What has happened to Australia’s public housing? Thirty years of policy and outcomes, 1981 to 2011

Lucy Groenhart and Terry Burke

Abstract

This paper uses the release of the 2011 Australian Bureau of Statistics (ABS) census results and other recent and historical data sets to explore how Australian public housing has changed over the period 1981–2011. It summarises the contextual factors that have influenced housing provision and consumption in Australia over the past thirty years. The overall supply trends by tenure for Australia and each capital city are set out, followed by analysis of the demographics of public housing tenants, including age, household type, income, mobility, and workforce participation. Issues identified in the paper include insufficient stock and increasingly targeted households, representing a social and financial problem for housing agencies. The current stock is ill-adapted to tenants’ needs; if housing agencies re-profile the housing to meet such needs, then they risk creating inflexible stock. The paper concludes with reflection on the future of public housing in Australia.

Keywords: public housing, Australia
Introduction

The supply of public housing is crucial in ensuring one platform of any society’s social safety net: adequate shelter that is affordable and appropriate. The contribution of housing policy to political and social stability has been acknowledged from the inception of public housing in Australia (Australian Institute of Urban Studies 1975; Ministry of Post War Construction 1944). Australian housing assistance policy has mirrored international trends in jurisdictions where private home ownership is now the dominant tenure form, such as the United States (US), the United Kingdom (UK), and New Zealand. The overarching policy framework in these countries, and Australia, favours home ownership, as well as a growing private rental market.

Within this context, direct government support through publicly owned and managed housing has been a feature of housing policy in these jurisdictions – and Australia – since the early the 20th century (von Hoffman 2009). In Australia, public housing gained policy momentum in 1943 with the Commonwealth Government’s Housing Commission established to examine and recommend solutions to Australia’s housing problems. The report set a national target of 80,000 new public housing dwellings per year. The Commonwealth Government funded the housing using its superior revenue-raising capacity, and the state governments had responsibility for constructing and managing the housing through State Housing Authorities (SHAs) (Berry 1988). At its inception, public housing in Australia was not means-tested and was designated ‘for those who were in need of proper housing … and who … did not desire or were unable to purchase their own homes’ (Australia 1945). Fifty years later, public housing was directed towards those with an acute housing need, rather than being an alternative choice to home ownership or private rental (Foard, Karmel, Collett, Bosworth & Hulmes 1994, p. 8).

Previous research has qualitatively documented the major contextual factors that have shaped public housing provision and consumption over recent decades (Groenhart 2013; Jacobs, Atkinson, Colic Peisker, Berry & Dalton 2010), while those seeking an even longer term historical context should read Troy (2012) or Hayward (1996). This paper extends this body of research with a quantitative analysis of changes to public housing supply and consumption over a thirty year period. The analysis is framed within a changing policy and socio-economic context, and seeks to contribute both to empirical knowledge and critical debates about public housing in Australia.

The paper begins from the premise that housing is a fundamental contributon to household welfare, and therefore the shifting role of public housing within the housing system in Australia has wide-ranging implications for social policy. We have used the release of the 2011 Australian Bureau of Statistics (ABS) census results and other recent and historical data sets to explore how Australian public housing has changed from 1981 to 2011. The paper is structured as follows. The next section summarises the contextual factors that have influenced public housing provision and consumption over the past thirty years. The
overall supply trends by tenure for Australia and each capital city are set out, followed by an analysis of the changing demographics of public housing tenants, including age, household type, income, mobility, and workforce participation. The paper concludes with reflection on the future of public housing in Australia.

Policy context

The following discussion provides a brief summary of major housing policy in Australia, and program changes that have implications on the patterns of change observed in the subsequent analysis, as well as those that have occurred in the broader housing market.

Ideological shifts

The policy changes in Australian public housing took place within a wider shift in the role of government in the 1981 to 2011 period. This shift – the neoliberal turn – has occurred in many other countries besides Australia. Traditional, hierarchical, bureaucratic forms of public administration that had dominated for much of the 20th century were wound back and replaced with new models of management (Hughes 1998; Norman & Stace 1998). Although it manifested differently between countries and areas of policy, the main elements of the neoliberal turn in government can be summarised as: an overriding belief in the efficiency of free markets and the negative impact of government interventions on the economy; a commitment to reducing government regulation and privatising services provision; and the reduction of taxes and transfers (Berry 2013). Applied to housing policy, the neo-liberal turn has been expressed though the tightening of expenditure on public housing in Australia, the US, the UK, and New Zealand, among others (Husock 1997; Mullins & Murie 2006; Murphy 2003). This is part of a movement to reduce welfare expenditure on the basis that it ‘undermines economic competitiveness while leading to the culture of dependence for those it provides for’ (Jacobs, Atkinson, Spinney, et al. 2010, p. 4).

The neoliberal turn has also been applied to housing through the sale of public assets and reliance on the private sector for rental accommodation provision. In the US, the HOPE VI Federal project saw 63,100 public housing units demolished between 1992 and 2002, with housing allowances provided to enable some of the residents to move to the private rental market (Popkin et al. 2004). In the UK, public housing stock was transferred to arms-length housing associations, and public landlords became increasingly reliant on private finance (Bramley, Munro & Pawson 2004). From 1990, New Zealand embarked on radical reform of its public housing system, with the creation of the profit-orientated Housing New Zealand Corporation to manage state-owned housing, market rents for public housing, and housing allowances to move low-income households into the private rental sector (Murphy 2003). These international trends also occurred in particular forms in Australia, as set out below.
Declining funding

Consistent with the ascendant economic and social management philosophy of neoliberalism, direct housing provision fell out of favour in the 1980s. As in other jurisdictions, housing allowances – whereby tenants could be assisted to rent in the private market – were preferred (Hulse & Kemp 2007). In Australia, housing allowances though Commonwealth Rent Assistance (CRA) outstripped public housing expenditure by 1998, with the gap widening so that by 2008 CRA expenditure was twice public housing expenditure (Figure 1). The major mechanism for the funding of public housing up until 2008, the Commonwealth State Housing Agreement (CSHA), had its funding reduced from 2002. At the same time the Commonwealth Government initiated program reforms and performance measurements, which ramped up the cost of housing delivery (Hall & Berry 2007). Data is not comparable post-2008, when a Labor government at the Commonwealth level replaced the CSHA with a National Affordable Housing Agreement (NAHA). The NAHA included a number of other programs for the first time, such as a program addressing homelessness, so that it is difficult to identify the funding amounts for public housing only. As a result of policy responses to the Global Financial Crisis (GFC), the period from 2008 to 2011 saw a large amount of economic stimulus funding channelled into public housing (Groenhart 2013). The net effect was to take public housing spending back to pre-1980s levels for a short time. However, most of the changes revealed by the census data in this analysis have been driven by the pre-GFC funding environment.

Figure 1: Public housing (CSHA) vs. private rental allowance (CRA) expenditure, 1998–2008

The funding environment was not uniform across states and territories. The CSHA funds were provided on a per capita basis and not on the level of need or number of public housing units in each of the jurisdictions (Hall & Berry 2007). States with higher proportions of public housing and more associated costs
received no financial recognition for this. Moreover, the debt levels that SHAs held were different, with some over this period having none and others, such as South Australia, holding quite substantial debt (McNelis & Burke 2006). Prior to 1989, the CSHA allowed states to borrow, and states including South Australia did so to meet the public housing need (McNelis & Burke 2006). The ability to repay these loans was then diminished by targeting (see below), which reduced rental income by the overall contraction in CSHA funding, by rising costs, and by a funding formula unrelated to stock size.

**Increased targeting**

One of the most influential policy and program changes from the 1980s onwards was targeting. The process occurs in three ways: by narrowing the eligibility criteria for public housing, by creating allocation mechanisms with which to choose from the wait list those in greatest need, and by creating punitive rent systems that encourage the exit of higher income households from public housing. Over the 30-year period, Australian public housing jurisdictions have evolved allocation systems that have had major impacts on who accesses public housing (Hulse & Burke 2005). In the early 1990s, a shift from cost rents to market rents (a private rental equivalent rent) removed the incentive for higher income households to remain in public housing (McNelis & Burke 2006). Community housing providers, who for much of this era were very small, had their own allocation systems and were typically less targeted, in part because of a need to be financially sustainable. The most visible measure of targeting is the proportion of public tenants who pay a rebated rent. A rebated rent is one where the household pays a fixed proportion (for most of the analysis period 20 to 25 per cent) of their income rather than a cost or market rent. In the early 1980s around 60 per cent of tenants were on a rebated rent, but with targeting this increased to 90 per cent in 1996/97 and has hovered slightly below this level since (Australian Institute of Health and Welfare 2005–2009).

**Restructured housing markets**

Changes to the public housing system have occurred within a much broader restructuring of Australian housing markets from the 1980s. Inner city areas characterised by a relatively high percentage of affordable rental stock began to gentrify into higher income rental and ownership locations from the 1960s, with this process accelerating through the 1980s and 1990s (Dodson 2012; Kendig 1979). This has constrained the ability of Australian public housing agencies to purchase or build in the inner city areas, and created pressures to sell some of their now valuable existing stock.

Successive studies (Wulff 1991; Wulff, Arunachalam, Reynolds & Yates 2009) have also documented the growing inability of the private rental sector to provide supply increases at the low-cost end of the housing market. By 2006 there was a national rental stock shortage of 138,000 dwellings, with the biggest shortages in Sydney (-44,500), Melbourne (-40,200) and Brisbane (-19,100) (Wulff et al. 2009, p. 2). There has been significant growth in private investment in the rental sector over this period, but as Wood has shown, much of it is
caused by a tax incentive (negative gearing), which encourages investment at the higher value end of the market (2001). The effect has been to create intense competition between tenants at the bottom end of the private market with very low vacancy rates and increasing rents. One result of the tight rental market, particularly at the low end, is the reduced ability of public housing tenants to exit into the private sector. For example, as the Victorian Department of Human Services (DHS) rental report showed in December 2011, only 10 per cent of available rentals were affordable for DHS public housing client groups, of which the bulk was 3 and 4-bedroom properties on the urban fringe (DHS 2011).

As observed earlier, the community sector was of little importance in Australia for the first forty years of post-war public housing. It only emerged on any scale following the Local Government and Community Housing Program of 1984 and slowly built momentum (Bisset, Dalton & Lawson 1994). This occurred in different forms across jurisdictions through the 1990s. The 2000s saw more rapid growth fuelled by the ability to access CRA, not pay Goods and Services Tax, and borrow on the open finance market (all not available to public housing). All this meant community housing providers could leverage more new development for a given dollar than if the money was spent on public housing (Milligan, Gurran, Lawson, Phibbs & Phillips 2009). This precipitated money being diverted from the CSHA and later NAHA for new growth and, in some jurisdictions, the transfer of stock from public housing to community housing. Particularly in the last decade, changes in the supply of public housing are thus directly related to supply increases in the community sector.

These shifts in funding, targeting, community housing and broader housing markets inform the trends in public housing supply and consumption set out below. A gap in Australian housing literature is the ‘politics’ of housing. The funding of housing research – through the Australian Housing and Urban Research Institute (AHURI) – has been for evidence-based problem identification. Given the Commonwealth government and the SHAs fund AHURI, there has been little interest into research on how the exercise of power, industry lobbying and rent seeking has shaped housing debate. At the same time, more non-AHURI funded research has been undertaken by the large accounting firms and think tanks (see, for example Kelly, Breadon & Reichl 2011; KPMG 2012). These organisations either have no interest in the analysis of the political context of housing provision, or have a vested interest in structuring a particular interpretation of policy and politics. This paper does not address these issues. However, the analysis presented here on changing public housing supply and consumption seeks to provide an empirical foundation for further research into the politics of housing in Australia.

Data sources and definitions

The ABS Census of Population and Housing (‘the census’) is a major source of data about housing and the socio-economic context of housing over time. This paper uses the 1981, 1996 and 2011 censuses (ABS 1981; 1996; 2011a). The census data has been customised to include a number of demographic and
dwelling characteristics by tenure for each of the three years, for Australia and the six state capitals. Over three decades the boundaries of the capital cities have changed quite markedly due to urban growth. The geography for the capital cities was made constant using the 2011 Greater Capital City Area boundaries (GCCA). This paper focus on capital cities rather than regional areas. Two thirds of Australia’s public housing was located in capital cities in 2011 (ABS 2011b). Analysis of public housing in Australia’s rural and regional areas can be found in Dufty (2007).

Census data is an alternative to the information provided about public housing by the Productivity Commission in its ‘Annual Report on Government Services’ (SCRGSP 2012) and by the Australian Institute of Health and Welfare’s ‘Housing Assistance Overview’ (AIHW 2006–2009). Their data relies on performance reporting and client information from SHAs and community housing agencies, whereas census data is built up from observations provided by households occupying public housing. The two different types of data source do not mesh perfectly, as households’ observations can differ from the documentation of official records. For example, in 2011 the census recorded 314,000 public rental dwellings, while the Productivity Commission reported 331,000 dwellings, of which at any one time around two per cent may be unoccupied (SCRGSP 2012). This suggests that the census is correctly capturing around 97 per cent of public sector dwellings. The census does not provide information on sources of household income. Therefore, the census data in the section on public housing consumption is supplemented with information on income sources for public tenants from the ABS Survey of Income and Housing for 1981/2 and 2009/10 (ABS 1982; 2010).

This paper is about public housing. ‘Social housing’, which is a broader term that includes all forms of not-for-profit housing, both public and community managed, is not the focus of this study as community managed stock in earlier census periods was so small that a separate identifier in the census was not required until 2001. It is therefore concealed in the ‘other rental’ category, which is mainly private rental. The growth of community housing mainly occurred in the 2000s, and particularly in the latter part of that decade, either by transfer of stock from public rental or by new growth. Much of this new growth related to the stimulus package post the 2008 Global Financial Crisis (GFC).

To examine thirty years of public rental supply in the context of the Australian housing sector, the census data for 1981, 1996 and 2011 has been divided into three categories: ‘public rental’; ‘other rental’; and ‘owner occupied’. ‘Other’ tenure types (other or not stated) are excluded from these three categories. The census data from 1981 and 1996 did not have a community or not-for-profit tenure category. This is somewhat problematic as it excludes community housing from the ‘public rental’ tenure. Stock transfers from SHAs to the community housing sector are therefore treated as transfers from ‘public rental’ to ‘other rental’. This will underestimate the size of the social housing sector, especially between 1996 and 2011 when the majority of transfers into community housing occurred.
Changes to public housing supply

The overall size of public housing supply is fundamental to maintaining household wellbeing for low income households, given housing is their largest expenditure item (Rowley & Ong 2012). It is also key to minimising homelessness and ensuring disadvantaged households, for example those with disabilities, can find appropriate housing (Saugeres 2011). It can be a springboard by which those who have experienced trauma or other forms of disadvantage can bounce back by providing a stable environment in which to improve educational and employment opportunity (Baker, Mason, Bentley & Mallett 2013; Saugeres & Hulse 2010). While the first forty post-war years of Australia’s public housing policy might be seen as a period of optimism and achievement in these terms, the last thirty have been years of challenge.

Table 1 shows that, despite funding constraints, Australia experienced a real rise in public rental stock from 1981 to 1996 by almost 100,000 additional dwellings, or 43 per cent. This was a faster growth rate than that of the total national dwelling stock, which increased by 34 per cent, from 4.6 to 6.3 million dwellings. As a result the proportion of public housing stock increased from 4.9 per cent in 1981 to 5.2 per cent in 1996. By contrast, the period from 1996 to 2011 saw a real decline in the number of public rental dwellings by 12,000 properties, and a relative decline to only 4.1 per cent of the national dwelling stock. Community housing, which was only recorded in a separate category since the 2001 census, is shown here in 2011. This demonstrates that when the additional 51,000 community housing dwellings are added to public housing, the percentage of social housing was 4.8 per cent of the national dwelling stock. This remains lower than the 5.2 per cent achieved in 1996, and shows an overall relative decline in social housing.

Table 1: Housing stock by type of tenure, Australia, 1981, 1996 and 2011

<table>
<thead>
<tr>
<th>Census Year</th>
<th>Public Rental</th>
<th>Community housing</th>
<th>Social Housing (Column 2&amp;3)</th>
<th>All Tenures</th>
<th>Public Rental % all</th>
<th>Social Housing % all</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>228,938</td>
<td>N/A</td>
<td>N/A</td>
<td>4,668,906</td>
<td>4.9%</td>
<td>NA</td>
</tr>
<tr>
<td>1996</td>
<td>326,898</td>
<td>N/A</td>
<td>N/A</td>
<td>6,281,817</td>
<td>5.2%</td>
<td>NA</td>
</tr>
<tr>
<td>2011</td>
<td>314,690</td>
<td>51,373</td>
<td>366,063</td>
<td>7,760,322</td>
<td>4.1%</td>
<td>4.8%</td>
</tr>
</tbody>
</table>


Jacobs, Atkinson, Colic Peisker and colleagues (2010) argue that if construction levels over the period following 1996 had matched those of the 1980s, the total public housing supply would be almost 200,000 dwellings higher, which is close to the National Housing Supply Council’s (NHSC) estimate of the housing supply shortfall in Australia (National Housing Supply Council 2012). There is a strong argument that this shortfall is not one of market housing, but of social housing, which cannot and will not be supplied by the market given there is a sizeable minority who are unable to afford market prices.
The supply of public housing at a metropolitan level is captured by Figure 2, which shows the scale of changes in public housing for five capital cities and Australia. This indicates that Adelaide and Hobart had the largest proportions of public housing in 1981 and 1996, while Melbourne had the lowest. Accordingly, it is Hobart and Adelaide that experienced the biggest relative falls in public housing from 1996, and Melbourne the smallest. In the case of Adelaide and Hobart this was not because of transfers to the community sector (neither maintained a large transfer program during this period). It was largely due to sales driven by financial pressures on the SHAs rather than a lack of need for housing (McNelis & Burke 2006). In both cases, the absolute numbers of public housing units fell substantially between 1996 and 2011. Perth has also experienced a fall in the proportion of public housing from 1981, but the context is different. In Perth there was an absolute increase in stock over the two periods, but the rate of increase was swamped by the growth in private housing to the extent that that the relative share of public housing fell.

Figure 2: Capital cities: Public housing as percentage of total stock 1981, 1996, 2011


Changes to public housing consumption

We now move from trends in supply to consumption. This provides a demographic profile of the people who live in public housing, and how this profile has shifted over the past thirty years. The public tenure profile is compared to that of other tenures as at 2011. While some of the changes observed relate to those of the wider Australian society, for example, the ageing of the population, most reflect the set of factors outlined in the context section, particularly targeting. Where city comparisons have been included, these have been limited to 1981 and 2011 (excluding 1996) to keep the charts to a legible size.

Figure 3 compares the age profile of residents in public rental to those in other rental and owner-occupied housing in Australia in 2011. In 2011 public rental housed a higher relative proportion of children and young people than owner-occupied housing. Overall, however, the age cohort pattern of public
housing was broadly the same as that for home ownership. The ‘Other rental’ tenure had a distinct profile, with very high percentages in the 20 to 39-year cohort and much lower proportions in the 50-plus age groups. This suggests that home ownership and public housing have some similarities. Both provide relatively secure tenure, although for very different income groups (see Figures 9 to 12 below), whereas private rental is distinctive in its dominace for those aged 20 to 39 years. Recent reforms such as the introduction of short-term tenancies in public housing indicate a shift towards emulating private rental by lessening tenure security.

**Figure 3: Tenure by age, Australia, 2011**

![Figure 3: Tenure by age, Australia, 2011](image)

Source: Authors, using ABS (2011a).

**Figure 4: Public rental by age, Australia, 1981–2011**

![Figure 4: Public rental by age, Australia, 1981–2011](image)


The aging of the population is a key demographic trend in Australia (see, for example, the Intergenerational Report, Australian Treasury 2010). This is reflected in the changing age profile of public rental tenants from 1981 to 2011, shown for
all residents of public housing in Figure 4. There is a reduction in the proportion of children and younger people (up to age cohort 30–39 years), and an increase in each age cohort from 40–49 years and over. Two factors are influential here. First, there will be some older households on pensions and benefits who have moved into the public rental sector after being priced out of private rental or home ownership. Secondly, there will be households ageing in public housing, given it offered life-long security of tenure until near the end of our analysis period.

Figure 5: Public rental by age, cities, 1981–2011

Figure 5 compares the age profile of all public residents for each capital city between 1981 and 2011. This demonstrates that while the shift towards aging households is consistent across all cities, they have slightly different age profiles. For example, Brisbane and Hobart had the highest proportion of young people aged 20 years and under in 1981 and 2011.

Figure 6: Tenure by household type, Australia, 2011

Figure 6: Tenure by household type, Australia, 2011

Household type is another dimension of housing consumption. Figure 6 contrasts the household type of public housing residents with other rental and owner occupiers in 2011. Public housing households were predominantly lone person households (just over 40 per cent) and single parent households (30 per cent). This was very different to the owner occupied sector, where couples with and without children were the dominant household types. ‘Other rental’ fell between public rental and owner occupied housing in terms of its household type profile.

![Figure 7: Public rental by household type, Australia, 1981–2011](image)


The household type profile of public housing at 2011 reflects shifts in allocation policies over the past three decades. Targeting has increased a shift to those with multiple disadvantage and the severest affordability problems. The percentage of couples with children has fallen dramatically, from more than 30 per cent in 1981 to just over 12 per cent in 2011, while that of lone person households has climbed from less than 10 per cent to over 40 per cent (see Figure 7). Another trend shown is that the growth in single parent families in public housing occurred in the period 1981 to 1996.

There are variations in household structure between the capital cities (see Figure 8). Brisbane and Hobart had the highest proportion of households comprising couples and families with children in public rental in 1981, and have also experienced the greatest decline in these groups over the thirty year period. The increase in lone person households occurred in all cities, with Melbourne having the highest proportion of this household type in 1981 (33 per cent) compared to the lowest in Brisbane (17 per cent). Melbourne’s growth in lone person households has subsequently been much lower than other cities, and by 2011 it had the second lowest proportion of lone person households (42 per cent). By contrast, Adelaide has changed from 24 per cent to 52 per cent lone person households. These household type shifts are significant when the relative fixity of dwellings is considered. Housing stock cannot be re-profiled quickly to match
the dwelling type with the household type; even more so with public housing, which faces greater funding constraints and development hurdles than private housing, including resident opposition to new public housing developments (Cook, Taylor, Hurley & Colic-Peisker 2012).

**Figure 8: Public rental by household type, cities, 1981–2011**

![Figure 8: Public rental by household type, cities, 1981–2011](image1)


**Figure 9: Tenure by household income distribution, Australia, 2011**

![Figure 9: Tenure by household income distribution, Australia, 2011](image2)

Source: Authors, using ABS (2011a).

Figure 9 compares the 2011 income distribution of public housing tenants with those in private rental and owner occupiers. The columns on the left-hand side are the very low income ranges, and show the importance of public housing for households earning less than $599 a week. When compared to other tenures, this demonstrates the considerable extent to which the public rental sector is dominated by low-income groups. Income is related to labour force status, and Figure 10 displays the employment profile of public tenants at 2011 compared
to the other tenure groups. This illustrates that over 70 per cent of public tenants of working age were not in the labour force, compared to less than 35 per cent of other rental or owner occupiers. The reasons for public tenants’ relatively low incomes and labour force participation rates are discussed below.

**Figure 10: Tenure by labour force status, Australia, 2011**

![Graph showing tenure by labour force status]

Source: Authors, using ABS (2011a).

**Figure 11: Main income source, public rental tenure, Australia, 1982–2010**

![Graph showing main income source]

Source: Authors, using Income and Housing Survey 1981/2 and 2009/10 (reissue).

Changes in public housing tenants’ income sources have implications for the tenants themselves, and for the public housing system as a whole. The major factors shaping the level of public tenant income are targeting, and the degree to which tenants derive income from labour market participation or from government benefits. Targeting greatly increased the number of lone person households, which shifted more households into lower income groups, as these households have a single income. There has also been a marked increase
in households on government benefits, and for lone person households these benefits tend to be very low, as they do not receive the family allowances available to households with children.

As Figure 11 shows, in 1981 around 45 per cent of public tenants were on wages as their main source of income, and only slightly more were on government benefits (around 48 per cent). By 2009 those who were on government benefits as their main source of income accounted for nearly 90 per cent of tenants, although many of these households could also be working part time to supplement their government income. SHAs therefore get a compounding financial setback from targeting; more lone person households, with more of these likely to be on benefits. As Hall and Berry (2007) point out, the forgone income from the change in household types is a major reason for SHA’s difficult financial position.

Figure 12: Public rental by labour force status, cities, 1981–2011

Figure 12 compares the labour force status of public tenants for each capital city between 1981 and 2011. This shows that in 1981 over 40 per cent of tenants in Brisbane and Sydney were in employment (full or part-time). The other capital cities had employment rates of between 30 and 40 per cent. By 2011, this had declined across all cities to just over 20 per cent. The decline was countered by an increase in tenants not in the labour force, rather than tenants who were unemployed. This is again likely to reflect both targeting towards households with multiple disadvantage such as disability, and ageing tenants moving out of the labour force.

The changing role of public housing tenure in the wider housing system is also captured in mobility data. The census data on mobility records whether a household had moved within a five-year period. For this paper we only have the data for 1996 and 2011, as mobility information was not available for 1981. Figure 13 shows a remarkable similarity between public rental and home ownership and a very different pattern with private rental; in both ownership
and public housing around 26 per cent of households moved in the previous five years, while in private rental it was nearly 70 per cent. By providing comparable tenure security to owner occupied housing, public rental creates a more secure living arrangement and less pressure to move. Conversely, private rental is more flexible – and less secure – and thus creates a context for greater mobility, a theme explored in some detail by Hulse, Burke, Ralston & Stone (2012).

Figure 13: Tenure by five year mobility, Australia, 2011

Figure 14 looks at the mobility rate change from 1996 to 2011 for public housing only. This shows a drop in the rate of mobility in the last fifteen years. Reducing mobility is likely to reflect the tightening of the private rental market, as documented by Wulff and colleagues (2009), and a decline in private market affordability as rents increased substantially (Hulse et al. 2012). The ability and motivation for a public tenant to exit into the private rental market in this context is greatly reduced, meaning a lower rate of turnover and decreased mobility.

Figure 15 compares the mobility of public tenants for each capital city between 1996 and 2011. This shows that in 1996, Brisbane and Perth had the highest mobility rates for public tenants, while Sydney had the lowest. By 2011, mobility had declined across all cities to around one-third of households moving in the previous five years. In the absence of any evidence that the private rental market will improve its lower-cost end performance in the near future, the lower rates of mobility in public housing are likely to be sustained. This is a major management problem for SHAs given the size of existing wait lists, which reached 200,000 applicants Australia-wide in 2012 (Australian Institute of Health and Welfare 2012). The introduction of fixed-term tenancies for new public housing residents is not likely to change mobility trends if current public tenants do not move, and new stock is not built.
Figure 14: Public rental by five year mobility, Australia, 1996–2011

Source: Authors, using ABS (1996; 2011a).

Figure 15: Public rental by five year mobility, cities, 1996–2011


Discussion

The objective of this paper has been to document empirically major changes to the supply and consumption of Australian public housing in a way that furthers existing qualitative reviews (Jacobs, Atkinson, Colic Peisker et al. 2010) and which highlights how public housing has responded to a changed policy and socio-demographic environment.

One of the major changes demonstrated by the data has been targeting. This has greatly altered the household composition from three decades ago. Whereas in 1981 families (couples with children, one parent households, and other family types) accounted for around 66 per cent of all household types, in 2011 they were down to 44 per cent, of which the bulk were sole parents. Lone persons
who accounted for around 7 per cent of households in 1981 comprised 42 per cent in 2011. The problem here is the stock alignment issue. Unlike the smaller housing forms in other countries, around half of Australian public housing is detached housing, typically with three bedrooms. With more lone person households in public housing, there are asset management pressures for SHAs to realign stock by disposing of detached housing and building bedsits and one and two-bedroom units. In realigning the stock, there is a new risk that SHAs will be left with a legacy of a relatively high proportion of studios and one-bedroom apartments, which are inflexible to changing future needs.

The drift to highest need households also affects the income received by housing agencies, as these household types have lower incomes. As the income destitution of public housing compared to other housing tenures has shown, public housing is now a residualised sector with the obvious risk, notably in areas of higher concentration of public housing, of a slide into locations of acute spatial disadvantage. This would trap tenants in a tenure and location from which it is difficult to exit.

Finally, mobility rates in public housing have fallen dramatically over the last 15 years. In 1996 the five-year mobility rate for all residents in public housing for Australia was around 42 per cent; by 2011 it was down to 27 per cent. This highlights the importance of understanding the interactions of tenure sectors.

The problems of public housing are fundamentally linked with the affordability and security of the private rental sector.

In an era of less wealth and a serious housing shortage immediately after World War Two, Australia built – from virtually nothing – a public housing system that grew to 326,000 dwellings in 1996 (5.2 per cent of the total housing stock). One and a half decades on, and in a context of a long economic boom and considerably greater wealth, the numbers have fallen to 315,000 dwellings or 4.1 per cent of the stock (4.8 per cent if community housing is included). Some of this is explained by growth in the community housing sector, but this was of a scale that only marginally improved stock levels from the mid-1990s. And it is not explained by a reduction in need; other studies (McDonald & Temple 2008) suggest the scale of need is such that the current stock should be increased by at least one third. But the long term trends and current policy environment indicates that this need will not be met and housing hardship will be intensified for many lower income households. What has occurred has been the creation of a funding and policy environment in which public housing – indeed social housing generally – is no longer valued as it was in the decades from World War Two to the 1980s. Public housing is not regarded as a priority by governments, especially in comparison with health and education (Jacobs, Atkinson, Spinney et al. 2010, p. 6).

Bound by the neoliberal shifts outlined above, state governments have responded to the failures of the public housing system with management reforms and organisational restructuring that have made the problems worse. In a number of jurisdictions, for example, Victoria and New South Wales, public housing has
been subsumed into Departments of Communities or Human Services, where the housing provision role has become obscured by a focus on integrated service delivery and client choice. There is a risk that the housing role is forgotten.

In this neoliberal funding environment, housing provision is increasingly left to the private sector. But at the lower priced end of the housing market, the private sector is demonstrating many signs of market failure. These include an absolute shortage of lower cost rental stock (Wulff, Reynolds, Dharmalingam, Hulse & Yates 2011), the inability to increase supply consistent with household growth (National Housing Supply Council 2012), high housing cost stress (Burke, Stone & Ralston 2011; Yates & Milligan 2007), and the emergence of a marginal housing sector of households forced to live in boarding houses, caravans and other housing inadequate for stable and secure living arrangements (Goodman et al. 2013). These failings are partially a function of public housing’s resdulisation as a sector disconnected from the wider housing system, with the private sector unable to meet demand. Public housing is not only failing low income tenants, but Australian households generally. This will become more visible in the future, as the reliance on home ownership as a defacto form of social security for older households (Yates & Bradbury 2010) becomes severely tested by declining home ownership rates.

This analysis of 30 years of supply and consumption highlights the challenges facing the Australian public housing sector. There is insufficient supply, and increasingly targeted households now represent a social and financial problem for housing agencies. What has happened to public housing over the last thirty years presages a problematic future for this type of tenure.

Acknowledgement
This paper is based on research funded by the Australian Housing and Urban Research Institute (AHURI).

References

Australia, House of Representatives (1945) Debates.

—— (2012) Housing assistance in Australia 2012, Canberra, AIHW.


Dodson, J. (2012) Transforming Australia’s ‘housing solution’: how we can better plan suburbia to meet our future challenges, Australia’s Unintended Cities: The Impact of Housing on Urban Development, 19–34.


