistance	69
6. Housing assistance and social and economic participation outcomes.....	75
6.1. Key points	75
6.2. Geographical differences in social and economic participation benefits	77
Appendix A: Data quality statements	80
Glossary.....	81
References	87

List of tables	92
List of figures	93
Related publications	95

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Abbreviations

ABS	Australian Bureau of Statistics
AIHW	Australian Institute of Health and Welfare
CNOS	Canadian National Occupancy Standard
COAG	Council of Australian Governments
CRA	Commonwealth Rent Assistance
DSS	Department of Social Services
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
FHO	First Home Owner Grant
HPA	Home Purchase Assistance
ICHO	Indigenous community housing organisation
NAHA	National Affordable Housing Agreement
NHSC	National Housing Supply Council
NPAH	National Partnership Agreement on Homelessness
NSHS	National Social Housing Survey
SHSC	Specialist Homelessness Services Collection
SOMIH	State owned and managed Indigenous housing
WHO	World Health Organization

Symbols

—	nil or rounded to zero
\$	Australian dollar
..	not applicable
n.a.	not available
n.p.	not publishable because of small numbers, confidentiality or other concerns about the quality of the data

Summary

Secure and affordable housing is fundamental to the wellbeing of Australians. It provides a platform for a range of benefits, including stable employment, connection to the community and a sense of home. Unfortunately, a large number of Australians are not able to access affordable, suitable housing. There is a range of assistance available for eligible Australians who may have difficulties securing affordable housing – collectively referred to as housing assistance in this report. The most common types of housing assistance are social housing, rent assistance and home purchase assistance.

Housing issues in Australia

- Demand for housing is expected to continue to outstrip supply. There was a shortfall of around 284,000 dwellings in 2011; the rise in Australia's population (particularly the ageing population) and falling household sizes are expected to make this issue worse.
- Home ownership is becoming less affordable for younger Australians and low- to moderate-income earners. In 1981, 61% of young people aged 25–34 were purchasing or owned their homes; by 2011 it was 47%.
- The proportion of low-income households paying more than 30% of their income in rent has risen. In 2007–08, 37% of low-income households were in rental stress compared to 44% in 2011–12. The proportion of rental stress was higher (60%) for the lowest 10% of households by income in 2011–12.

Financial assistance with housing costs

- Financial assistance with housing costs reduces rental stress. As at 30 June 2013, there were about 1.3 million recipients of assistance under the Commonwealth Rent Assistance (CRA) program. CRA has a major impact on households' rental affordability, with a 27 percentage point reduction in the number of low-income recipients in housing stress after receiving CRA.
- Many low-income households and first home buyers received help to purchase their homes. In 2012–13, 92,000 people received a First Home Owner Grant. Additionally, around 40,000 Australian households received support from Home Purchase Assistance programs.

Social housing

- Waiting lists for social housing continue to grow and supply is not keeping up. As at 30 June 2013, there were over 217,000 households on public rental housing, state owned and managed Indigenous housing and mainstream community housing waiting lists across Australia.
- Overall, social housing tenants are satisfied. At 30 June 2013, around 414,000 households were living in social housing. Of those surveyed, the majority of tenants were satisfied with the services that their housing organisation provided (74% for community housing and 65% for public rental housing).
- Social housing continues to be targeted to people in greatest need. In 2012–13, 77% of allocations to public rental housing and 65% to SOMIH were for greatest need applicants – particularly those who were homeless or at risk of homelessness.

1. Housing in Australia

Having access to housing is one of the most basic needs for all individuals and families, and this plays a vital role in our physical and mental wellbeing. Some research suggests that for many Australians access to housing is becoming more difficult (Robinson & Adams 2008). For example, housing affordability in Australia has declined over the past decade due to the gap between house prices and income growth (Yates 2011). Governments play a key role in ensuring that all Australians have access to affordable, safe and sustainable housing that contributes to an individual's social and economic participation (COAG 2009a). This includes providing assistance to purchase a house, improving financial access to the private rental market or through the provision of public housing or crisis accommodation.

This report presents information on trends and issues in housing policy, the housing market and in housing affordability. In particular the report provides detail on the types and extent of housing and financial assistance provided to populations with special needs, either for purchase or renting suitable accommodation (see Box 1.1 for scope of housing assistance). The benefits this assistance provides in terms of social and economic participation for vulnerable groups are also outlined.

This publication presents a detailed picture of housing assistance in Australia in 2014. The data presented are the latest available at the time of writing. Therefore, the reference periods will differ for the various data sources discussed.

Supplementary data tables for this report are available from the 'Additional materials' tab associated with this report on the AIHW's website <www.aihw.gov.au>.

Box 1.1 Housing assistance

Governments in Australia and community-based organisations assist households finding it difficult to meet housing costs. Assistance is provided through a range of programs, collectively referred to as housing assistance. Housing assistance encompasses:

- provision of housing (social housing), with rents generally based on the tenant's income
- assistance with rent in the private rental market
- assistance in purchasing a home
- provision of services to assist in obtaining and maintaining tenancies.

Figure 1.1 shows the distribution of housing and housing assistance in Australia and corresponding data sources. Note that measurement units vary within the diagram – caution with interpreting the data is advised. As at the 2011 Census, there were 8.6 million households (ABS 2013d) living in private dwellings (excluding visitor-only and other non-classifiable households). This was an increase of 21% from 7.1 million in 2006 and an increase of 48% from 5.8 million in 1991 (ABS 1993, 2007, 2012c).

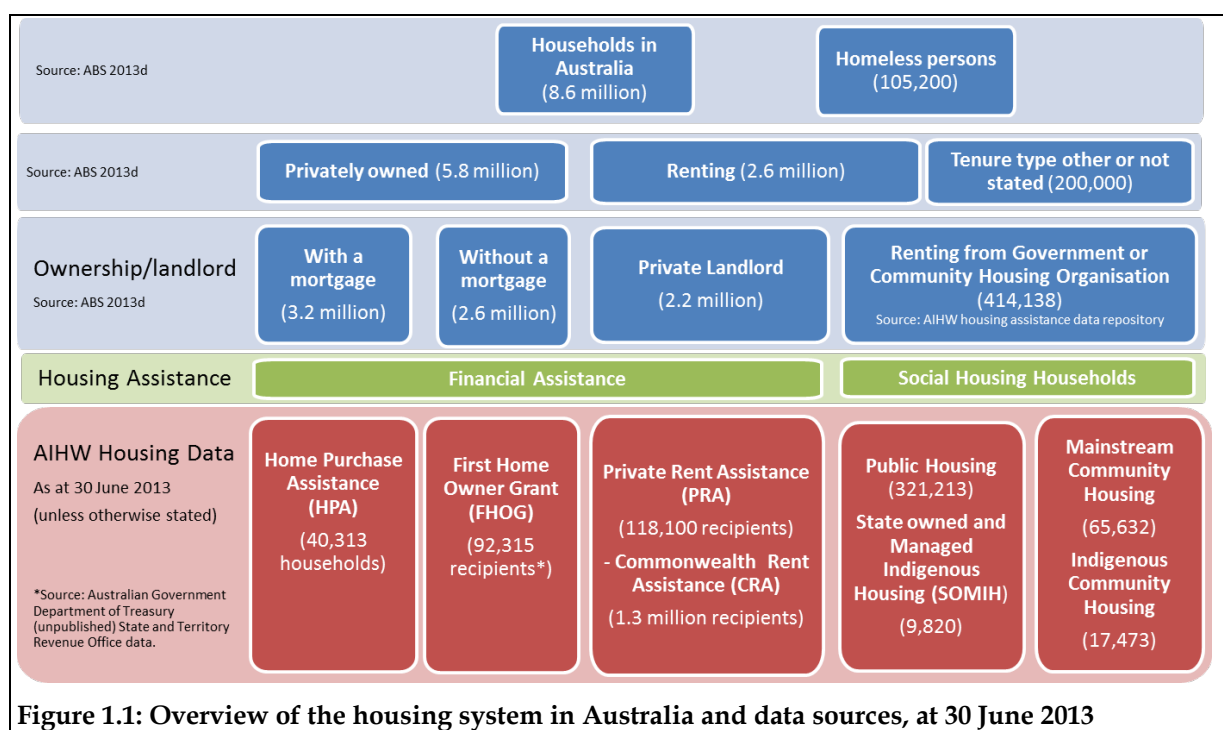
Owner-occupied housing has long been the most common form of tenure in Australia. In 2011–12, 5.8 million (67%) Australian households owned their own home (with or without a mortgage). A further 2.6 million households were renting, either privately (30%) or through social housing programs (5%).

The largest type of assistance provided to households are payments to help with meeting rent costs or accessing or maintaining rental accommodation. This is either through

assistance provided under the Commonwealth Rental Assistance (CRA) program (provided to 1,267,979 recipients in 2013) or through the Private Rent Assistance (PRA) program (provided in 118,100 instances in 2013).

Social housing provided more than 400,000 dwellings, usually at below-market rents, to low-income households and other Australians in need. A smaller number of people were assisted in purchasing their own home, with 40,313 households receiving assistance through Home Purchase Assistance (HPA) programs, and 92,315 recipients of the First Home Owner Grant (FHOG).

It is not possible from existing data sources to determine the exact proportion of Australian households in receipt of housing assistance. This is due to the different units of measurement used (persons, households, income units) and limited information available on people receiving multiple forms of assistance. However, the estimated number of households in receipt of some form of assistance is likely to be in the range of 15–20%. The majority (80–85%) of Australian households therefore do not receive any housing assistance.



1.1. Key issues in Australia's housing

The following section outlines the key issues for Australia's housing, influencing the demand for housing assistance. These issues are the drivers for current housing policy in Australia and set the scene for the current state of housing assistance in Australia.

Demand for housing in Australia has been strong and is projected to continue to increase at a faster rate than housing supply

- Average household size continued to fall across Australia (from 2.7 persons in 1995 to 2.6 in 2011) (ABS 2013d). The impact of this on housing demand will be discussed in more detail in Chapter 2 of this report.
- In 2011, there was an estimated undersupply of 284,000 dwellings (NHSC 2013b).

Home ownership is increasingly unaffordable for low- to moderate-income households and younger Australians

- Australia is one of the most challenging countries across the OECD to purchase a home (OECD 2014).
- Overall home ownership rates (including those with and without mortgages) have fallen substantially for younger adult cohorts. For example, the proportion of those aged 25–34 who were purchasing or owned their home was 47% in 2011, a drop from 51% in 2006 and 61% in 1981 (ABS 2013c).
- Lack of affordable housing may be contributing to changing housing characteristics over the past decade, such as rises in ‘severe’ overcrowding, other marginal housing and declining rates of owner occupancy.

There is not enough affordable private rental housing for low- to moderate-income households (NHSC 2012)

- In 2009–10, there was an estimated shortage of 539,000 rental properties that were both affordable and available for renters with income in the bottom two-fifths of income distribution scales.
- The greatest absolute and relative shortages are in Sydney, Melbourne and Brisbane. For example, in Sydney there is one affordable and available rental property for every 15 very low-income households.
- Projections indicate that in 2021, relative to 2009, demand for social housing will increase across the majority of states and territories. The projections indicate that Hobart will experience an increase in demand of approximately 19% and Perth approximately 55%.
- Of the 1.2 million low-income households across Australia, 44% were in rental stress in 2011–12 (ABS 2013d). The figures were 42% in 2009–10 and 37% in 2007–08 (ABS 2013b).

Addressing data gaps is crucial for better understanding of key issues related to housing and for evidence-based policy decisions

- There is limited evidence available to describe the gap between housing demand and supply (apart from the affordability-related gap), such as housing with modifications and housing in specific geographic regions.
- There is limited evidence to describe the relative impact of housing affordability on home ownership rates, compared with other influencing factors. Other factors that may affect home ownership rates include financial crises, preferences to invest in alternative assets, access to affordable mortgages and land tenure issues.
- Many users of homelessness statistics have expressed a desire to have annual estimates of the total homeless population, in order to monitor changes more frequently than every 5 years through the ABS census. However, collecting this data is highly impracticable due to the significant resources required to identify the full homeless population.
- There is a need for better data on the demand for homelessness services. It is difficult to translate the census data into demand data, and while the Specialist Homelessness Services Collection provides an indication of unmet demand for services, it does not demonstrate the full extent of demand in the Australian population.
- A number of issues related to data capture and the quality of available data currently limit comparisons of Indigenous and non-Indigenous outcomes. These include issues with Indigenous identification, methodological differences across Indigenous-specific

and general population surveys, and the limited capture of indicators of housing outcomes.

- Information on the condition and amenity of remote Indigenous housing is sparse and infrequent. Remote-specific issues, for example the quality and reliability of essential services, are not currently captured through ongoing data sources.
- Appropriate and reliable indicators of vulnerability are not always available in key data sets. For example, the limited reliability and validity of the disability indicator in the public rental housing, state owned and managed Indigenous housing (SOMIH) and community housing data sets.

1.2. Housing assistance policy and programs in Australia

Housing assistance policies have changed substantially over time. The provision of social housing and housing assistance more generally has moved away from focusing on low-income worker families to targeting the most vulnerable in society.

In recent years, reforms to planning and development systems have been explored across the country at all levels of government to provide more accessible and affordable housing to all Australians. This work was linked to a 2012 Council of Australian Governments (COAG) report titled *Housing supply and affordability reforms* (HSAR) (COAG 2012). The HSAR report noted that a number of Commonwealth, state and territory and local government policies and programs have an impact on the demand for and the supply of housing, on housing affordability, and on the attractiveness of housing as an investment asset. The roles and responsibilities of the different levels of government as outlined in the report remain broadly applicable.

The Commonwealth Government has commissioned a number of review processes which are expected to touch upon varying aspects of housing assistance and policy, including the:

- Indigenous Jobs and Training Review (Forrest Review)
- Review of Australia's Welfare System (McClure Review)
- Financial System Inquiry (Murray Review)
- White Paper on Reform of the Federation
- White Paper on Reform of Australia's Tax System.

The current roles and responsibilities of the Commonwealth, states and territories regarding housing policy and assistance may change as a result of future government decisions responding to these review processes.

Other review processes

In December 2013, the Senate Economics Reference Committee established an inquiry into affordable housing. The terms of reference for the inquiry were broad ranging in relation to affordable housing – issues to be explored included housing supply, social housing and home ownership. At the time of writing, submissions to the inquiry had closed and the report was due to be released in November 2014.

A House of Representatives inquiry into foreign investment in residential real estate is also due to report by October 2014. This inquiry will consider issues such as whether foreign

investment is increasing the supply of new housing in Australia and how Australia compares internationally in terms of foreign investment rules.

1.2.1. Current housing assistance programs

Australian Government housing policy

The provision of housing assistance to low- to moderate-income and disadvantaged households is a role primarily for state and territory governments. However, the Commonwealth has taken a leading role in shaping housing policy, previously through the Commonwealth State Housing Agreement and more recently the National Affordable Housing Agreement (NAHA).

National Affordable Housing Agreement

The NAHA started in 2009 (replacing the Commonwealth State Housing Agreement) and will provide the states and territories with approximately \$1.3 billion in 2014–15. Through the NAHA, the Commonwealth and the states have committed to the aspirational objective that all Australians have access to affordable, safe and sustainable housing that contributes to their social and economic participation (COAG Reform Council 2012).

Under the agreement, the Australian Government, together with state and territory governments, committed to achieving the following 6 outcomes against which the community could assess their performance:

1. People who are homeless or at risk of homelessness achieve sustainable housing and social inclusion.
2. People are able to rent housing that meets their needs.
3. People can purchase affordable housing.
4. People have access to housing through an efficient and responsive housing market.
5. Indigenous people have the same housing opportunities (in relation to homelessness services, housing rental, housing purchase and access to housing through an efficient and responsive housing market) as other Australians.
6. Indigenous people have improved housing amenity and reduced overcrowding, particularly in remote areas and discrete communities (COAG 2013).

The Commonwealth, together with state and territory governments, has also committed to reform directions that will enhance housing programs and services, including improving the:

- integration of homelessness services and other mainstream services, such as employment services
- operational efficiency of public rental housing and the employment outcomes of public rental housing tenants
- efficiency in the supply of housing through planning reforms.

National Rental Affordability Scheme

The National Rental Affordability Scheme (NRAS) began in 2008, as a joint initiative between the Commonwealth, states and territories. The Australian Government announced in the May 2014 Budget that it would not be offering a new round of NRAS funding. As long as the

eligibility requirements remain being met, incentives already offered through the NRAS will continue to be paid for up to 10 years (The Commonwealth of Australia 2014).

The Department of Social Services (DSS) administers the Australian Government component. The NRAS is an attempt to address the shortage of affordable rental housing by offering financial incentives for investors to build and rent dwellings that are available to low- and moderate-income households at below-market rates.

The NRAS aim is to increase the supply of affordable rental dwellings by up to 38,000 nationally by June 2016 and to reduce the cost of rental housing for low- and moderate-income individuals and families across Australia. Under the NRAS, owners of rental properties are provided an annual subsidy for up to 10 years in return for renting their property at a discount of at least 20% below the market rate. As at June 2014, the scheme had around 22,000 homes tenanted or available for rent and around 16,000 homes yet to be delivered (DSS 2014b).

Commonwealth Rent Assistance

CRA is a supplementary payment payable to eligible Australian residents who rent accommodation in the private rental market and community housing. In order to receive CRA, a person must qualify for a social security income support payment or Family Tax Benefit A and must pay a minimum amount of rent, called the rent threshold. CRA is then paid at the rate of 75 cents for each dollar above the rent threshold up to a maximum rate.

The maximum amount payable and the minimum rent threshold are based on a person's family situation. However, the income or asset test applicable to the primary payment may reduce the actual amount payable.

CRA thresholds and maximum rates are indexed twice a year, in March and September. In June 2013 over 1.3 million individuals and families received CRA. In the 2013–14 financial year, CRA expenditure was \$3.95 billion. It is projected to increase to \$4.35 billion for the 2014–15 financial year (DSS 2014b).

State and territory housing policies

State and territory policies respond to housing issues from the unique perspective of each jurisdiction. Jurisdictional housing policies cover matters agreed as joint responsibilities in national agreements, such as public housing, and other state-based housing responsibilities, such as planning and land release. Common features of current state and territory housing policies include commitments to increase affordable housing, strengthen community housing, provide appropriate housing for Indigenous people and support homeless people (SCRGSP 2014).

Examples of state and territory activities based on current policy commitments include:

- In NSW, planning reforms are progressing with the aim of supporting private investment in new, affordable housing.
- In WA, innovative projects partnering with private sector funders and developers are demonstrating new methods of delivering affordable housing supply.
- Queensland is implementing reforms to create a more integrated housing assistance system and is working with Indigenous councils to assist Indigenous people into housing.
- Victoria has been reviewing its current homelessness and family violence service system as part of its Homelessness Action Plan (SCRGSP 2014).

1.2.2. Recipients of housing assistance 2014

In 2012–13, housing assistance in Australia was delivered under the NAHA through a range of programs to assist home owners and renters, both public and private. Most households in 2012–13 who received housing assistance were assisted through the form of cash payments to help with rent costs. A total of 1.27 million income units (see Box 5.2 for a definition of income units) received CRA payments, and 118,100 recipients benefited from private rent assistance. Social housing provided around 421,000 dwellings, usually at below-market rents, to Australians in need. In 2012–13, 92,315 people received first home owner scheme assistance, 40,313 Australian households received home purchase assistance from state housing authorities and 664 households received new loan assistance through the Commonwealth Indigenous home ownership program.

Assistance in the private sector

About 95% of Australian households are in the private housing sector in either owner-occupied dwellings or homes rented from private landlords. A range of services, including stamp duty exemptions, FHOGs and concessional private market financial products are available to help secure affordable, safe and sustainable housing through rental or home purchase.

Assistance to home buyers

Governments assist people purchasing their home – particularly first and low-income home buyers – through a range of direct and indirect measures. The following 4 programs represent the major types of direct financial assistance that are available:

- *FHOG* – introduced in 2001 to compensate first home buyers for the imposition of the goods and services tax (GST) on new housing. In recent years, FHOG has been targeted at purchasers of new homes in most states and territories. The First Home Owners Boost applied to contracts to purchase or build a home entered into between 14 October 2008 and 31 December 2009 (COAG Reform Council 2012).
- *First home saver accounts (FHSAs)* – assist Australians saving for their first home through low tax savings accounts and Australian Government co-contributions. In 2011–12, the dollar value of government contributions paid was \$15 million (ATO 2012). The 2014 Budget contained measures to phase out FHSAs. (Note: eligibility for the government co-contribution for FHSAs ceased on 1 July 2014 and the tax and social security concessions associated with these accounts will be withdrawn from 1 July 2015. As of 1 July 2015, account holders will be able to withdraw their account balances without restriction.)
- *Home purchase assistance for Indigenous Australians* – Home Ownership program (replaced by merging of the Home Ownership Program and the Home Ownership on Indigenous Land Program in 2013) which will assist up to an additional 545 Indigenous Australians buy their own home in established housing markets over the next 4 years.
- *Home Purchase Assistance (HPA)* – a state- and territory-administered program that provides financial assistance to eligible households to improve their access to home ownership. It includes direct lending (including government loans, shared equity loans and bridging loans), deposit assistance, interest rate assistance, mortgage relief and other assistance grants. HPA supported just over 40,313 households in 2012–13, at a cost of almost \$11 billion (AIHW 2012–13).

Non-financial assistance, home renovation and/or maintenance services, and sale-to-tenant programs are out of the scope of this report.

Assistance in the private rental sector

Direct government assistance to eligible households in the private rental sector is mainly provided through:

CRA: This is a demand-based, tax-free income supplement that the Australian Government funds. It helps income support recipients and low- and moderate-income families (with children) in the private rental market and community housing.

PRA: These are state- and territory-based programs that vary across jurisdictions. PRA programs assist households to meet rent payments, relocation costs and the costs of bonds; advice or information services may also be offered. Private rent assistance is provided to low-income households experiencing difficulty in securing or maintaining private rental accommodation either:

- directly by states and territories, or
- by not-for-profit organisations funded by state or territory governments.

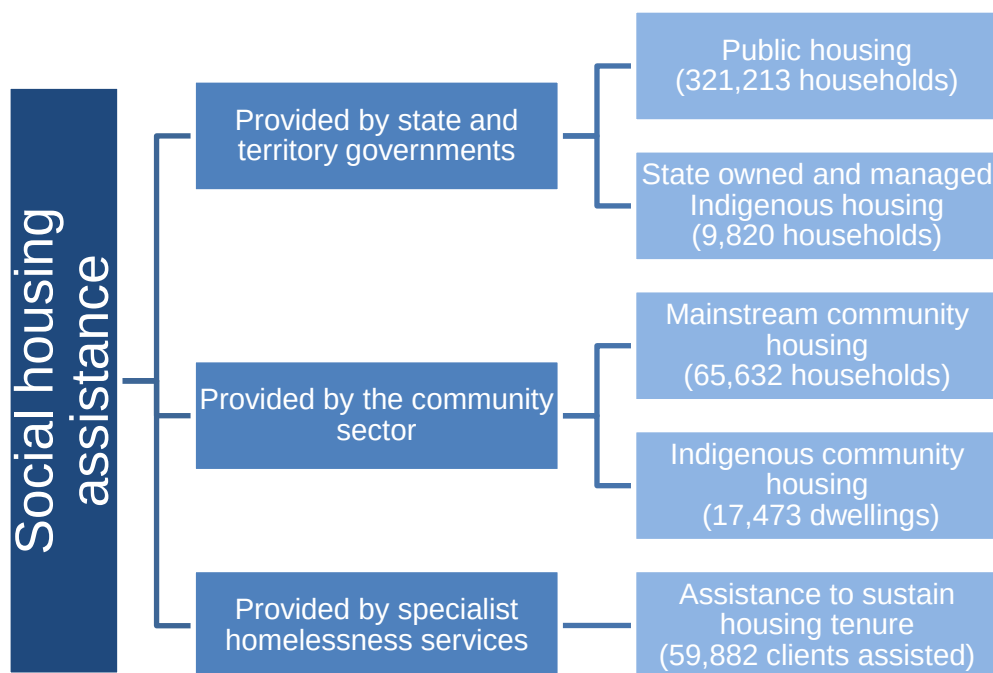
Assistance in the public sector

Government and community sector housing is collectively referred to as social housing. There were four main social housing programs operating in Australia in 2012–13 (Figure 1.1):

- *Public rental housing* (also referred to as public housing) encompasses publicly owned or leased dwellings that state and territory governments administer. This provides affordable and accessible housing, largely for low-income households in housing need.
- *State owned and managed Indigenous housing* (SOMIH) is administered by state and territory governments but is targeted specifically at low- to moderate-income households that have at least one member who identifies as being of Aboriginal and/or Torres Strait Islander origin.
- *Mainstream community housing (CH)* (referred to as ‘mainstream’ to distinguish it from Indigenous community housing) is provided for low- to moderate-income households or special needs households by not-for-profit providers.
- *Indigenous community housing (ICH)* is owned and/or managed by an Indigenous community housing organisation (ICHO) and provides housing to Indigenous Australians.

Assistance for homeless Australians

Governments also fund a range of services to support people who are homeless or at risk of homelessness. The government funds around 1,500 agencies across Australia to deliver specialist homelessness services. Non-government organisations deliver these services on behalf of the government. More than half (52%) of all people who sought support from specialist homelessness agencies in 2012–13 were at risk of being homeless and sought support to sustain their tenancies. This includes people who were living in public or community housing, as well as those in private rental arrangements and those buying their own home (AIHW 2013a).



Notes

1. This figure does not include social housing dwellings provided to Indigenous households in remote areas of the Northern Territory that are not captured in the social housing administrative collections. At 30 June 2012, an estimated 4,965 dwellings fell into this category.
2. The number of households living in mainstream community housing excludes those in the Northern Territory since data were not available.
3. Data for Indigenous community housing are at 30 June 2012 since 2013 data were not available. The number of dwellings pertains to permanent dwellings.

Source: AIHW National Housing Assistance Data Repository 2012–13, AIHW 2013d.

Figure 1.2: Main social housing assistance programs in Australia and total number of households/clients assisted per program, 30 June 2013

2. The housing market in Australia and access to affordable housing

This chapter focuses on several factors affecting the housing market in Australia, international comparisons of affordability of housing markets and affordability of renters as well as home buyers. A variety of independent data sources are used to highlight prevailing circumstances that affect the housing market in Australia.

2.1. Key facts

- House prices have significantly increased and housing affordability has reduced over the past decade. In recent years, however, this has been at least partially offset by historically low mortgage interest rates (see Box 2.1 for information about key concepts relating to housing costs and Box 2.2 for information about key concepts relating to housing affordability).
- Nationally, private rental affordability relative to incomes declined substantially in the period 1981–2011.
- Australia's growing and ageing population, as well as ongoing changes in household composition, directly affect the demand for housing.
- Tenure pattern changed between 2001 and 2011, with a decrease in home ownership and a corresponding increase in private renting.

Box 2.2: Key concepts relating to housing costs

Housing costs

Housing costs, for the purpose of this publication, comprise: rent payments, rates payments (general and water), mortgage or unsecured loan payments, if the initial purpose was primarily to buy, add to or alter the dwelling.

Housing costs as a proportion of income

The total weekly housing costs of a group (for example lone-parent households) are divided by the total weekly income of that group expressed as a percentage. Households with nil or negative total income are not included in this calculation.

First home buyer

A household that bought its dwelling in the 3 years prior to being interviewed, in which neither the reference person nor his/her co-resident partner had owned or been purchasing a home previously.

Change over buyer

A household which bought their dwelling in the 3 years prior to being interviewed, and either the reference person or partner had owned or been purchasing a home previously.

(continued)

Box 2.2: Key concepts relating to housing affordability**Housing affordability**

Housing affordability is defined as a product of income against the costs associated with home ownership. Three measures of affordability have been defined; they include: purchase affordability in terms of capital costs; repayment affordability, in terms of mortgage repayment; and income affordability, in terms of the ratio between house price and income (Hill & Gan 2008).

Low-income households

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

This definition differs from the ABS definition as used in the Survey of Income and Housing (SIH), which refers to lower income households as those in which equivalised disposable household income falls between the bottom 10% and 40% of the income distribution. When the chapter refers to data from the ABS SIH, this second definition of lower income households applies.

Housing stress

A household spending more than 30% of its household income on housing costs is said to be in housing stress. Both purchasers and renters can be in housing stress.

Median Multiple

The Median Multiple is used to assess housing affordability. This is calculated by dividing median house price by gross annual median household income. The Median Multiple is widely used for evaluating urban markets. The World Bank and the United Nations recommend it and the Harvard University Joint Center on Housing also uses this measure.

Consumer Price Index (CPI)

A general measure of price inflation for the household sector in Australia. Specifically, it provides a measure of changes, over time, in the cost of a constant basket of goods and services acquired by the capital city households in Australia.

Sources: ABS 2013d; Demographia 2014; SCRGSP 2014.

2.2. Population growth and demographic changes

Australia's growing population has an important impact on housing by increasing the need for additional dwellings. Australia's estimated resident population (ERP) at 30 June 2012 of 22.7 million people is projected to increase to between 36.8 million and 48.3 million in 2061, (ABS 2013e). Australia's population structure has changed in recent years in a number of ways, including changes to household composition such as smaller households and more group households; ageing of the population; and a declining rate of new household formation (Baker et al. 2011).

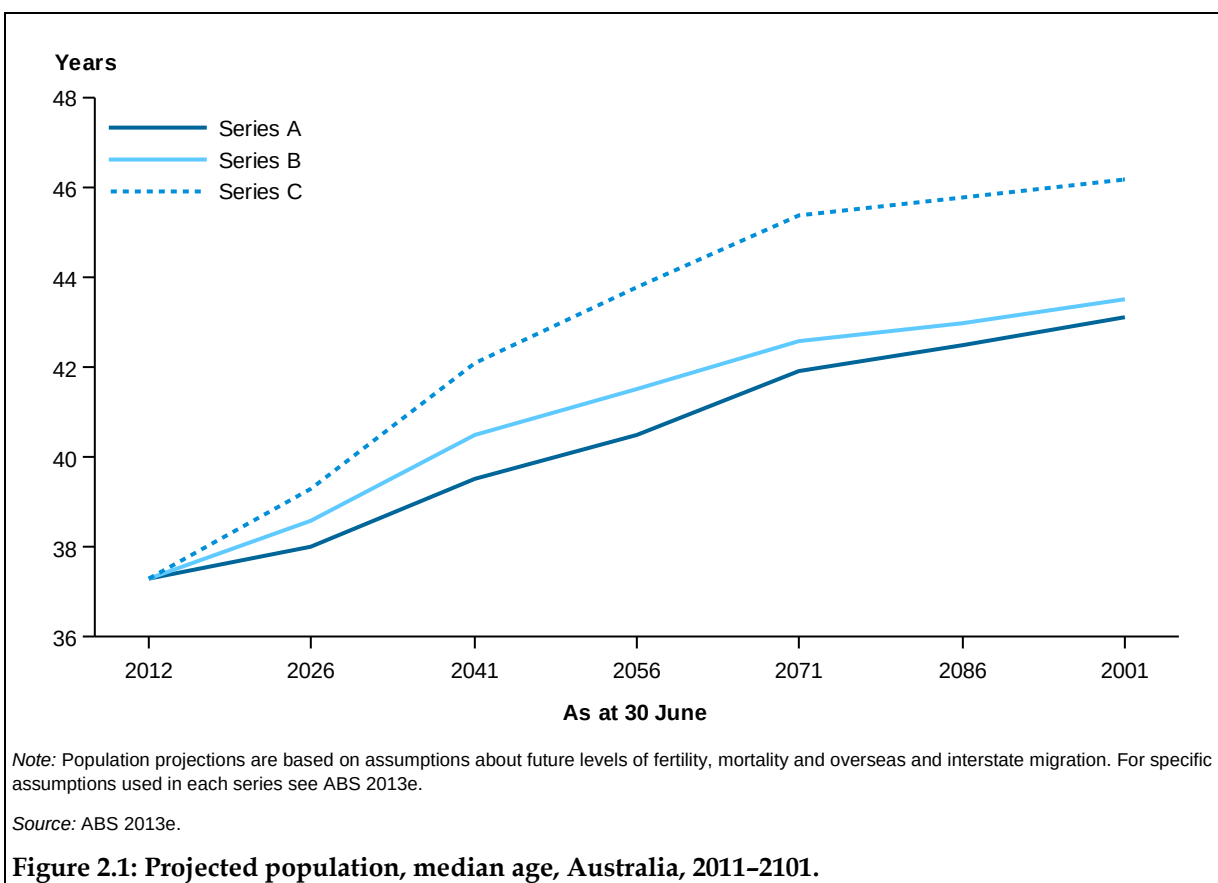
2.2.1. Ageing population

Projections suggest that ongoing population and demographic changes will continue to drive solid growth in underlying housing demand. Of the changes projected to occur in Australia's population, ageing is generally considered to be the most dramatic, with significant changes to the age structure of the population, particularly over the next 50 years (Figure 2.1) (ABS 2013e).

For example, the proportion of people:

- aged 65 and over in Australia was 14% in 2012 and is projected to increase to 22% in 2061
- aged 85 and older in 2012 was 2% (420,300 people). This group is projected to grow rapidly throughout the projection period, to 5% by 2061.

Growth in these age groups has implications for the provision of appropriate housing and aged care (Treasury 2010b, AIHW 2013e). Currently, the majority of older Australians own their home (ABS 2013d), however this is likely to decline in the future if current trends continue in the availability of affordable housing. Further, the housing needs for older persons change, typically requiring modification to improve access and cater for health reasons or disability (AIHW 2013e).



Migration

Between 2001 and 2006, natural increase (birth rate minus death rate) and net overseas migration were equal contributors to the growth in Australia's population. However, since 2007, net overseas migration has been the main driver of Australia's population increase, reaching its highest level of the decade in 2009 (299,800 persons) before falling to 170,300 in

2011. It is clear that migration has been a substantial contributor to Australia's population growth, thus contributing to underlying demand for additional housing stock.

Decline in household size

The characteristics of Australian households are changing over time. The average number of persons per household declined from 2.69 to 2.57, or about 4% between 1994–95 and 2011–12 (ABS 2013d). Average household size is projected to decrease to 2.3 people per household by 2026 (ABS 2010b). While the relative proportion of 1-family, multiple family and non-family households has not changed since 1994–95, there have been changes in types of 1-family households. In particular, the proportion of households comprising couple families with dependent children has fallen from 30.5% to 26.2% and the proportion of couple-only households has risen from 23.7% to 25.8% (ABS 2013b). Affordability constraints have been seen as a contributory factor in household formation patterns (NHSC 2013a).

This trend toward smaller households also contributes to demand for more dwellings. The number of couples without children and of lone parents is expected to increase, as are the number of lone-person households. Consequently, the number of households in Australia is projected to increase from 7.8 million to 11.6 million by 2031, an increase of almost 49% (ABS 2010a).

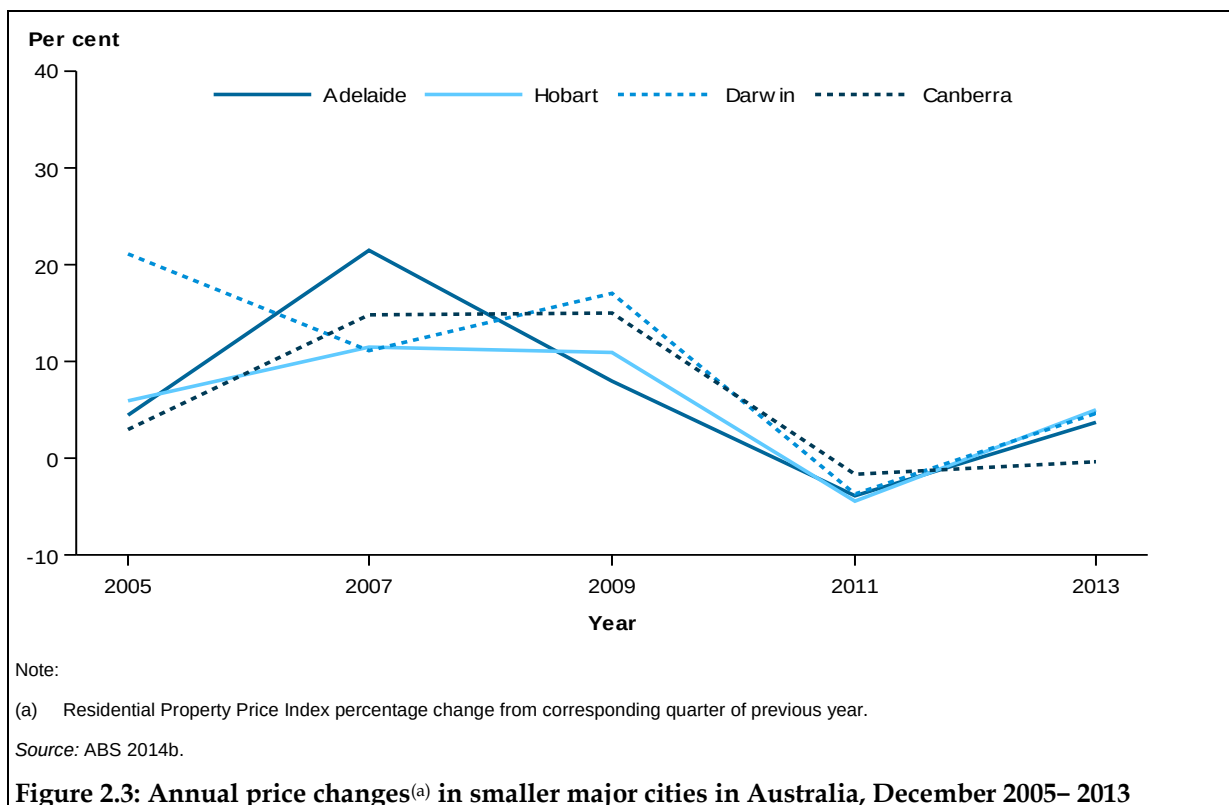
2.3. The housing market in Australia

Australia's housing market plays an integral role in providing a source of shelter and a base for people to participate in communities and the workforce. It is the largest store of the nation's wealth, a major source of retirement savings for homeowners and a market for investors. As such, the housing market makes an important contribution to broader economic efficiency, productivity growth and the liveability of our cities.

Australian governments have acknowledged the importance of housing through the NAHA, which aims to ensure people have access to affordable, safe and sustainable housing contributing to social and economic participation. Access to housing largely depends on supply and demand, which affects house prices and rents and, by extension, affordability. In Australia, the housing supply challenge is not simply to add to housing stock but also to achieve substantial growth in the supply of affordable rental stock where it is needed most. The increasing shortage of affordable housing will affect households on the lowest incomes and pressure on housing assistance is likely to increase in the years to come.

2.3.1. House prices and household incomes

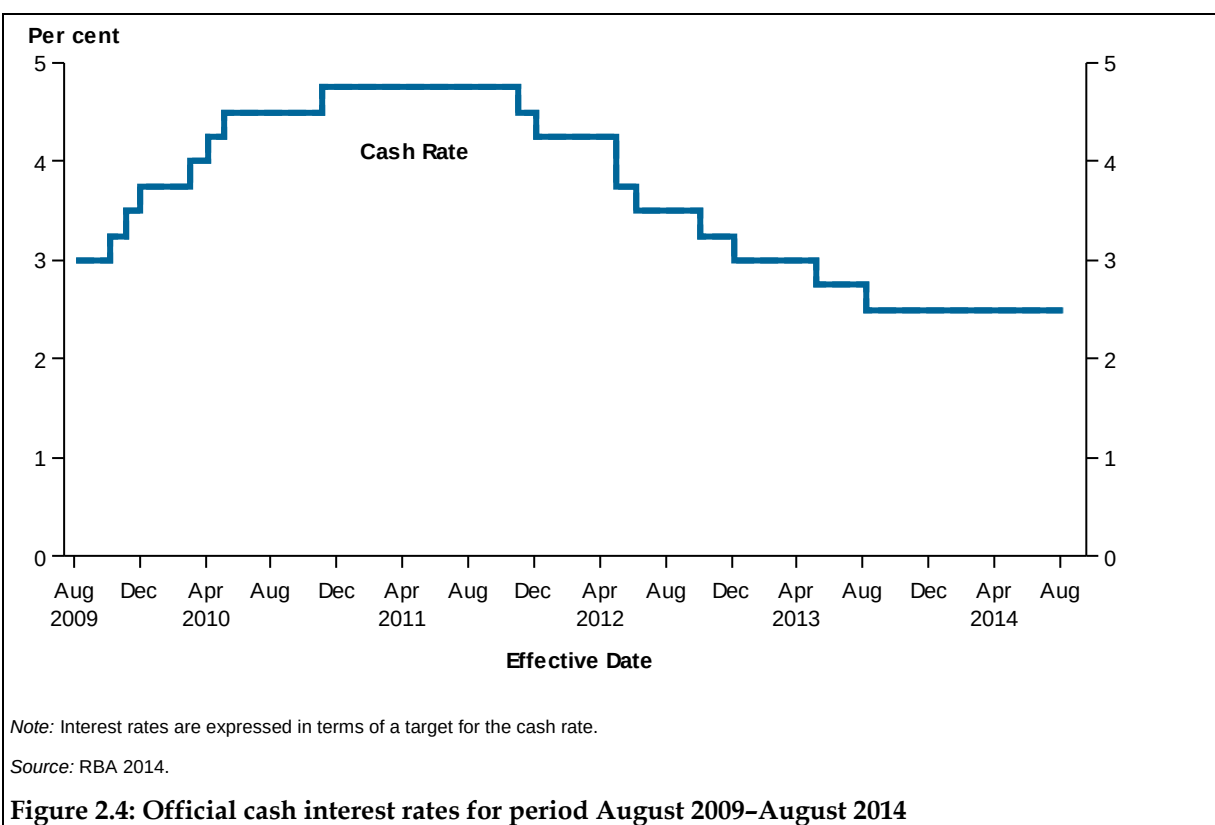
Australia had shown strong performance in house price growth for most of the decade prior to the global financial crisis. House prices went up markedly around mid-2009, reached a peak in 2010 and then dropped in 2011. Recent data from the ABS indicates that, across Australia, there was a 3.4% increase in house prices over the December 2013 quarter and a 9.8% increase throughout the year to December 2013 (ABS 2014b). Housing prices increased in all state capitals in the December 2013 quarter. Sydney continued to be the strongest market (see Figure 2.2) with prices rising by around 14% over the past year (ABS 2014b). It is important to note that these trends are specific to capital cities and people who live in other areas may have a different experience with house purchase prices and rental costs.



For the smaller capital cities, house prices in Hobart and Darwin increased by 5% between 2011 and 2013. Canberra was the only capital city to see a decrease in house prices over the same period (down 0.3%) (see Figure 2.3).

Interest rates

Interest rates play an important role in the level of activity in the housing market by having a direct impact on the cost of finance. In response to a number of factors associated with the global financial crisis, the Reserve Bank of Australia (RBA) cut the official cash rate to 3.00% in April 2009. It rose to 4.75% in 2011 before dropping to a low of 2.5% in August 2013, where it has since remained unchanged (see Figure 2.4) (RBA 2014). The low interest rate has eased some financing constraints and reduced the user cost of housing, resulting in stronger demand for residential property.



2.3.2. Income

The ABS Survey of Income and Housing (ABS 2013b) reports that the mean equivalised disposable household income of all households in Australia in 2011–12 was \$918 per week and the median (that is the midpoint when all people are ranked in ascending order of income) was lower at \$790. This difference reflects the typically asymmetric distribution of income where a relatively small number of people have relatively very high household incomes, and a large number of people have relatively lower household incomes (see Box 2.3 for household income definitions).

In real terms, average equivalised disposable household income showed significant change between 1994–95 (\$570) and 2011–12 (\$918). In 2007–08, there was a break in series due to the improvements in measuring income introduced in that cycle. After adjusting for the break in series, the net increase between 1994–95 and 2011–12 was 49% (ABS 2013d). Since 1994–95, median equivalised disposable household income has increased in real terms from \$505 to \$790 (up 56%). Low-income households have had a lower (but still significant) real increase in their average income (47% at top of P10) than high-income households (60% at top of P90) (Figure 2.5) since 1994–95.

Box 2.3: Household income definitions**Household**

A person living alone or a group of related or unrelated people who usually live in the same private dwelling.

Income

Income consists of all current receipts, whether monetary or in kind, that the household or individual members of the household receive, and which are available for, or intended to support, current consumption. Income includes receipts from:

- wages and salaries and other receipts from employment (whether from an employer or own incorporated enterprise), including income provided as part of salary sacrificed and/or salary package arrangements
- profit/loss from own unincorporated business (including partnerships)
- net investment income (interest, rent, dividends, royalties)
- government pensions and allowances
- private transfers (for example superannuation, workers compensation, income from annuities)
- child support, and financial support received from family members not living in the same household).

Gross income

Regular cash receipts (including salary sacrificed income) before income tax or the Medicare levy are deducted.

Median income

The amount that divides the income distribution into two equal groups, half having income above that amount, and half having income below that amount.

Disposable income

Gross income less income tax, the Medicare levy and the Medicare levy surcharge, that is remaining income after taxes are deducted, which is available to support consumption and/or saving. Income tax, Medicare levy and the Medicare levy surcharge are imputed based on each person's income and other characteristics as reported in the survey.

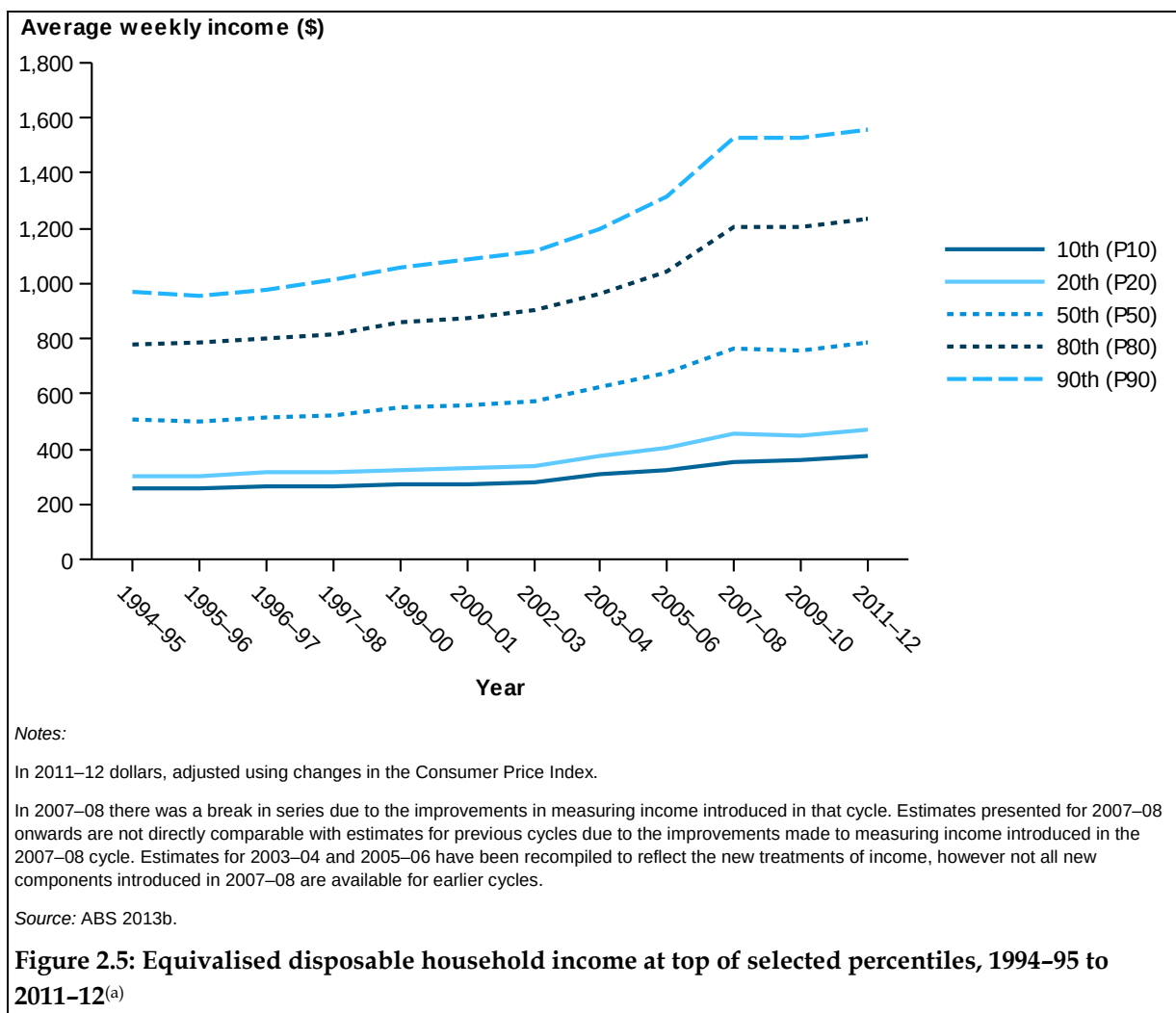
Equivalised disposable household income

Disposable household income adjusted using an equivalence scale. For a lone-person household it is equal to disposable household income. For a household comprising more than 1 person, it is an indicator of the disposable household income that a lone-person household would need to receive to enjoy the same level of economic wellbeing as the household in question.

Average weekly earnings

Average weekly earnings statistics represent average gross (before tax) earnings of employees and do not relate to average award rates nor to the earnings of the 'average person'. Estimates of average weekly earnings are derived by dividing estimates of weekly total earnings by estimates of number of employees.

Source: ABS 2013b.

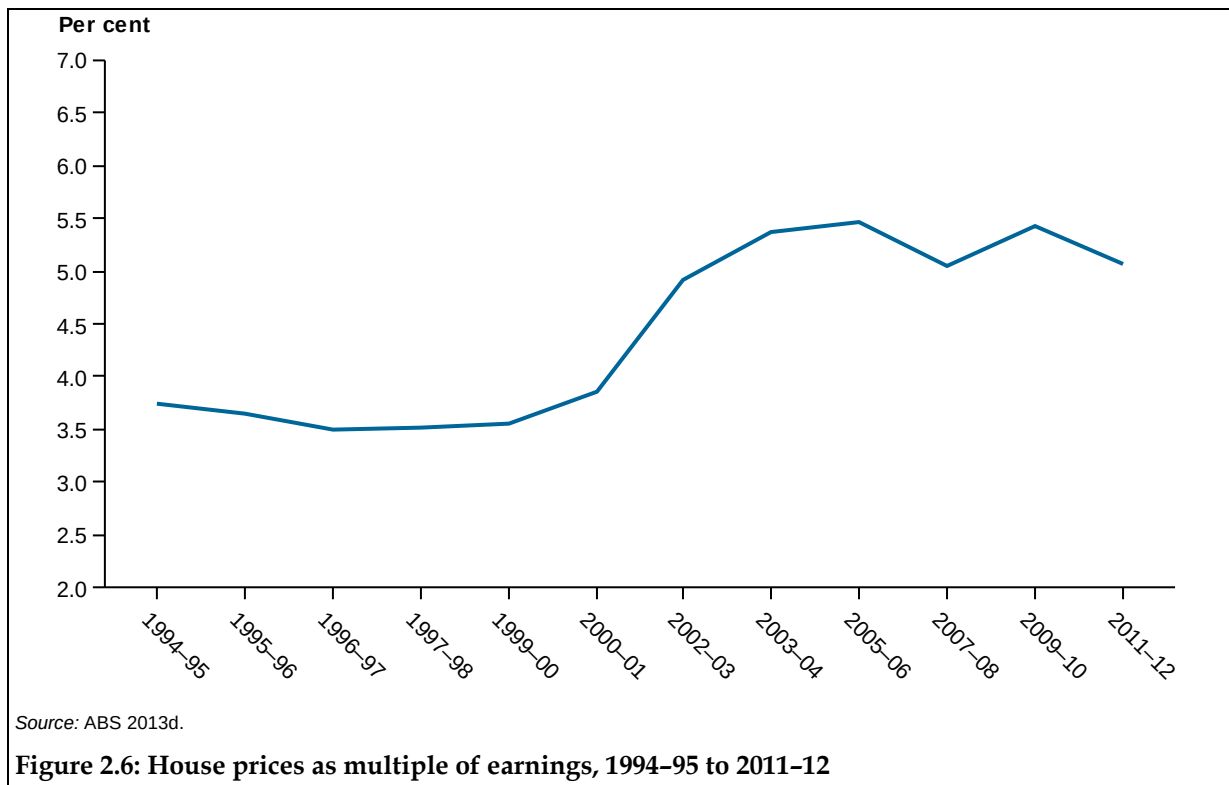


2.3.3. House price and income relationship

Median house prices and average weekly earnings

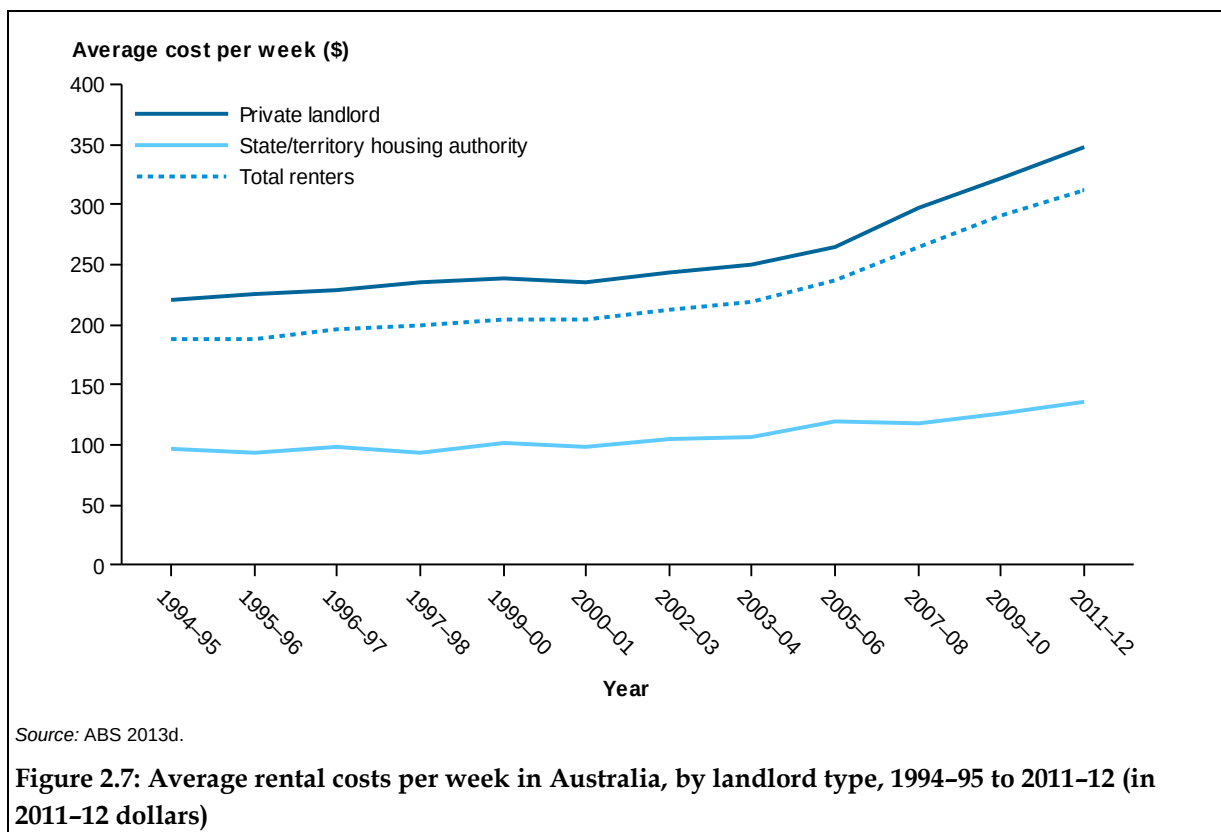
The changing relationship between household income and house prices is the major factor impacting on purchase affordability. Any significant deviations from the ratio means that household incomes have not kept pace with house prices.

ABS data show that on average, house prices were around 3.5 to 4.5 times the average annual earnings over the period of 1994–95 to the early 2000s. From 2003, the ratio increased to 5 or more (see Figure 2.6). The ratio has stayed around this level over recent years (ABS 2013d).



Rental costs and average weekly earnings

The average rental costs in Australia have risen over the past decade (see Figure 2.7) (ABS 2013d). This is particularly evident for the average rental costs for private renters between 2005-06 and 2011-12 (up 31%). The average weekly rental costs for state/territory authorities have remained fairly steady over time (up 13% over the same period). Over the period 1994 to 2013, a similar pace of growth has been evident between rental costs and incomes. Between 2000 and 2006, average weekly earnings increased at a consistently stronger rate than rental costs, leading to some reduction in rental stress. From 2007 onwards, rental costs as a proportion of household income have increased. Insufficient supply of new housing appears to have contributed to this change (HIA Economics Group 2013a).



2.4. Housing supply and demand

A number of factors have an impact on the supply and demand of housing, such as Australia's growing and ageing population, the trend toward smaller household sizes and larger dwelling sizes, major changes in household composition and relationships in Australia, taxation policy, land release and zoning, and labour costs.

2.4.1. Dwelling stock and supply

According to the 2011 Census data, of the 8.7 million private dwellings (excluding those occupied by visitor-only or non-classifiable households), 89.3% (7.8 million) were occupied and 10.7% (934,000) were unoccupied. Close to three-quarters (74%) of the dwelling supply were detached (separate) houses.

Between 2001 and 2011:

- the total housing stock increased by 17% (equivalent to 1.6% per annum), the occupied stock grew by 15.1% (1.4% per annum) and the number of detached houses increased by 16% (just over 1.5% per annum)
- the number of flats, units and apartments (28% increase to 1,056,200 in 2011) and semi-attached forms of housing (27% increase to 766,000 in 2011) have grown at a greater rate than detached houses.
- the highest rates of growth in housing demand occurred in Western Australia and Queensland.

The social housing share of housing stock has increased little over the past 10 years. Social housing stock is discussed further in Chapter 3.

The National Housing Supply Council (NHSC) estimated that an additional 284,000 dwellings would have been needed in 2011 to maintain the rate of housing consumption that existed in 2001 (NHSC 2013b). The Housing Institute of Australia (HIA) Economics Group estimates that between 2011 and 2020 Australia will require more than 1.6 million new dwellings to be built, an average of 178,900 dwellings per annum, instead of the current trend of averaging only 148,800 completed dwellings per year over the past 20 years. If Australia were to continue to complete this level of dwellings per year then by 2020 the current dwelling shortage would increase by a further 271,500 dwellings, adding to the nation's already large dwelling shortage, and resulting in an overall shortage of 500,900 dwellings (HIA Economics Group 2011).

2.4.2. Mortgage commitments

The number of new mortgage commitments is an early indicator of change in market demand. Around three-quarters of all housing transactions involve a mortgage and it is likely this share is even higher in the investor market due to the tax deductibility of interest payments. First home buyers reflect additional market demand, although they are not an exact reflection of demand for new dwellings (as first home buyers may purchase established dwellings) (NHSC 2013b).

The proportion of first home buyer loan commitments in June 2014 was 13.2%, down from 15% in June 2013 (ABS 2014a). Overall, the mortgage finance data point to increasing market demand for housing. However, the level of demand in this sector remains restrained by historic comparison and, although demand has increased among existing homeowners and investors, it is weaker for first home buyers (NHSC 2013b).

2.4.3. Rental vacancy rates

Rental vacancy rates are another indicator of market conditions. Lower vacancy rates signify that the balance of supply and demand is tighter, resulting in an increase in rental costs. In recent years vacancy rates in Australia have increased, assisted by a slight easing in the rate of population growth (RBA 2014). Recent data show that vacancy rates are a little over 2% nationally as compared with around 4% a decade ago (RBA 2014).

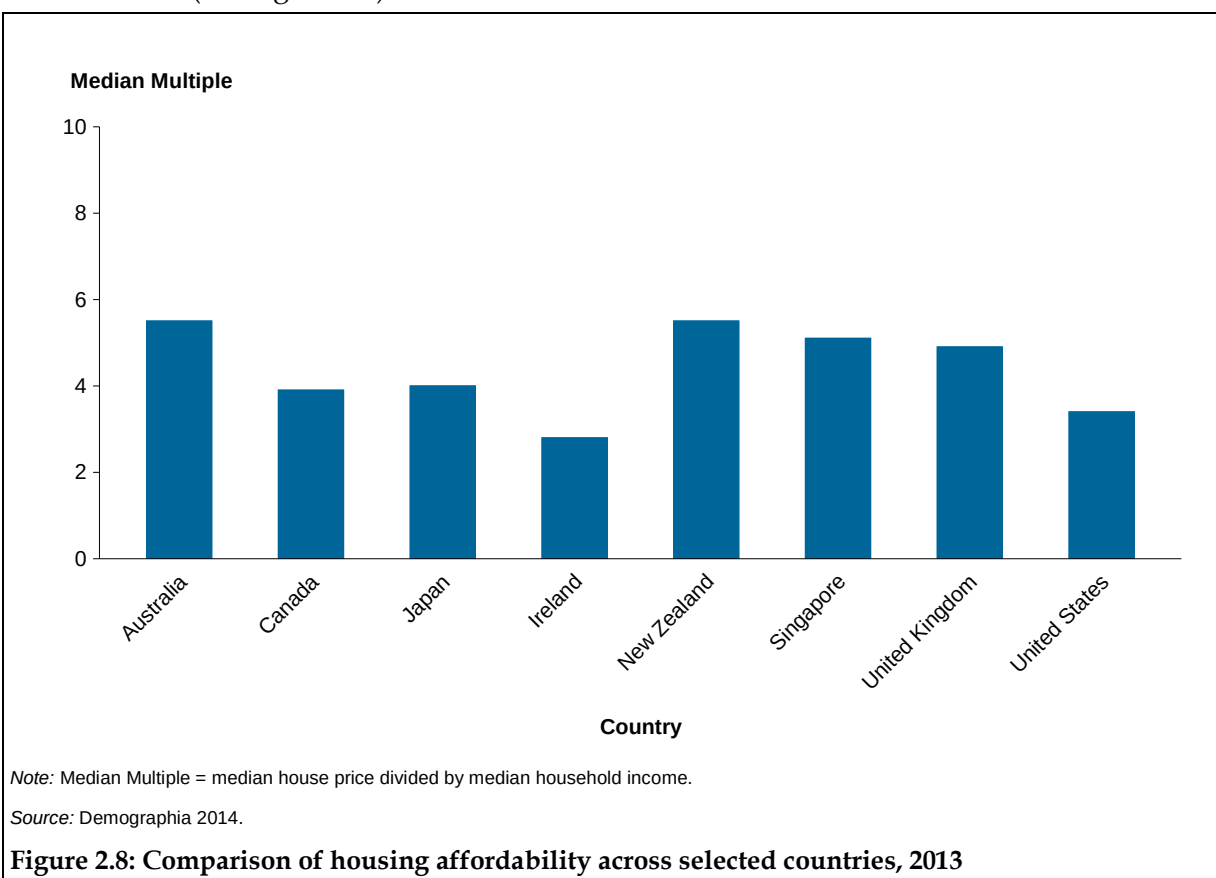
2.5. Housing affordability and stress

The housing supply gap has a direct impact on housing affordability for both renters and home purchasers (FaHCSIA 2010). For home purchasers, a housing supply gap means that there are more buyers than sellers in the marketplace, with a consequential bidding up of prices. For renters, it means there are fewer dwellings available in the private rental market, and landlords are thus able to increase rents. If these trends continue, housing stress for both renters and home purchasers is likely to increase. Those on higher and stable incomes will continue to have access to home ownership while low-income earners could be increasingly priced out of the market.

2.5.1. International comparisons of housing affordability

Housing affordability ratings can be assigned using the Median Multiple (calculated by median house price divided by median household income). The major markets of Australia, New Zealand, Singapore and the UK were ranked similarly in terms of their affordability

(Demographia 2014). Internationally, housing affordability in Australia deteriorated compared to many other comparable economies (OECD 2014). From 2004 to 2013, housing affordability has deteriorated substantially, compared to the markets of Canada and the United States (see Figure 2.8).



Australia's Median Multiple was rated at 5.8 (Figure 2.8). This means that the median house in Australia costs on average 5.8 times the median household income. House prices are generally increasing in Northern European housing markets, with prices in Britain increasing at their fastest rate in the 3 years up 2013 (OECD 2014). However, between 2011 and 2013 house prices were still falling in the south of Europe, particularly in Greece, Spain and Italy (OECD 2014).

2.5.2. Housing affordability markets in Australia

Information is available on affordability across Australia's metropolitan markets from the Demographia source. Using this methodology, none of Australia's main markets were rated by the survey as either 'affordable' or 'moderately unaffordable', which require a Median Multiple less than 5.0. The most unaffordable locations in Australia (with the highest Median Multiples) were Sydney (9.0) and Melbourne (8.4). Port Macquarie (NSW) was third most unaffordable at 8.1, followed by the Sunshine Coast (Qld) at 8.0, and the Gold Coast (Qld) at 7.7.

Over the 10 years of the *Demographia International Housing Affordability Survey*, all metropolitan areas that have reached severe housing affordability (which they define as a Median Multiple of more than 5.0) have had restrictive land-use regulation, especially urban containment policy. On the other hand, no liberally regulated metropolitan area has reached

severe housing affordability. An examination of longer historical data (available in Australia, Canada, New Zealand, the United Kingdom and the United States) confirms this for earlier years.

Home ownership is the most common and most desired form of housing tenure in Australia. The 2011 ABS Census found that around two-thirds of Australian households continue to be owner-occupiers (either with or without a mortgage). This is the same proportion as reported in the 1996 ABS Census. However the proportion of owners without a mortgage has decreased since 1996 from 41% to 32%, while the number of households with a mortgage has increased from 26% to 35% (ABS 2012a).

A range of factors influence whether homes are affordable to buy, including interest rates, house prices and the household incomes of purchasers (ABS 2011b).

Based on homes sold over the first quarter in 2014, the median price of a house across Australia's capital cities is \$510,000, ranging from \$630,000 in Sydney through to \$338,000 in Hobart (RP Data-Rismark 2014). In 2011–12, the median value of the 5.8 million owner-occupied dwellings was \$450,000, a decrease of 3% on the CPI-adjusted value of \$464,000 in 2009–10, and a 104% increase on the corresponding value in 1994–95 (ABS 2012a). The CPI-adjusted value of the median mortgage outstanding increased by 5% between 2009–10 and 2011–12 (from \$190,000 to \$200,000), and increased by 124% between 1994–95 and 2011–12.

Households with a mortgage generally pay both an interest component and a principal component. Compared with rental costs, payment of the principal component may be thought of as a (tax-effective) form of investment as well as an ongoing housing cost. According to census data, households with mortgages spent a monthly median \$1,300 on repayments in 2006, with this figure increasing to \$1,800 per month in 2011 – an increase of 38.5% in the 5-year period. Similarly, the number of households with a mortgage has increased by 11.2% in that same time (ABS 2012a).

Table 2.1: Housing cost among first home buyers with a mortgage, 2011–12 (per cent)

Housing costs as a proportion of gross income	Lower income FHBs with a mortgage	Other FHBs with a mortgage	All FHBs with a mortgage
25% or less	13.0	55.8	48.8
More than 25% to 30%	20.2	17.8	18.1
More than 30% to 50%	48.1	19.1	23.8
More than 50%	18.7	7.4	9.3
Housing costs as a proportion of gross income	36.0	22.0	23.0

Source: ABS 2013d.

The 2011 Census data show that the share of all households that face mortgage costs of more than 30% of income increased by 18% since the 2006 Census. The share of households with mortgage costs of more than 30% of household income remained highest in New South Wales, Western Australia and Victoria. The jurisdictions with the sharpest increase between 2006 and 2011 were Western Australia and Tasmania. In the case of Tasmania, this was from a relatively low base in 2006. This could be a reflection of both variable house prices in Tasmania and lower than average incomes compared to other states.

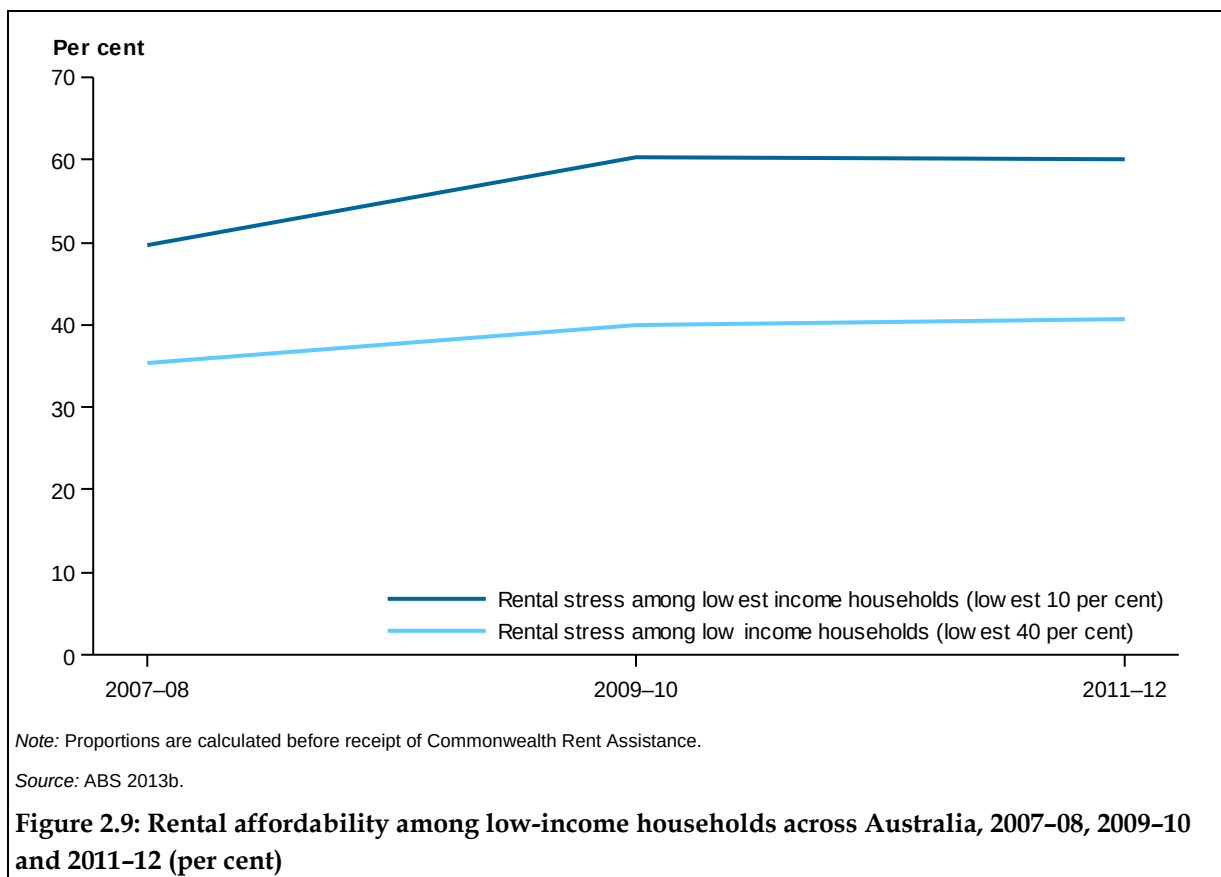
Nationally, 40% of lower income households with a mortgage were in mortgage stress in 2011–12. This figure was 37.4% in 2009–10 and 36% in 2007–08 (ABS 2013d). ABS data reveal that lower income first home buyers (FHB) with a mortgage reported slightly lower average dwelling values than other FHBs with a mortgage (\$384,000 compared with \$395,000) (ABS 2011b). Lower income FHBs spend a greater portion of their income on housing costs than other FHBs (36% compared to 22%). More than two-thirds (67%) of lower income FHBs with a mortgage spend more than 30% of their gross income on housing costs (see Table 2.1).

2.5.3. Affordability for renters

Nearly 3 in 10 Australian households (29.6%) rented their dwelling at the time of the 2011 Census. The proportion of rented homes increased by almost 2 percentage points over the past 5 years (from 28.1% in 2006), in line with a drop in outright ownership. Between 2006 and 2011, rental costs increased twice as much as wages. The median weekly household rent rose to \$285 from \$191 in 2006, an increase of 49.2%.

Lower income households face 2 main difficulties in accessing reasonably priced rental dwellings, related to insufficient availability of the stock of affordable dwellings (Wulff et al. 2011). First, the insufficient stock of affordable dwellings to meet the demand of low-income renters, irrespective of who occupies these dwellings. Second, for a number of reasons, middle- to high-income households may be more likely to occupy this stock, thereby effectively removing dwellings from the affordable supply for low-income renters (Wulff et al. 2011).

Figure 2.9 shows that around 40% of low-income rental households not in receipt of Commonwealth Rent Assistance, are in rental stress. Nationally, rental affordability worsened for the lowest 10% of households by income – with the rate of rental stress increasing from 49.7% in 2007–08 to 60% in 2011–12 (ABS 2013d). Lower income households renting from private landlords paid an average of \$295 a week on housing costs, which represented 30% of their gross weekly income, while all private renters paid an average of \$347, or 20% of their gross weekly income, on housing costs. Housing costs as a proportion of income for lower income private renters fell from 34% in 1994–95 to 28% in 2007–08, then rose to 30% in 2011–12 (ABS 2013d).



In government housing, rents are subsidised for eligible low-income tenants based on their income. Almost 9 in 10 social housing tenants are low-income households and the majority of households generally pay less than 30% of their gross income in rent. CRA has a substantial impact on households' rental affordability, with a 27 percentage point reduction in the number of low-income recipients in housing stress due to CRA (this is discussed in detail in Chapter 5).

Table 2.2 shows that Queensland and New South Wales have the highest shares of households facing rents of more than 30% of household income. The sharpest increase between 2006 and 2011 was in the Northern Territory, followed by Tasmania.

Table 2.2: Households paying rents of more than 30% of gross household income

	2006	2011	Percentage point change	Proportionate increase
NSW	10.7%	11.6%	0.9%	8.4%
Vic	8.1%	9.1%	1.0%	12.3%
Qld	10.3%	11.9%	1.6%	15.5%
WA	7.4%	8.9%	1.5%	20.3%
SA	8.4%	9.3%	0.9%	10.7%
Tas	7.4%	9.5%	2.1%	28.4%
NT	6.8%	9.0%	2.2%	32.4%
ACT	7.1%	8.0%	0.9%	12.7%
Australia	9.3%	10.4%	1.1%	11.8%

Note: Income includes receipt of Commonwealth Rent Assistance.

Source: ABS 2007 ABS 2012b.

2.6. Changing context: implications for housing

Population and household formation changes affect the long-term trajectory of housing demand and supply. On the other hand, the drivers of market demand may also affect the formation of new households. Market characteristics will therefore inevitably play a role in shaping both household formation decisions and underlying demand.

2.6.1. Implications for house prices

House prices and rental costs

Over time, house prices have grown faster than rental costs. The HIA reported that this has led to a permanent reduction in the ratio of rent to house prices (known as the 'rental yield'). The reduced rental yield has occurred at the same time as interest rates have declined, leading to stable rental returns (HIA Economics Group 2013a).

House prices and mortgage costs

Mortgage repayments are directly related to house prices and represent a powerful indicator as prevailing house prices and interest rates are incorporated into one measure. Ideally, the relationship between mortgage repayments and household income should remain largely stable over time.

Over the 2 decades from 1992 to 2012, the relationship between average mortgage repayments and earnings has varied. Since 1990, average mortgage repayments have accounted for about 40% of earnings. The ratio bottomed out during the late 1990s, with sharp growth in house prices following this period. These rises, combined with interest hikes, brought the ratio to a peak in mid-2008. Falling house prices and sharp interest rate cuts then caused the ratio to fall considerably. In 2012, the ratio was slightly above its long-term average, suggesting that the relationship between earnings, interest rates and house prices is balanced and consistent with stability in the market (HIA Economics Group 2013b).

2.6.2. Implications for tenure choice

Tenure patterns changed between 2001 and 2011, with a decrease in home ownership and a corresponding increase in renting. Housing affordability pressures and the relative cost of buying versus renting have contributed to a rise in the proportion of households that are renting. A higher proportion of households rented privately in 2011–12 than in 1994–95 (25% and 18% respectively). The increased demand for rental properties has seen rents for houses increase by 76%, and rents for other dwellings (such as flats and apartments) increase by 92% between 2002 and 2012 (NSHC 2013b).

Census data also pointed to households' preferences for higher density housing (comprising flats, units, apartments and semi-detached housing, such as townhouses). Higher density housing accounted for around one-quarter of all occupied dwellings in 2011, an increase from a decade earlier (ABS 2012a).

A change in the age structure of the population affects the number of households that are formed from a given population. An increasing proportion of older people, combined with their greater likelihood of living in a small household (and thus greater likelihood of being the household reference person), increases the total number of households. Compared with 2001, the proportion of people recorded as a household reference person in 2011 was smaller in all age groups, particularly among the younger and older age groups. The share of household reference persons aged 15–24 was lower in 2011 than in 2001, possibly reflecting a larger proportion of young adults remaining in education and living in the parental home for longer (NSHC 2013b). Some of the change in household size among older Australians reflects longer life expectancy, and fewer older people being widowed.

In 2011–12, lower income households renting from private landlords paid an average of \$295 a week on housing costs, which represented 30% of their gross weekly income, while all private renters paid an average of \$347, or 20% of their gross weekly income, on housing costs (ABS 2013d). The proportion of renters among younger households with and without children points to an emerging change in the demand for housing, implying that the trend to lower rates of home ownership and higher rental rates will continue (NSHC 2013b).

Migration can also affect the nature of housing consumption. The rental market in particular is more attractive to newly arrived migrants from overseas or interstate due to lower transaction costs compared to the home purchase market (HIA Economics Group 2013a).

More households are likely to rent privately in the future as access to home ownership has become less affordable for those on low and moderate incomes (Yates & Milligan 2007). It is likely that the rental market will be required to expand in order to address increased demand for longer term rental accommodation, and that the policy settings that govern rent assistance for lower income households and the provision of social housing will need to be re-examined in this light (NSHC 2013b).

3. Social housing

3.1. Key facts

- At 30 June 2013, around 414,000 households were living in social housing.
- Demand for social housing has been high for some time, is continuing to increase and supply is failing to keep up.
- Non-government provision of social housing is increasing – the proportion of social housing dwellings that community housing providers managed rose from 10% in 2009 to 15% in 2013.
- Some of the public rental housing stock is now at the end of its economic life and/or it does not meet current needs. Poor maintenance of dwelling stock often creates stigma and negative stereotyping of social housing tenants (Jacobs et al. 2011).
- Underutilisation of housing stock has become a challenge as typical household sizes have decreased and tenants are living in social housing that does not match their household size or needs (NSW Audit Office 2013).
- Access to social housing has decreased due to low rates of turnover and increased rationing to those with the highest and most complex needs in recent years. These changes are linked to decreased levels of investment in social housing, coupled with decreases in housing affordability in Australia (Wiesel et al. 2013; Vic DHS 2009).
- In 2012, the majority of social housing tenants reported that their house was of an acceptable standard (75% for public rental housing, 61% for SOMIH and 85% for community housing).
- The average weekly rental subsidy per rebated household in public rental housing was \$146 at 30 June 2013, increasing from \$134 at 30 June 2009 (SCRGSP 2014; Table 17A.39).
- Data collection and quality issues limit the availability of information about social housing. For example, social housing data collections capture limited indicators of client needs and outcomes.

3.2. What is social housing?

Social housing is rental housing that government or non-government organisations (including not-for-profit organisations) provide to assist people who are unable to access alternative suitable housing options. Social housing rents are generally below market and are set based on the income of the household. These rents may be set at a maximum proportion of household income, for example a number of states and territories set rents at no more than 25% of household income.

Social housing aims to deliver affordable, appropriate, flexible and diverse housing. Some forms of social housing (see Box 3.3) aim specifically to contribute to Indigenous community wellbeing by improving housing outcomes for Indigenous people, especially those living in remote communities (SCRGSP 2014). While historically the focus of social housing in Australia has been to provide affordable housing to low-income families, scarce public housing resources have been increasingly targeted towards the most disadvantaged in the community (as discussed in Chapter 4).

This chapter describes the key trends in the size, type and location of social housing dwellings. It also discusses the profile of households in social housing, dwelling condition, appropriateness of dwellings, tenant mobility, length of tenure and tenant satisfaction.

Box 3.3: Forms of social housing

The following forms of social housing are discussed in this report:

Public rental housing: dwellings that state and territory housing authorities own (or lease) and manage to provide affordable rental accommodation.

State owned and managed Indigenous Housing (SOMIH): dwellings that state housing authorities own and manage that are allocated only to Indigenous households.

Community housing: rental housing provided for low- to moderate-income and/or special needs households, managed by community-based organisations that have received a capital or recurrent subsidy from government. Community housing models vary across jurisdictions, and the housing stock may be owned by a variety of groups including government.

Indigenous community housing (ICH): dwellings owned or leased and managed by ICH organisations and community councils in major cities, regional and remote areas. Indigenous community housing models vary across jurisdictions and can also include dwellings funded or registered by government.

3.2.1. Social housing dwellings

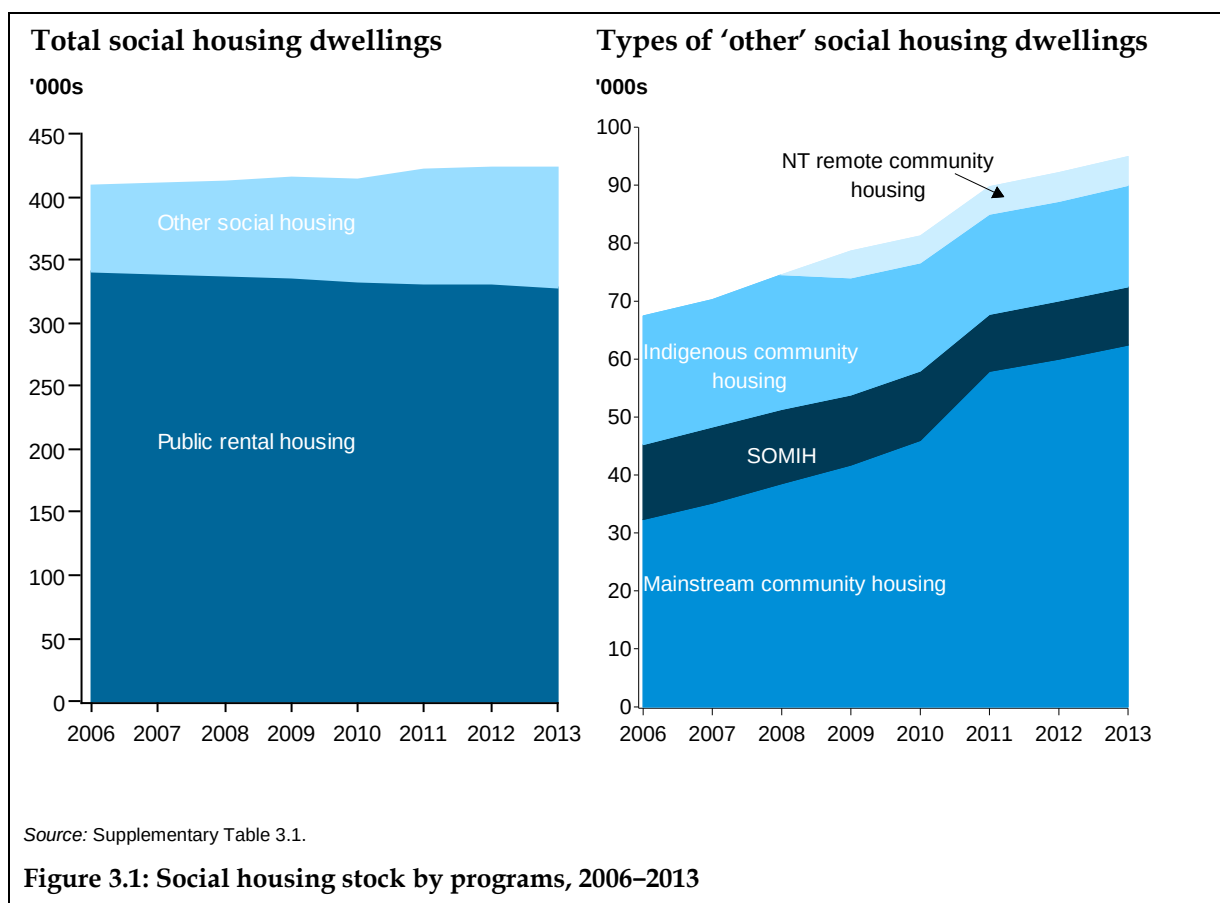
Social housing stock

The stock (the number of dwellings) in each program and the turnover of occupants determine the number of households that can be assisted through social housing. In 2013, there were around 421,000 social housing dwellings across Australia, of which 78% (328,340) were public rental housing (see Figure 3.1). Mainstream community housing was the second-largest holder of social housing dwellings – with around 65,000, or 16%, of the total stock. Indigenous-specific housing accounted for the remainder of social housing dwellings (4%).

Trends in social housing stock:

- Between 30 June 2006 and 30 June 2013, social housing stock increased by 4% (from 404,000 to around 421,000 dwellings).
- There was a decline in the stock of social housing dwellings relative to the total number of dwellings in Australia – from 4.7% of all dwellings in 2006 to 4.5% in 2011 (AIHW analysis of ABS 2006 and 2011 Censuses).
- The distribution of stock across social housing programs has been changing. Public rental housing stock reduced by approximately 13,000 dwellings (4%) in this period, whereas SOMIH and Indigenous community housing stock remained relatively stable. Mainstream community housing stock increased steadily from 32,349 dwellings at 30 June 2006 to 65,865 dwellings at 30 June 2013 (see Figure 3.1).

These figures reflect a gradual but steady shift of focus from the public to the community-managed sector. A decrease in the number of public rental dwellings was offset by an increase in mainstream community housing. The increasing contribution of the community sector reflects housing policy at both the Australian Government and state and territory government levels (FaHCSIA 2010).



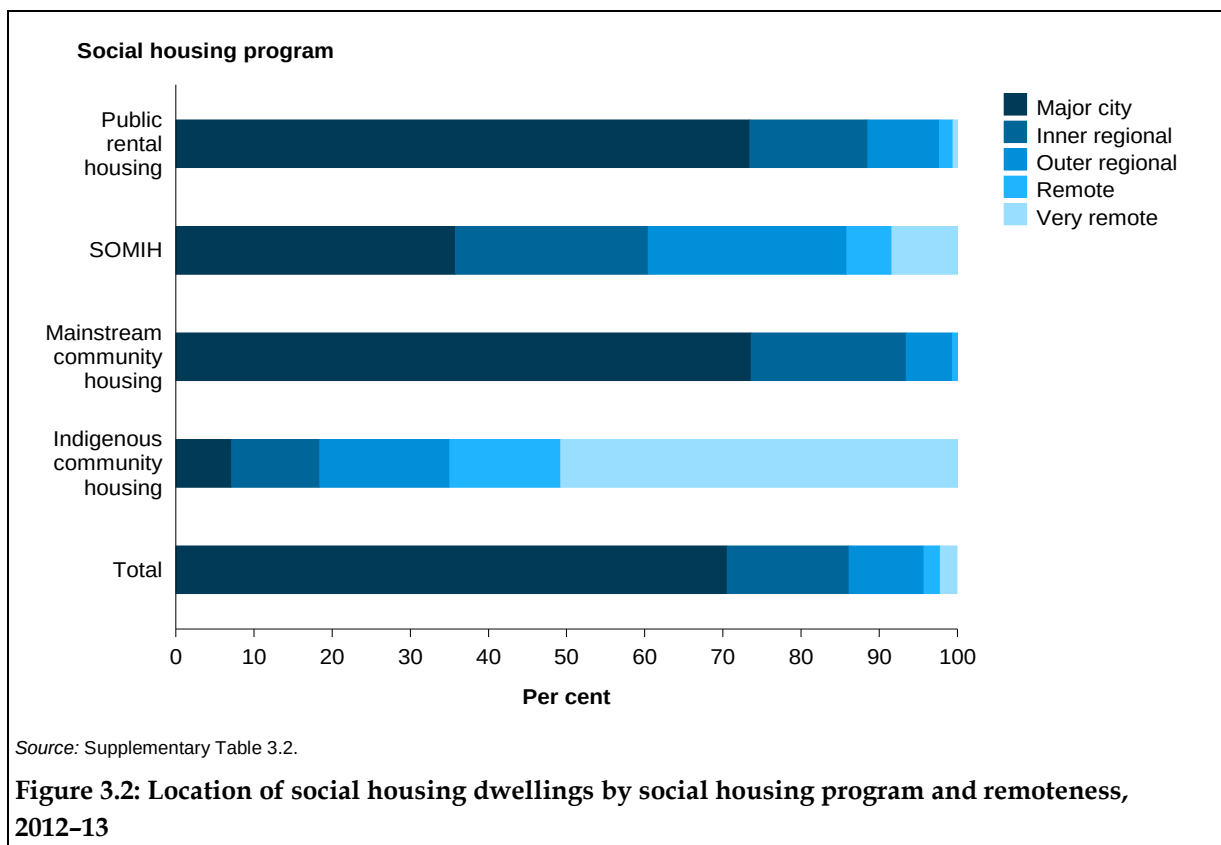
3.2.2. Where is social housing located?

The geographical distribution of social housing largely follows the distribution of the general population – the majority is concentrated in *Major cities* along the east and south-west Australian coastline with smaller proportions in *Remote* and *Very remote* areas (AIHW 2013b). The distribution of social housing dwellings by state and territory and program in 2013 is shown in Table 3.1. New South Wales had the most housing stock in each program type (consistent with its larger population size).

Table 3.1: Social housing dwellings by state and territories, at 30 June 2013

Social housing program	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Public rental housing	111,216	64,616	51,675	33,661	40,018	11,139	10,956	5,059	328,340
SOMIH	4,540	..	3,405	..	1,803	336	..	..	10,084
Mainstream community housing	26,022	12,505	12,284	6,107	5,896	2,123	590	339	65,865
Indigenous community housing	4,734	1,961	4,777	2,439	1,102	62	n.a.	2,398	17,473
Total	146,512	79,082	72,141	42,207	48,819	13,660	11,546	7,796	421,762

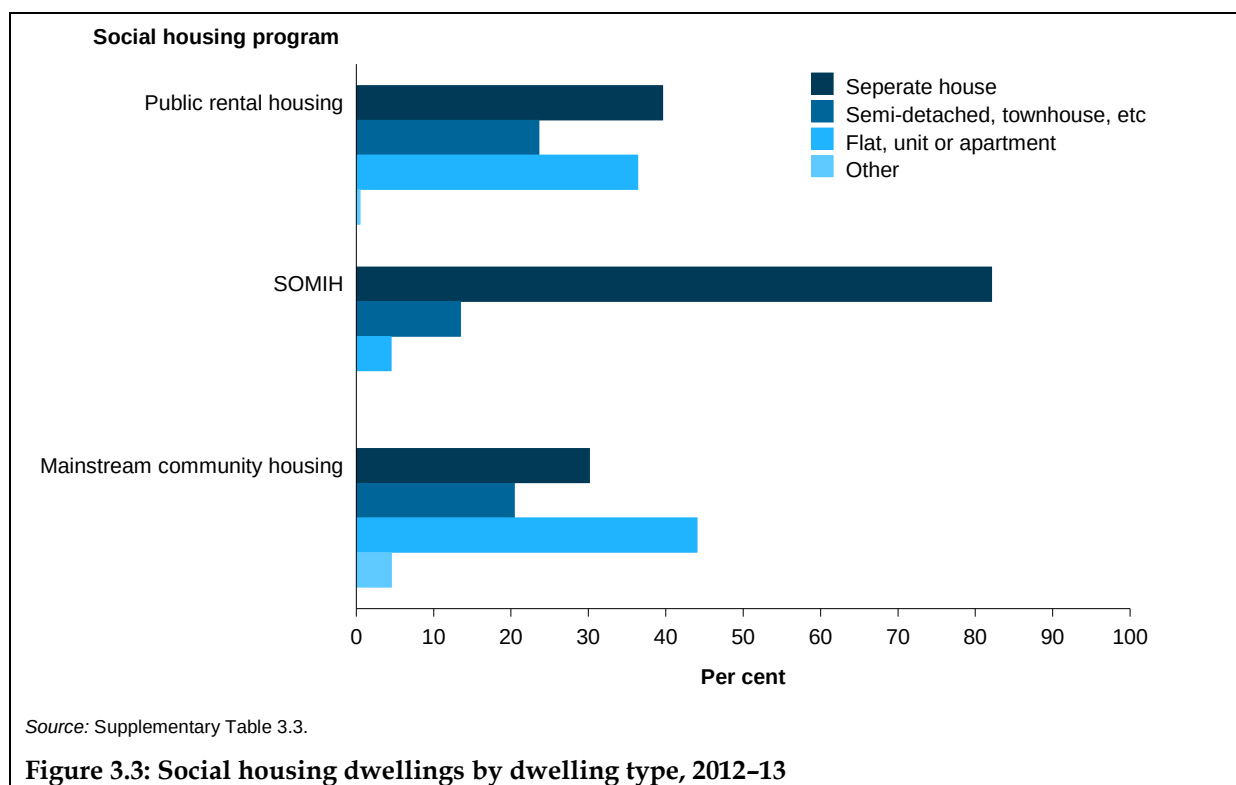
Source: AIHW National Housing Assistance Data Repository 2012–13.



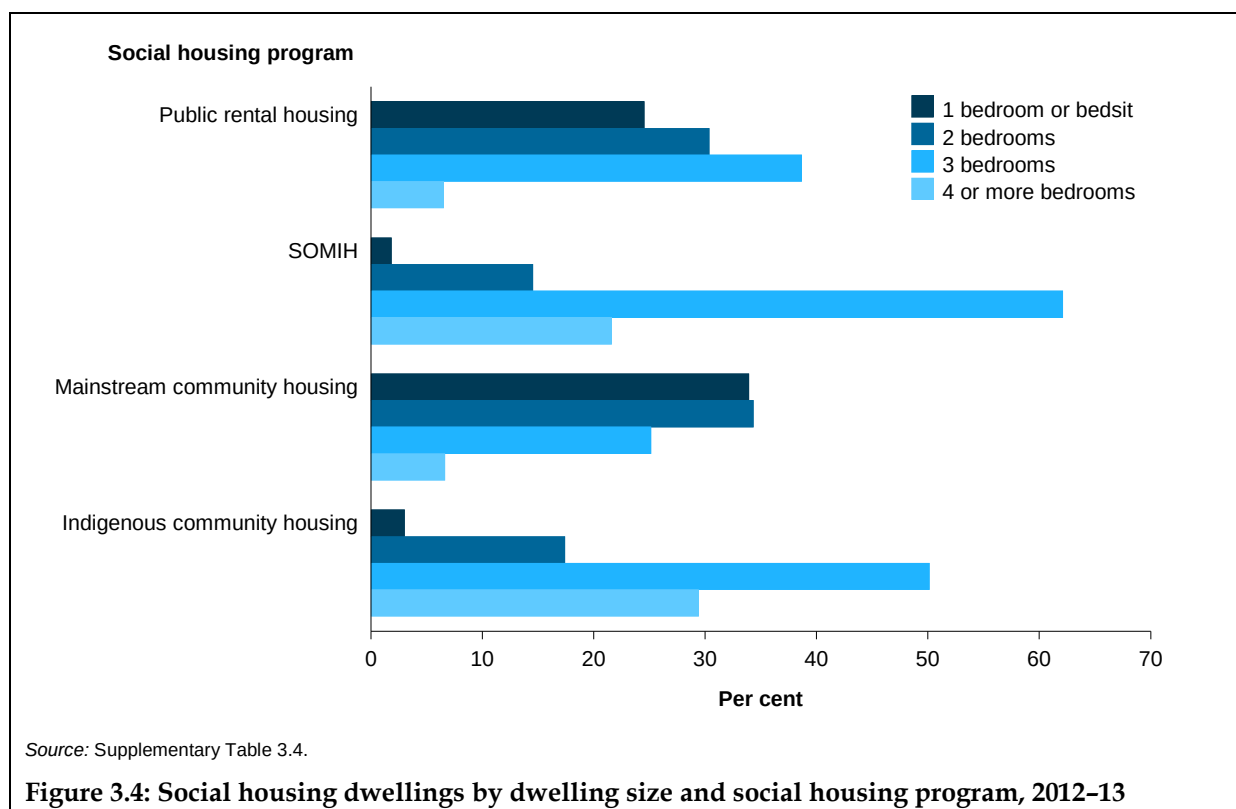
Social housing programs vary in terms of the proportion of stock in city, regional and remote areas (See Figure 3.2). A large proportion of public rental housing dwellings was located in *Major cities* in 2012-13 compared with other social housing dwellings. Mainstream community housing had a relatively large proportion of dwellings located in *Inner regional* areas. SOMIH dwellings were more evenly distributed between *Major cities* and *Regional* areas. The distribution of dwellings for Indigenous community housing was quite different from other social housing, with the largest proportion in *Very remote* areas, and the smallest in *Major cities*.

Dwelling types and sizes across social housing programs

There are substantial differences in dwelling stock across social housing programs. The biggest difference between social housing programs is in terms of dwelling type (see Figure 3.3). For example, SOMIH had a large proportion of separate houses (81%) and few apartments (4%). By contrast, apartments are the most common dwelling type for community housing (accounting for 44% of dwellings).



The size of dwellings also differed across social housing programs (see Figure 3.4) – public rental housing has more 1-2 bedroom dwellings (55% compared with 16% in SOMIH) and SOMIH has more 3-4 bedroom dwellings (81% compared with 45% in public rental housing). Generally, community housing also provides smaller dwellings – 68% of all community housing dwellings have 1-2 bedrooms. ICH dwellings tend to be larger – 79% of Indigenous community dwellings had 3 or more bedrooms in 2012-13. These differences are likely to reflect the target groups of each program. For example, ICH dwellings were generally larger in size to accommodate larger average family sizes – Indigenous households included 3.3 people on average compared with 2.6 for all households in 2011 (ABS 2013a).



Dwelling type by remoteness

The differences in dwelling type observed across the programs is partly related to the location of these dwellings, with flats and units more common in *Major cities* (where public rental housing tends to be located) and separate houses being more common in *Remote* areas (where SOMIH and some public rental housing is located). The most common dwelling type in *Remote* areas is separate houses, representing 54% of all dwellings in *Remote* areas and 61% of all dwellings in *Very remote* areas. Semi-detached dwellings, row or terrace houses, townhouses, flats and apartments were most common in non-remote areas (see Supplementary Table 3.5).

Box 3.4: The National Social Housing Survey

The National Social Housing Survey (NSHS) is a biennial survey of social housing tenants living in public rental housing, SOMIH and community housing. The survey's primary purpose is to collect data on:

- the profile of social housing tenants in states and territories
- the satisfaction with services supplied by their housing providers (including satisfaction with amenity and location)
- dwelling condition and appropriateness.

The most recent survey results discussed in this report are from the 2012 NSHS. The results of the 2014 NSHS will be available in 2015.

Dwelling condition and availability

One dimension of 'dwelling condition' is whether stock is of an acceptable standard. A dwelling is assessed as being of an acceptable standard if it has at least 4 working facilities

(for washing people, for washing clothes/bedding, for storing/preparing food, and sewerage) and not more than 2 major structural problems (SCRGSP 2014).

Nationally in 2012, the NSHS (see Box 3.4) found that:

- Mainstream community housing tenants were most likely to report that their dwelling was of an acceptable standard (85%), followed by public rental housing (75%) and SOMIH (61%).
- Indigenous households in both public rental housing and mainstream community housing were less likely to report their housing was of an acceptable standard (see Table 3.2).

Table 3.2: Social housing dwellings of acceptable standard^(a), by program^(b) and Indigenous status of household, 2012

	Public rental housing	SOMIH ^(c)	Mainstream community housing
Indigenous households	61.3	61.4	71.5
95% confidence interval (+/–)	3.9	2.5	6.8
All households	74.7	..	85.2
95% confidence interval (+/–)	0.9	..	1.3

(a) Defined as having at least 4 working facilities—for washing people, washing clothes and/or bedding, storing and/or preparing food, and sewerage—and not more than 2 major structural problems.

(b) Tenants living in Indigenous community housing are not in scope of the National Social Housing Survey.

(c) In a small proportion (4%) of households living in SOMIH, no member was identified as being Indigenous. The data shown here apply to all households living in SOMIH.

Source: SCRGSP 2014: tables 17A.15, 17A.16 17A.17.

Another dimension of dwelling condition is the extent to which dwellings are deemed ‘tenantable’. This reflects the availability of a dwelling for letting, meaning that any maintenance required has been completed and the dwelling is legally available for tenancy. A high proportion of tenantable properties increase efficiency in housing allocation. The majority (around 99%) of social housing dwellings (in public rental housing, SOMIH and mainstream community housing) are tenantable (see Supplementary Table 3.6). This excludes properties that are undergoing major redevelopment.

Other dimensions of dwelling condition are dwelling age and appropriateness. For example, around 42% of public housing stock in Victoria is more than 30 years old (KPMG 2012b). Similarly, some public housing requires significant modification for those with disability and a large proportion of public housing stock requires renovation or refurbishment before it can be re-let. These issues pose considerable challenges for public housing.

Remote Indigenous housing also faces considerable challenges related to dwelling condition. The poor standard of housing and infrastructure provided to Indigenous people in *Remote* areas is noted in the National Partnership Agreement on Remote Indigenous Housing (COAG 2009b). This agreement will attempt to address these issues through investment of \$2.2 billion over 5 years in remote Indigenous housing (DSS 2014a).

3.3. Who lives in social housing?

Over recent years, social housing has increasingly been allocated to people with complex needs, people with disability and people with very low incomes. This section illustrates

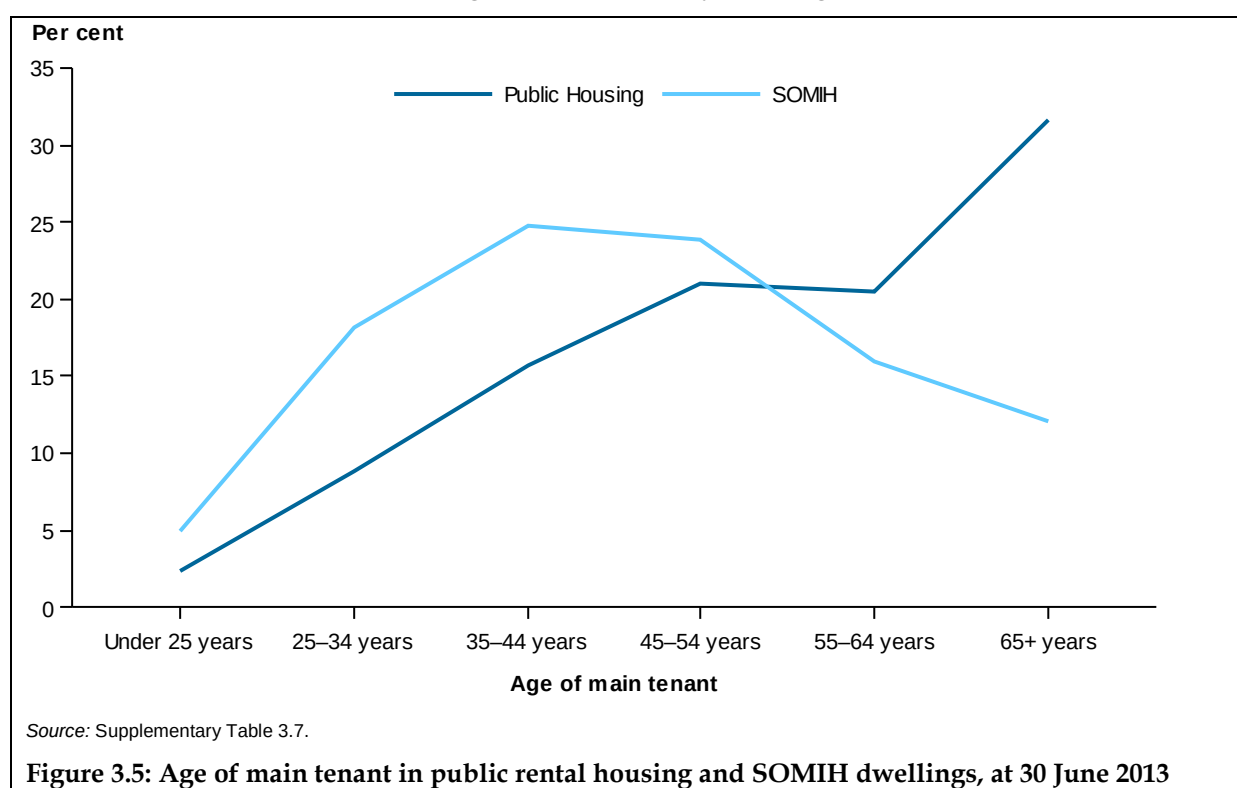
selected characteristics of social housing tenants across different programs (see Supplementary Table 3.7). The data for this section are drawn from state and territory administrative data sets and the NSHS (see Box 3.1). Some data are not available for community housing.

Age profile

The age profile of people living in social housing can be discussed in terms of age of the main tenant (the age of the person on the tenancy agreement) or the age of all individuals living in social housing households.

Main tenant

In 2013, the proportion of main tenants who were aged 24 or under was 2% for public rental housing and 5% for SOMIH (see Figure 3.5). Data on the age of main tenants are not available for mainstream and Indigenous community housing.



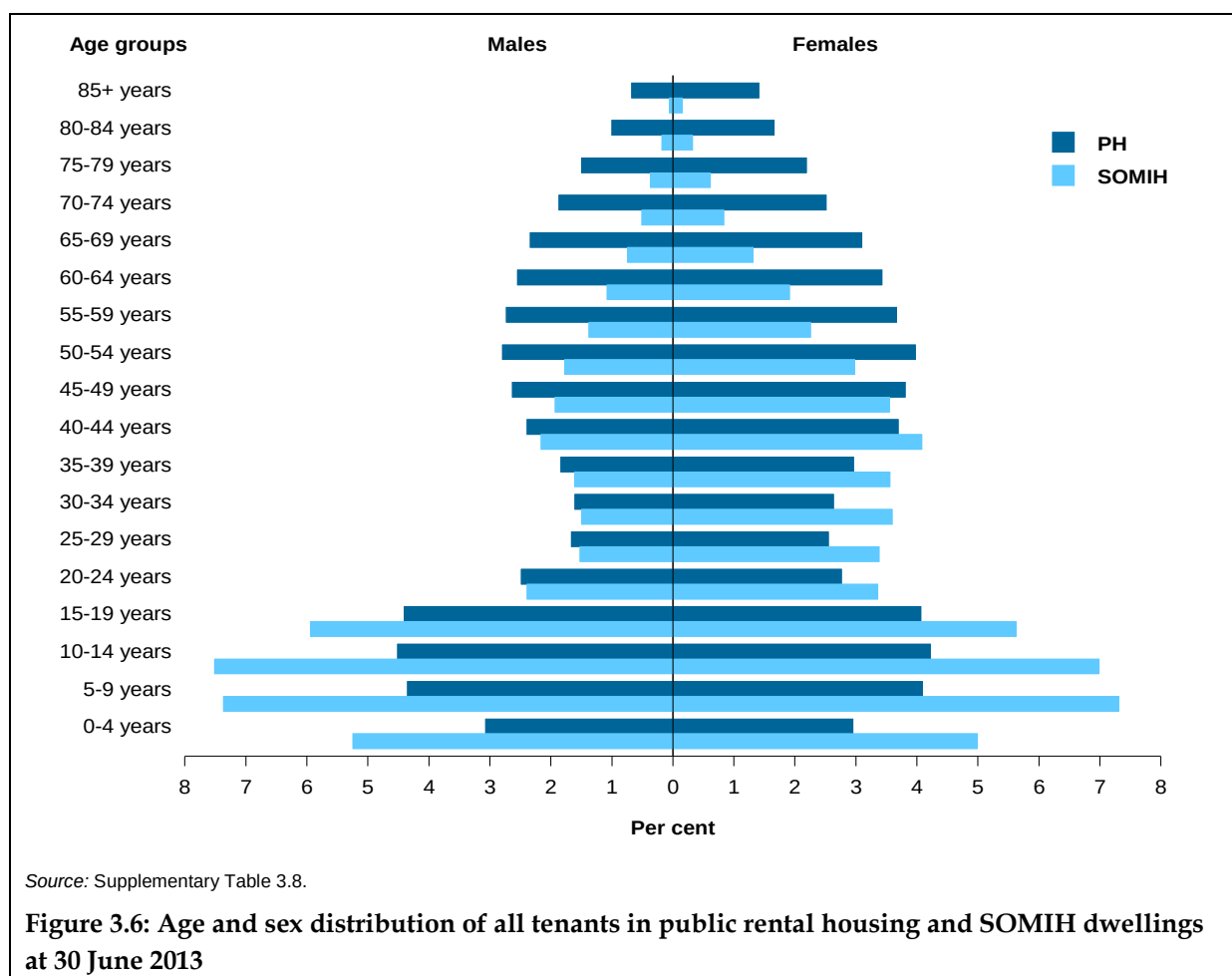
Around 169,000 persons aged 55 years and over were living in public rental housing or SOMIH in 2013. The majority of these tenants were living in public rental housing (52%) and nearly one third in SOMIH (28%) (see Figure 3.5).

Older Australians were a target group for the Social Housing Initiative (SHI – see Chapter 4 for more information), and the most recent data show that 38% of tenants in SHI dwellings are aged 55 or over (DSS 2013b).

All persons living in social housing

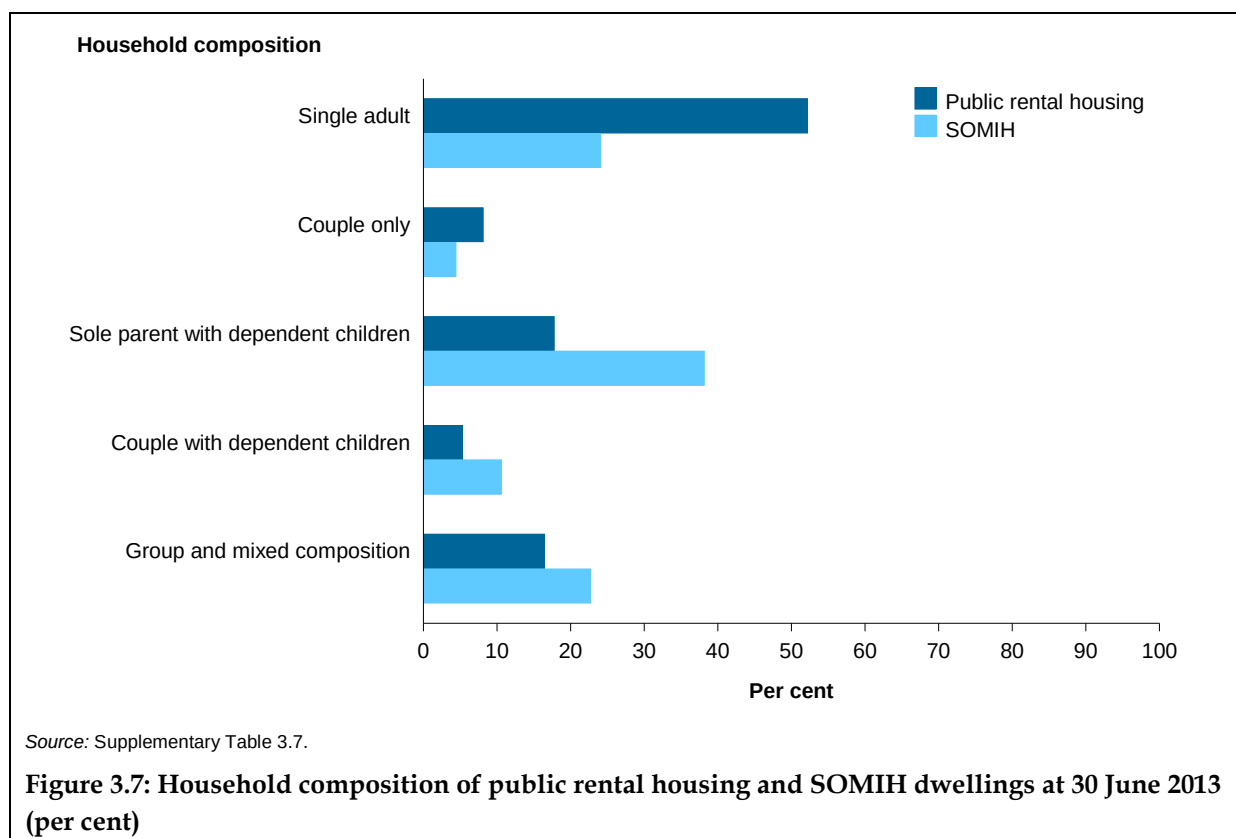
Across all of public rental housing and SOMIH households (see Figure 3.6) the age profile as of 30 June 2013 shows:

- A high proportion children (14 years and under) and older people (55 years and older) living in social housing. This is particularly evident in SOMIH tenants, with the highest age groups being children aged 5–14 (around 29% of all tenants).
- Public rental housing households were more likely to have older tenants compared to SOMIH tenants (31% aged 55 and over compared to 12% in SOMIH).
- There was a higher proportion of females living in public rental housing and SOMIH (56% for public rental housing and 57% for SOMIH) than males across all age groups (except for children aged 5–14).



Household composition

- More than half of public rental housing households (52%) comprised a single person living alone compared with nearly a quarter of SOMIH households (24%) (see Figure 3.7).
- SOMIH households were more likely to be sole-parent households (38%) compared with those in public rental housing (18%).



Indigenous households

- At 30 June 2013, almost 63,000 Indigenous households were assisted through the provision of social housing.
- The largest program providing social housing assistance for Indigenous Australians was not a targeted program but public rental housing, which accommodated 30,774 Indigenous households at 30 June 2013 (9% of all public rental housing households) – a slight decrease from 10% of households at 30 June 2012.
- In contrast, mainstream community housing provided housing assistance to fewer Indigenous households (4,640 Indigenous households or 7% of all mainstream community housing households).

Care should be taken when comparing these data over time as some jurisdictions transferred dwellings and households previously reported under SOMIH to public rental housing since they no longer have a separately identified or funded public Indigenous housing program.

People with disability

An estimated 4 million Australians (18.5% of the population) had some form of disability in 2012 and, of these, 6.1% had a severe or profound core activity limitation (ABS 2013a). In the context of housing assistance, people with disability are likely to have lower incomes than the general population as they are more likely to rely on government pensions or allowances than people without disability, and less likely to report wages or salary as their principal source of personal income (ABS 2013a). People with disability are therefore more likely than the general population to need some form of housing assistance.

As at 30 June 2013:

- Public rental housing, SOMIH and community housing provided accommodation to nearly 159,000 households with a member with disability (see Glossary for definition). This represents almost 40% of social housing households (see Supplementary Table 3.7).
- Households where at least 1 member had disability made up more than 133,000 households in public rental housing (41% of total), nearly 3,000 households in SOMIH (33%) and nearly 22,000 in community housing (36%).
- Additionally, people with disability made up 42% of tenants in the newly built SHI dwellings around Australia (DSS 2013b).

Labour force status and primary source of income

Around a quarter of household members surveyed in the 2012 NSHS in public rental housing (25%) and community housing (28%) participated in the labour force. The remainder of those in public rental housing and community housing households were either studying, a volunteer or full-time parent or carer, retired or unable to work due to long-term illness or disability.

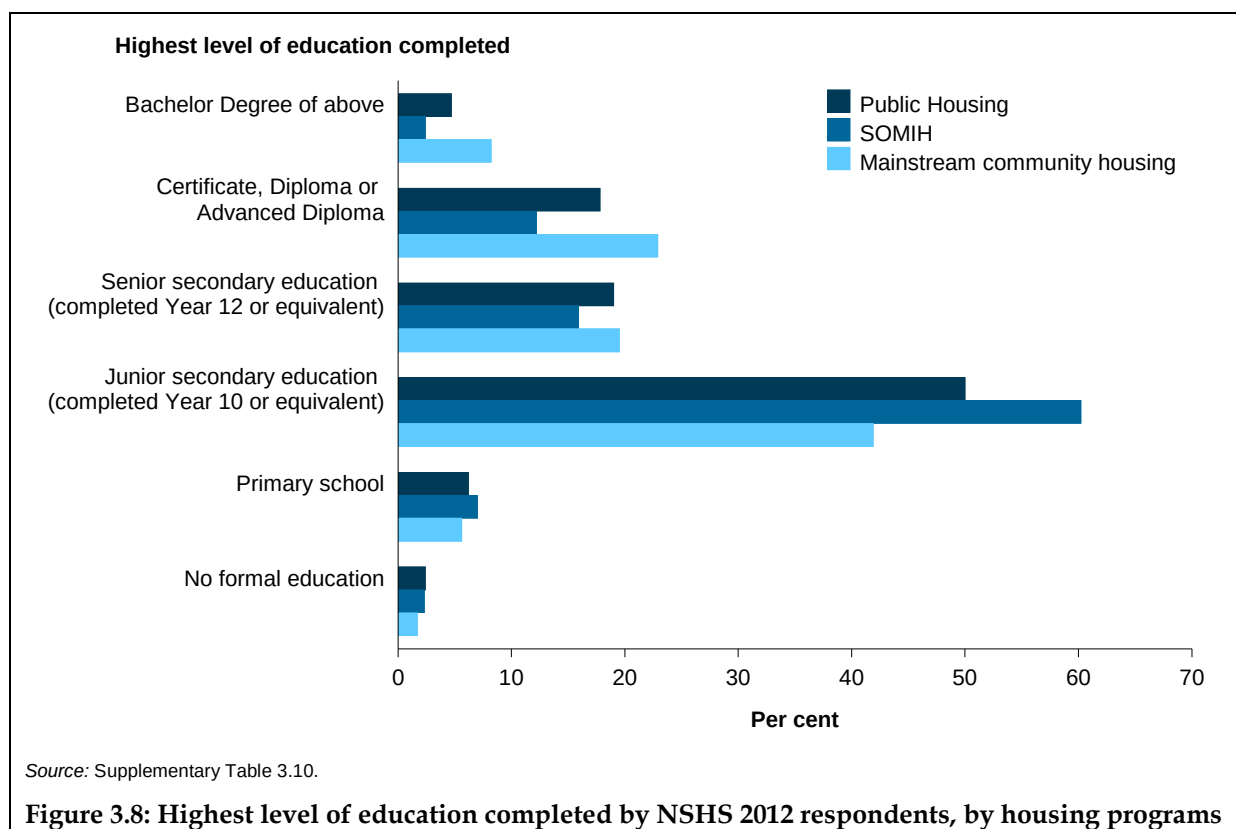
In comparison, a higher proportion of those in SOMIH households were in the labour force (39%), but more SOMIH tenants were also currently unemployed (18%) than those in either public rental housing or community housing households (both at 11%). In addition, people in SOMIH households were less likely than those in either public rental housing or community housing households to be retired (9% SOMIH, 27% public rental housing and 23% community housing) or unable to work due to long-term illness or injury (22% SOMIH, 26% public rental housing and 25% community housing).

In terms of income, the Disability Support Pension (29%) and the Age Pension (24%) were the most common primary sources of household income for public rental housing tenants, with only 8% having employee income as the primary household income source. The primary source of household income was a non-specified government payment (includes parenting payments) for 31% of households, and employee cash income for 11% of households in SOMIH (see Supplementary Table 3.7 for additional information – note that data for community housing tenants are not available).

Consistent with the high levels of those in social housing on government payments, 98% of all households in public rental housing were low-income households (as at 30 June 2013) (see Supplementary Table 3.9). In comparison, low-income households made up 94% of SOMIH households and 90% of community housing households were categorised as having a low income. More information on low-income households is included in 'Chapter 2 Affordability and housing stress' and 'Chapter 5 Financial assistance' in this report.

Education status of tenants

In 2012, half of public rental housing tenants over 15 years of age indicated that their highest level of education was Year 10 or its equivalent – junior secondary education (50%) – as did two-thirds of SOMIH tenants (60%). In comparison, less than half (42%) of community housing tenants reported that their highest level of education was Year 10 or its equivalent. Across all social housing programs surveyed, around 2% of tenants over 15 years reported that they had not completed any formal education (see Figure 3.8).



Almost a third of community housing tenants (31%) reported that they had completed post-secondary school qualifications (that is, certificate, diploma, advanced diploma and bachelor degree or above) compared with less than a quarter (23%) of public rental housing tenants and around 1 in 6 SOMIH tenants (15%).

3.3.1. Rent assistance in social housing

Housing costs are a key concern for low-income households. The social housing sector offers affordable tenure which can ease housing affordability pressures, particularly for low-income households (see Box 3.3 for information on affordability for social housing tenants).

Social housing rents are generally set at market levels. To provide affordable housing, social housing rents are subsidised (or rebated) for eligible low-income tenants so that they generally pay no more than 30% of their gross income on rent. A rebated household is a household that receives housing assistance and pays less than the market rent value for the dwelling.

Box 3.3: Affordability for social housing tenants

'Affordability' is defined as tenants' financial ability to access suitable housing (SCRGSP 2014; p17.14). There are two measures of affordability for social housing tenants:

- **Average weekly rental subsidy per rebated household:** this is calculated as the total rental rebate amount divided by the total number of rebated households. High market rents will result in high rental rebates and low market rents will result in low rental rebates. A high or increasing value of the subsidy might imply that governments are spending more to ensure housing affordability. Data on weekly rental subsidies are available for public rental housing and SOMIH tenants.
- **Proportion of low-income households in social housing spending more than 30% of their gross income on rent:** this measure is reported for public rental housing, SOMIH and community housing. It is calculated as number of low-income rental households spending more than 30% of their gross income on rent, divided by the total number of low-income rental households.

Nationally, 90% of public rental households and 77% of SOMIH households received a rental rebate, ranging from 64% in SOMIH in New South Wales to 97% in public rental housing in Queensland (see Table 3.3). The proportion of SOMIH households receiving a rental rebate in New South Wales is lower due to their eligibility to receive CRA. See Chapter 5 of this report for more discussion around CRA.

Table 3.3: Number of rebated and non-rebated public rental housing and SOMIH households, by state and territory, 30 June 2013

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Public rental housing									
No. of rebated households	99,369	53,794	49,445	29,599	34,233	9,305	9,973	4,028	289,746
No. of households paying market rent	10,698	9,058	1,493	2,649	4,520	1,514	765	708	31,405
Rebated households as a proportion of all households (%)	90.3	85.6	97.1	91.8	88.3	86.0	92.9	84.1	90.2
SOMIH									
No. of rebated households	2,856	..	2,839	..	1,545	287	..	..	7,527
No. of households paying market rent	1,596	..	447	..	209	41	..	..	2,293
Rebated households as a proportion of all households (%)	64.2	..	86.4	..	88.1	87.5	..	..	76.6

Note: 62 households excluded due to 'missing' or 'not stated' rebate information.

Source: AIHW National Housing Assistance Data Repository 2012–13.

Average weekly rental subsidy

Of rebated households in 2012–13, the average weekly rental subsidy (SCRGSP 2014; tables 17A.39–40) for:

- public rental housing was \$146, an increase from \$134 at 30 June 2009 (in real terms).
- SOMIH was \$135, decreasing from \$136 at 30 June 2009 (in real terms).

These subsidies varied across jurisdictions. Average rental rebates ranged from \$83 per week in public rental housing in Tasmania to \$253 in public rental housing in the Australian Capital Territory. This highlights the large range in market rents across jurisdictions (see

Table 3.4). Comparable data are not available for community housing and Indigenous community housing.

Table 3.4: Average weekly rebate per household and average weekly market rent values in public rental housing and SOMIH, by jurisdiction, week of 30 June 2013 (\$)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Public rental housing									
Average weekly rebate per household	170	125	147	135	107	83	253	157	146
Average weekly market rent per household ^(a)	286	233	261	244	216	192	383	260	259
SOMIH									
Average weekly rebate received per household	124	..	152	..	130	99	..	..	135
Average weekly market rent per household ^(a)	273	..	274	..	250	219	..	..	267

Note:

(a) Average weekly market rent has been calculated by dividing the total market rent value of dwellings for which a rent was charged for the week of 30 June 2012 by the total number of households as at 30 June 2013.

Source: AIHW National Housing Assistance Data Repository 2012–13.

3.4. Social housing tenure/dwelling management

Under the NAHA all governments agreed to the achievement of a range of outcomes including that ‘people have access to housing through an efficient and responsive housing market’ (COAG 2009a). There are several measures by which the efficiency of dwelling stock use can be assessed. These include occupancy rates, as well as the measure of the match between dwelling size and the size of the household.

3.4.1. Occupancy

‘Occupancy rate’ is defined as the proportion of dwellings occupied at 30 June. The term ‘occupied’ refers to rental housing stock occupied by tenants who have a tenancy agreement with the relevant housing authority (for public rental housing and SOMIH) or community housing organisation (for community housing and Indigenous community housing). A high or increasing proportion suggests greater efficiency of housing utilisation. Some dwellings however may be unavailable for occupation due to refurbishment or major redevelopment. Occupancy is influenced by both turnover and housing supply and demand.

Occupancy rates

Nationally at 30 June 2013, the proportion of total rental stock occupied was 98% for public rental housing and 97% for both SOMIH and community housing (see Supplementary Table 3.11). Nationally, 91% of Indigenous community housing was occupied at 30 June 2013, though this varied across jurisdictions. However, complete data were not available for all jurisdictions, and these figures may be an underestimate (SCRGSP 2014). In 2011–12, for Indigenous community housing, Western Australia had the lowest occupancy rate of 83%, whereas New South Wales, Victoria and Queensland’s occupancy rates were 95% or higher.

Variability in occupancy rates was most evident in Indigenous community housing because this housing type had the highest number of dwellings in *Remote* areas (see Supplementary Table 3.12). There are a number of issues that can impact the occupancy rates of Indigenous housing in *Remote* and *Very remote* areas. For example, there can be ambiguity over the

management and maintenance responsibilities of social housing stock. This lack of coordination can lead to poorer housing conditions, increased overcrowding, costly repairs and decreased longevity of housing stock (DSS 2013a).

3.4.2. Tenancies in social housing

Households in public rental housing, SOMIH and mainstream community housing tend to remain in tenure for long periods, contributing to fewer dwellings being available for those on the waiting list and thus low number of new allocations. The link between social housing provision and tenant mobility has been an ongoing concern for policy-makers. In 2014 the Productivity Commission (PC) noted the strong link between housing tenure and mobility with private renters being the most mobile and most likely to move for employment reasons. People in public housing however had the lowest rates of residential mobility. Even where opportunities for employment are available and moving for work is financially feasible, the PC noted that low levels of education and skills, fear about losing public housing or a place on the waiting list, poor health and reliance on family networks for support may sometimes limit the capacity of these people to relocate (PC 2014).

Length of tenure

As of 30 June 2013, over 1 in 3 public rental housing and SOMIH households had been in the same tenancy for over a decade. As seen in Table 3.15, most tenancies had been in place for over 5 years for public rental housing households (63%) and SOMIH households (53%). Data on tenure length are not available for mainstream community housing households.

Table 3.5: Tenancy lengths in public rental housing and SOMIH as at 30 June 2013

Tenure length	Public rental housing		SOMIH	
	Number	%	Number	%
6 months or less	15,584	4.9	631	6.4
6 months to 1 year	41,445	12.9	1,655	16.9
2 to 4 years	60,280	18.8	2,295	23.4
5 to 9 years	75,284	23.4	2,322	23.6
10 to 19 years	86,850	27.0	2,087	21.3
20 to 29 years	32,016	10.0	597	6.1
30 or more years	9,700	3.0	233	2.4

Source: AIHW National Housing Assistance Data Repository 2012–13.

Transfer and exit

Those seeking more suitable accommodation to meet their needs or change in circumstances can apply to move within the same housing program, or different social housing programs. Transfer policies vary between each jurisdiction but reasons for transfer may include medical conditions or disability, family breakdown, change in employment, severe overcrowding or those at risk due to domestic violence. Transfers of tenancy management (for example between different housing programs) can also occur. However, transfer data are only available for public rental housing and SOMIH (see Table 3.6).

Table 3.6: Number of applicants on waiting list for transfer, by social housing programs and jurisdiction, at 30 June 2013

Social housing program	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Public rental housing	7,667	7,223	2,606	1,980	3,595	278	1,197	649	25,195
SOMIH	592	..	633	..	177	10	..	..	1,412
Mainstream community housing	n.a.	551	96	411	114	n.a.	6	n.a.	1,178

Source: AIHW National Housing Assistance Data Repository 2012–13.

Nationally, a little over 2% of public rental housing and 3% of SOMIH tenants transferred to a different dwelling in 2012–13 (see Table 3.7). Exit rates were slightly higher, with about 7% of both public rental housing and SOMIH tenants ending their tenancies during 2012–13. The current low levels of transfer within, and exits from, public rental housing and SOMIH are consistent with length of tenure and new allocation figures.

Table 3.7: Proportion of households that transferred to and exited from public rental housing and SOMIH, by jurisdiction, at 30 June 2013.

Social housing program	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Households that transferred									
Public rental housing	2.2	2.4	2.9	2.6	2.0	2.1	2.0	5.1	2.4
SOMIH	3.4	n.a.	2.8	n.a.	2.8	1.6	n.a.	n.a.	3.0
Households that exited									
Public rental housing	6.1	6.0	7.6	8.4	7.1	8.9	6.0	8.2	6.8
SOMIH	6.6	n.a.	7.1	n.a.	6.8	9.9	n.a.	n.a.	6.9

Source: AIHW National Housing Assistance Data Repository 2012–13.

Data relating to exits from social housing are directly relevant to current policy interest in supporting transitions between housing types. Current social housing data are limited to numbers of exiting households. More data about why tenants leave social housing, what housing situation they move to and their outcomes in terms of housing stability could assist policy-makers in supporting transitions from social to private housing.

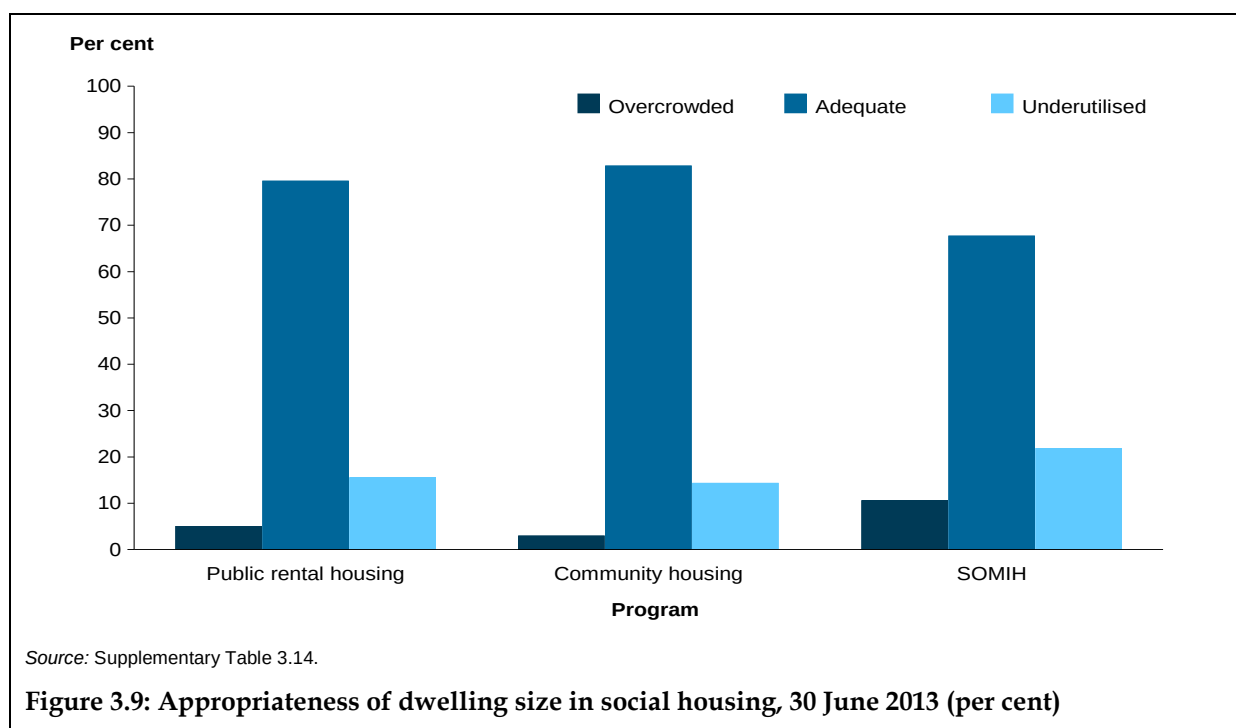
While limited information is known about households that transfer, the low proportions reported may indicate that the high demand on the waiting list reduces the capacity of social housing providers to enable transfers.

Selected characteristics of transfer applicants

Closer investigation of public rental housing and SOMIH transferred households showed that single-adult households constituted 45% of all transferred households in public rental housing, whereas sole parent with dependent children constituted 46% of all transferred households in SOMIH. In public rental housing, 1 in 6 transferred households had at least 1 Indigenous member. A significant proportion of transferred households had had at least 1 member with disability in both public rental housing (47%) and SOMIH (38%). In public rental housing, 1 in 5 transfer applicants was aged 65 or over. In SOMIH, tenants were more likely to be younger with 30% of all transferred applicants aged 35–44 (see Supplementary Table 3.13).

3.5. Matching of dwelling to household size

‘Match of dwelling to household size’ is an indicator that provides information on whether existing dwelling stock is used to its capacity and whether households are accommodated according to their requirements. Matching dwelling size to household composition is not a straightforward process. The currently accepted standard by which the dwelling size requirements of a household are measured is the Canadian National Occupancy Standard (CNOS) (SCRGSP 2014) (see Box 3.4). Factors include availability, state of repair and location of existing dwellings, availability of options to relocate existing tenants to alternative accommodation, the willingness of tenants to relocate and the cost of rehousing existing tenants.



‘Overcrowded’ or ‘underutilised’ (see Box 3.4) are terms used to describe a dwelling whose size is not well matched to the household occupying it. They are concepts related to each other, but with different outcomes for tenants.

In 2013, the majority of social housing households (around 80%) were classified to be adequate-sized dwellings (see Figure 3.9) according to the CNOS. However tenants in SOMIH were more likely to live in either overcrowded (11%) or underutilised households (22%).

Box 3.4: Match of dwelling to household size

'Match of dwelling to household size' is defined as the proportion of households that are overcrowded. Overcrowding is defined and measured using the Canadian National Occupancy Standard (CNOS) since 2010 under which overcrowding is deemed to have occurred if one or more additional bedrooms are required to meet the standard.

The CNOS specifies that:

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

Households living in dwellings where this standard cannot be met are considered to be overcrowded. The CNOS enables a comparison of the number of bedrooms required with the actual number of bedrooms in the dwelling and is sensitive to both household size and household composition.

Overcrowding

Occurs when the dwelling size is too small for the size and composition of its occupants. A dwelling requiring at least 1 additional bedroom according to CNOS is designated as 'overcrowded'.

Underutilisation

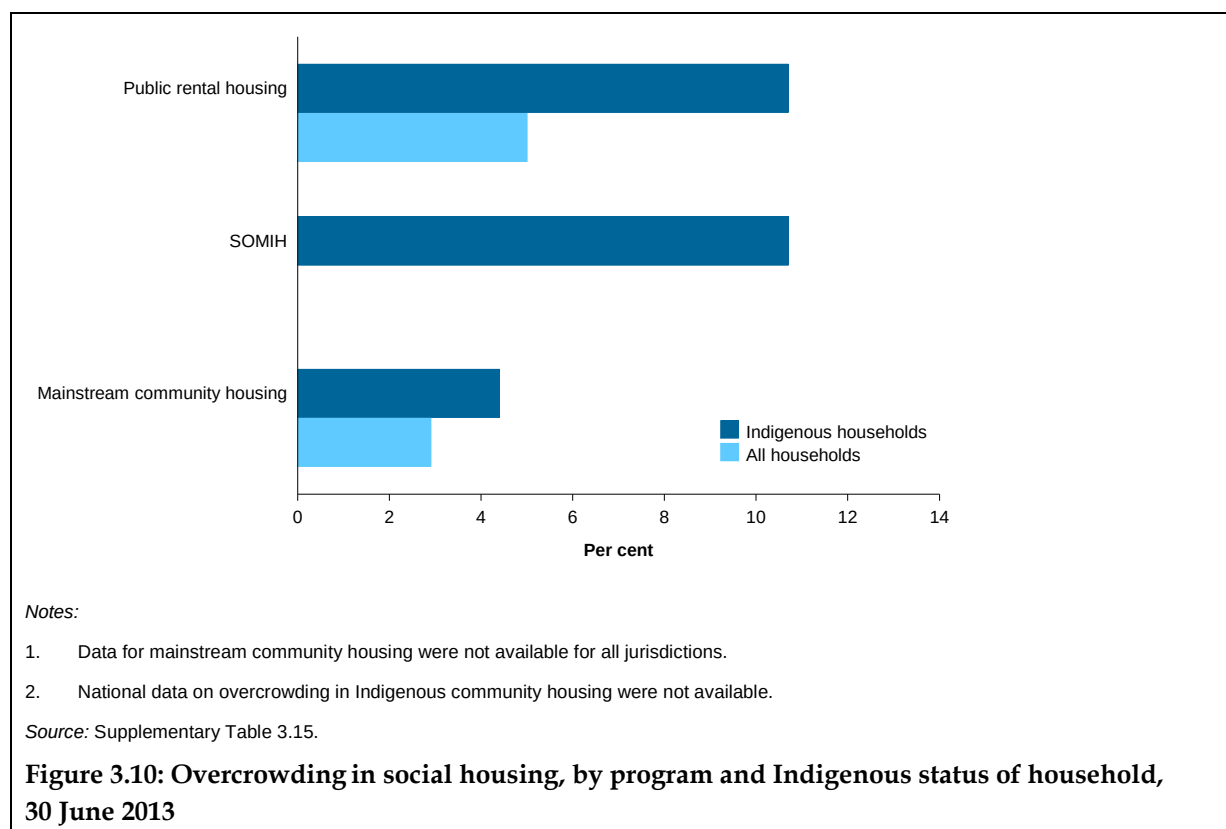
Occurs when the dwelling size is larger than required to adequately house the household. A dwelling is said to be 'underutilised' when it consists of 2 or more bedrooms surplus to requirements according to the CNOS.

Source: SCRGSP 2014.

3.5.1. Overcrowding

Overcrowding occurs when the dwelling is too small for the size and composition of the household living in it. The impact of overcrowding can be detrimental to tenants if sustained over long periods of time. For example, overcrowded households often require more maintenance through increased use of kitchens, bathrooms, laundry facilities and sewerage systems. The increased stress on the utilities consequently heightens the risk of ill health of residents. Overcrowding also can place unnecessary strain on interpersonal relationships and can contribute to poor educational outcomes and increased family violence (ABS 2011a).

Based on the CNOS, overcrowding rates in public rental housing (5%) at 30 June 2013 and in mainstream community housing (3%) were lower than in the overall rental sector (6% at 30 June 2010) (AIHW 2013a). Indigenous households were more likely to experience overcrowding, with 11% of SOMIH households classified as overcrowded, as were 11% of Indigenous households in public rental housing, and 4% of Indigenous households in mainstream community housing (see Figure 3.10). Comparable data are not available for ICH.



Where are overcrowded households?

The proportion of overcrowded households varied across social housing programs and across jurisdictions. In 2012–13, the Northern Territory had the highest proportion of overcrowded households (8%), followed by Victoria (7%). South Australia had the lowest (2%) proportion of households living in an overcrowded condition (see Supplementary Table 3.16).

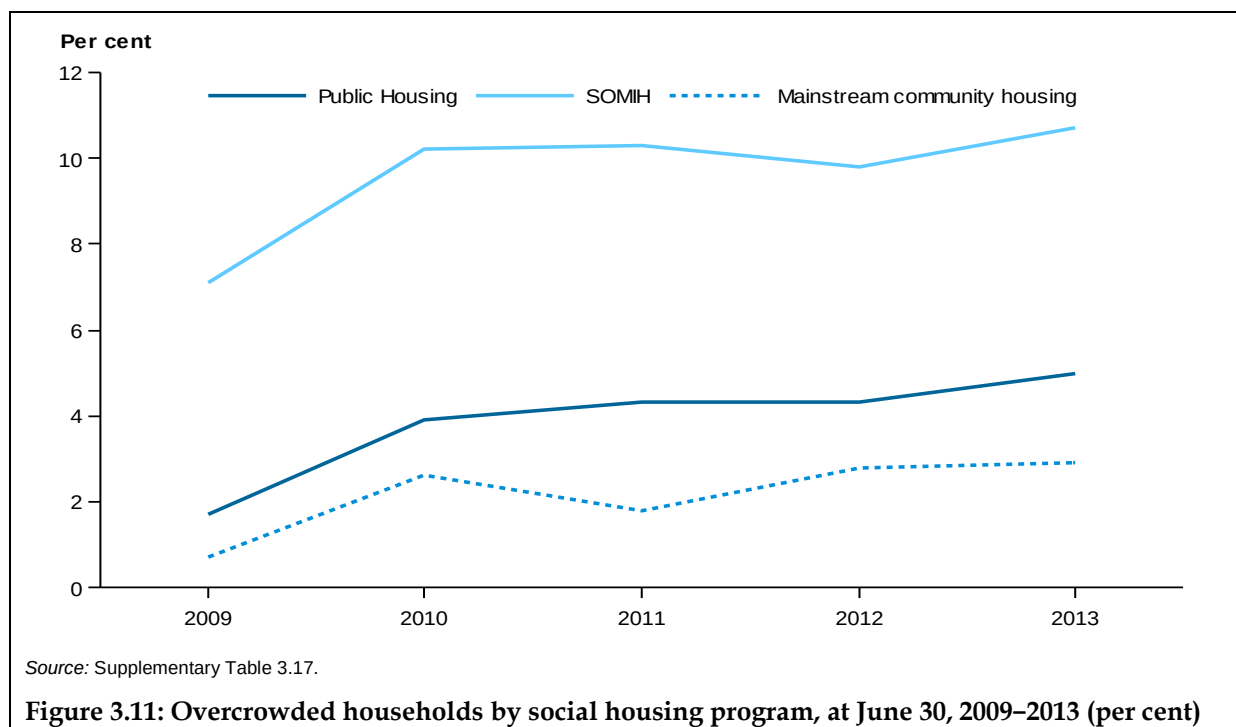
In 2012–13, overcrowded households in public rental housing were more likely to be in *Remote* and *Very remote* areas. Among public rental housing tenants, about 1 in 8 Indigenous households (both 13%) living in such housing in *Remote* and *Very remote* areas were living in overcrowded households, as were 11% in both *Major cities* and *Outer regional* areas and 9% in *Inner regional* areas. In comparison, SOMIH households in more remote areas were more likely to be overcrowded than those in regional areas, with the proportion ranging from 9% in *Major cities* to 17% in *Very remote* areas (see Supplementary Table 3.15).

Between 2011–12 and 2012–13, the proportion of Indigenous people living in overcrowded households declined in *Remote* areas (from 14% to 13%) and *Very remote* areas (16% to 13%) in public rental housing but overcrowding increased in *Major cities* (from 10% to 11%) and *Inner regional* areas (from 8% to 9%). Over the same period, the proportion of Indigenous people living in overcrowded households increased in all areas in SOMIH (SCRGSP 2014; Table 17A.51–52).

Trends in overcrowding

The impacts of reduced access to affordable housing is felt most acutely by those households in more disadvantaged circumstances which, among other things, can lead to families living in smaller and/or overcrowded dwellings (NHSC 2013a).

Between 2009 and 2013, the prevalence of overcrowding in social housing programs (according to the CNOS definition) has increased slightly across social housing programs (see Figure 3.11). The proportion of SOMIH households living in overcrowded conditions has consistently remained more than twice as high as other social housing programs (see Supplementary Table 3.17).



3.5.2. Underutilisation

Underutilisation of social housing may indicate an inappropriate match between dwelling stock and needs of tenants. It can be an inefficient use of dwelling stock, and impact on the appropriate allocation of larger households from social housing waiting lists.

The CNOS definition of underutilisation provides a useful guide to the proportion of households that may be underutilised. However, in some circumstances, there may be justification in where larger dwellings are allocated to smaller households. Additional bedrooms may be required for:

- behavioural factors that necessitate separate bedroom allocation for children
- shared custody arrangements, access visits for children, or child restoration
- expectant mothers
- future needs of children who may need separate bedrooms in coming years
- tenants with disability or medical conditions that require additional bedroom allocation
- live-in carer requirements
- extended family responsibilities, including care or custody of children or care of aged parents
- regular or ongoing foster care to children or young people at risk (AIHW 2013b).

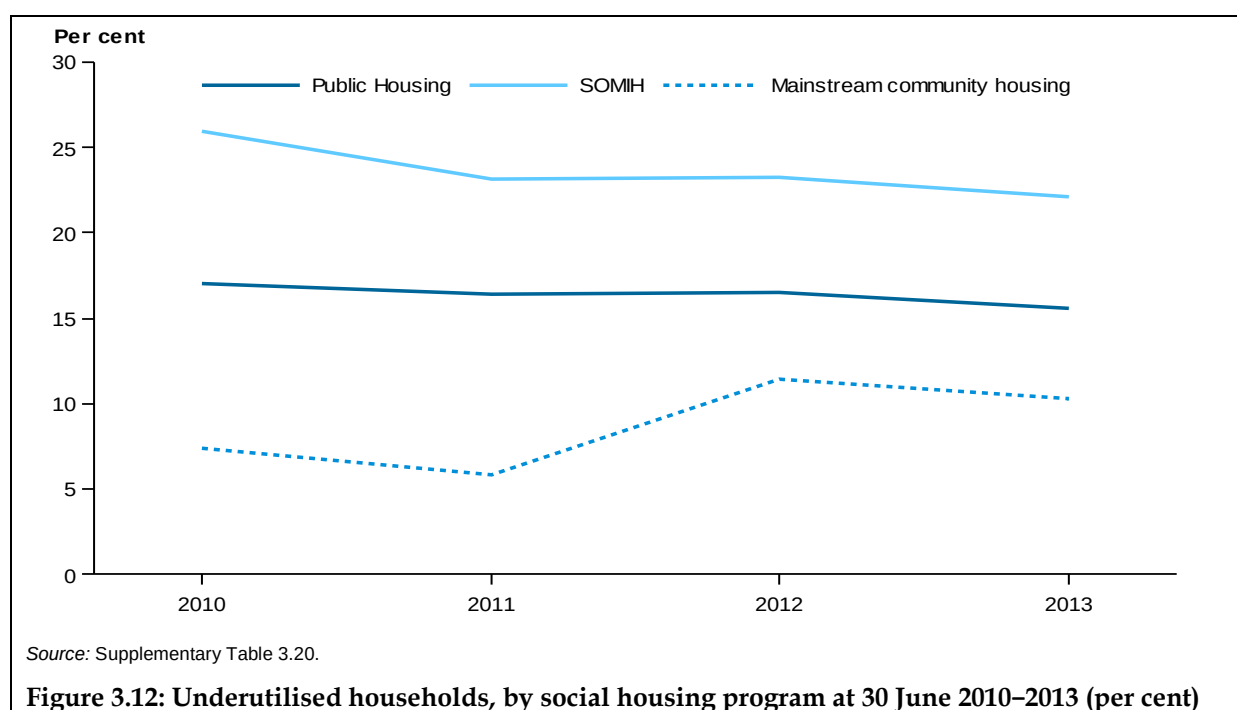
In all social housing programs, underutilisation was more prevalent than overcrowding (see Supplementary Table 3.18). Around 1 in 6 public rental housing tenants (16%), almost one-quarter of SOMIH households (22%) and almost 1 in 10 mainstream community housing tenants (10%) were living in underutilised dwellings at 30 June 2013. In part, this reflects the built form of public rental housing, where family-sized dwellings predominate.

Where are underutilised dwellings?

In 2013, South Australia had the highest proportion of households which were underutilised in both public rental housing (26%) and SOMIH (30%). In mainstream community housing, Tasmania had the highest proportion of households with underutilisation (35%) (Supplementary Table 3.18). In terms of remoteness, the proportion of underutilised households in SOMIH were consistent, however public rental housing in *Outer regional* areas was more likely to be underutilised (21%) compared to other areas (see Supplementary Table 3.19).

Trends in underutilisation

The measurement of underutilisation has changed in recent years, with underutilised households now defined as having 2 or more bedrooms surplus to the needs of the household. This means underutilisation in social housing can only be compared from 2010 onwards (see Figure). Data for underutilisation are not available for Indigenous community housing.



Between 2010 and 2013, trends in underutilisation across public rental housing and SOMIH have gradually decreased:

- public rental housing underutilisation is down from 17% in 2010 to 16% in 2013
- SOMIH underutilisation is down from 26% in 2010 to 22% in 2013.

Underutilisation in community housing has increased from 7% in 2010 to 10% in 2013. Community housing however still has the lowest levels of underutilisation. This may be due to the high proportion of 1 and 2 bedroom housing stock in community housing.

3.6. Tenants' views about social housing

Measures of tenants' satisfaction provide a useful insight into tenants' views of their housing. The NSHS collected information from a sample of public rental housing tenants across Australia to indicate their overall level of satisfaction with the services provided by (or through) their housing department.

3.6.1. Tenants' satisfaction

'Tenant satisfaction' is defined as the proportion of tenants in social housing who said they were satisfied or very satisfied with the overall service provided by their housing service supplier. A high or increasing percentage for customer satisfaction can imply better housing assistance provision. Data are reported for public rental housing, SOMIH and community housing. There were no data available for Indigenous community housing.

Table 3.8: Satisfaction with services provided by their housing organisation, by social housing program, NSHS 2012

	Public rental housing	SOMIH	Community housing	Aust
Sample size (no.)	8,561	269	1,184	12,758
Satisfaction rating	Proportion of tenants (per cent)			
Very satisfied	31.0	21.9	38.8	31.9
Satisfied	34.2	36.6	35.1	34.4
Total satisfied	65.2	58.5	73.9	66.3
Neither	14.3	15.9	12.4	14.0
Dissatisfied	11.3	13.8	8.5	10.9
Very dissatisfied	9.2	11.8	5.2	8.7

Notes:

1. Responses reflect the views of the person completing the survey form and may not reflect the views of other members of the household.
2. Tenants living in Indigenous community housing are not in scope of the National Social Housing Survey.
3. In a small proportion (4%) of households living in SOMIH, no member was identified as being Indigenous. The data shown here apply to all households living in SOMIH.

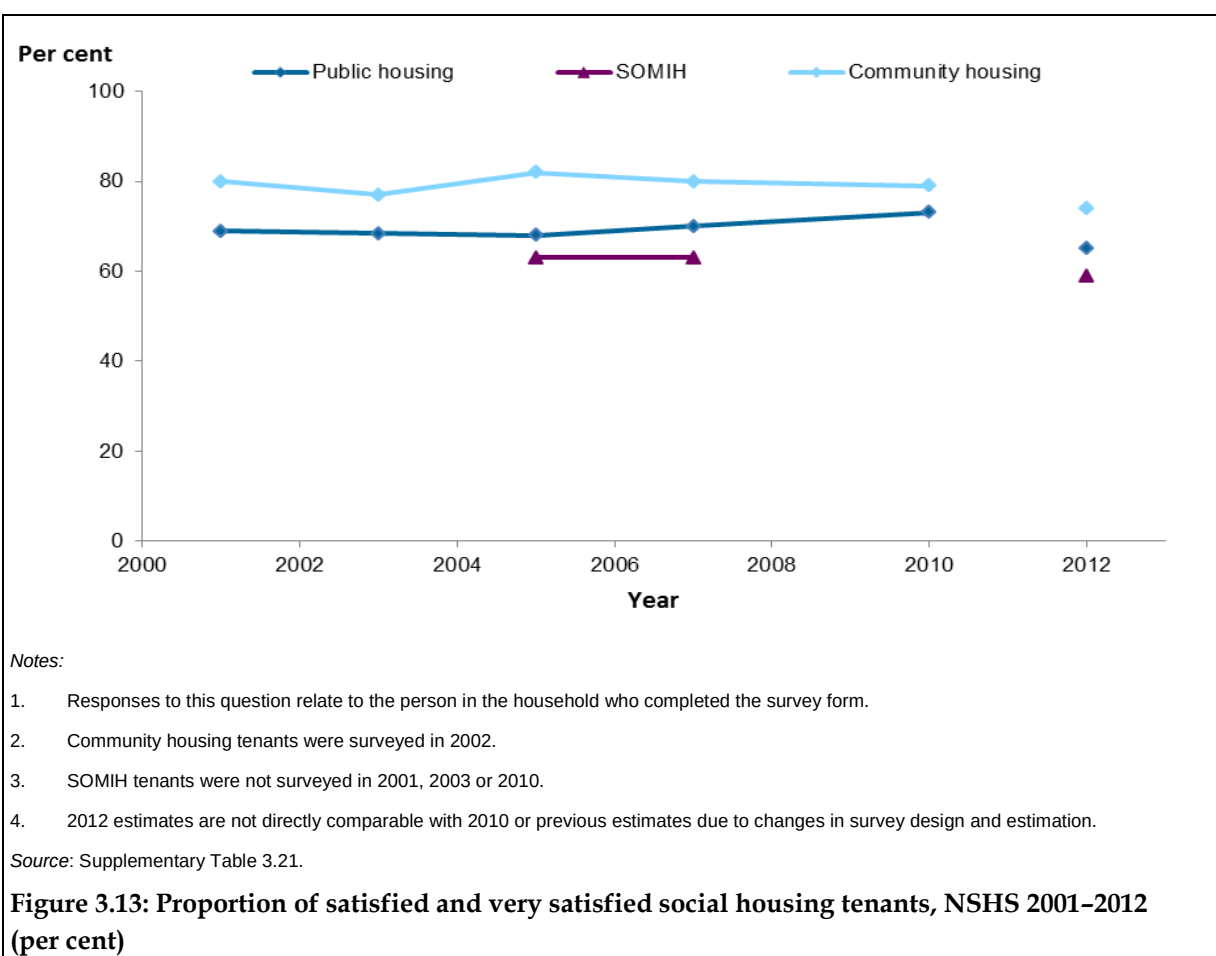
Source: AIHW 2013c.

Data for 'tenants' satisfaction' are sourced from the NSHS. Data from the 2012 survey are reported for public and community housing and SOMIH. Nationally in 2012, the NSHS reported that 65% of public rental housing tenants were either satisfied (34%) or very satisfied (31%) with the service that the state or territory housing authority provided (Table 3.). Over half (59%) of SOMIH respondents were either satisfied (37%) or very satisfied (22%) with the service provided by the state housing authority. Among community housing tenants, 74% were either satisfied (35%) or very satisfied (39%) with the services that their community housing organisation provided.

3.6.2. Overall satisfaction over time

The 2012 NSHS asked social housing tenants to rate their overall satisfaction with their housing provider. Overall, social housing tenants' satisfaction with the service provider has generally remained stable over time within social housing programs (see Figure 3.13). Tenants in community housing were consistently more satisfied with their housing provider (74% in 2012 and 79% in 2010) than the other social housing providers (public rental housing 65% in 2012 and 73% in 2010, and SOMIH 59% in 2012 and 63% in 2007).

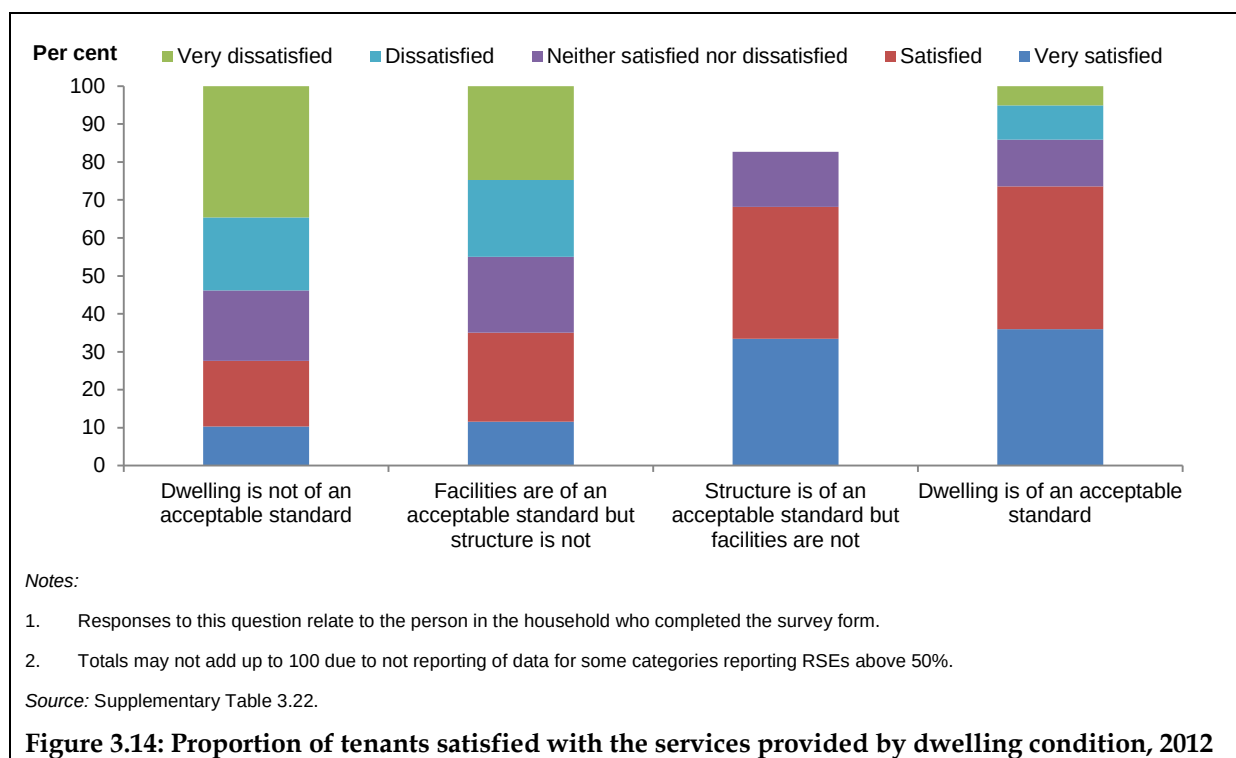
However the wording for this question has changed slightly over time as with the methodology for the survey for SOMIH (face-to-face interview in 2007 and mail-out self-completion survey in 2012). Therefore caution should be taken when comparing the survey results over time; particularly between the 2010 and 2012 surveys (refer to notes in Figure 3.13).



3.6.3. Acceptable dwelling condition

Acceptable dwelling condition is defined as the proportion of households living in a dwelling that has at least 4 working facilities (for example, washing machine, stove, fridge and laundry tub) and not more than 2 major structural problems (such as major cracks in walls/floors and rising damp) for public rental housing, SOMIH and community housing (SCRGSP 2014). The 2012 NSHS found that the majority (76%) of households in social housing lived in dwellings with acceptable conditions.

However, this varied by social housing program—85% of mainstream community housing tenants, 75% of public rental housing tenants and only 61% of SOMIH tenants reported that their dwelling had 4 working facilities and not more than 2 major structural problems. More than 1 in 3 SOMIH tenants reported that their dwelling had 3 or more structural problems. The proportion of public rental housing and community housing tenants that reported living in dwellings with 3 or more structural problems was lower—1 in 5 (21%) for public rental housing and 1 in 10 (11%) for community housing (AIHW analysis of 2012 NSHS data) (see Figure 3.14).



3.6.4. Satisfaction with maintenance

Satisfaction with day-to-day maintenance services increased as the dwelling standard increased (see Supplementary Table 3.23). Satisfaction with day-to-day maintenance was highest among tenants with dwellings that were of an acceptable standard (40% very satisfied, 38% satisfied). Those whose dwellings were of an unacceptable standard had the lowest proportion of tenants who were satisfied (11% very satisfied, 19% satisfied). Satisfaction with day-to-day maintenance services was higher for non-Indigenous tenants across all social housing programs (see Table 3.9). The rate of satisfaction (those who were satisfied and very satisfied) among Indigenous tenants was almost identical for public rental housing (62%) and SOMIH tenants (63%) but higher for community housing tenants.

Table 3.9: Satisfaction with maintenance, by programs and Indigenous status, 2012 (per cent)

		Public rental housing	SOMIH	Community housing
Day-to-day maintenance	Indigenous	62.4	63.2	70.1
	Non-Indigenous	71.2	68.7	74.7
Emergency maintenance	Indigenous	68.9	69.7	75.1
	Non-Indigenous	77.4	73.8	78.1

Source: AIHW 2013c.

4. Priority groups for social housing assistance services

Provision of social housing remains important for many Australians who experience difficulty securing or sustaining affordable and appropriate housing. Historically the focus of housing assistance was provided to support low-income working families and was largely situated near employment opportunities. However the provision of housing assistance has shifted over time to be targeted to highly vulnerable groups, such as people experiencing or imminently at risk of homelessness, households where there is a member with disability, a main tenant aged under 25 or aged 75 or over, or an Indigenous member.

This focus in the allocation of housing assistance has been supported by the key outcomes of the NAHA which aim to ensure that:

- people who are homeless or at risk of homelessness achieve sustainable housing and social inclusion
- people are able to rent housing that meets their needs
- Indigenous Australians have the same housing opportunities as for all Australians (COAG 2009b).

As discussed in Chapter 2, increasing pressure on housing affordability and rental stress increases demand for access to social housing. Some of the key drivers for applying to enter social housing include difficulty accessing and sustaining appropriate private rental accommodation, unemployment, relationship breakdowns, housing impacting on their health and victims of domestic violence (Wiesel et al. 2013).

This chapter focuses on the priorities and trends in the allocation of new social housing, and in particular how social housing targets households identified as priority groups. Priority groups are discussed as those assessed as having a 'greatest need' or 'special need' (see Box 4.1).

4.1. Key facts

- Waiting lists for social housing continue to grow. In June 2013, there were 158,971 applicants on the public rental housing waiting list excluding applicants for transfer, representing almost half of the 325,226 tenantable public rental housing dwellings.
- Social housing programs are continuing to focus on allocating households based on greatest need, as attributed to 77% of all new allocations for public rental housing and 65% of all new allocations to SOMIH in 2012-13.
- Households allocated with greatest need characteristics may be more likely to require additional services to assist in sustaining their tenancies.
- The continued growth and ageing of the Australian population will place further burdens on the housing system and the public rental housing sector in particular. This introduces specific housing needs for older Australians and those with disability (Bonyhady 2014).

4.2. Social housing assistance to priority groups: allocation, waiting times and waiting lists

This section presents information on the processes involved in allocating dwellings, waiting times, waiting lists and the continuity of tenure once allocated.

Box 4.5: Need definitions

Households in greatest need

Greatest need households are defined as households that, at the time of allocation, are either homeless, in housing inappropriate to their needs, in housing that is adversely affecting their health or placing their life and safety at risk, or households that have very high rental housing costs.

Household with special needs

Households that are in greatest need often have special needs. These include households with a member with disability, a main tenant aged under 25 or 75 and over, or one or more Indigenous members. Indigenous households in SOMIH are not considered special needs households, as SOMIH is an Indigenous-targeted program. For SOMIH, special needs households are those that have either a household member with disability or a principal tenant aged 24 or under, or 50 or over.

Waiting list definitions

Integrated lists combine applicants from both public and community housing (and sometimes also Indigenous community housing) into one list.

Consolidated lists combine applicants waiting for community housing into one list, thus avoiding applicants appearing on waiting lists for several community housing organisations. This prevents counting one applicant more than once within community housing.

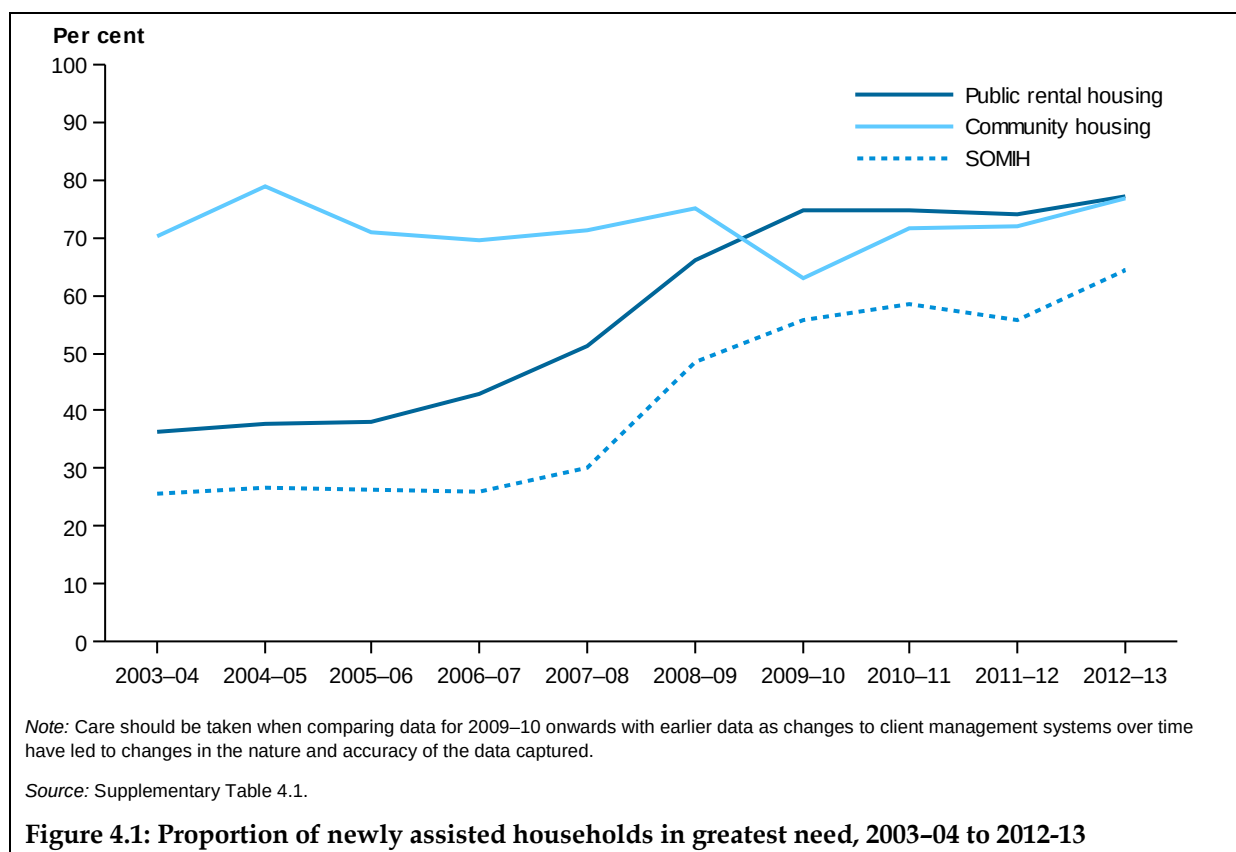
Source: AIHW 2006.

4.2.1. Priority groups

Social housing is allocated on a priority needs basis. Public rental housing, SOMIH and mainstream community housing have allocation policies in place that prioritise households in the 'greatest need' (see Box 4.1 for definitions of greatest need and special needs criteria).

4.2.2. Priority access to those in greatest need

Priority access to those in 'greatest need' is defined as the proportion of new allocations of housing to households in greatest need. This is an indicator of governments' objective to provide appropriate, affordable and secure housing to assist people who are unable to access suitable housing. This indicator provides information on whether allocation processes ensure that those in greatest need have priority access to housing.



The proportion of new allocations to households in greatest need has increased significantly over the past 10 years. This is particularly evident for public rental housing and SOMIH (see Figure 4.1) with the proportion of new allocations to those in greatest need increasing from:

- 36% in 2003-04 to 77% in 2012-13 for public rental housing
- 27% in 2003-04 to 65% in 2012-13 for SOMIH.

In comparison, the proportion of households in greatest need newly allocated to mainstream community housing increased only marginally between 2003-04 and 2011-12 (from 70% to 77%).

Of the households newly allocated to public rental housing in 2012-13 and classified as in greatest need, more than half (57%) were homeless at the time of allocation, while another 35% were at risk of homelessness (see Table 4.3). For SOMIH, almost half of the households (48%) assisted were homeless at the time of allocation, with another 39% at risk of homelessness.

As the Indigenous community housing collection does not include tenant-level data (other than for calculating overcrowding), it is not possible to describe the demographic profile of tenants allocated to housing for Indigenous community housing.

Table 4.3: Newly allocated public rental housing and SOMIH households in greatest need, by main reason for greatest need, 2012–13 (per cent)

Main greatest need reason	Public rental housing	SOMIH
Homeless	56.8	47.5
At risk of homelessness		
Life or safety at risk in accommodation	8.9	4.9
Health condition aggravated by housing	15.2	8.5
Housing inappropriate to needs	6.8	22.7
Very high housing costs	4.2	3.1
<i>Total at risk of homelessness</i>	<i>35.0</i>	<i>39.2</i>
Other	8.2	13.2
Total	100.0	100.0

Note: Where more than one greatest need category applied to a household, the main reason is shown.

Source: AIHW National Housing Assistance Data Repository 2012–13.

Special needs

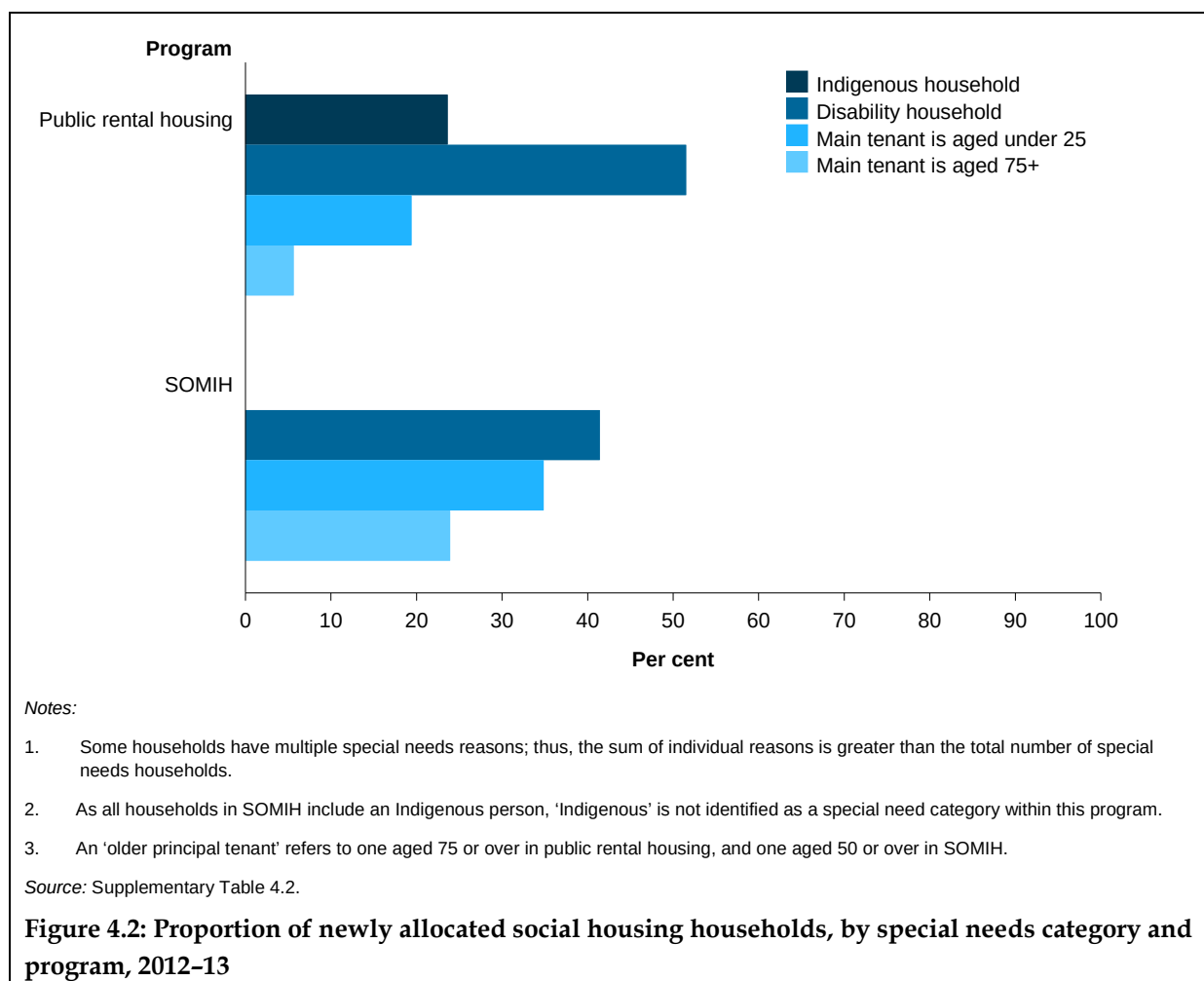
Social housing is also targeted towards other special needs groups. However, the special needs criteria are specific to each social housing program (see definition in Box 4.1). For example, SOMIH special needs households are those that have a member with disability, or a principal tenant aged under 25 or 50 or over. A household may fall into more than one special needs categories (AIHW 2006).

It should be noted that special needs categories and greatest need categories are not mutually exclusive, with tenants likely to fit in a number of categories within each group or across groups. However it is not known to what extent this occurs. This is because greatest need is based on policy requirements set by governments and on circumstances of households, whereas special needs of tenants may be based on access to health care or extra space requirements.

In 2012–13, the proportion of new allocations among special needs groups differed across social housing programs:

- two-thirds (63%) of newly allocated public rental housing tenants had special needs (compared to 65% in 2008–09)
- around half (53%) of newly allocated SOMIH households had special needs (increasing from 48% in 2008–09)
- two-thirds (63%) of newly allocated mainstream community housing households had special needs (increasing from 61% in 2008–09).

Disability was the most prominent special needs category across both public rental housing (52%) and SOMIH (39%) programs, while households with a principal tenant aged under 25 were particularly prominent in SOMIH (21%) (see Figure 4.2). Data are not available for community housing.



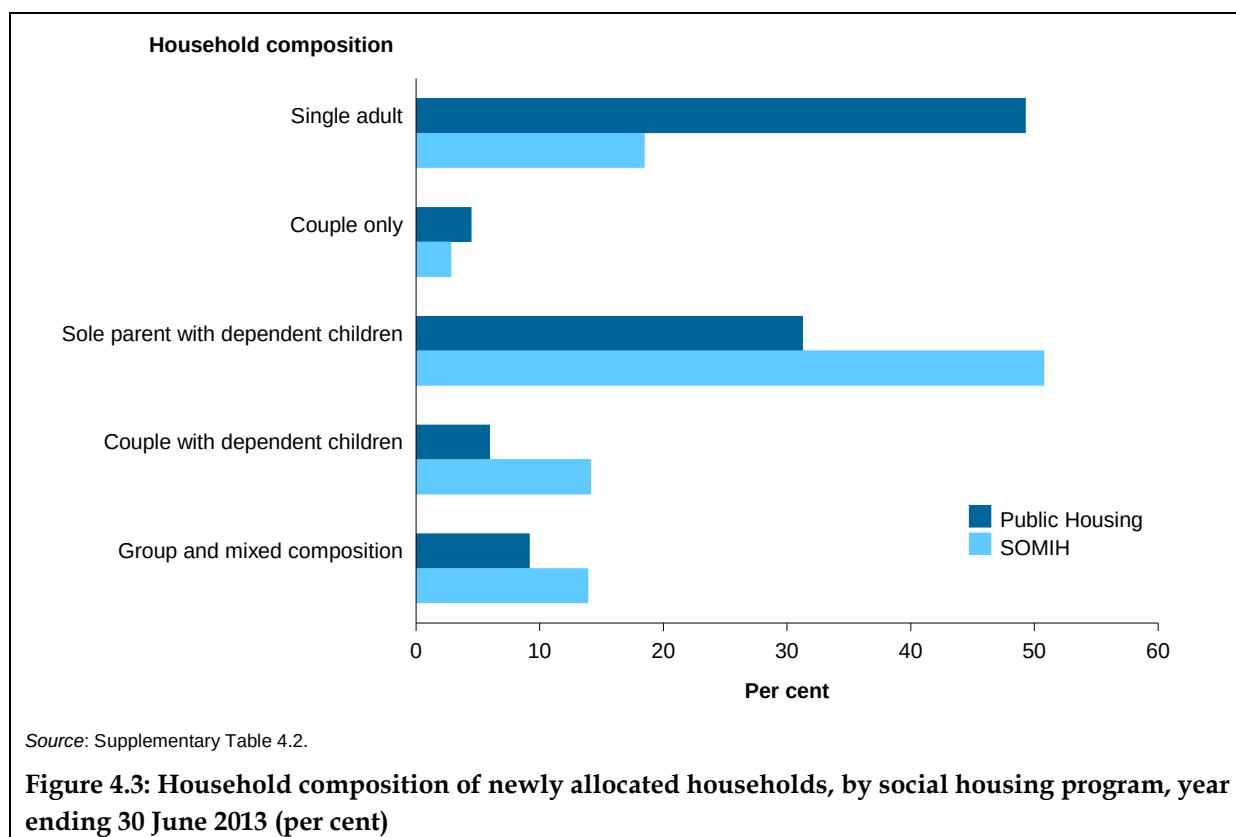
4.2.3. Eligibility criteria for access to social housing

Eligibility criteria for access to social housing vary across the social housing program and across jurisdictions, yet all include low-income-based criteria. For public rental housing, in most cases, jurisdictions require that applicants are Australian citizens or permanent residents and do not own or partially own residential property (SCRGSP 2014). All jurisdictions require eligible applicants to reside in the respective state or territory. Most jurisdictions provide security of tenure after an initial probationary period and most jurisdictions have periodic reviews of eligibility. Rebated rents generally result in the majority of households paying no more than 30% of their gross income in rent (the rent to income ratio).

Tenants who do not provide updated income information may forfeit their rebate and be required to pay market rent. Information on the eligibility criteria for income and asset limits for each jurisdiction is presented in the *PC Report on government services (RoGS)* (SCRGSP 2014; Supplementary tables 17A 60–62). Eligibility criteria for access to SOMIH are generally consistent with those for public rental housing, once an applicant has been confirmed as Indigenous. Terms of tenure are the same as those for public rental housing in most jurisdictions. Eligibility criteria for community housing are generally consistent with those for public rental housing in each jurisdiction.

4.2.4. Profile of newly allocated households

Housing assistance remains important for many Australians who experience difficulty securing or sustaining affordable and appropriate housing in the private market. This assistance becomes increasingly important as factors such as population growth, changing demographics, dwelling supply constraints and affordability issues limit the capacity of lower income households to meet their housing needs in the private market. Figure 4.3: shows new social housing allocations by household composition as of 30 June 2013.



Household composition

- In SOMIH newly allocated households were more likely to be sole-parent households with dependent children (51%) compared to public rental housing (32%).
- Nearly half of public rental housing newly allocated households (49%) comprised a single person living alone, compared with nearly one-fifth of SOMIH households (18%).
- SOMIH households were more likely to be a couple with dependent children (14%) compared to public rental housing (6%) households.

Homelessness or at risk of homelessness

- Of all newly allocated households in 2012–13, the majority were either homeless at the time of their allocation (43% for public rental housing and 31% for SOMIH) or at risk of homelessness (26% for public rental housing and 25% for SOMIH) (see Table 4.4).

Table 4.4: Proportion of newly allocated households that were homeless or at risk of homeless out of all newly allocated households, as at 30 June 2013

Newly allocated households	Public rental housing		SOMIH	
	No.	%	No.	%
Homeless	9,130	42.9	262	30.5
At risk of homelessness	5,632	26.4	216	25.2
Other	1,649	7.7	74	8.6
Without greatest need	4,888	22.9	306	35.7
Total	21,299	100.0	858	100.0

Source: AIHW National Housing Assistance Data Repository 2012–13.

Indigenous households

- At 30 June 2013, around 5,000 Indigenous households were newly allocated to social housing.
- Of newly allocated households, 1 in 5 new allocations in public rental housing were to Indigenous households.

People with disability

As at 30 June 2013, social housing provided new allocations to nearly 8,500 households with a member with disability. Households where at least 1 member had disability made up 8,258 households in public rental housing (52%) and 227 households in SOMIH (39%).

Age

Fewer than 1,000 older Australians and nearly 3,000 young Australians were newly allocated to public rental housing in 2013.

Low-income households

In 2012–13, low-income households made up more than 90% of public rental housing, SOMIH and community housing households (see Supplementary Table 4.2).

Most social housing programs were traditionally specifically targeted to low-income households. Although the focus of many programs has changed towards households with greatest need, programs still include a low-income requirement for recipients. Different income limits are applied to determine if a household meets the low-income definition, according to the location of the household. The cut-off is higher if a person lives in a high-income area (generally a capital city), and lower if a person lives in a low-income area (generally a regional or remote area).

4.3. Waiting lists and waiting times

All state and territory governments prioritise access to social housing through segmentation of waiting lists in some way. Segments are defined differently across jurisdictions, but generally reflect urgent need to address homelessness and an inability to access appropriate private market accommodation.

The management of waiting lists varies across jurisdictions. For example, some jurisdictions have an integrated social housing waiting list and do not segment by public rental housing,

SOMIH and community housing. However as data for integrated waiting lists are not yet available, waiting list data for this report is reported separately for public rental housing, SOMIH and community housing.

There are often limited choices for new entrants into the social housing system in regards to selection of dwelling type and locations. Tenant choices are often limited to broad geographic areas or types of dwellings, and often public rental housing tenants for example are given a limited number of offers at the time of allocation and if refused, applicants may risk their place on the waiting list (Burke & Hulse 2003).

A key objective of the Social Housing Initiative (SHI) was to reduce waiting times for people on public rental housing lists by 50% and reduce the number of low-income households who pay more than half their income in rent through the construction of new dwellings (KPMG 2012a). Variations across jurisdictions place constraints on data consistency and availability, making it difficult to assess the impacts of the SHI on waiting times and waiting lists. Changes to waiting lists (and waiting times) are therefore not necessarily measures of changes in underlying demand for social housing; rather, they indicate the number and type of people who have applied for social housing (KPMG 2012a). For example, social housing waiting list data also include people that are currently living in social housing who are applying for a transfer to another social housing property. Furthermore a number of people who need access to social housing do not apply due to thinking that the waiting list times are too long and it will be too hard to get in. The eligibility criteria put in place by state housing authorities and how these criteria change over time also determine the length of waiting lists.

Social housing waiting lists have continued to increase across all social housing programs. At 30 June 2013, there were 158,971 applicants registered for access to public rental housing (up from 147,065 at 30 June 2009), and 8,953 applicants waiting for allocation to SOMIH programs (up from 8,766 at 30 June 2009) (see Table 4.5). Around 50,000 applicants in the community housing sector were waiting allocation to mainstream community housing at 30 June 2013 (up from almost 49,187 at 30 June 2009 (SCRGSP 2014)). Waiting list data are not available for ICH.

Of those on the waiting list in 2012–13, 31% of public rental housing applicants, 55% of SOMIH applicants and 63% of mainstream community housing applicants were new applicants, classified as being in greatest need.

Table 4.5: Total waiting list applicants, at 30 June 2009 and 30 June 2013

	Total applicants on waiting list (excluding applicants for transfer)		Total new greatest need applicants on waiting list	
	at 30 June 2009	at 30 June 2013	at 30 June 2009	at 30 June 2013
Social housing program				
Public rental housing	147,065	158,971	29,661	48,593
SOMIH	8,766	8,953	2,730	4,907
Mainstream community housing	49,187	49,612	22,235	31,320

Note: Waiting list data exclude applications for transfers.

Source: AIHW National Housing Assistance Data Repository 2012–13.

4.3.1. Where are newly allocated social housing tenants living?

Table 4.6 shows the number of newly allocated households by state and social housing program. In 2012–13, most of the newly allocated social housing tenants were housed in mainstream community housing (17%) compared to 9% in SOMIH and 7% in public rental housing. The higher proportion of newly allocated households in mainstream community housing is likely to be influenced by transferred housing stock, either from public housing or other community housing organisations.

Table 4.6: Proportion of newly allocated households by jurisdiction and social housing program, 30 June 2013 (per cent)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Public rental housing	5.6	6.5	8.0	6.3	8.0	9.0	6.7	5.8	6.6
SOMIH	8.8	..	9.4	7.1	..	9.1	..	..	8.7
Mainstream community housing	8.5	24.2	23.1	15.4	23.2	28.5	n.a.	29.9	17.1

Source: AIHW National Housing Assistance Data Repository 2012–13.

In terms of remoteness, newly allocated households in 2012–13 were more likely to be in *Major cities* (62% for public rental housing, 25% for SOMIH and 74% for community housing). The proportion of newly allocated households in community housing generally matched the proportion of community housing dwellings in each remoteness category. For example, 20% of new allocations in community housing were in *Inner regional* areas, and 20% of all community housing dwellings are located in *Inner regional* areas (see Supplementary Table 4.3). This was different for newly allocated households in public rental housing and SOMIH. In public rental housing, for example, newly allocated households were less likely to be allocated in *Major cities* (62%) compared to total dwelling stock (73%). On the other hand, a higher proportion of newly allocated households were allocated to housing in *Remote* and *Very remote* areas when compared to the proportion of total housing stock. For example, 14% of all newly allocated households in SOMIH were in *Very remote* areas (compared to 8% of all SOMIH dwellings located in *Very remote* areas).

4.3.2. Waiting time for allocation to social housing

Although waiting times can be measured only for those households that have been assisted, households deemed in greatest need waited less time on average than households not given priority status. Due to the nature of social housing provision, a high proportion of applicants (77% for public rental housing and 65% for SOMIH) meet at least one of the criteria for greatest need. While the proportion of new allocations to those in greatest need is increasing for public rental housing and SOMIH (where data are available), there are still households in greatest need that have been on the waiting list for over 2 years (see Table 4.7). This shows that greatest need remains a priority for housing allocation, irrespective of how long the applicant has been on the waiting list.

In 2012–13, about 2 in 3 households with special needs were allocated public rental housing and this was consistent irrespective of time spent on the waiting list. Similarly, the proportion allocated in SOMIH was about 50% for each need category, except for those waiting 6 months to less than 1 year and 1 year to less than 2 years for which a slightly higher proportion (58% and 55% respectively) was allocated. For community housing, data on allocations by the amount of time spent on the waiting list are not available. However, 77% of new allocations went to those in greatest need, while 63% reported special needs. This is consistent with allocations in public rental housing.

Table 4.7: Proportion of new allocations, by time spent on the waiting list, by greatest and special needs households, by social housing program, 2012–13 (per cent)

Time spent on waiting list	Greatest need		Special needs	
	Public rental housing	SOMIH	Public rental housing	SOMIH
Less than 3 months	86.7	81.2	63.3	50.3
3 months to less than 6 months	85.8	71.7	60.9	50.0
6 months to less than 1 year	83.3	61.5	64.1	58.1
1 year to less than 2 years	76.1	52.0	63.1	54.7
More than 2 years	53.6	28.6	63.1	51.1
All	77.3	64.6	63.1	52.6

Source: AIHW National Housing Assistance Data Repository 2012–13.

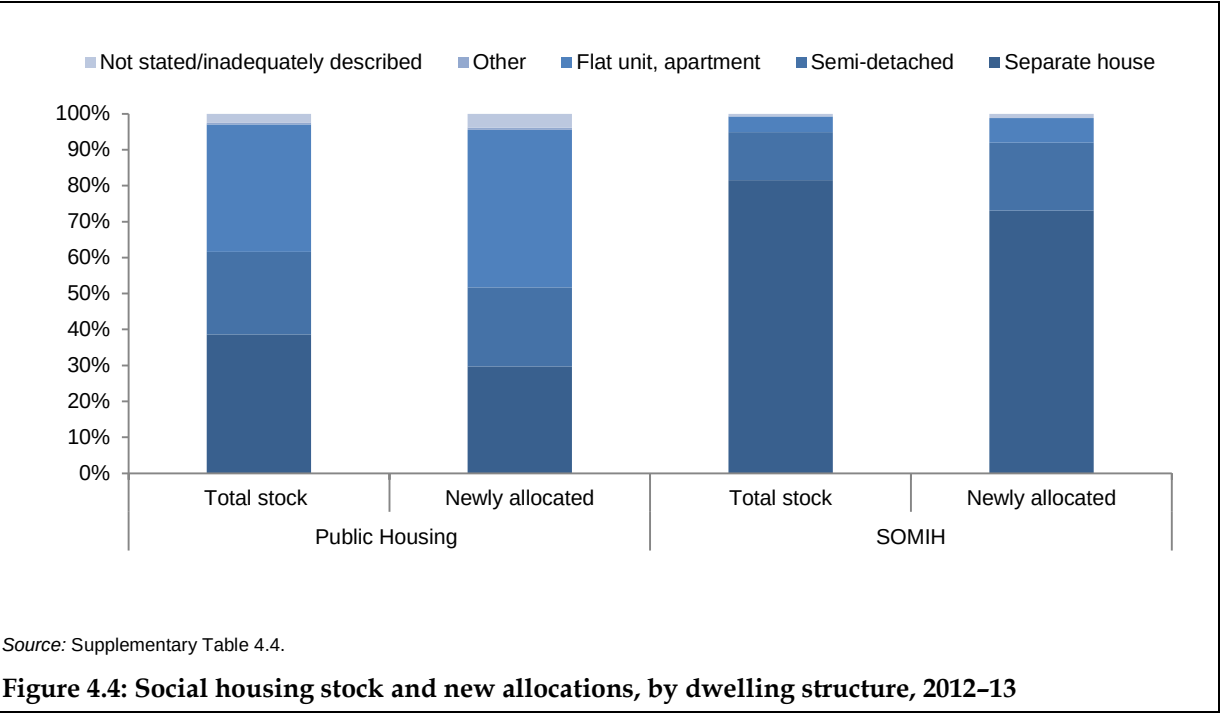
4.3.3. Social housing stock: matching dwelling types to demand

Investment in the public rental housing system has reduced in relative size over the last 30 years and been increasingly targeted to serve the most disadvantaged welfare recipient households (Jacobs et al. 2010). The continued growth of the Australian population will place further burdens on the housing system and the public rental housing sector in particular. The extent of future demand for affordable housing was set out in research by McDonald and Temple (2013) who anticipated that for the 2011–2026 period, the underlying demand for public rental properties will increase by 38%. McDonald and Temple predicted that the key locations in which the demand for public rental housing would be most acute were Perth (an increase in demand of 76% in the number of dwellings), Greater Brisbane (48%) and Melbourne (40%) (see Supplementary Table 2.1). To meet the projected increase in the

demand for public rental housing in Australia expected by 2026, the social housing dwelling stock will have to increase at an even faster rate than the total dwelling stock.

Jacobs et al. (2010) predicts that the greatest demand for public rental housing will be for single units, but the majority of social housing stock is comprised of larger separate or semi-detached dwellings (see Figure 4.4). The National Housing Supply Council (NHSC 2013b) predicts that the demand from older householders is expected to increase from 86,500 to 189,800 between 2010 and 2029. For example 35% of newly allocated tenants in public rental housing were placed in 1-bedroom dwellings, whereas only 25% of all public rental housing stock is 1 bedroom. This issue is also reflected to some extent in the allocation of SOMIH properties, with 19% of new allocations going to semi-detached dwellings (compared to 13% of total stock) and 7% of new allocations moving to flats, units or apartments, compared to 4% of this type of dwellings in SOMIH.

These data may reflect the general availability of appropriate social housing stock and low transfer and vacancy rates (this is discussed further in this chapter). Trends in new allocation over time have remained fairly stable over program and dwelling type for the 4 years to 2012–13 (see Supplementary Table 4.5).



Specific considerations for older Australians

Even though more of the existing social housing stock is tenanted by older Australians, it is potentially not well suited to the complex needs and limited independence of older Australians. The social housing system is unlikely to be able to adequately respond alone to these demands from older renters due to the lack of growth in the sector and the competing claims of other population groups (NHSC 2013a). Older people will continue to be a high proportion of tenants in the social housing system, but it is likely that a steadily increasing proportion of low-income older households will be renting in the market sector (Jones et al. 2007).

According to NSHS 2012, almost two-thirds of NSHS respondents (64%) aged 55 and older, particularly in public rental housing and community housing households, placed higher

importance to the location of emergency services, medical facilities and hospitals, than other age groups.

Households indicating that proximity to various facilities or services was important were asked to indicate if their current home met their needs. Across all social housing programs, the majority of tenants indicated that their household's needs were met (NHSC 2013a).

Specific considerations for persons with disability

The Australian Bureau of Statistics reported that 1 in 5 Australians (18.5% or 4.2 million people) reported disability in 2012. In particular, there were 1.4 million Australians with 'severe or profound core activity limitation', and 729, 800 were aged 64 and under (ABS 2013a). People with disability now constitute a significant percentage of new entrants into public rental housing because they most clearly meet the 'need' criteria used to access waiting lists. In 2012–13, social housing provided accommodation to around 159,000 households with a member with disability that represents almost 40% of social housing households.

Given that a high number of people with disability are dependent on public rental housing to fulfil their accommodation needs, the demands on the public rental housing system are likely to increase in the future. The Australian Housing and Urban Research Institute (AHURI) reported that people living with disability are excluded from housing for a range of issues, including the physical inappropriateness of much of the housing stock, the attitudes of landlords and the difficulties in accessing centrally located housing. Housing must not only be affordable but must meet an individual's needs. This involves the design and physical layout, the location, and their access to services and public transport (Tually et al. 2013).

5. Financial assistance for housing

Governments provide a range of financial support to make it easier for people to access affordable housing (see Box 5.1). Financial assistance is provided through:

- rent assistance through the Commonwealth Rent Assistance Program (CRA) and through jurisdictional Private Rent Assistance (PRA) programs
- assistance with buying a home through Home Purchase Assistance (HPA) programs and the First Home Owners Grant (FHOG).

5.1. Key facts

- The average weekly rental subsidy per rebated household in public rental housing was \$146 at 30 June 2013, increasing from \$134 at 30 June 2009 (SCRGSP 2014: Table 17A.39).
- In June 2013, 1.27 million income units received CRA, up from 1.11 million in 2009.
- At June 2013, the CRA program had a significant positive impact on reducing the proportion of people in rental stress (paying more than 30% of their gross income on rent). Prior to receipt of CRA, 67% of individuals were in rental stress, and this reduced to 40% after receiving CRA (see Supplementary Table 5.4).
- In 2012–13, 92,315 people received the FHOG from state revenue offices, 40,313 Australian households received HPA from state housing authorities and 664 households received assistance through the Indigenous home ownership program (see Supplementary Table 5.10).
- In 2012–13, 77,733 households received bond loans, 36,830 received rental grants, subsidies/relief, and 348 received relocation expenses from state/territory housing authorities (see Table 5.3).

5.2. Financial assistance for renters

Direct government assistance to eligible households in the private rental sector is mainly provided under the a range of programs under the following two broad categories:

- CRA
- PRA administered by each by state and territory.

Financial assistance to households renting in public housing and SOMIH is discussed in Chapter 3.

Box 5.1: Government assistance for affordable housing

A range of government initiatives and programs are designed to help households to pay for housing, and to increase the supply of affordable housing. These initiatives include:

- direct assistance to first home buyers through schemes such as the FHOG. The Australian Government funds the FHOG and it is administered by the states and territories
- funding for Indigenous home ownership programs – the Home Ownership Program (HOP) funded and administered by Indigenous Business Australia (IBA) and the Home Ownership on Indigenous Land (HOIL) Program jointly funded by DSS and IBA. On 1 July 2012, IBA's HOP, and the HOIL Program were integrated into a single Indigenous Home Ownership program (IHOp)
- stamp duty concessions or exemptions for first home buyers
- incentives to save for first home ownership through first home saver accounts (although recent changes to the government contribution components introduced in July 2014 restrict future savings using this scheme)
- state and territory government funding to assist low-income households with home purchases or mortgage repayments
- CRA paid on an ongoing basis to income support and family tax benefit recipients in the private rental market and community housing
- funding for provision and management of social (public and community) housing and related reforms through the National Affordable Housing Specific Purpose Payment
- incentives for institutional investors and community housing providers to build new affordable rental properties (for example the National Rental Affordability Scheme)
- Commonwealth, state and territory land and planning measures to increase the supply of affordable housing
- Housing Affordability Fund grants to improve planning and infrastructure provision.

Source: Australian, state and territory governments (unpublished).

5.2.1. Commonwealth Rent Assistance

CRA is an Australian Government Centrelink payment to people on low and moderate incomes who are renting in the private housing market to assist with the cost of housing. It is a non-taxable income supplement, payable fortnightly to eligible income support recipients and people who receive more than the base rate of the Family Tax Benefit Part A.

Australian Government expenditure on CRA was \$3.6 billion in 2012–13, increasing from \$2.9 billion in 2008–09 (in real terms) (AGHD 2013). The average annual government expenditure per income unit receiving CRA was \$2,914 in 2012–13 (AGHD 2013). CRA is adjusted each year in March and September in line with the changes to the consumer price index. Both the rent threshold and the maximum amount are adjusted. However adjustments in CRA do not take into account differences in rental markets across Australia.

CRA recipients are reported by 'income units' (see Box 5.2) and not by households. That may mean that unrelated adults living together in one household, but not as a family, may each receive CRA payments.

Box 5.2: Income unit

An 'income unit' is a single person, couple or family who is eligible for CRA. Income units are not the same as 'households' referred to in social housing data – there can be multiple income units sharing a house – for example, 2 single people sharing a flat.

Sources: ANAO 2010; IBA 2013, 2014; SCHH 2013.

Eligibility criteria for CRA payment

In order to be eligible to receive the CRA payment, tenants must first qualify for a social security income support payment and meet the residency requirements of their pension, allowance or benefit. Tenants must also be paying more than the minimum rent shown the eligibility and payment rates (see Supplementary Table 5.1) for:

- rent (other than to a state or territory housing authority)
- service and maintenance fees in a retirement village
- lodging – if tenants pay for board and lodging but are unable to identify exactly what is paid for each, two-thirds of the amount paid will be accepted
- fees paid to use a caravan site or other accommodation occupied as the principal home (DSS 2014b).

CRA may be payable to people living in community housing or Indigenous community housing and SOMIH (in NSW only as the Aboriginal Housing Office Properties in NSW are treated as community housing by Centrelink). CRA is not payable to people renting housing from state or territory housing authorities as housing authorities separately subsidise rent for eligible tenants. Payment of CRA continues as long as recipients meet income tests for their primary payment and continue to pay a predetermined amount of rent.

CRA rates are based on a customer's family situation and the amount of rent they pay. CRA is paid at 75 cents for every dollar above a minimum rental threshold until a maximum rate is reached. The minimum threshold and maximum rates vary according to an income unit's family situation and number of children. Information on the eligibility and payment rates for CRA is presented in Supplementary Table 5.1.

The maximum amount payable in September 2013 was \$162 per fortnight for a couple family with 3 or more children, paying more than \$429 per fortnight in rent. The same maximum amount was payable for a single parent with 3 or more children, paying more than \$335 per fortnight in rent. CRA functions as an income supplement for eligible renters. In 2012–13, the median fortnightly entitlement was \$118 per fortnight (and the median fortnightly rent paid was \$400 per fortnight) (see Supplementary Table 5.2).

Profile of CRA recipients

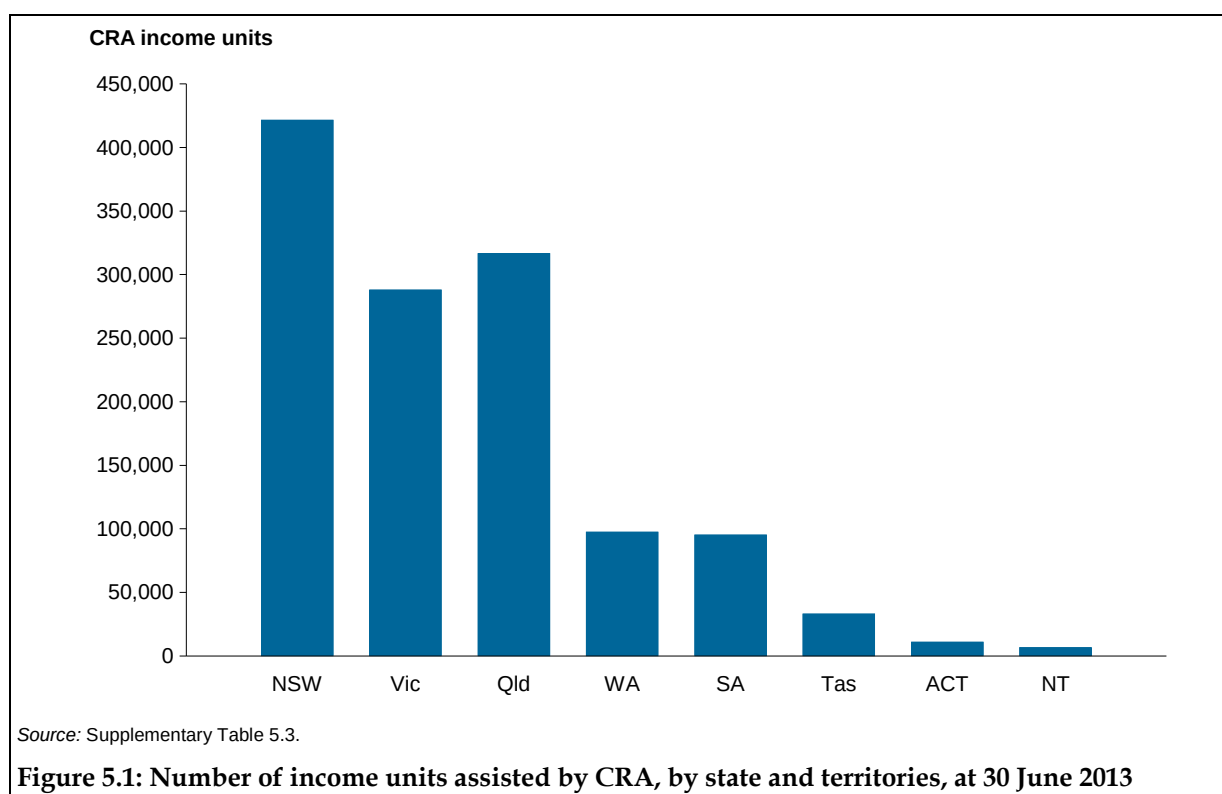
At June 2013, almost 1.27 million (1,267,979) income units (see Box 5.2) received CRA. The number of individuals and families receiving CRA has risen over the previous decade by 35% (up from 937,100 in 2000). Around half (53%) of all income units receiving CRA in June 2013 were 'a lone person with no children' (that is, no dependents living with them), and more than one-fifth (21%) were a 'single adult with dependent children' (see Supplementary Table 5.35).

Of the CRA recipients in 2013:

- more than one-third (41%) of people living in income units that received CRA were aged 30–49. One in four income units receiving CRA were aged 60 and over (23%). Furthermore around 8% in income units receiving CRA were 75 and over (almost 106,000 income units).
- 172,000 people (14%) were under the age of 25
- 21% were receiving Newstart Allowance, 20% were receiving a Disability Support Pension and 18% were receiving the Age Pension
- 4% were Indigenous (almost 56,000 income units).

CRA recipients by state and territories

The number of CRA recipients varied across jurisdictions (see Figure 5.1). New South Wales had the highest number of CRA recipients (421,325), followed by Queensland (316,401) and Victoria (287,671). Tasmania (32,916) had 3 times as many CRA recipients as the Australian Capital Territory (10,828), without there being a similar magnitude of difference in population. This may be because in 2012–13, Tasmania improved data capture for community housing and increased the number of community housing properties by 52% due to 744 properties transferred from public rental housing (SCRGSP 2014).



CRA recipients by area of remoteness

Almost two-thirds (65%) of income units that received CRA in June 2013 lived in *Major cities*, 23% in *Inner regional* areas, 10% in *Outer regional* areas and around 1% in *Remote* or *Very remote* areas (Table 5.1).

Table 5.1: Number of income units assisted by CRA, by area of remoteness, June 2013

Area of remoteness	CRA income units	
	Number	Proportion (%)
Major city	828,678	65.4
Inner regional	286,178	22.6
Outer regional	126,292	10.0
Remote	11,188	0.9
Very remote	3,779	0.3
Unable to be classified	11,864	0.9
Total	1,267,979	100.0

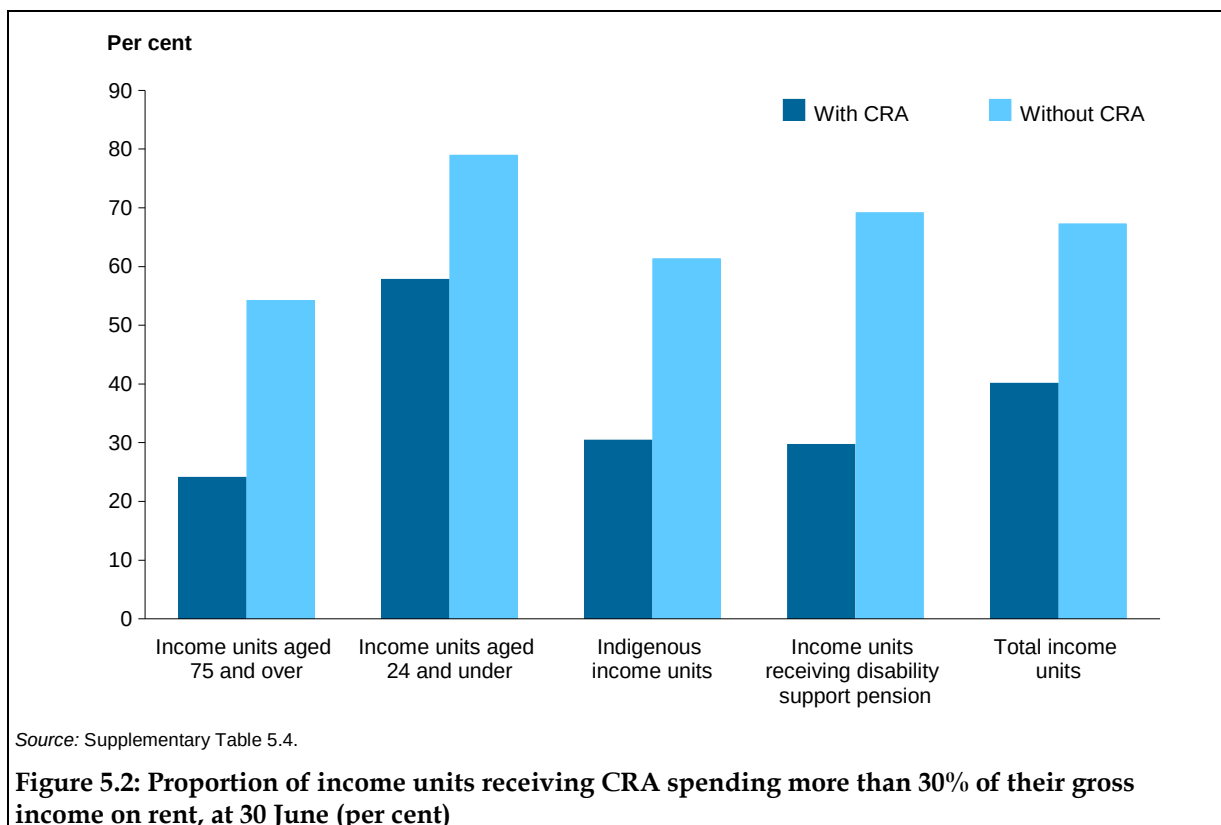
Source: AIHW analysis of the Australian Government Housing Dataset, June 2013.

CRA and rental affordability

CRA alleviates affordability pressures for renters in the private and community housing sectors and the tenants in community housing by providing additional income that can contribute to rent payments (see Chapter 2 for discussion of rental stress). CRA has a substantial positive effect on rental affordability (see Figure 5.2). Nationally in June 2013, 67% of CRA recipients would have paid more than 30% of their gross income on rent if CRA were not provided. However, with CRA provided, 40% of CRA recipients spent more than 30% of their income on rent, comparable to the 39% in 2011–12.

The impact of CRA on reducing rental stress varied between income unit types for example:

- young people and people receiving a Disability Support Pension were most likely to experience rental stress without receipt of CRA (79% and 69% respectively)
- the proportion people aged 75 and over were the least likely to experience rental stress prior to CRA (54%), however 1 in 4 (24%) were still in rental stress after receiving CRA
- young people aged 24 and under were most likely to experience rental stress both before (78%) and after (58%) receipt of CRA
- Indigenous Australians and people with a disability pension also had better outcomes – 1 in 3 (30%) were in rental stress after receiving CRA.



Closer examination of data on CRA income units shows that single people without children were most likely to experience rental stress both before and after receipt of CRA. Almost half (45%) of single people remained in rental stress after receiving CRA. Of all household types, couples with children were less likely to be in rental stress (26%) after receiving CRA (see Table 5.2).

Table 5.2: Proportion of CRA recipients in rental stress before and after CRA, by income unit type, June 2013 (per cent)

Income unit type	Proportion in rental stress	
	Before CRA	After CRA
Single, no children ^(a)	77.0	44.7
Single, with children	62.2	36.7
Couple, no children	54.2	35.5
Couple, with children ^(b)	41.9	25.5
Total^(c)	66.1	39.0

Notes:

(a) Includes single people in shared accommodation.

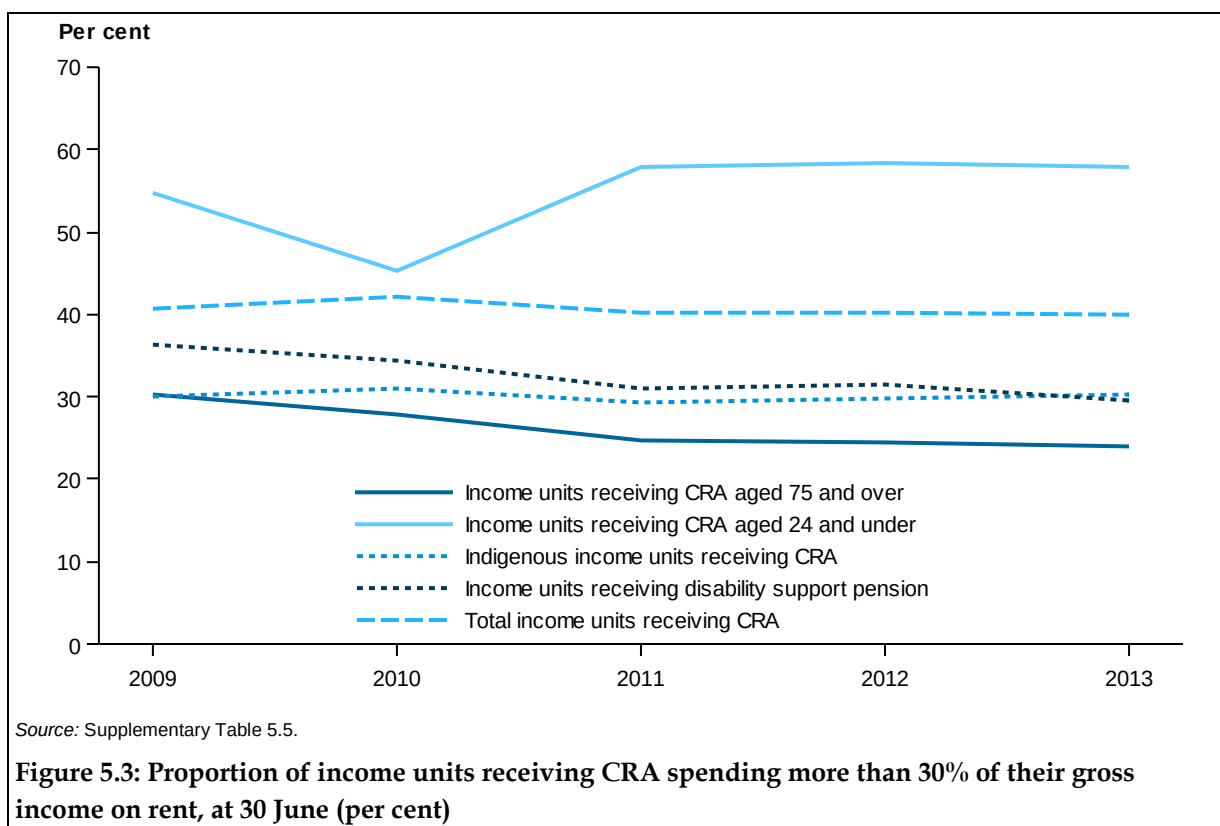
(b) Includes couple income units who were identified as temporarily separated or separated because of illness.

(c) Income units with missing or invalid income or CRA payment information are excluded.

Source: AIHW analysis of Australian Government Housing Data Set, June 2013.

5.2.2. CRA and trends in rental stress

Between 2009 and 2013, the proportion of income units paying more than 30% of their gross income in rent after receipt of CRA remained steady at around 40%. Whilst the proportion of income units paying more than 30% of their gross income in rent after CRA varies between special needs groups, trends over time within special needs groups have remained fairly stable (see Figure 5.3).



Older Australians show a slight decrease in rental stress after receiving CRA from 30% in 2009 to 24% in 2013. However young people aged 24 and under remained the most likely group to experience rental stress after CRA over time compared to other special needs groups – increasing from 55% in 2009 to 58% in 2013.

5.2.3. Private Rent Assistance

PRA is financial assistance provided directly by states and territories, or by not-for-profit organisations funded by state or territory governments to low-income households experiencing difficulty in securing or maintaining private rental accommodation. Private rent assistance is usually provided as a one-off form of support and includes bond loans, rental grants, rental subsidies and payment of relocation expenses.

In 2012–13, nationally, two-thirds (66%) of households received bond loan assistance; about one-third (31%) received rental grants, subsidies and relief and less than 1% received relocation assistance. Almost 3% received other assistance (see Table 5.3).

In 2012–13, PRA assisted 90,490 households (118,100 recipients), at a cost to states and territories of more than \$115 million (AIHW 2012–13). The average amount of assistance

provided per household per year was \$992 for bond loans; \$984 for rental grants, subsidies and relief; \$214 for relocation assistance; and \$506 for other assistance (Table 5.3).

Table 5.3: Average amount of private rent assistance received per household by assistance type, 2012–13

Private rent assistance type	No. of households	Per cent	Average ^(a) annual amount of assistance (\$)	Value of assistance in (\$m)
Bond loan	77,169	65.7	991.6	77.0
Rental grants, subsidies and relief	36,674	31.2	984.0	36.0
Relocation expenses	348	0.3	214.4	0.1
Other	3,188	2.7	506.3	1.6
Total	90,490^(b)			

Notes:

- (a) Due to limited data availability, averages are calculated excluding Victorian data on: rental grants, subsidies and relief; relocation expenses; and other assistance.
- (b) The total number of households assisted does not equal the sum of households assisted by each assistance type because households that received multiple types of assistance are not double counted.

Source: AIHW National Housing Assistance Data Repository 2012–13.

Profile of PRA recipients

At 1 June 2013, 90,490 households received private rent assistance in Australia. The number of households receiving PRA fell from 94,662 in 2011–12 to 90,490 in 2012–13. Nearly half of all PRA recipients (46%) were aged 15–44, and more than one-quarter (26%) were young, aged 24 and under (see Supplementary Table 5.6). Indigenous households accounted for about 10% of all PRA recipients in June 2013. One-fifth of all PRA recipients were low-income earners, having a gross income of less than \$700 per week. Just over half of the PRA recipients reported *Employee cash income* as source of income.

Where are PRA recipients living?

The range of PRA programs differs across the states and territories, as do the eligibility criteria that applicants must meet before being granted a specific type of assistance. During 2012–13 (see Supplementary Table 5.7):

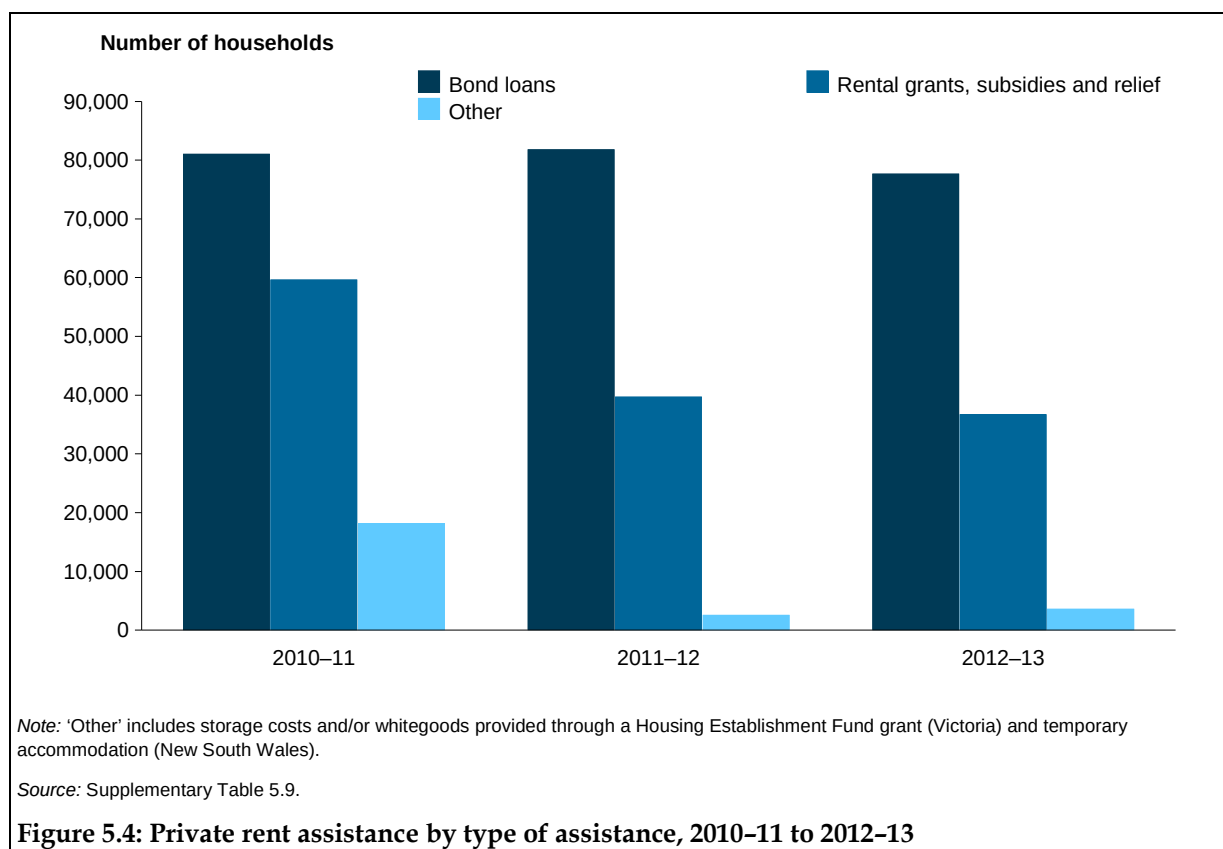
- all states and territories provided bond loans
- 5 states and territories provided rental grants, subsidies or relief (New South Wales, Queensland, South Australia, Tasmania and the Northern Territory)
- 2 states and territories provided relocation expenses (Tasmania and the Australian Capital Territory)
- 2 states provided other types of assistance (South Australia and Tasmania).

South Australia had the highest number of instances of PRA in 2012–13 (over 44,000), followed by Queensland (over 26,000) and NSW (over 20,000), with some households receiving multiple types of assistance. Almost 3 in 5 (60%) instances of PRA in 2012–13 involved households in *Major cities*, with 24% in *Inner regional* areas, 15% in *Outer regional*

areas and 2% in *Remote* or *Very remote* areas (see Supplementary Table 5.8). This pattern is similar to the distribution of households generally.

Time trends in PRA

Overall, between 2010–11 and 2012–13, the number of households receiving all forms of PRA decreased (Figure 5.4). This is particularly evident for rental grants, subsidies and relief, a decrease of 38% in 2012–13 when compared to 2010–11.



5.3. Financial assistance for home purchasers

Over time, government policies have focused on encouraging Australians to strive towards home ownership. This may be due to the perception that home ownership not only provides greater security in retirement and generally a stable tenure type, but also is a lifelong form of household saving and wealth creation that reduces reliance on welfare, and benefits the Australian economy (Wood et al. 2013).

A range of government initiatives and programs are designed to help households to pay for housing, and to increase the supply of affordable housing (see Box 5.1). Under current policy settings, there are 2 main forms of government assistance available to home buyers including:

- FHOG, funded by the Australian Government and administered by state and territory treasury departments
- HPA, funded under the NAHA and administered by states and territories.

In addition, the Indigenous Home Ownership program is a home purchase assistance program targeted specifically at Indigenous people, that the Commonwealth Government funds.

5.3.1. First Home Owners Grant

The FHOG was introduced in 2001 to compensate first home buyers for the imposition of the goods and services tax (GST) on new housing. The states and territories administer this grant, each with different eligibility criteria.

Nationally in 2012–13, 92,315 people received the FHOG compared with 100,879 people in 2011–12 (Table GA.9; SCRGSP 2014). In 2012–13, highest numbers of FHOG recipients were in Victoria followed by New South Wales (See Table 5.4).

Table 5.4: Number of first home owners grant recipients by jurisdiction, 2011–12 to 2012–13^{(a)(b)}

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
2012–13	17,823	34,366	11,035	19,277	4,232	2,011	2,850	721	92,315
2011–12	37,410	31,373	19,657	15,192	6,900	1,901	2,615	1,023	100,879

Notes:

(a) Data exclude any additional first home owner grants provided by individual states and territories in addition to the FHOS and FHOB grants.

(b) Data for Victoria, WA and Tas do not include the number of FHOS or FHOB grants reclaimed. Data for the ACT is adjusted for the 160 FHOS grants reclaimed during 2011–12.

Source: ABS (unpublished) Survey of Income and Housing 2009–10 and 2011–12; Valuer-General (unpublished); Australian Government Department of Treasury (unpublished) State and Territory Revenue Office data.

5.3.2. Home purchase assistance for Indigenous Australians

The Indigenous Home Ownership Program (IHOP) is a national program that provides affordable housing loans and related services to eligible Indigenous people to assist in the purchasing of housing. Prior to being merged in 2011–12, this program consisted of two separate programs:

- Home Ownership Program (HOP)
- Home Ownership on Indigenous Land (HOIL) Program.

The IHOP approved 664 loans in 2012–13, an increase from 404 in 2011–12. Loans are generally targeted at first home buyers, and 94% of all applicants in 2012–13 financial year were first home buyers, up from 87% in 2011–12 (see Table 5.5).

Table 5.5: Number of home loans provided through the Indigenous Home Ownership Program, 2007–08 to 2012–13

	Home Ownership Program ^(a)			Home Ownership on Indigenous Land Program ^(a)	
	New loans	Aggregate loans in portfolio	Loans to applicants who were first home buyers (%)	New loans	Aggregate loans in portfolio
2007–08	474	3,384	86	1	1
2008–09	348	3,364	90	9	10
2009–10	363	3,366	92	7	17
2010–11	606	3,685	94	1	16
2011–12 ^(a)	404	3,841	87	n.a.	n.a.
2012–13 ^(a)	664	4,110	94	n.a.	n.a.

Notes:

(a) From 2011–12 onwards, the Home Ownership Program and the Home Ownership on Indigenous Land Program were merged to become the Indigenous Home Ownership Program.

Sources: IBA 2008, 2009, 2010, 2011, 2012, 2013; unpublished data provided by IBA.

5.3.3. Home Purchase Assistance, administered by states and territories

HPA is a state- and territory-administered program under the NAHA that provides financial assistance to eligible households to improve their access to home ownership. It includes:

- direct lending (including government loans, shared equity loans and bridging loans)
- deposit assistance
- interest rate assistance
- mortgage relief
- other assistance grants.

Profile of HPA recipients

In 2012–13, states and territories provided almost \$11 billion in home purchase assistance (comprising direct lending, deposit assistance, interest rate assistance, mortgage relief, home purchase advisory and counselling services, and other assistance) to around 42,270 recipients (40,313 households) across Australia (see Supplementary Table 5.10). Of these:

- around half were aged 25–44
- only 1% (451 households) were identified as being Indigenous
- just over half were in the low-income group.

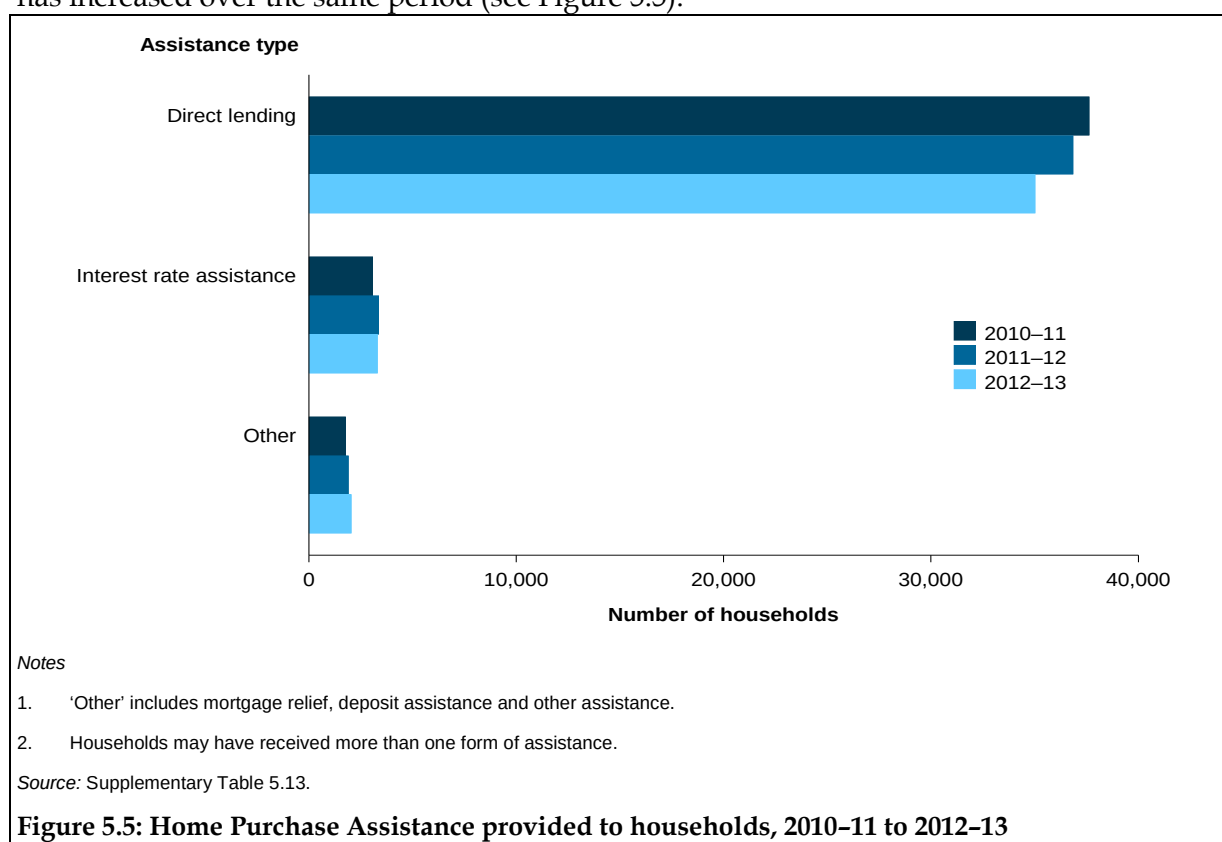
In 2012–13, the highest proportion of households that received HPA were in South Australia (47%) followed by Western Australia (44%). Tasmania reported the lowest proportion of households that received HPA (55 households – or less than 1% of all households assisted).

The majority of HPA was provided to households in the form of direct lending, with 90% of all households helped (35,001 households) receiving this type of assistance. Interest rate assistance helped a further 3,290 households and the remaining programs (deposit assistance, mortgage relief and other assistance) were delivered to 2,022 households (see Supplementary Table 5.11).

While the two-thirds (66%) of households that received HPA were in *Major cities* in 2011–12, around 1 in 5 (18%) were in *Outer regional* and 1 in 8 (12%) were in *Inner regional* areas. Very few were located in either *Remote* (3%) or *Very remote* (1%) areas (AIHW analysis of National Housing Assistance Data Repository 2012–13) (see Supplementary Table 5.12).

Trends in Home Purchase Assistance

The number of households receiving HPA in the form of direct lending has fallen since 2010–11, while the number receiving interest rate assistance and ‘other’ types of assistance has increased over the same period (see Figure 5.5).



6. Housing assistance and social and economic participation outcomes

There is a strong link between housing and social and economic wellbeing for individuals, households and families. Research has demonstrated that not only does financial disadvantage result in poor housing, but that this can in turn lead to poor financial outcomes for individuals, households and families (Stone & Reynolds 2012).

Providing affordable, safe and secure housing can contribute to a range of health and wellbeing outcomes for individuals and contribute to their ability to engage economically and socially in their community (Bridge et al. 2007).

The 2012 NSHS collected data on 3 key areas of social and economic participation for those living in social housing (see Box 6.1). These include whether a person feels part of the local community, feels more able to improve their job situation, or start or continue in education.

6.1. Key points

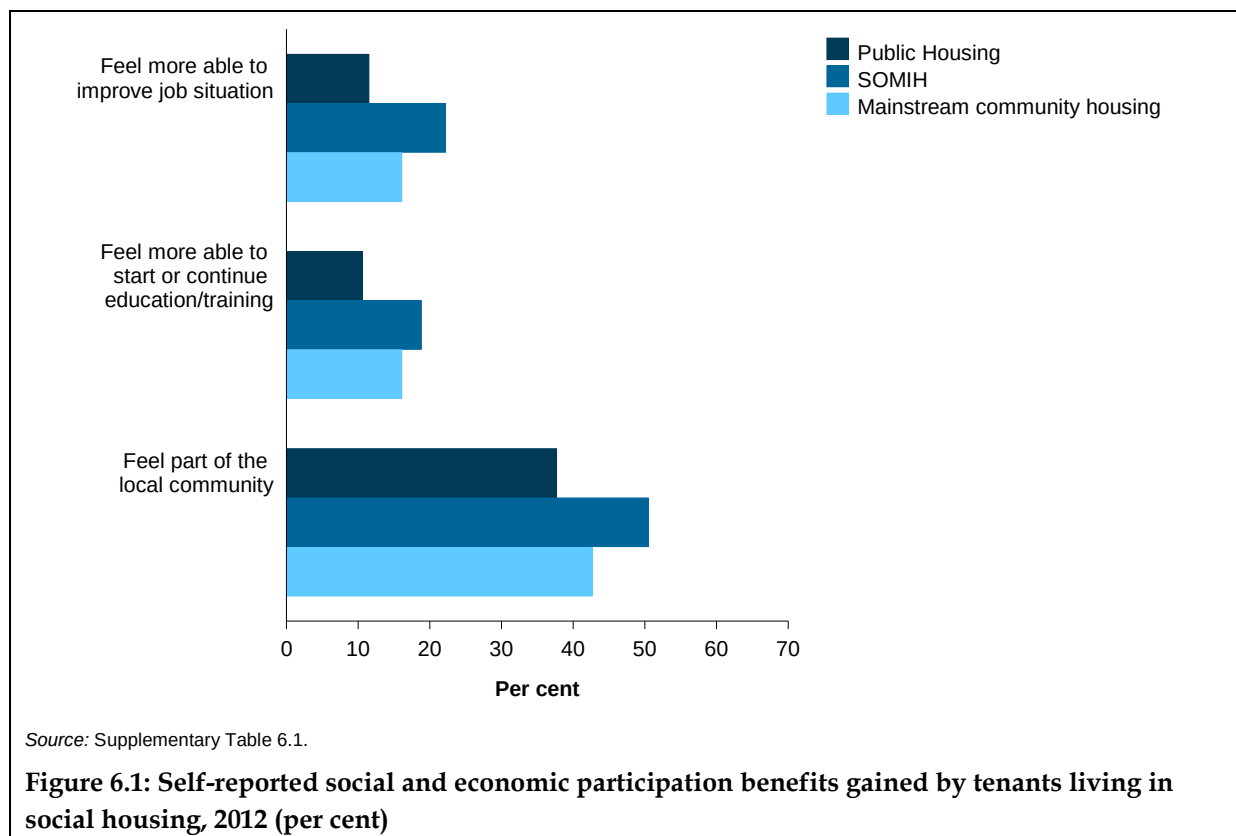
- Almost half of social housing tenants reported social and economic participation benefits as a result of living in social housing (AIHW 2013c).
- The majority of tenants who rated access to employment and training opportunities as important, were satisfied with the location of their dwelling (between 85% for SOMIH and 88% for community housing) (AIHW 2013c).
- 85% of households assisted into public rental housing that were homeless or at risk of homelessness at time of allocation sustained their tenancies for 12 months or more.
- Among those living in social housing, Indigenous households were twice as likely to be overcrowded compared with all households (11% and 5% respectively).
- Indigenous households across all social housing programs were less likely than non-Indigenous households to rate their dwelling as being of an acceptable standard (Indigenous respondents 62% compared to 78% non-Indigenous respondents).

Box 6.1: Social housing and social and economic participation

Many Australians are excluded from the opportunities to create the life they want and this can lead to a cycle of disadvantage caused by family circumstances, low expectations, community poverty, a lack of suitable and affordable housing, illness or discrimination. This can result in leaving school early, long-term unemployment and chronic ill health (Stone & Reynolds 2012).

The 2012 National Social Housing Survey (NSHS) is one source which can measure the degree of social participation perceived by social housing tenants. For the purposes of the survey (and analysis of data in this report), social and economic participation is derived from the following questions from the 2012 NSHS where tenants:

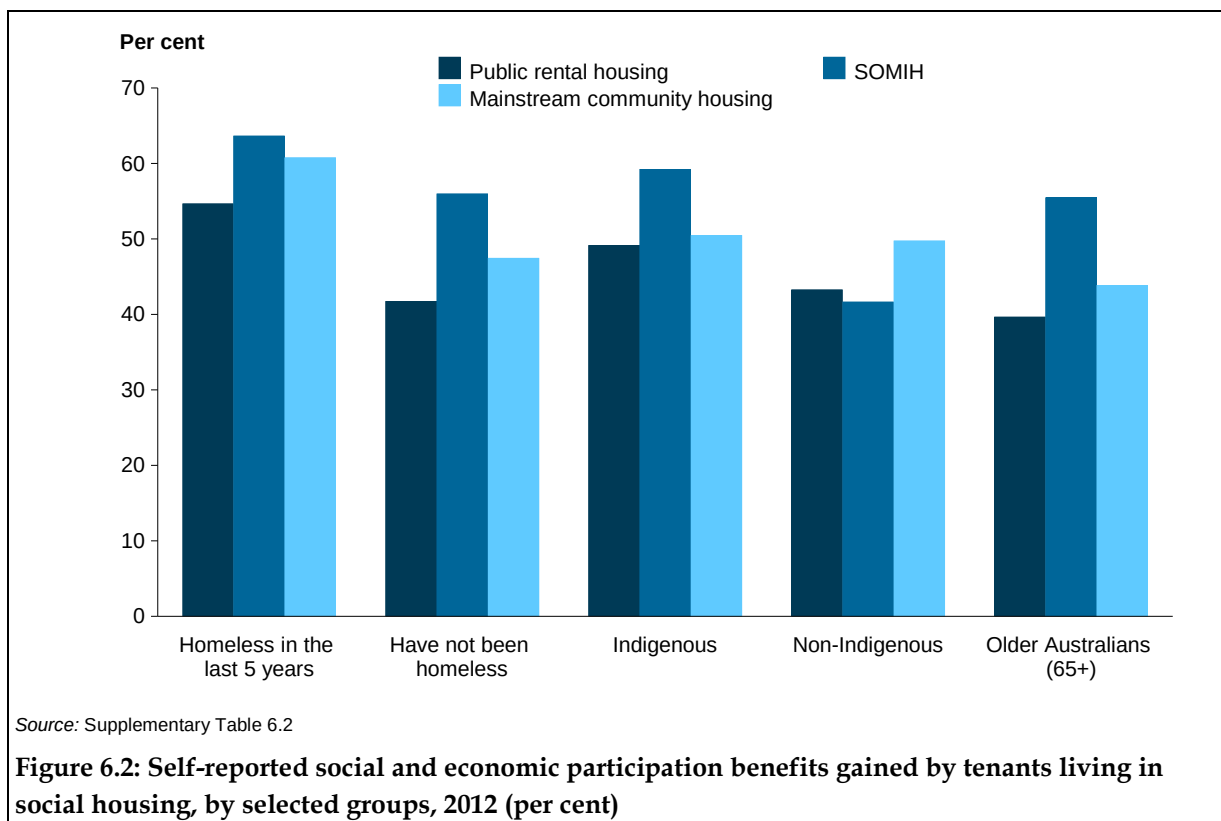
- 'feel part of the local community'
- 'feel more able to improve their job situation'
- 'feel more able to start or continue education/training'.



In general, almost half of social housing tenants self-reported improved social and economic benefits (ranging from 43% for public housing tenants and 57% for SOMIH). The most common benefit across social housing programs was ‘feeling part of the community’ (see Figure 6.1).

Tenants who reported social and economic participation benefits from social housing varied across their individual circumstances and housing programs. SOMIH tenants were in general more likely to report social and economic participation as a benefit of living in social housing compared to public and community housing (see Figure 6.1).

Social housing tenants who were new to social housing (for example those who had been homeless at some point in the 5 years prior to the survey) reported an improved sense of social and economic participation benefits (56% for public rental housing, 63% for SOMIH and 61% for community housing). Whereas older tenants were less likely to report social and economic participation benefits across social housing programs, particularly for public rental housing tenants (40%). This may be because a large proportion of older tenants have typically been in public rental housing for longer periods of time (AIHW 2013c) and the association between social and economic participation benefits and social housing may not be as obvious. Also older tenants may be less likely to prioritise improvements in job situation and ability to access training and education as social and economic participation benefits (see Figure 6.2).



6.2. Geographical differences in social and economic participation benefits

Social and economic participation benefits among social housing tenants were greater in *Remote and very remote* areas (Table 6.1). In general, community housing tenants were also more likely to report the benefit of social and economic participation compared with public rental housing tenants across the remaining remoteness categories.

Table 6.1: Self-reported social and economic participation benefits gained by tenants living in social housing, by location, 2012 (per cent)

Social housing program	Major cities	Inner regional	Outer regional	Remote ^(a)
Public housing	43.1	39.9	44.2	52.9
SOMIH	54.9	51.2	56.5	72.1
Community housing	51.1	45.2	53.2	46.8

Note:

(a) 'Remote' includes *Remote* and *Very remote* locations.

Source: AIHW 2013c.

Social housing mobility and impediments to economic participation

In its recent study into geographic labour mobility within Australia, the Productivity Commission identified a number of major impediments for individuals in relocating to take advantage of employment opportunities. The Productivity Commission also identified a

strong link between housing tenure and mobility, with those in public housing having the lowest rates of residential mobility in Australia (PC 2014). These findings highlight the importance of the location of social housing dwellings and the access to employment opportunities for tenants.

In 2012, between one-quarter (public housing) and 39% (SOMIH) of tenants surveyed in the NSHS were in the labour force. The survey found that the majority of tenants who rated access to employment and training opportunities as important were satisfied with the location of their dwelling (between 85% for SOMIH and 88% for community housing) (AIHW 2013c).

Social exclusion, homelessness and housing provision

Homelessness can be seen as one of the most extreme forms of housing-related exclusion. In the Australian context, the Commonwealth provides funding (\$115 million) for the National Partnership Agreement on Homelessness (The Commonwealth of Australia 2014). The agreement focuses on 3 key strategies to reduce homelessness:

- prevention and early intervention to stop people becoming homeless
- breaking the cycle of homelessness
- improving and expanding the service response to homelessness.

The National Partnership Agreement on Homelessness contributes to the NAHA outcome that 'people who are homeless or at a risk of homelessness achieve sustainable housing and social inclusion' (COAG 2013). In relation to the provision of social housing, the NAHA aims to promote affordable, secure housing via allocations policies and support to those with multiple forms of disadvantage.

People experiencing homelessness receive priority allocation into social housing and are identified as one of the groups in 'greatest need' (see Box 3.1). In 2012–13, social housing provided a pathway out of homelessness for 17,581 households and represented 57% of all newly allocated public rental housing. In 2011–12, 54% of priority households that were newly allocated to public rental housing and SOMIH were previously homeless and a further 36% were at risk of homelessness (see Table 3.2, for details please see Chapter 3). One of the outcomes governments committed to under the NAHA was that people who are homeless or at risk of homelessness achieve sustainable housing (COAG Reform Council 2012). In 2012–13, 85% of households assisted into public rental housing that were homeless or at risk of homelessness at time of allocation sustained their tenancies for 12 months or more. Similar proportion (84%) was reported for those assisted in SOMIH (See Table 6.2).

Table 6.2: Number and proportion of households that were in greatest need at time of allocation during 2011–12 who were assisted to secure and sustain their tenancies: housing proxy, by state and territory, by program type, 2012–13^(a)

Homelessness and social housing										
	Unit	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Public rental housing										
Number of households assisted into public rental housing that were in greatest need at time of allocation during 2011–12 with a tenure length of 12 months or more at 30 June 2013	no.	3,671	2,512	2,842	1,407	1,532	687	611	217	13,479
Number of newly assisted households in public rental housing that were in greatest need at time of allocation during 2011–12	no.	4,217	2,841	3,346	1 617	1,981	882	653	249	15,786
Proportion of households assisted into public rental housing that were homeless or at risk of homelessness at time of allocation and who sustain their tenancies for 12 months or more	%	87.1	88.4	84.9	87.0	77.3	77.9	93.6	87.1	85.4
SOMIH										
Number of households assisted into SOMIH that were in greatest need at time of allocation during 2011–12 with a tenure length of 12 months or more at 30 June 2013	no.	101	..	142	..	118	n.a.	..	..	361
Number of newly assisted households in SOMIH that were in greatest need at time of allocation during 2011–12	no.	131	..	166	..	134	n.a.	..	..	431
Proportion of households assisted into SOMIH that were homeless or at risk of homelessness at time of allocation and who sustain their tenancies for 12 months or more	%	77.1	..	85.5	..	88.1	n.a.	..	..	83.8

Note: Greatest need is used as a proxy for homelessness or at risk of homelessness. Households in greatest need are those at the time of allocation who were subject to one or more of the following circumstances: they were homeless; their life or safety was at risk in their accommodation; their health condition was aggravated by their housing; their housing was inappropriate to their needs; they had very high rental costs.

n.a. Not available.

.. Not applicable.

Source: AIHW (unpublished) AIHW National Housing Assistance Data Repository, 2012–13 unit records.

Appendix A: Data quality statements

The AIHW plays a role in developing and maintaining national metadata standards. This work contributes to improving the quality and consistency of national health and welfare statistics. The AIHW works closely with governments and non-government organisations to achieve greater adherence to these standards in administrative data collections to promote national consistency and comparability of data and reporting.

One of the main functions of the AIHW is to work with the states and territories to improve the quality of administrative data and, where possible, to compile national data sets based on data from each jurisdiction, to analyse these data sets and disseminate information and statistics.

Data Quality Statements are developed for each data set and made available on the AIHW Metadata Online Registry (METeOR). For further information see the AIHW website <www.aihw.gov.au>, or METeOR <<http://meteor.aihw.gov.au>>. For specific Data Quality Statements, follow the links below.

Public housing data collection 2012–13

< <http://meteor.aihw.gov.au/content/index.phtml/itemId/590732>>.

State owned and managed Indigenous housing data collection 2012–13

< <http://meteor.aihw.gov.au/content/index.phtml/itemId/590752>>.

Community housing data collection 2012–13

< <http://meteor.aihw.gov.au/content/index.phtml/itemId/578512>>.

Indigenous community housing data collection 2011–12

<<http://meteor.aihw.gov.au/content/index.phtml/itemId/538900>>.

National Social Housing Survey data collection 2012

<<http://meteor.aihw.gov.au/content/index.phtml/itemId/534447>>.

Private Rent Assistance data collection 2012–13

< <http://meteor.aihw.gov.au/content/index.phtml/itemId/580948>>.

Home Purchase Assistance data collection 2012–13

< <http://meteor.aihw.gov.au/content/index.phtml/itemId/563456>>.

Glossary

Canadian National Occupancy Standard

A measure of the appropriateness of housing that is sensitive to both household size and composition. The CNOS specifies that:

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

Community housing (mainstream)

Housing provided for low- to moderate-income or special needs households, which community-based organisations manage. Community housing models vary across jurisdictions and a variety of groups, including government, own the housing stock.

Core activity limitation

A situation where a person needs assistance, or has difficulties with self-care, mobility and/or communication.

Disability

The umbrella term for any or all of an impairment of body structure or function, a limitation in activities, or a restriction in participation. Disability is a multidimensional and complex concept, and is conceived as a dynamic interaction between health conditions and environmental and personal factors (WHO 2011).

In social housing, a proxy for a household meeting the above definition of disability may be provided through receipt of the Disability Support Pension.

Dwelling

A structure or a discrete space within a structure intended for people to live in or where a person or group of people live. Thus, a structure that people actually live in is a dwelling regardless of its intended purpose, but a vacant structure is a dwelling only if intended for human residence. A dwelling may include one or more rooms that is/are used as an office or workshop, provided the dwelling is in residential use. Dwelling types include:

- a separate house
- a semi-detached, row or terrace house, townhouse, etc.
- a flat, unit or apartment; caravan, tent, cabin etc. either in or not in a caravan park; houseboat in marina, etc.
- an improvised home, tent, camper
- a house or flat attached to a shop, office, etc.
- a boarding/rooming house unit.

Equivalised disposable household income

A measure of income that reflects economic wellbeing relative to household size and composition. It is used to determine low-income status for a household. Equivalised disposable household income is based on income after essential costs are deducted, as opposed to gross (that is, total) income, or net (that is, after-tax) income.

Family

Two or more persons, one of whom is at least 15 years of age, who are related by blood, marriage (registered or de facto), adoption, step or fostering, and who are usually resident in the same household. The basis of a family is formed by identifying the presence of a couple relationship, lone-parent-child relationship or other blood relationship.

First home buyer

A household in which the reference person (or their co-resident partner) bought the dwelling in which they reside in the 3 years before being interviewed, and neither that reference person nor their co-resident partner had owned or been purchasing a home previously.

Greatest need

A descriptor applying to a low-income household if, at the time of allocation, household members were subject to one or more of the following circumstances:

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

A low-income household for the greatest need definition is a household that satisfies an eligibility test to receive housing assistance.

Homelessness

Based on the ABS definition, the state of a person who does not have suitable accommodation alternatives and whose current living arrangement:

- is in a dwelling that is inadequate (is unfit for human habitation or lacks basic facilities such as kitchen and bathroom facilities), or
- has no tenure, or if their initial tenure is short and not extendable, or
- does not allow them to have control, and access to space for social relations (including personal—or household—living space, ability to maintain privacy and exclusive access to kitchen and bathroom facilities) (ABS 2012c).

Note: 'Homelessness' can be defined in different ways for different purposes.

Household

A group of 2 or more related or unrelated people who usually reside in the same dwelling, and who make common provision for food or other essentials for living. A household can also be a single person living in a dwelling who makes provision for his or her own food and other essentials for living, without combining with any other person.

Household composition

The grouping of people living in a dwelling. Household composition is based on couple and parent-child relationships. A *single-family* household contains a main tenant only, or a main tenant residing with a partner and/or the main tenant's children. *Group households* consist of 2 or more tenants aged 16 or over who are not in a couple or parent-child relationship. *Mixed households* are households not described by the other two types – for example, multiple single-family households.

Housing affordability

The cost of housing compared with the financial situation of households. This term is generally used to refer to housing across major cities, states or nationally, as opposed to individual households. Housing affordability is often measured using the proportion of households in a given area in housing stress.

Housing stress

A measure of housing affordability where the proportion of household income spent on basic housing costs (that is, rent or mortgage) is calculated. So owner-occupiers without a mortgage cannot experience housing stress according to this definition. Households spending 30% or more of their income on housing are said to be in housing stress. Any households spending 50% or more are said to be in severe housing stress.

Income unit

One person or a group of related persons within a household, whose command over income is shared, or any person living in a non-private dwelling who is in receipt of personal income.

Indigenous community housing

Housing that Indigenous communities own and/or manage for the provision of housing services to Indigenous Australians.

Indigenous community housing organisation

An Aboriginal and/or Torres Strait Islander organisation responsible for managing housing for Indigenous Australians, including community organisations such as resource agencies and land councils. ICHOs may either own the dwellings they manage or lease them from a state housing authority.

Indigenous household

A household as defined above which contains one or more people who identify as being of Aboriginal and/or Torres Strait Islander origin.

Low-income household

A household whose equivalised gross income falls in the bottom two-fifths (40%) of the population. This measure does not necessarily indicate eligibility for government assistance targeted at low-income households, and assistance may also be provided to households that do not meet this definition. This definition differs from that used by the ABS; it uses different definitions of low income for different purposes.

Neighbourhood renewal

Neighbourhood renewal is an approach that brings together the resources and ideas of residents, governments, businesses and community groups to tackle disadvantage in areas with concentrations of public housing.

To narrow the gap between some of the most disadvantaged communities in Victoria and the rest of the state, neighbourhood renewal is:

- lifting employment and learning opportunities and expanding local economies
- enhancing housing and the physical environment
- improving personal safety and reducing crime
- promoting health and wellbeing
- increasing access to services and improving government responsiveness
- increasing people's pride and participation in their community.

Outstations (also known as homelands)

Dwellings located on Aboriginal ancestral lands with cultural and spiritual meaning to the Aboriginal people who live there. The connections to land are complex and include cultural, spiritual and environmental obligations, including obligations to protect sacred sites.

Outstations (homelands) vary in size, composition, level of resources, extent of access to potable water and services, and when established. Some may be very small, comprising a few families living together. Others may be expanding and developing their own economies, and have populations of over 100 people. While some outstations (homelands) have grown into communities of substantial size, in most cases they are smaller than townships and regional centres.

Overcrowding

A situation in a dwelling when one or more additional bedrooms are required to meet the Canadian National Occupancy Standard.

Priority allocation

A new tenancy that is provided to individuals classified as being in greatest need.

Projection

Predicted changes that would occur if the stated assumptions were to apply over the period in question. It is not a forecast.

Proxy occupancy standard

A standard that specifies the bedroom requirements of a household, based on its size and composition.

Household composition	Dwelling size required
Single adult only	1 bedroom
Single adult (group)	1 bedroom per adult
Couple with no children	2 bedrooms
Sole parent or couple with 1 child	2 bedrooms
Sole parent or couple with 2 or 3 children	3 bedrooms

For sole parent or couple households with 4 or more children, the dwelling size should have the same number of bedrooms as the total number of children in the household.

Public housing

Rental housing that state and territory governments provide and manage. Included are households residing in public rental dwellings where the dwelling is either:

- owned by the housing authority
- leased from the private sector or other housing program areas and used to provide public rental housing
- leased to public housing tenants.

Rebated household

A household receiving housing assistance (usually through a state or territory or community housing provider) that pays less than the market rent value of the dwelling.

Reference person

A person chosen by applying, to all household members aged 15 and over, the selection criteria below, in the order listed, until a single appropriate person is identified:

- one of the partners in a registered or de facto marriage, with dependent children
- one of the partners in a registered or de facto marriage, without dependent children
- a lone parent with dependent children
- the person with the highest income
- the eldest person.

For example, in a household containing a lone parent with a non-dependent child, the one with the higher income will become the reference person. However, if both individuals have the same income, the elder will become the reference person.

Rental stress

The situation of a household whose housing costs (excluding CRA) are more than 30% of the gross household income.

Residential aged care

Services provided in aged care homes that the Australian Government has accredited. Includes accommodation-related services with personal care services plus nursing services and equipment.

Social housing

Rental housing that is funded or partly funded by government, and that is owned or managed by the government or a community organisation and let to eligible persons. This includes public rental housing, state owned and managed Indigenous housing, mainstream and Indigenous community housing and housing provided under the Crisis Accommodation Program.

Social and economic participation

Economic and social participation refers to a range of ways in which people contribute to and have the resources, opportunities and capability to learn, work, engage with and have a voice in the community. This can also be referred to as social inclusion. Social participation can include social engagement, volunteering, working with community organisations and accessing services. Economic participation can include paid employment, training and education or self-employment.

Special needs

A descriptor for those households that have a member with disability, a main tenant aged under 25 or 75 and over, or households defined as Indigenous households. Indigenous households in SOMIH are not considered special needs households, as SOMIH is an Indigenous-targeted program.

Tenancy (rental) unit

For the purposes of the public housing, SOMIH and community housing data collections, the unit of accommodation for which a rental agreement can be made.

In the majority of cases, there will be only one tenancy (rental) unit within a dwelling; in a small number of cases (for example, boarding houses, special group homes, semi-institutional dwellings), there may be more than one tenancy (rental) unit.

Underutilisation

A situation where a dwelling contains one or more bedrooms surplus to the needs of the household occupying it, according to the Canadian National Occupancy Standard.

Unemployed person

A person aged 15 or more who was not employed during the reference week but had actively looked for work and was currently available for work.

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List of tables

Table 2.1: Housing cost among first home buyers with a mortgage, 2011–12 (per cent)	22
Table 2.2: Households paying rents of more than 30% of gross household income.....	24
Table 3.1: Social housing dwellings by state and territories, at 30 June 2013	29
Table 3.2: Social housing dwellings of acceptable standard, by program and Indigenous status of household, 2012.....	33
Table 3.3: Number of rebated and non-rebated public rental housing and SOMIH households, by state and territory, 30 June 2013	39
Table 3.4: Average weekly rebate per household and average weekly market rent values in public rental housing and SOMIH, by jurisdiction, week of 30 June 2013.....	40
Table 3.5: Tenancy lengths in public rental housing and SOMIH as at 30 June 2013.....	41
Table 3.6: Number of applicants on waiting list for transfer, by social housing programs and jurisdiction, at 30 June 2013.....	42
Table 3.7: Proportion of households that transferred to and exited from public rental housing and SOMIH, by jurisdiction, at 30 June 2013.....	42
Table 3.8: Satisfaction with services provided by their housing organisation, by social housing program, NSHS 2012.....	48
Table 3.9: Satisfaction with maintenance, by programs and Indigenous status, 2012.....	50
Table 4.3: Newly allocated public rental housing and SOMIH households in greatest need, by main reason for greatest need, 2012–13.....	54
Table 4.4: Proportion of newly allocated households that were homeless or at risk of homeless out of all newly allocated households, as at 30 June 2013	57
Table 4.5: Total waiting list applicants, at 30 June 2009 and 30 June 2013	59
Table 4.6: Proportion of newly allocated households by jurisdiction and social housing program, 30 June 2013.....	59
Table 4.7: Proportion of new allocations, by time spent on the waiting list, by greatest and special needs households, by social housing program, 2012–13.....	60
Table 5.1: Number of income units assisted by CRA, by area of remoteness, June 2013	67
Table 5.2: Proportion of CRA recipients in rental stress before and after CRA, by income unit type, June 2013	68
Table 5.3: Average amount of private rent assistance received per household by assistance type, 2012–13	70
Table 5.4: Number of first home owners grant recipients by jurisdiction, 2011–12 to 2012–13.....	72
Table 5.5: Number of home loans provided through the Indigenous Home Ownership Program, 2007–08 to 2012–13	73
Table 6.1: Self-reported social and economic participation benefits gained by tenants living in social housing, by location, 2012.....	77
Table 6.2: Number and proportion of households that were in greatest need at time of allocation during 2011–12 who were assisted to secure and sustain their tenancies: housing proxy, by state and territory, by program type, 2012–13.....	79

List of figures

Figure 1.1: Overview of the housing system in Australia and data sources, at 30 June 2013.....	2
Figure 1.2: Main social housing assistance programs in Australia and total number of households/clients assisted per program, 30 June 2013	9
Figure 2.1: Projected population, median age, Australia, 2011–2101.....	12
Figure 2.2: Annual price changes in larger major cities in Australia, December 2005– 2013	14
Figure 2.3: Annual price changes in smaller major cities in Australia, December 2005– 2013.....	14
Figure 2.4: Official cash interest rates for period August 2009–August 2014	15
Figure 2.5: Equivalised disposable household income at top of selected percentiles, 1994–95 to 2011–12	17
Figure 2.6: House prices as multiple of earnings, 1994–95 to 2011–12.....	18
Figure 2.7: Average rental costs per week in Australia, by landlord type, 1994–95 to 2011–12.....	19
Figure 2.8: Comparison of housing affordability across selected countries, 2013.....	21
Figure 2.9: Rental affordability among low-income households across Australia, 2007–08, 2009–10 and 2011–12	24
Figure 3.1: Social housing stock by programs, 2006–2013	29
Figure 3.2: Location of social housing dwellings by social housing program and remoteness, 2012–13	30
Figure 3.3: Social housing dwellings by dwelling type, 2012–13	31
Figure 3.4: Social housing dwellings by dwelling size and social housing program, 2012–13	32
Figure 3.5: Age of main tenant in public rental housing and SOMIH dwellings, at 30 June 2013.....	34
Figure 3.6: Age and sex distribution of all tenants in public rental housing and SOMIH dwellings at 30 June 2013.....	35
Figure 3.7: Household composition of public rental housing and SOMIH dwellings at 30 June 2013	36
Figure 3.8: Highest level of education completed by NSHS 2012 respondents, by housing programs.....	38
Figure 3.9: Appropriateness of dwelling size in social housing, 30 June 2013	43
Figure 3.10: Overcrowding in social housing, by program and Indigenous status of household, 30 June 2013	45
Figure 3.11: Overcrowded households by social housing program, at June 30, 2009–2013	46
Figure 3.12: Underutilised households, by social housing program at 30 June 2010–2013	47
Figure 3.13: Proportion of satisfied and very satisfied social housing tenants, NSHS 2001–2012.....	49
Figure 3.14: Proportion of tenants satisfied with the services provided by dwelling condition, 2012	50
Figure 4.1: Proportion of newly assisted households in greatest need, 2003–04 to 2012–13.....	53
Figure 4.2: Proportion of newly allocated social housing households, by special needs category and program, 2012–13.....	55

Figure 4.3:	Household composition of newly allocated households, by social housing program, year ending 30 June 2013	56
Figure 4.4:	Social housing stock and new allocations, by dwelling structure, 2012-13.....	61
Figure 5.1:	Number of income units assisted by CRA, by state and territories, at 30 June 2013.....	66
Figure 5.2:	Proportion of income units receiving CRA spending more than 30% of their gross income on rent, at 30 June	68
Figure 5.3:	Proportion of income units receiving CRA spending more than 30% of their gross income on rent, at 30 June	69
Figure 5.4:	Private rent assistance by type of assistance, 2010-11 to 2012-13.....	71
Figure 5.5:	Home Purchase Assistance provided to households, 2010-11 to 2012-13	74
Figure 6.1:	Self-reported social and economic participation benefits gained by tenants living in social housing, 2012	76
Figure 6.2:	Self-reported social and economic participation benefits gained by tenants living in social housing, by selected groups, 2012	77

Related publications

This report, *Housing Assistance in Australia*, is an annual publication from the AIHW. The earlier editions and any published subsequently can be downloaded for free from the AIHW website <http://www.aihw.gov.au/housing-assistance-publications/>. The website also includes information on ordering printed copies.

Interim tables relating to this report were published separately online as *Housing Assistance in Australia 2014: Supplementary tables*. See <http://www.aihw.gov.au/publications/>.

The following AIHW publications relating to housing might also be of interest:

- AIHW 2013. *Housing assistance in Australia 2013*. Cat. no. HOU 271. Canberra: AIHW.
- AIHW 2013. *National Social Housing Survey: detailed results 2012*. Cat. no. HOU 272. Canberra: AIHW.
- AIHW 2013. *Specialist homelessness services: 2012–2013*. Cat. no. HOU 27. Canberra: AIHW.

This report presents information on trends and issues in housing policy, housing affordability and housing assistance provided to populations with special needs. As housing and rental affordability declines, the need for housing assistance continues to increase, with 1.3 million recipients of Commonwealth Rental Assistance and over 400,000 households living in social housing. Of those households who were recently provided assistance through social housing, the majority were identified as either homeless or at risk of homelessness.