
13 HOUSING

13.1 Introduction

Some Australians, given low income, discrimination or disability, are not able to adequately house themselves independently. Responsibility for providing government housing assistance is shared between the Commonwealth and State and Territory Governments.

The Commonwealth Government provides annual grants to State and Territory Governments to assist with the construction and maintenance of public and community rental accommodation. State and Territory Governments provide additional funding and manage and deliver public rental housing, while the delivery of community housing is mainly the responsibility of not-for-profit organisations.

This chapter reports on the performance of government in providing housing assistance through:

- public rental housing; and
- community housing.

Public housing comprises those dwellings owned (or leased) and operated by the State and Territory housing authorities (Box 13.1).

Box 13.1 Characteristics of public renters

In 1995–96 renters of public rental housing had the following broad characteristics:

Applicants

- 77 per cent were receiving a pension or benefit;
- 75 per cent had a weekly income of less than \$400; and
- 70 per cent were single people or sole parents.

Public housing applicants allocated housing

- 82 per cent were receiving a pension or benefit;
- 80 per cent had a weekly income of less than \$400; and
- 70 per cent were single people or sole parents.

Source: DSS 1997

Community housing comprises dwellings for which:

- funding is provided fully or partly through the Commonwealth/State Housing Agreement (CSHA);
- tenancy management functions are undertaken by not-for-profit organisations;¹ and
- accommodation is of a long-term nature.

The condition of public housing stock and the level of housing assistance provided by State and Territory Governments are reported for the first time.

Also included for the first time are data on community housing indicators. Technical and definitional difficulties precluded the compilation of a complete and comparable set of data for community housing, so results should be interpreted with caution. Nevertheless, a subset of effectiveness and efficiency indicators are reported.

The general quality of public housing data is continuing to improve as State and Territory authorities invest in relevant data collection and storage systems and as a public housing data dictionary is further refined. Despite this, interpretation of the performance results should take account of identified qualifications and footnotes.

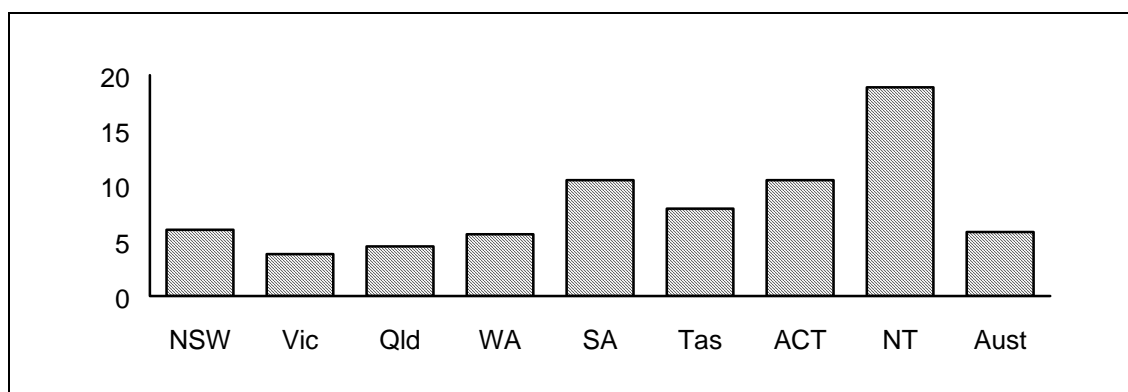
13.2 Profile of public and community housing

13.2.1 Public housing

In 1997, there were around 360 000 public housing dwellings in Australia — approximately 4 per cent of all dwellings. The NT (18.9 per cent), the ACT (10.5 per cent) and SA (10.5 per cent) had the highest proportions of households residing in public housing (Figure 13.1).

¹ The WA and NT Governments are involved in the management of community housing in their jurisdictions.

Figure 13.1: Households residing in public rental housing, 1996
(per cent)

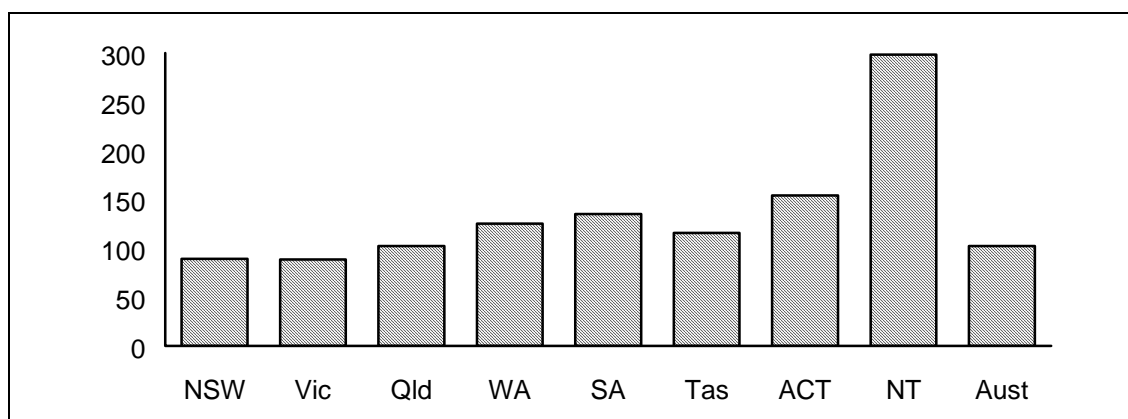


Source: Table 13A.80

In 1995–96, total government expenditure on the provision of public rental housing was about \$1.9 billion (\$5232 per dwelling). Expenditure per person was highest in the NT and lowest in Victoria (Figure 13.2).

CSHA funding for public rental housing assistance totalled \$1.55 billion in 1995–96, of which the Commonwealth Government contributed about 66 per cent and State and Territory Governments contributed the rest (DSS 1997).

Figure 13.2: Total government expenditure on public housing^a,
1995–96 (\$ per person)



^a Including government expenditure on special purpose housing programs — Pensioner Rental Housing Program, Aboriginal Rental Housing Program, Mortgage and Rent Assistance Program, Crisis Accommodation Program and Community Housing Program.

Source: Table 13A.81

13.2.2 Community housing

The community sector has played a relatively small role in the provision of housing assistance in most states and territories. There were around 24 600 community housing dwellings in Australia at June 1996 (DSS 1997) — about 6 per cent of the total public housing stock.²

Both the Commonwealth and State and Territory Governments provide funding for community housing (Box 13.2).

Box 13.2 Models of community housing

A range of different community housing models can be distinguished based on financing arrangements and the extent to which community or government has management responsibility and ownership of the housing stock. Some models are:

- regional housing associations — associations provide property management services and community groups provide support services to tenants;
- leasing — housing stock is owned by housing authorities but managed by community groups;
- housing partnerships — these involve a range of church, welfare and Local Government agencies in joint venture equity arrangements with government;
- housing cooperatives — these incorporate tenant management and maintenance, with housing stock being owned by government, a central finance company or individual cooperatives;
- joint ventures — these partnerships are formed between government and non-government organisations to provide housing;
- community management and ownership — housing is both owned and managed by non-profit or community housing associations;³
- Local Government housing associations — these associations have a particular municipality focus but do not directly manage the housing stock; and
- equity share rental housing — housing stock is wholly owned by housing cooperatives and is leased to tenants who are shareholders in the cooperative and therefore have the rights and responsibilities of cooperative management.

Sources: DHRD 1995; IC 1993

² Community housing data collected for this Report were incomplete, particularly in respect of indigenous community managed housing stock.

³ The form of ownership can vary.

The Commonwealth Government provided grants of \$74.4 million through the Community Housing Program (CHP). The State and Territory Governments were unable to provide accurate data on their level of funding. From July 1996, funding through the CHP formed part of the general CSHA grants for housing assistance. Notwithstanding this change, State and Territory Governments have committed to maintaining community housing funding in their jurisdictions.

Community housing aims to achieve links between housing and services which are best managed at the community level — including disability services and home and community care. Community housing programs vary within and between jurisdictions in their administration and types of accommodation.

13.3 Recent developments in the sector

A number of reforms to housing assistance have been implemented across jurisdictions since 1996. They aim to improve customer service, enhance accountability and move towards common accounting and reporting standards. The pursuit of fully comparable performance information has led housing authorities to improve their data collection and management systems.

Housing Ministers met in June 1997 to consider the reform agenda for public housing authorities and the future of the CSHA. The communique from the conference stated that:

- Ministers recognised the need to develop principles for the long-term future of housing assistance after the end of the interim agreement in 1999, and they would further consider this matter in early 1998;
- Ministers discussed a range of proposals in regard to pricing, tenure arrangements, eligibility and wait list management; and
- while most State and Territory Ministers were able to agree to these proposals, there was a desire on the part of some states and territories to further examine certain aspects. The states and territories are at different stages in addressing the reform agendas and some were not able to agree with some of these proposals.

Other trends in the sector include:

- a focus on commercialisation and accountability (purchaser/provider split);
- improved mechanisms for linking housing with health, family and employment outcomes; and
- an encouragement of private sector involvement in the provision of low-cost housing.

13.4 Framework of performance indicators

13.4.1 Objectives

The general objectives for public housing and community housing services are similar. They aim to enable eligible people to obtain housing that is affordable, secure and appropriate to their needs (Box 13.3).

Box 13.3: Objectives for public housing and community housing

Public and community housing assistance aims to achieve housing for consumers that is:

- affordable — that is, housing costs for a household, after taking into account housing assistance, which do not exceed agreed benchmarks related to income;
- secure — that is, housing assistance which is maintained in accordance with need and which, if changed, continues to meet needs and agreed outcomes for consumers; and
- appropriate — that is, provide a range of forms of housing assistance to meet the different needs of consumers. These include assistance appropriate to household size, household type, special needs and cultural needs.

Assistance will be provided equitably in circumstances of housing need, including to those who experience difficulty accessing the private rental market and other forms of housing.

Assistance will be provided so as to maximise value for money.

It is intended that public rental housing provided to consumers will:

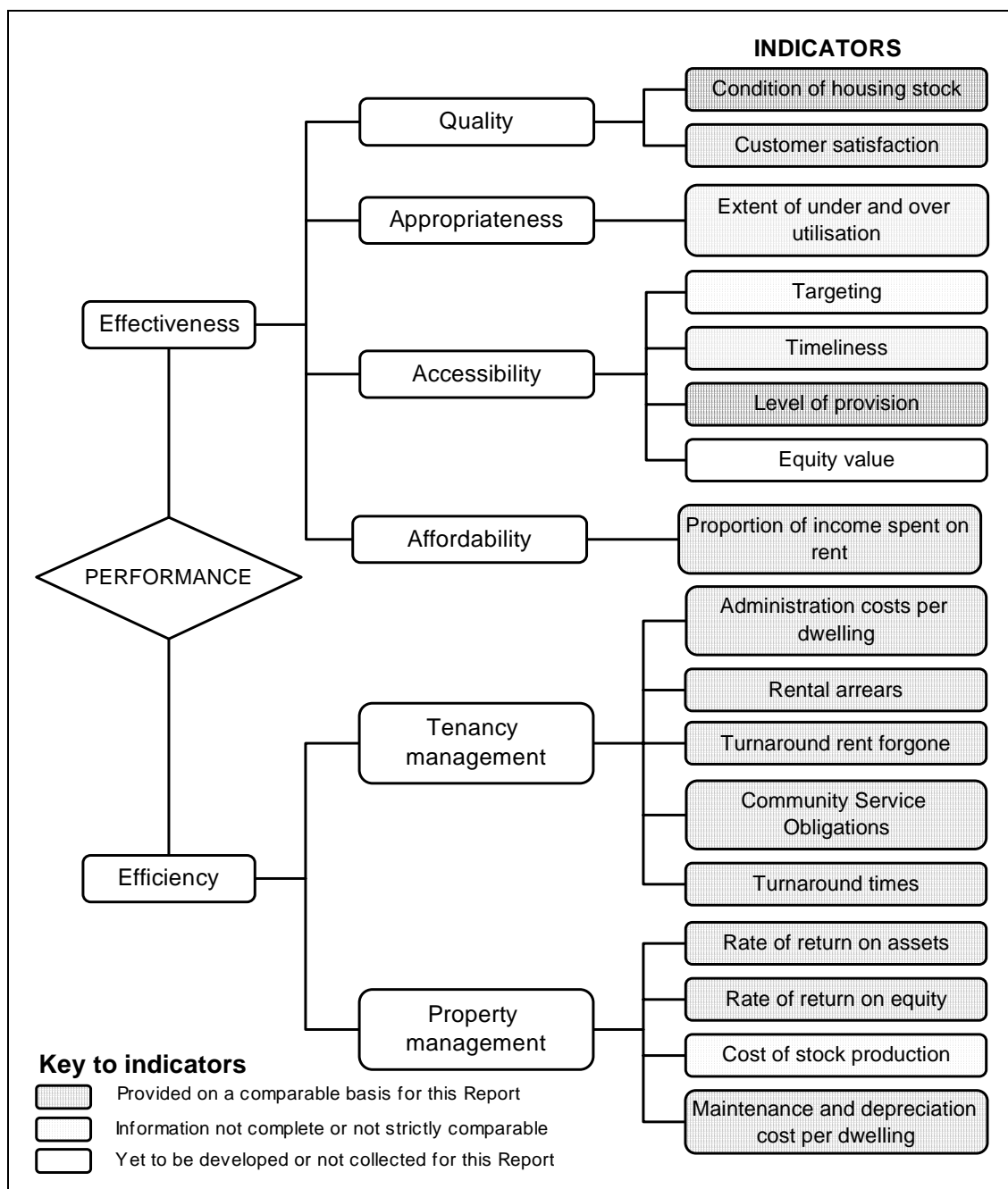
- be located to give access to necessary services, facilities and employment opportunities in accordance with life cycle needs;
- be of an adequate size and amenity for the household;
- be coordinated with any support services that a household may require to live in the community; and
- provide for security of housing tenure subject to residential tenancies legislation and other applicable legislation, however if a consumer is required to move from one dwelling to another, a choice of dwellings and locations appropriate to the consumer's needs will be provided.

Source: CSHA 1996

13.4.2 Public housing

The framework of performance indicators for public housing includes, for the first time, measures for the level of service provision and an indicator for the condition of housing stock (based on information obtained through the public housing customer satisfaction survey) (Figure 13.3). A description of all indicators is provided in Attachment 13A.

Figure 13.3: Public housing performance indicator framework



13.4.3 Community housing

The role of government housing authorities in both management and ownership of community housing varies across jurisdictions, but it is generally less extensive than in public housing.

For community housing, performance, as for other services, is assessed in terms of effectiveness and efficiency. Effectiveness has been interpreted as meaning the provision of community housing that is of a suitable quality, appropriate, accessible and affordable, and meets the needs of tenants. Efficiency relates to unit cost to government of service provision and tenancy management (Figure 13.4).

The application of a single, national performance indicator framework for community housing is made complex by the variety of funding and asset management models that operate across the various jurisdictions.

Work to refine the performance indicators framework is ongoing. Indicators on the rate of return on assets and equity, for example, may not be relevant to the efficiency of government service provision where community groups own the housing stock.

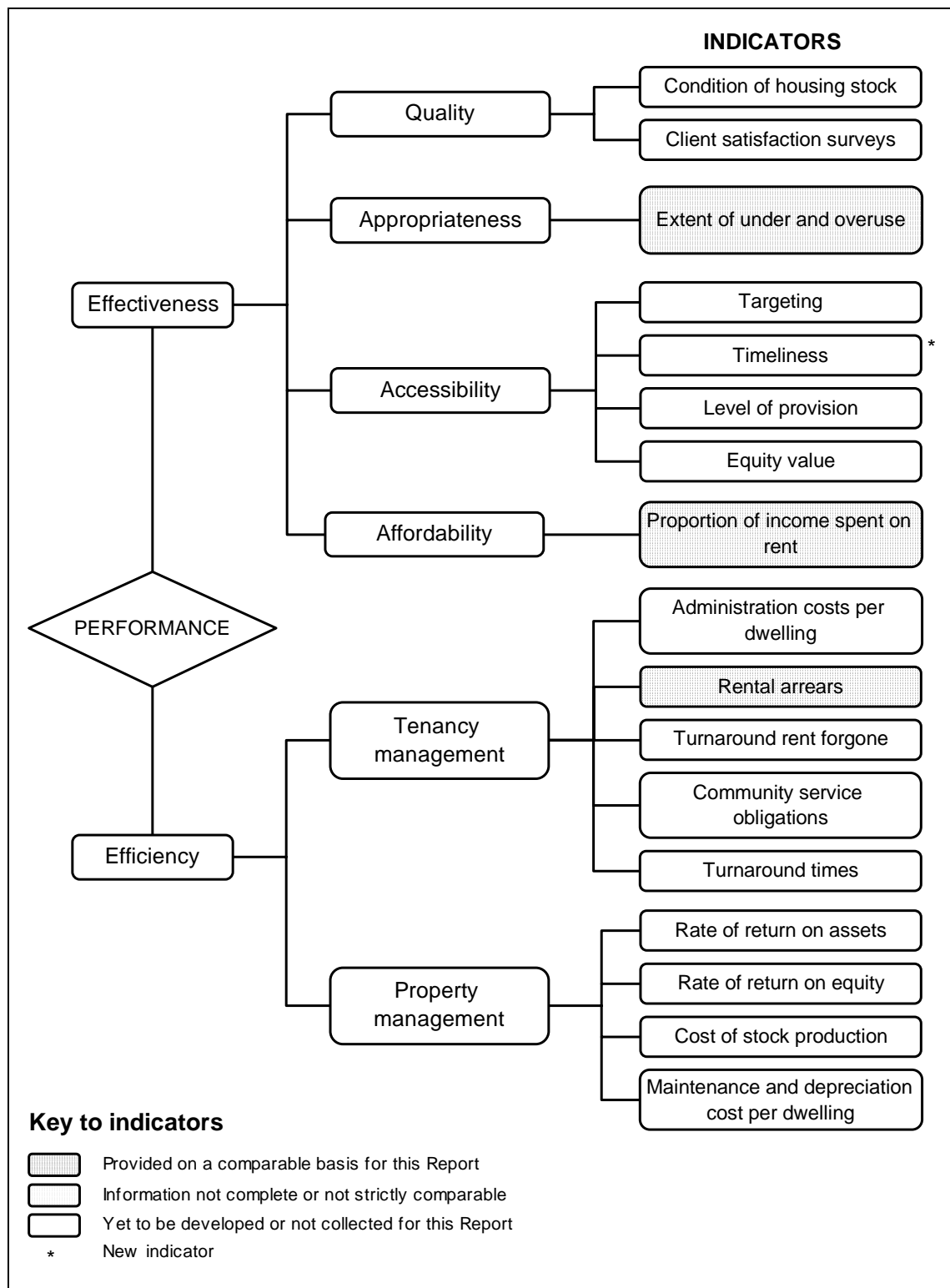
Given the range of community housing providers and data systems, a complete data set for government community housing services has been difficult to obtain. State and Territory Governments, in cooperation with community housing providers, are developing a standardised reporting mechanism to allow more complete reporting in the future.

Given that this is the first attempt at collecting community housing data, only a subset of indicators is reported:

- the match of dwellings to household size — the proportion of dwellings that are overcrowded or underused;
- affordability — the proportion of tenants paying no more than 25 per cent of their assessable income on rent; and
- rent arrears — the proportion of rent outstanding for a specified period of time.

To assist interpretation of the measured performance of community housing services, descriptive data on the size of the sector have also been included where possible.

Figure 13.4: Community housing performance indicator framework



13.5 Future directions

13.5.1 Value of housing stock

Valuations of each jurisdiction's housing stock (a significant data item for the sector) have not been available on a consistent basis. All jurisdictions have recently agreed, however, to implement a consultancy's recommendations on a method of asset valuation. Valuations in line with the recommended approach for all jurisdictions commenced in 1996–97, with full implementation expected in 1997–98 and results to be reported in 1999.

13.5.2 Indigenous people

Indigenous people have access to general housing assistance programs, including public and community housing, as well as the targeted Aboriginal Rental Housing Program.

Jurisdictions were surveyed to gauge how definitions compared and what data existed on indigenous tenants. All jurisdictions indicated that they collect information on self-identified indigenous tenants for public housing and all but Queensland, WA and SA also collected this information for community housing tenants.

All jurisdictions are moving to include indigenous people as clients of mainstream services as a specified focus of analysis and ongoing reporting. The aim is to report a selection of indicators for services to this group in 1999.

13.5.3 Community housing customer survey

The Commonwealth Government is to undertake a community housing satisfaction survey in 1998. The aim of the survey is to develop and test a community housing satisfaction survey based on the current public housing customer satisfaction survey.

The community housing satisfaction survey methodology enable State and Territory housing authorities to fulfil reporting requirements of the CSHA in a manner which is comparable to public rental housing.

13.5.4 Coverage of rent assistance

The two major government housing assistance programs are public housing assistance and rent assistance. This and previous Reports have focused on the

delivery of housing assistance via public housing. Rent assistance, which is a transfer payment provided by the Commonwealth Government, has not been included. However, as rent assistance is an increasingly significant component of the housing assistance system, and like public housing it seeks to address the housing needs of low-income households, the Steering Committee has asked its Housing Working Group to review the inclusion of rent assistance in the Report. In this context, it would also be appropriate to reconsider the treatment of community housing in future reports.

13.6 Key performance indicator results — public housing

The effectiveness of public housing is determined by its quality, affordability, appropriateness and accessibility.

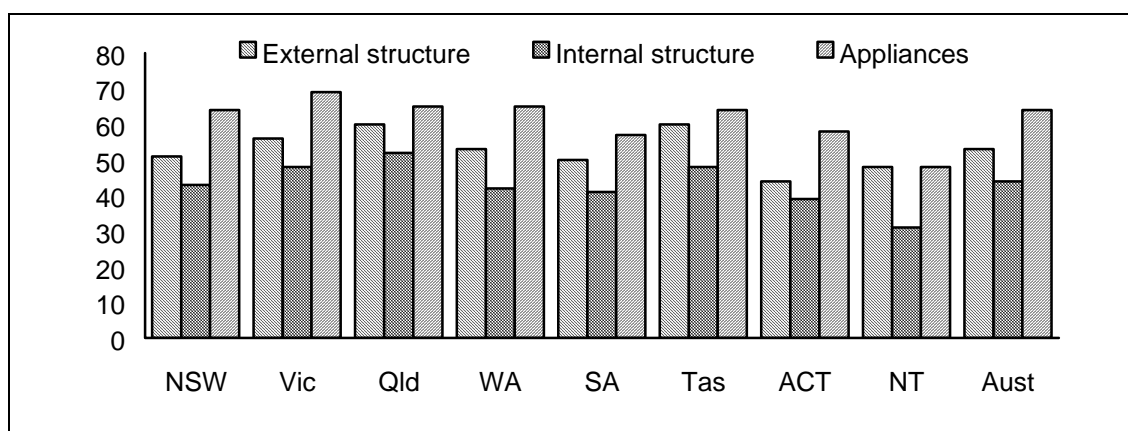
13.6.1 Quality — condition of housing stock

Housing stock condition is reported here for the first time. An indirect measure — tenant assessments of the condition of their homes as part of a national satisfaction survey undertaken in 1997 (Donovan Research 1997) — is reported.

The proportion of public housing tenants surveyed rating dwelling condition as *good* was higher than the national average for:

- external and internal structure in Victoria, Queensland and Tasmania;
- appliances in Victoria, Queensland and WA;
- security in NSW, Victoria, Queensland, WA and Tasmania; and
- surrounds in NSW, Victoria, Queensland and WA (Figure 13.5).

Figure 13.5: Tenants rating housing stock condition as good, 1997 (per cent)



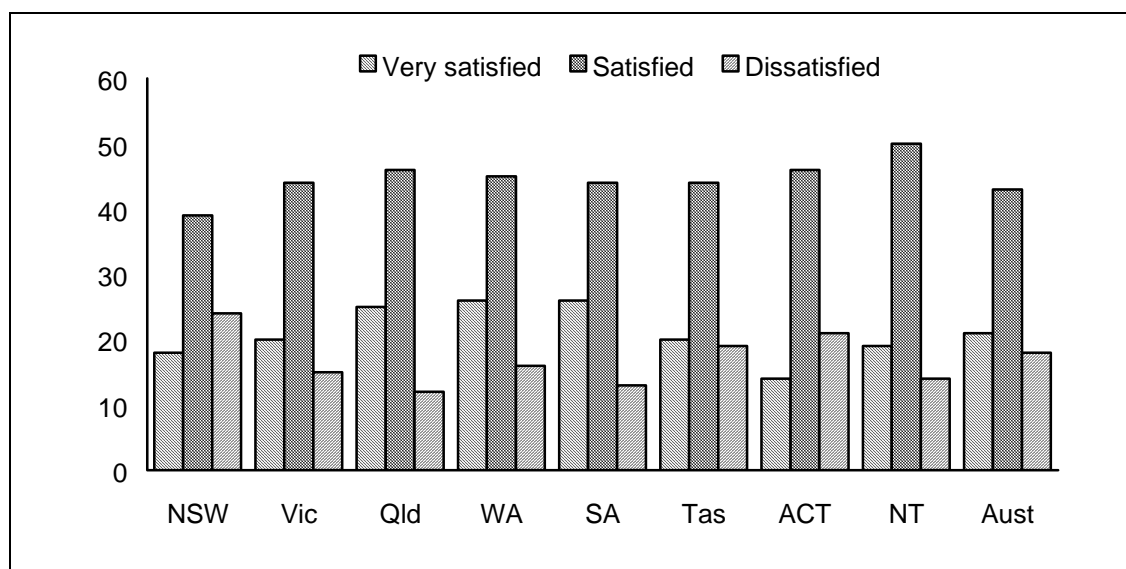
Source: Table 13A.3

13.6.2 Quality — general customer satisfaction

Some of the more general results of the satisfaction survey were:

- Queensland, WA and SA had proportions of tenants surveyed who were very satisfied above the national average;
- NSW, Tasmania and the ACT had proportions of surveyed tenants who were dissatisfied higher than the national average;
- the proportion of surveyed tenants who were satisfied in the NT increased by 8 percentage points from the level in 1996 (to reach 50 per cent); and
- the proportion of surveyed tenants who were dissatisfied in Victoria fell by 5 percentage points from the level in 1996 (to reach 15 per cent) (Figure 13.6).

Figure 13.6: Tenant satisfaction, 1997 (per cent)



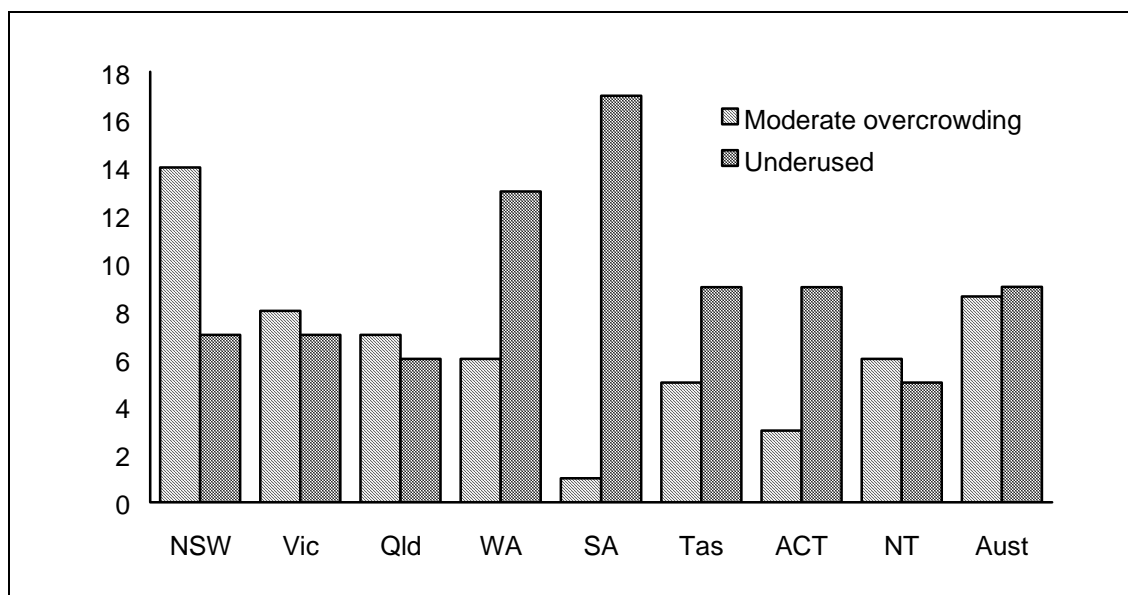
Source: Table 13A.2

13.6.3 Appropriateness — extent of over and underuse

Indicators of appropriateness — how well the rental dwellings match household size — are overcrowding and underuse. The NT had the best match of household size to dwelling size in 1996–97. NSW had the highest proportion of moderately overcrowded dwellings (14 per cent) and SA had the highest proportion of underused dwellings (17 per cent).

Nationally, dwellings that were moderately overcrowded increased to 8.6 per cent (from 6 per cent in 1995–96) (Figure 13.7).

Figure 13.7: Moderately overcrowded or underused public housing dwellings, 1996–97 (per cent)



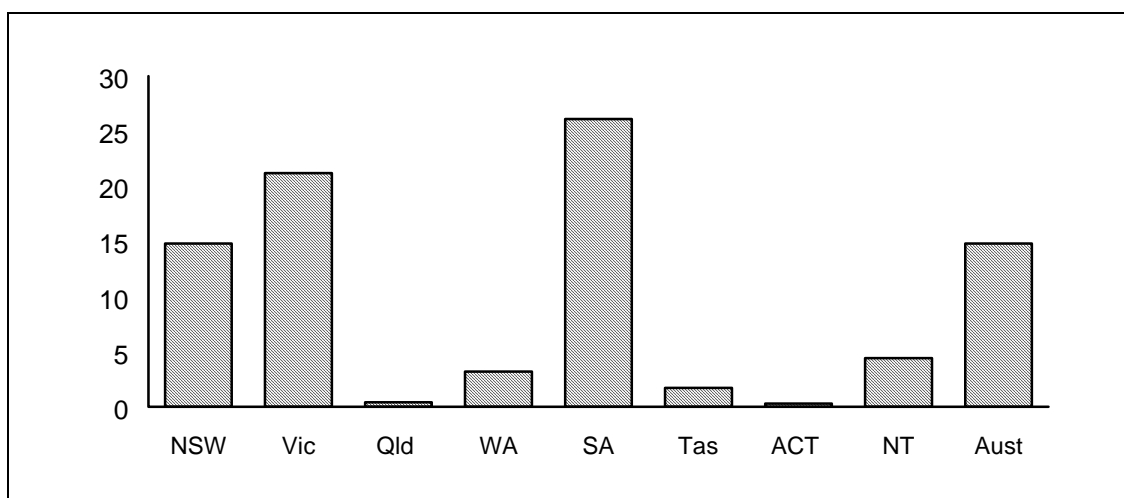
Sources and notes: Tables 13A.8; 13A.17; 13A.26; 13A.35; 13A.44; 13A.53; 13A.62; 13A.71

13.6.4 Accessibility — timeliness

Waiting lists partly reflect the extent to which housing authorities meet the demand for housing assistance. However, they may also reflect applicants' willingness to wait for public housing dwellings in particular locations, differing eligibility criteria and the frequency with which authorities confirm that applicants remain current (that is, that they are still seeking public housing).

Twenty-six per cent of households seeking public housing in SA in 1996–97 had been waiting five years or more, whereas very few households in Queensland and the ACT had been waiting for the same period (Figure 13.8).

Figure 13.8: Public housing applicants waiting for five or more years, 30 June 1997 (per cent)



Sources and notes: Tables 13A.9; 13A.18; 13A.27; 13A.36; 13A.45; 13A.54; 13A.63; 13A.72

13.6.5 Accessibility — level of provision

An indicator of the level of housing assistance provision is reported for the first time — actual provision compared to the level of provision agreed between the State, Territory and Commonwealth Governments. As at 30 June 1997, NSW and Queensland had exceeded their agreed level of provision while Victoria and SA had the largest shortfall (Table 13.1).⁴

Table 13.1: Public housing provision as a proportion of the agreed level of provision, 30 June 1997 (per cent)

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>WA</i>	<i>SA</i>	<i>Tas</i>	<i>Act</i>	<i>NT</i>	<i>Aust</i>
Provision relative to agreed level	101	98	101	99	98	99	99	99	98

Sources and notes: Tables 13A.8; 13A.17; 13A.26; 13A.35; 13A.44; 13A.53; 13A.62; 13A.71

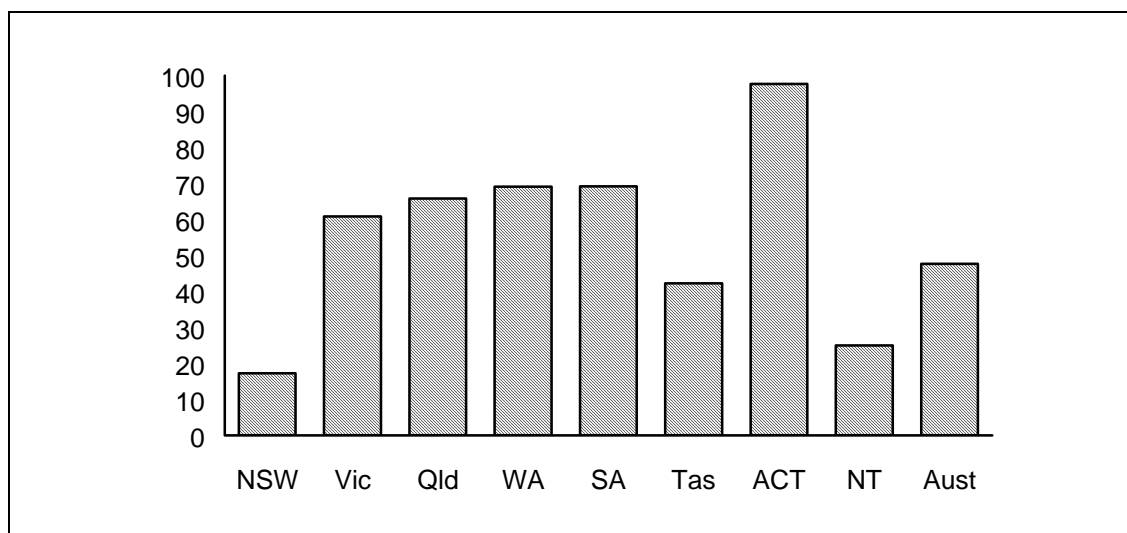
13.6.6 Affordability — proportion of income spent on rent

Almost all rebated households in Australia paid no more than 25 per cent of their assessable income in rent in 1996–97. However, the proportion of tenants

⁴ The number of newly allocated households to be assisted was negotiated by each State and Territory Government with the Commonwealth Government at the beginning of each year under the terms of the CSHA.

paying 20 to 25 per cent of their assessable income in rent significantly varied between jurisdictions. The proportion was highest in the ACT (98 per cent) and below the national average in NSW (17 per cent), Tasmania (42 per cent) and the NT (25 per cent) (Figure 13.9).

Figure 13.9: Public housing tenants paying between 20 and 25 per cent of their assessable income in rent, 1996–97 (per cent)



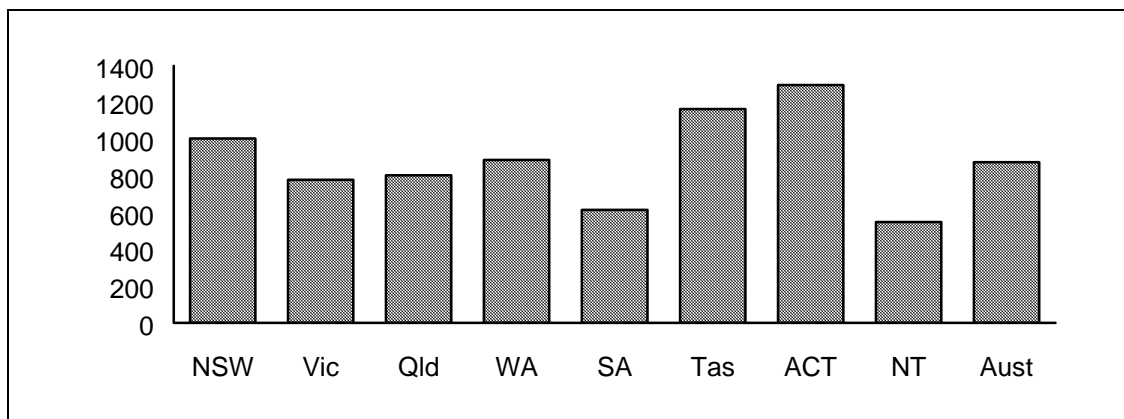
Sources and notes: Tables 13A.8; 13A.17; 13A.26; 13A.35; 13A.44; 13A.53; 13A.62; 13A.71

13.6.7 Tenancy management — administration costs per dwelling

Some differences in indicator results for jurisdictions may reflect different counting and reporting rules for generating financial data. Differences may also reflect the treatment of various expenditure items (for example, superannuation). Some jurisdictions had difficulty in separating administration costs for public housing from administration costs for other housing assistance activities. Thus care should be taken in comparing public housing administration costs across jurisdictions. It is anticipated that this shortcoming will be overcome in future data collections as the scope of reporting on housing assistance widens and as counting rules are refined.

Administration costs per dwelling were higher than the national average in the ACT (\$1296), Tasmania (\$1165), NSW (\$1004) and WA (\$887) and lowest in the NT (\$550) and SA (\$616) in 1996–97 (Figure 13.10).

Figure 13.10: Administration costs per dwelling, 1996–97 (\$) ^a



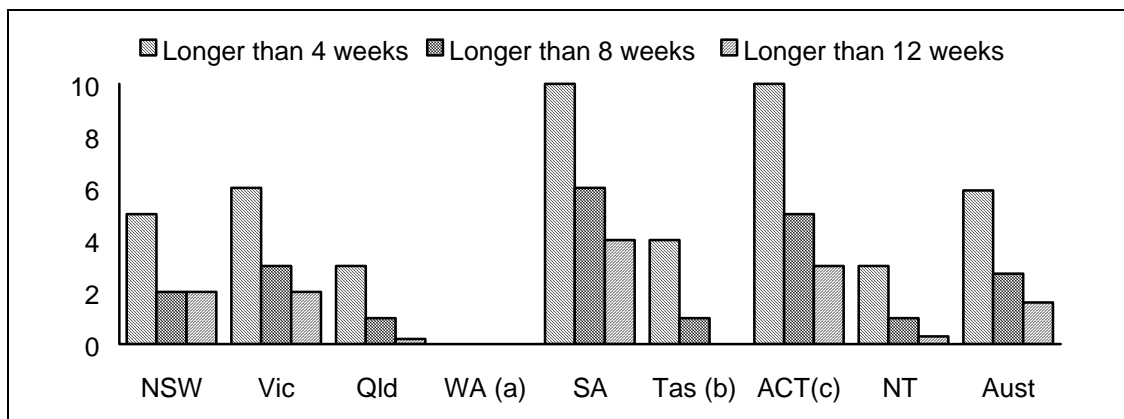
a The coverage of administration costs varies between jurisdictions.

Sources and additional notes: Tables 13A.10; 13A.19; 13A.28; 13A.37; 13A.46; 13A.55; 13A.64; 13A.73

13.6.8 Tenancy management — rent arrears

Rent in arrears represents a financial burden to housing authorities. SA and the ACT had rent in arrears for the longest periods as at 30 June 1997 (Figure 13.11). All jurisdictions collected more than 98 per cent of rent charged.

Figure 13.11: Public housing with rent in arrears, 30 June 1997 (per cent)



a Rent arrears data for WA were non-comparable.

b Tasmanian data for rent arrears of more than 12 weeks included in data for periods greater than 8 weeks. Community and Aboriginal data not able to be separated from public rental data.

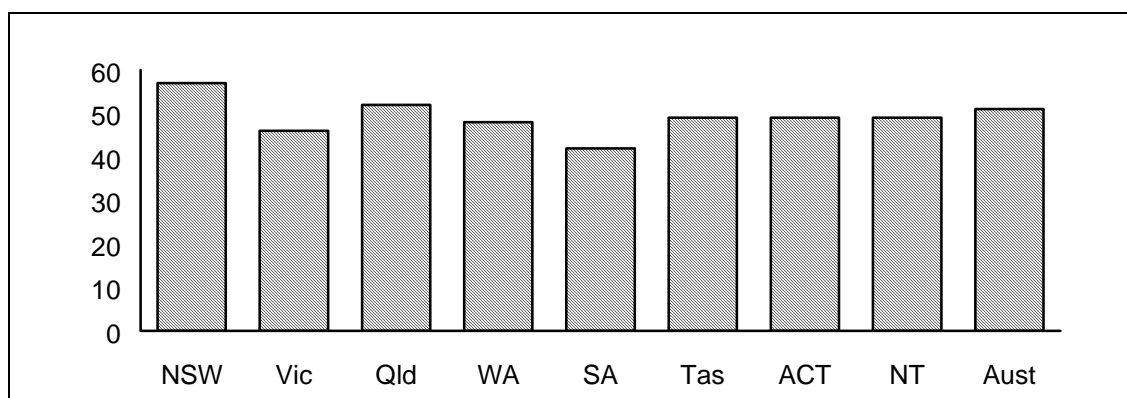
c Data sourced from ACTH Debt Management Unit 30 June 1997 debt analysis report. Total provided from data captured on 30 June 1997, excluding properties identified in community housing collection.

Sources: Tables 13A.12; 13A.21; 13A.30; 13A.39; 13A.48; 13A.57; 13A.66; 13A.75

13.6.9 Tenancy management — community service obligations

Community service obligations — market rent less rent charged — indicate the extent to which governments subsidise tenants in public rental housing. They varied from 42 per cent of market rent in SA to 57 per cent of market rent in NSW (Figure 13.12).

Figure 13.12: Community service obligations, 1996–97 (per cent)

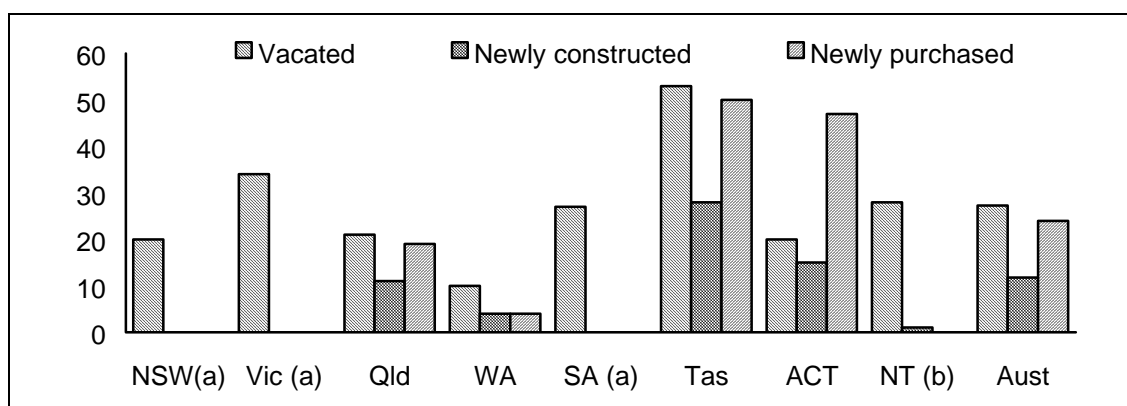


Sources: Tables 13A.10; 13A.19; 13A.28; 13A.37; 13A.46; 13A.55; 13A.64; 13A.73

13.6.10 Tenancy management — turnaround times

The speed with which jurisdictions re-let vacant housing stock has an impact on the extent of housing services provided for a given housing stock. It also affects the rent forgone as a result of stock being without tenants. In 1996–97, average turnaround times — the main source of vacant premises — were highest in Tasmania (53 days) and Victoria (34 days) and lowest in WA (10 days), NSW and ACT (20 days each) (Figure 13.13).

Figure 13.13: Average turnaround times, 1996–97 (days)



a Data for newly constructed/ newly purchased dwellings for NSW, Victoria and SA were not available.

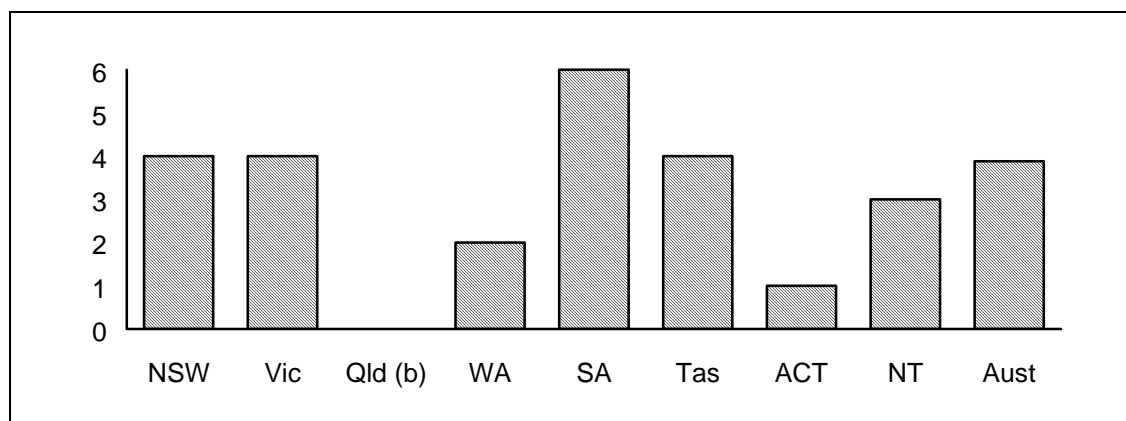
b The NT had no turnaround time for newly purchased dwellings.

Sources and additional notes: Tables 13A.12; 13A.21; 13A.30; 13A.39; 13A.48; 13A.57; 13A.66; 13A.75

13.6.11 Property management — rate of return on assets

The national average rate of return on equity held in public housing stock was 4 per cent in 1996–97 and most jurisdictions were within 2 percentage points of this rate. SA received the highest average rate of return on equity (6 per cent) and the ACT received the lowest (1 per cent) (Figure 13.14). Note that rates of return should be compared with care because different depreciation policies applied across jurisdictions.

Figure 13.14: Average rate of return on equity, 1996–97 (per cent)^a



a Policies for depreciation varied between jurisdictions.

b Queensland data were not available because a new stock valuation system was implemented in 1997.

Sources and additional notes: Tables 13A.10; 13A.19; 13A.28; 13A.37; 13A.46; 13A.55; 13A.64; 13A.73

13.6.12 Property management — cost of stock production and cost of purchase

Housing authorities construct, lease and purchase dwellings. The average cost of construction and purchase of housing stock is affected by location and the value of land, but it can be useful to compare the relative costs of construction and purchase across jurisdictions.

Across all sized dwellings, on average NSW, SA and the NT had the greatest difference between construction and purchase costs, with purchase costs being significantly higher in these cases. Construction costs in Victoria and Tasmania, on average, exceeded purchase costs (Table 13.2).

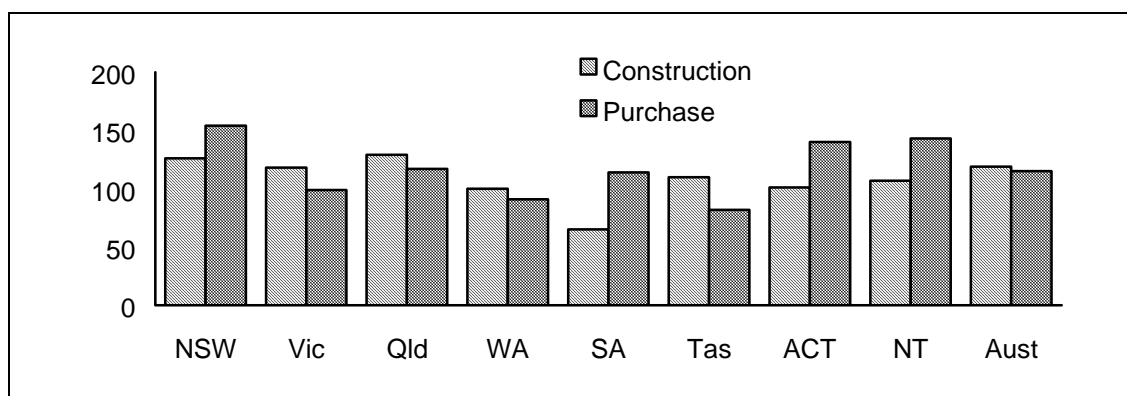
Table 13.2: Average cost of construction and cost of purchase of public housing stock, 1996–97 (\$'000)

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>WA</i>	<i>SA</i>	<i>Tas</i>	<i>ACT</i>	<i>NT</i>	<i>Aust</i>
<i>One bedroom</i>									
Construction	71	87	89	79	65	138	108	0	81
Purchase	150	81	98	0	51	0	117	0	105
<i>Two bedroom</i>									
Construction	126	118	129	100	65	110	101	114	119
Purchase	154	99	117	91	114	82	140	143	115
<i>Three bedroom</i>									
Construction	143	156	161	117	72	141	86	172	137
Purchase	181	121	133	109	130	102	116	198	140
<i>Four bedroom</i>									
Construction	166	153	166	130	0	0	129	0	149
Purchase	232	161	145	119	0	124	157	0	158
<i>Average</i>									
Construction	100	107	116	104	69	123	105	119	106
Purchase	173	99	129	105	121	92	124	161	128

Sources and notes: Tables 13A.11; 13A.20; 13A.29; 13A.38; 13A.47; 13A.56; 13A.65; 13A.74

Nationally, the costs of construction and cost of purchase of two-bedroom houses, one of the most common types of dwellings constructed/purchased by housing authorities, were similar in 1996–97. However, the jurisdictions with the biggest construction and purchasing programs, NSW and Victoria, had reverse relative costs of construction and purchase. Construction was considerably cheaper in NSW while the cost of purchase was lower in Victoria. Note that the small number of dwellings constructed or purchased in some jurisdictions (SA, Tasmania, the ACT and the NT) meant that their cost data may not be representative of the general picture in those jurisdictions (Figure 13.15).

Figure 13.15: Average cost of construction and cost of purchase of two-bedroom public housing stock, 1996–97 (\$'000)



Sources and notes: Tables 13A.11; 13A.20; 13A.29; 13A.38; 13A.47; 13A.56; 13A.65; 13A.74

13.7 Key performance indicator results — community housing

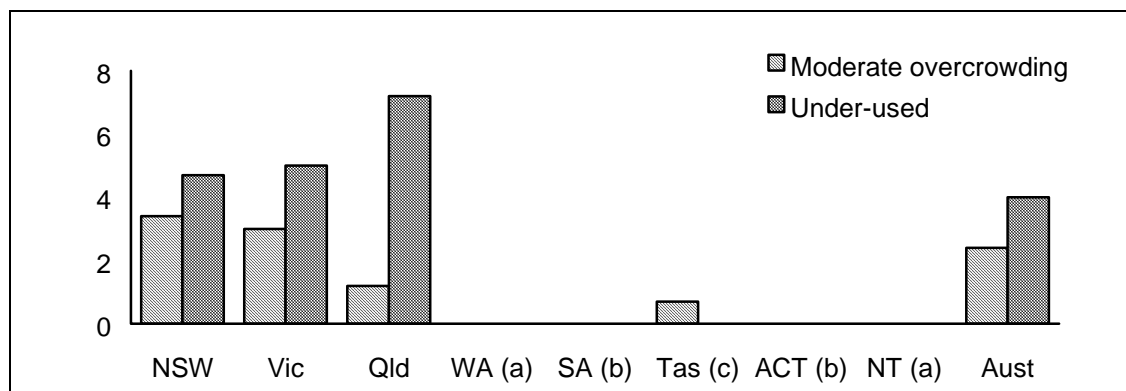
This Report provides data on only a subset of indicators for effectiveness of community housing — appropriateness and affordability of services.

13.7.1 Appropriateness — extent of over and underuse

Indicators of appropriateness — that is, how well the rental dwellings match household size — are overcrowding and underuse.

In 1996–97, SA and the ACT had the best match of household size to dwelling size with no dwellings moderately overcrowded or underused. Tasmania had no underused dwellings. The highest proportion of moderately overcrowded dwellings was in NSW and the highest proportion of underused dwellings was in Queensland (Figure 13.16).

Figure 13.16: Community housing dwellings moderately overcrowded or underused, 1996–97 (per cent)



a Data for WA and NT were not available.

b SA and the ACT had no dwellings that were moderately overcrowded or underused.

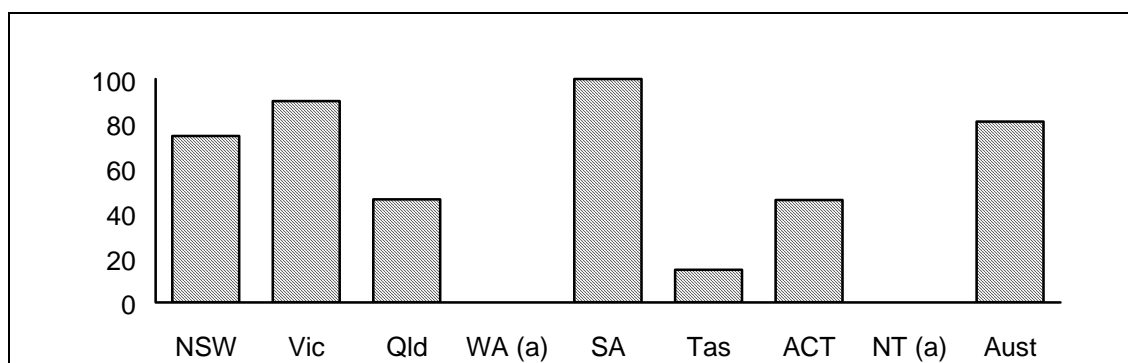
c Tasmania had virtually no dwellings that were underused.

Source: Table 13A.77

13.7.2 Affordability — proportion of income spent on rent

Most community housing tenants paid no more than 25 per cent of their assessable income in rent in 1996–97. The proportion of tenants paying 20 to 25 per cent of their assessable income in rent varied between jurisdictions. This proportion was highest in SA (100 per cent) and lowest in Tasmania (14.7 per cent) (Figure 13.17).

Figure 13.17: Community housing tenants paying 20 to 25 per cent of their assessable income in rent, 1996–97 (per cent)



a Data from WA and NT were not available.

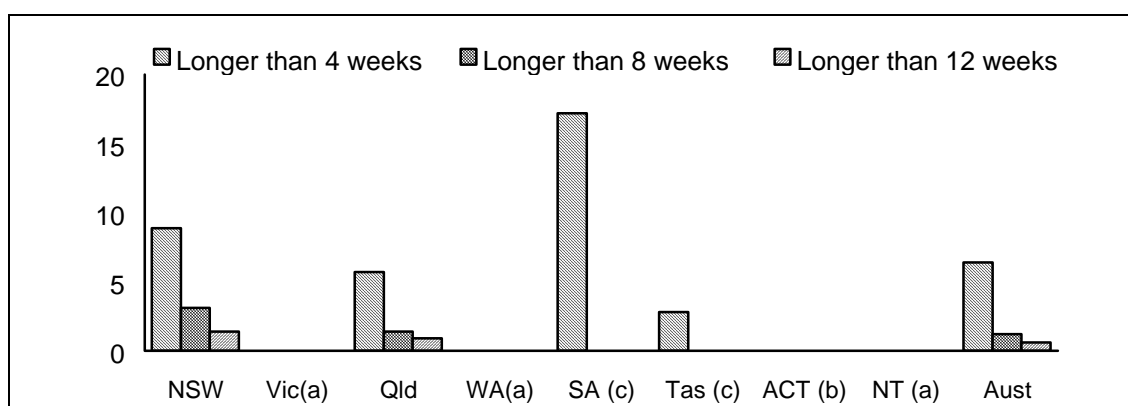
Source: Table 13A.77

13.7.3 Tenancy management — rent arrears

State and Territory Governments have limited responsibility in relation to rent collection practices in the community housing sector. This is because the delivery of community housing is mainly undertaken by not-for-profit organisations.

Rent arrears is the only community housing indicator of efficiency included in this Report. The ACT had no tenants in arrears while SA and Tasmania did not have tenants in arrears for periods longer than eight weeks as at 30 June 1997. SA had the highest proportion of tenants in arrears for periods of longer than four weeks (Figure 13.18).

Figure 13.18: Community housing with rent in arrears, 30 June 1997 (per cent)



a Data for Victoria, WA and NT were not available.

b The ACT had no tenants in arrears.

c SA and Tasmania had no tenants in arrears for periods longer than 8 weeks.

Source: Table 13A.79

