

OFF THE WAITING LIST

THE AFFORDABLE HOUSING DREAM IN SOUTH AUSTRALIA

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MAY 2009**

**Report prepared for the
Public Service Association of SA**



AUSTRALIAN INSTITUTE FOR SOCIAL RESEARCH

May 2009

Summary of key points:

- Since 1996, average house prices across the country have more than doubled in nominal terms and risen by around 80 per cent in real terms — over half of this in the last three years.
- Approximately 1.1 million households across the country are in housing stress.
- The number of public housing dwellings in Australia declined from 372,134 in 1996 to 341,378 in 2006.
- Spending on public housing in Australia has fallen by more than 11% over the past decade.
- Annual expenditure on the Commonwealth Rental Assistance (CRA) now surpasses that provided to the States under the Commonwealth State Housing Agreement (CSHA). In 2005-06 CSHA expenditure was \$1.3bn while CRA expenditure was \$2.1bn.
- In South Australia over the five year period from 2000 to 2004 the median price (unadjusted for inflation) in most Adelaide suburbs more than doubled with some increasing in median value by over 200%.
- It is estimated that approximately 90,000 extra people will need to be accommodated in South Australia by 2014, and a further 360,000 by 2050, creating further demand for land, housing, transport and services.
- In June 2007 a total of 176,321 Australian households were on waiting lists for public rental housing, 11,700 classified as being in 'greatest need.'
- Since the early 1990s public housing stock has declined by 14% and, under current policy directions and funding cuts, is projected to decline further from about 51,000 currently to less than 40,000 by 2020.
- As part of its multi-billion dollar package designed to stimulate economic activity to help reduce the impact of the recession the Australian government has committed additional funding for social housing.
- In South Australia, the Australian and State governments have committed to delivering 246 new social housing dwellings across the State at a cost of \$51.8 million.
- Additional investments in social housing will be required to address the growing need for public housing and community housing in South Australia.

1. Introduction

Investments in public housing and community housing have provided generations of low income South Australians with affordable housing, ensuring that the State enjoyed a record as one of the most affordable places to live in the nation. Disinvestment in public housing is playing a role in the erosion of this advantage at the same time as housing options in the private sector have become less affordable. It is estimated that around 1.1 million households across the country are in housing stress (cited in Beer 2009) and housing affordability is declining.

In Adelaide, house prices have risen and levels of housing affordability have declined in line with national trends (Australian Bureau of Statistics 2008). While median house prices are currently lower than in other state and territory capitals (except for Hobart), the Economic Development Board (2009) recently noted that they have risen faster than any other city in Australia (EDB 2009). Housing purchase and rental options are simply out of the reach of most low income households.

While South Australia has significantly lower levels of housing stress than the nation as whole this advantage could rapidly be eroded by rising house prices in the context of a sustained decline in the states public housing stock. In 2006-07 nearly 6% of South Australian households and 11% of Australian households renting or with mortgages, were in housing stress (Australian Institute of Health and Welfare 2008), Rising unemployment and population ageing are set to compound the problem, forcing many South Australians onto the public housing waiting list.

Once the recession has abated a return to strong economic growth is likely to lead to a new spike in housing demand. The Economic Development Board recently concluded that around 90,000 extra people will need to be accommodated in South Australia by 2014, and a further 360,000 by 2050, creating further demand for land, housing, transport and services (2009:69). The danger is that increased housing demand flowing from a return to strong economic growth will lead to a further deterioration in housing affordability, in the absence of appropriate policy interventions.

South Australia's Strategic Plan represents one foundation for building appropriate policy responses to the housing affordability crisis facing many South Australians. The Plan (2004:8) has committed the State government to several housing targets including halving the number of rough sleepers in South Australia by 2010; encouraging the provision of affordable housing in the community and halving the number of South Australians experiencing housing stress. The Plan also suggests that the State government needs to generate affordable housing opportunities for up to 19,000 households between now and 2010. The policy response has included commitments to enhancing the affordability of housing through the planning system; enhancing affordability through increasing land supply; alternative financing models to expand the supply of public housing; improving access to low income households

to market housing and increasing government investment in public housing (Beer 2009). While many of these have been viable and indeed innovative, others have been less appropriate and difficult to achieve.

While the Supported Accommodation Assistance Program (SAAP) forms the Australian government's primary housing affordability response, a number of state governments, researchers and nongovernment organisations regard social housing as an important longer-term solution (Australian Institute for Health and Welfare 2008b).¹ As one component of the social housing agenda of governments, public housing is managed and usually owned by state or territory governments (McNelis et. al. 2008) and commonly managed by State Housing Authorities (SHAs). In particular it remains the major social housing response to low-income people in Australia.²

Public housing has long been regarded as an efficient and effective means of delivering low cost housing (see Affordable Housing National Research Consortium 2001; Industry Commission 1993). The recent Senate Select Committee on [onclrh20@2 Housing Affordability in Australia](#) (2008) noted that 'there is a need to increase the stock of public housing, facilitate the entry of a more diversified mix of income earners and restore pre-1996 funding levels'.

One of the keys to South Australia's superior housing affordability over many decades has been the presence of a significant public housing stock. In recent years this advantage has been eroded by declining financial support through the Commonwealth State Housing Agreement. Financial pressures flowing from this in combination with an ageing and deteriorating public housing stock have led to the sale of a significant proportion of the stock. These developments compound problems for those South Australians on low income with complex needs.

This report has been commissioned by the Public Service Association of South Australia to examine recent trends in public housing in South Australia and the implications of these for low income and vulnerable groups in the wider context of housing affordability. The paper identifies and examines: the factors driving the demand for public housing in the state; the reasons behind the decline of the state's public housing stock; the implications of this decline and current policy responses to this issue. While recent measures by the Australian government to increase investment in social housing are welcome, these need to be augmented to meet existing and future demand for public housing.

1 As noted by Orchard and Arthurson (2005) social housing refers to low-income rental housing owned and managed by government and community organisations, encompassing public housing, community housing and indigenous housing.

2 The median income of new households in public rental housing was about one-third of the national median household income.

2. The Erosion of Housing Affordability in Australia and the Decline of Public Housing

Australia has recently experienced one of the longest housing booms since the Second World War. This has been accompanied by a 'substantial shift in priorities' and '...in the directions of housing policies and programs of the Australian government' (Orchard and Arthurson 2005: 214). A sharp rise in housing prices has flowed from this combination of factors. Since 1996, average house prices across the country have more than doubled in nominal terms and risen by around 80 per cent in real terms — over half of this in the last three years (Flood and Baker 2009; Banks 2006). In its inquiry into first home ownership the Productivity Commission noted in 2004 that 'the upswing in housing prices since the mid-1990s has been bigger and more widespread than in previous cycles' and that 'surging house prices clearly signal that demand has been outstripping supply' (2004: xvii).

The recent Senate Select Committee on Housing Affordability in Australia (2008) has identified various distinct but interrelated factors influencing the growing demand for housing across the country. These included higher average real incomes and an increase in the number of double income households; relatively strong population growth underpinned by higher immigration rates; the decline in standard home loan interest rates from the mid 1990s to early 2002 and a greater availability of credit, including from non-bank lenders. Parallel to these trends the Senate Select Committee highlighted various factors leading to a reduced supply of housing such as costly, time consuming and complex state and local governments' planning processes; excessive developer infrastructure charges and a shortage of skilled labour in the construction industry.

Rising house prices normally lead to higher levels of housing stress.³ Around 11% or approximately 547000 households in Australia are classified as being in housing stress (Australian Institute of Health and Welfare 2008). Around 261 000 or 48% of these are households with mortgages. Rising house prices have led to rising rental costs. Recent analysis suggests that although private renters comprise only a fifth of all households, as many as 345,000 private renters in the lowest 40 per cent of households are paying more than 30 per cent of income on rent and are therefore in housing stress (Yates & Gabriel 2006). Moreover, according to the Senate Select Committee on Housing Affordability in Australia (2008) around two-thirds of households in the lowest 40 per cent of the income distribution with a mortgage or renting were spending over 30 per cent of their income on housing. In response to these challenges, the Australian Government has put in place a number of policy instruments.

³ Housing stress is defined as households where estimated housing costs exceeded 30% of disposable income, and households are in the bottom 40% of the overall income distribution (Australian Institute of Health and Welfare 2008).

KEY COMMONWEALTH POLICY INSTRUMENTS

Prior to the election of the Rudd Government, the principal policy instrument for assisting low income households into housing was rent assistance. This approach reflected the Howard Government preference for market based solutions to the housing affordability crisis in Australia. Housing policy in Australia has been given greater prominence in Australia through the appointments of Jenny Macklin as the Minister for Families, Housing, Community Services and Indigenous Affairs and Tanya Plibersek as the Minister for Housing. Not since the Keating government has housing been given a higher profile in the Australian Parliament.

The main national policy instruments directed at assisting low income earners into affordable housing are:

- the First Home Owners Grant Scheme (FHOG)
- the Commonwealth Rent Assistance Scheme (CRA)
- the Commonwealth State Housing Agreement (CSHA)

While these measures aim to ameliorate the effect of the housing affordability crisis on Australians, they sometimes have the opposite effect. For example, the current First Home Owners Grant was introduced in 2000 to offset the effect of GST and help first home buyers bridge the deposit gap that prevented them from purchasing a home. In October 2008 the Rudd Government tripled the \$7000 first home owners grant to \$21,000 for new properties, and doubled it to \$14 000 for existing homes. As the Grant is not means tested and most states do not place a cap on the value of the dwelling being purchased, the scheme has fuelled demand in an environment of limited supply. In effect, the scheme may be forcing housing prices up in the short-term, further exacerbating the problem of a lack of affordable housing for low income earners. This potential problem was recognised by the Productivity Commission in 2004 (2004:214) when it noted:

Measures that increase purchasing power will tend to increase house prices, particularly if there is limited capacity to augment supply in response to the ensuing increase in demand. This will benefit existing home owners at the expense of those seeking to purchase, including first home buyers – though recipients of assistance will still be better off overall.

Although the FHOG was expected to end in the current federal budget, it has been extended for six months and will be phased out and end by December 31, 2009. While the FHOG scheme in the absence of a means test is not likely to improve housing affordability for low income Australians it is acting as a stimulus to the housing sector during the recession.

The Commonwealth Rent Assistance scheme (CRA) is a non-taxable income supplement paid through Centrelink and added on to the pension, allowance, or benefit of eligible income support recipients who rent in the private rental market.

Under the Rudd government this has been augmented by the federal government's National Rental Affordability Scheme (NRAS) which will provide annual tax incentives over 10 years for investors in affordable rental housing and has set a notional target of an extra 100 000 affordable rental dwellings, with 50 000 by 2012 (Senate Select Committee 2009). While the private rental accommodation, including new stock delivered through the NRAS, will continue to provide opportunities for households exiting crisis accommodation, the South Australian government (date unspecified: 7) in its response to the Commonwealth Green paper on Homelessness has noted that 'highly disadvantaged households are likely to remain uncompetitive and in need of greater housing subsidy and support'.

The Commonwealth State Housing Agreement (CSHA) is the major mechanism through which funding is provided for social housing in Australia. It commenced in 1945 and has been renegotiated periodically since that time. The most recent CSHA covered the period from 2003-2008 and encompassed 11 guiding principles including that priority access to social housing be given to clients with complex needs and that housing assistance should have a role in preventing homelessness (Australian Institute of Health and Welfare 2008b).

Under the CSHA social housing includes the following elements:

1. public rental housing
2. community housing
3. dwellings funded under the Crisis Accommodation Program (CAP)
4. State-Owned and Managed Indigenous Housing (SOMIH)

Elements 1 to 3 are considered mainstream housing and supported 333,000 households at 30 June 2007 while element 4 supported 13,000 households (Australian Institute for Health and Welfare 2008).

THE DECLINE OF PUBLIC HOUSING IN AUSTRALIA

The number of public housing dwellings in Australia declined from 372,134 in 1996 to 341,378 in 2006. There are various reasons for this. First, and most **significantly**, spending on public housing has fallen over the past decade. According to the Productivity Commission (2008) state and territory governments provided \$1.3 billion for housing assistance under the CSHA in 2006-07, the bulk of which was for public and community housing (cited in Senate Select Committee 2008). Real expenditure on CSHA assistance has declined nationally by 16.7 per cent between 1997-98 and 2006-07. Declining funding for public housing has contributed to increased operating deficits of housing authorities and stifled the possibility of an effective construction programme to expand the role of the sector at a time of severe housing affordability problems (Atkinson and Jacobs 2008).

Second, and closely related to the latter, over the past decade the Australian Government, particularly since 1996, has shown a preference to finance private housing options (Roberts et. Al: 2006: 18)

Federal assistance under the CRA has increased by 159 per cent in real terms between 1989 and 1999. Annual expenditure on the CRA now surpasses that provided to the States under the CSHA. In 2005-06 CSHA expenditure was \$1.3bn while CRA expenditure was \$2.1bn (Australian Institute of Health and Welfare 2008b, p. 9) (Arthurson 2008). Whilst the growth of expenditure under the CRA reflects the worthy national housing policy objective of assisting low-income tenants to keep expenditure on rent to a reasonable proportion of income it also illustrates a gradual shift in national government priorities away from increasing the supply of social housing.

Third and closely related to the first two reasons, one of the principal responses by SHAs to the current funding deficits and the uncertainty of future funding, has been to develop different forms of social housing provision through the private and non-profit sectors (as advocated under the current CSHA). This has involved transferring social housing stock to community housing but also increasing private sector involvement in the provision of social housing through public/private partnerships. While the latter two trends have been a consequence of declining investment in public housing, they have also reinforced the funding dilemma.

While the number of public housing dwellings has been declining the demand for public housing far exceeds supply. A total of 176,321 households were on waiting lists for public rental housing in mid 2007, with around 11,700 of these classified as being in 'greatest need' (Australian Institute of Health and Welfare 2008a). This has given rise to a large gap between the supply and demand of social housing. The National Housing Supply Council (2008: 94) estimated that around 90,000 dwellings were needed to make up the shortfall in demand for social housing dwellings in 2008.

3. Housing Affordability Challenges in South Australia

South Australia is not immune from the national housing affordability crisis as escalating housing prices illustrate. The late 1990s saw a significant increase in prices for residential land in metropolitan Adelaide and this has continued over the years (LMC 2004). Over the five year period from 2000 to 2004 the median house price (unadjusted for inflation) in most Adelaide suburbs more than doubled with some increasing in median value by over 200% (Roberts et. al 2006). Indeed recent data from the *2009 Demographia International Housing Affordability Survey* has ranked Adelaide the 12th least-affordable metropolitan housing market in the world from a survey of 265 cities in Australia, Canada, Ireland, New Zealand and the United States⁴ (Performance Urban Planning 2009).

⁴ The survey used the cities' median house prices and median household incomes to create the list. Adelaide's median house price was \$363,000 and the median income was \$50,900.

In South Australia new housing price plateaus have generated problems of housing affordability across all tenures, but particularly for home ownership (Arthuson 2008). This has affected some groups more than others. SACOSS (2008) has noted for example that young people are less unlikely to own (or be paying off) their own homes. In 1993, 48% of 18-34 year olds owned their homes compared to 44% in 2004. Aboriginal and Torres Strait Islanders are another group that often experience poor access to private rental housing, have a rate of home ownership that is roughly half that of the general community and commonly suffer discrimination within the market (Kearins et. al 2006). Indigenous South Australians are predominantly housed in rental accommodation, are heavily dependent on the public rental sector and have a home ownership/purchasing rate of less than a half of all South Australians (Roberts et. al 2005).

South Australia’s Strategic Plan Progress report (2008: 104) indicated that around 51,000 South Australians in rental accommodation and 14,500 home purchasers were experiencing housing stress in 2006. The target in the plan is to halve the number of South Australians experiencing housing stress by 2014 – a target which the progress report indicates is not likely to be achieved given the sharp rise in housing stress since the 2001 Census.

As noted earlier, the proportion of South Australians experiencing housing stress is lower than the national average and lower than a number of states. Table 1 below indicates the percentage of households in housing stress by state in 2006-07.

	NSW %	VIC %	QLD %	WA %	SA %	TAS %	ACT/NT %	AUST %
Private renters	12.7	10.4	16.8	6.8	8.0	5.1	10.2	12.0
Households with Mortgages	14.3	8.0	10.0	5.0	4.9	5.1	4.4	10.0
Total	13.5	9.1	13.2	5.9	6.4	5.1	7.2	11.0

Table 1: Households in housing stress, 2006–07 <source: Australian Bureau of Statistics >

While the housing stress remains relatively low in relation to other states, it is noteworthy that there are more private renters in housing stress in South Australia than in Western Australia and Tasmania where the proportion of households in housing stress is lower. While housing stress is greatest in areas such as the ‘mortgage belt’ in the outer suburbs and in inner urban regions with high proportions of renters, it is evident in all parts of metropolitan Adelaide and throughout non-metropolitan South Australia (Beer 2004).

4. A Vicious Cycle: Causes and Consequences of South Australia's Public Housing Crisis

Historically the South Australian Government has been more committed than other state governments to social housing. Successive governments from Playford to Dunstan and Bannon used the South Australian Housing Trust (SAHT) as a vehicle for reducing housing costs in order to attract workers and investment. Ultimately South Australia secured the highest proportion of public housing stock of Australian States. By the 1960s public housing represented 18 per cent of total occupied dwellings in South Australia - more than twice that of the national average (Hayward 1996 cited in Arthurson 2008). Investment in public housing was a key plank of South Australia's industry development policy, designed to provide low cost housing to workers servicing a growing manufacturing sector. Investments in public housing were also designed to maintain land and housing prices at affordable levels to help reduce the cost of living and put downward pressure on wage demands (Orchard, 1999).

SOUTH AUSTRALIA'S DECLINING HOUSING STOCK

Since the early 1990s, South Australia's public housing stock has declined substantially. The state's social housing stock declined from 57,731 in 1997 to 44,886 in 2007 as figure 1 illustrates (South Australian Housing Trust 2007).⁵ This represents a decline of approximately 22%.

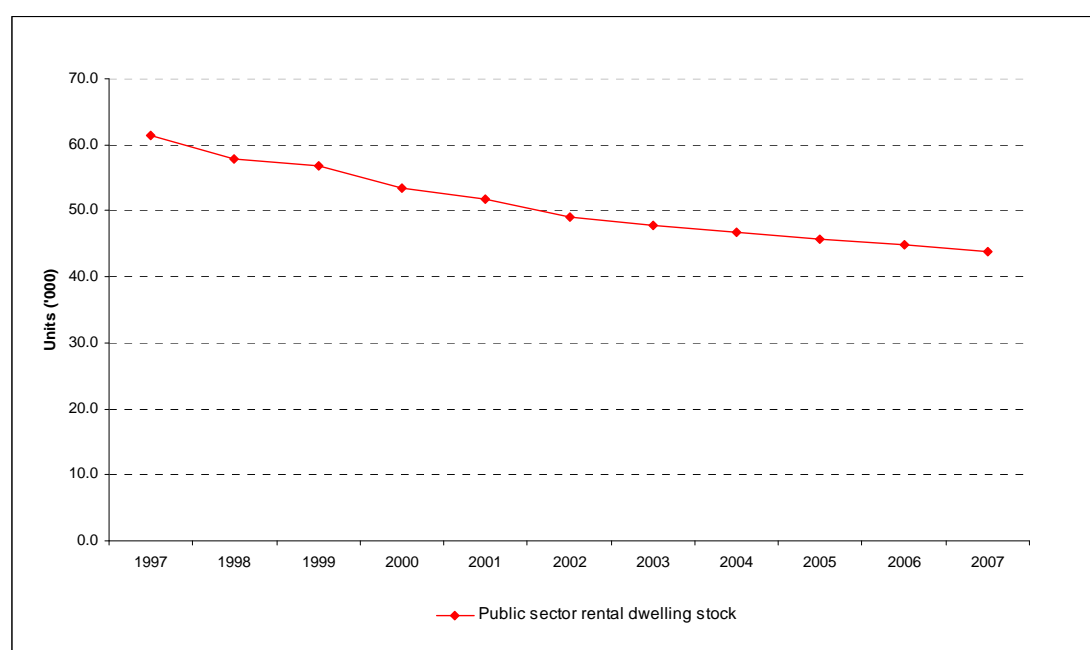


Figure 1: Public Sector Rental Dwelling Stock in South Australia <Source: Australian Bureau of Statistics>

⁵ The figure of 44,886 includes 1,700 properties used in other programs.

In the absence of major policy shifts it is projected to decline to around 40,000 dwellings by 2020 (Roberts et. al 2006).

South Australia's capacity to sustain its commitment to a strong public housing sector has been eroded by the decline in the value of the CSHA. CSHA grant revenue in 2007-08 comprised \$68.4m in Commonwealth funding and \$28.4m in State funding.⁶ Funding declined significantly between 1997-8 and 2007-8 by \$31.8m. During this time State Government CSHA Grants decreased by 42.9% driven largely by a 13.3% decline in Australian Government Grants (SAHT 2008). The South Australian Housing Trust (2008) noted that a key factor driving this decline in funding is the fact that Commonwealth CSHA Base Funding is distributed to each state on a per capita basis. The problem with this model is that South Australia has a higher proportion of stock than the other states and does not receive any additional grant funding from the Commonwealth to maintain this higher level of stock. The SAHT's financial difficulties have been compounded by other factors including declining rent revenue and rising debt flowing from borrowings necessary to maintain a larger public housing stock (SAHT 2008; Arthurson 2008; Kearins et. al 2006).

In response to declining CSHA funding and the financial pressures this created the State Government released the Affordable Homes Program in 2006-07. The program involved the sale of approximately 8000 properties as affordable housing opportunities for low income South Australians. It was hoped that the program would improve the financial viability of the social housing system by selling stock in a targeted way. In 2007-08 the SAHT sold 414 properties under the program. Much of the funding from sales has been channelled into programs '..to upgrade stock through replacement and renovation'. By eliminating debt in this way, the SAHT (2008) has argued that funds currently used to service debt can be reinvested in revitalising the social housing system and maintaining a relatively stable stock base. Recent South Australian Thinker in Residence, Rosanne Haggerty (2005: 8), has observed, 'dwindling capital support for housing from the Federal Government has forced these new approaches, and has forced a reduction in the State's overall stock of public housing as some units are sacrificed to pay for the maintenance of others'.

An illustration of Haggerty's point is the public-private housing redevelopment scheme at the Parks, an area in the north-western suburbs of Adelaide with 5,100 houses in total. Of these around 2,950 (59 per cent) were owned by the SAHT at the commencement of the project (South Australian Housing Trust & Pioneer Projects, 1996, p. 37 cited in Arthurson 2008). The project involved a Public Private Partnership between Urban Pacific and the SAHT. The development led to substantial reductions in social housing stock numbers. Although the SAHT maintained that the reductions in stock numbers would be offset by the upgrading and better amenity of the remaining social housing, Arthurson (2001) noted that the end result was likely to be 1735 fewer social housing dwellings. Whilst some of the

⁶ This excludes \$135.5m provided by the State Government to compensate for payments made under the State's Tax Equivalent Regime, as well as \$13.3m provided to undertake specific projects.

housing may be replaced through the housing authority purchasing stock elsewhere, this action cannot compensate for the loss of stock numbers through estate regeneration. In effect – due to the shortfall between sales and replacement costs – for every 3 houses sold at The Parks, only 1 can be purchased elsewhere (Arthurson 2008).

Beyond the decline in numbers of public housing units, the sale of housing stock has generated other problems. For example much of the higher quality more attractive and dispersed stock is being sold leaving the remaining older and less popular housing concentrated in estates (Arthurson 2008). In addition this housing is ageing leading to ongoing demands for maintenance and upgrading which are not being adequately financed under existing funding arrangements. The SAHT has acknowledged that ‘the continual reduction of housing stock to fund capital programs is not sustainable over the long term and must be balanced to meet housing need in the community’ (SAHT, 2008: 59). The divestment of assets runs the risk of undermining the ability of Housing SA and the SAHT to be a key player in helping to meet the housing affordability and housing stress objectives outlined in South Australia’s Strategic Plan.

THE GROWING NEED FOR PUBLIC HOUSING IN SOUTH AUSTRALIA

The demand for affordable housing will not abate. Waiting lists are likely to grow in response to rising unemployment and population ageing. Social housing will play a critical role in this context, meeting the complex needs of a wide range of South Australians who have no other options available to them.

It is important to note that the types of households that entered public rental housing and SOMIH during 2005–06 were substantially different from the types of households in the general Australian population represented in the 2006 Census (ABS 2006). According to research conducted by the Australian Institute of Health and Welfare (2008b) during 2006-07 across Australia:

- indigenous households were over-represented among new public rental housing households
- New households accessing public rental housing and SOMIH were predominantly single people and single parent families.
- New households in public rental housing and SOMIH generally had younger tenants than households in the Australian population as a whole.

Moreover priority allocations comprised 42% of all allocations of public rental housing and SOMIH in Australia or around 12,000 allocations. Furthermore about 16% of all allocations were priority allocations as a result of homelessness. The status and reason for greatest need allocations is outlined in Figure 2.

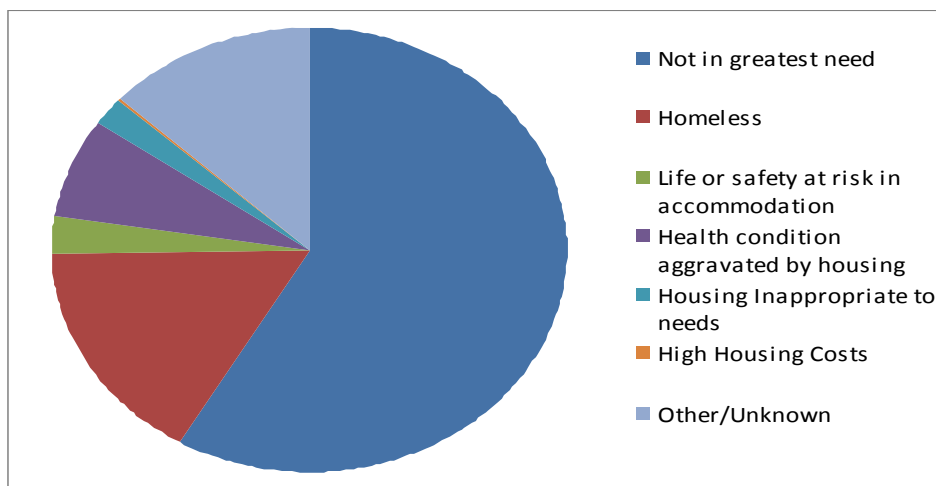


Figure 2: Greatest need status and reason, tenancies allocated public rental housing and SOMIH during 2006–07 <source AIHW National Housing Assistance Data Repository cited in Australian Institute for Health and Welfare (2008b)>

These trends are also evident in South Australia. In June 2007, there were 42 548 South Australians in the Public Rental Housing Program. Around 22 000 were on waiting lists. Over the 2006/07 period around 58% of new applications for public housing came from people with special needs including victims of domestic violence; people with a disability and homeless individuals (South Australian Housing Trust 2007). The Australian Institute of Health and Welfare (2008) indicates that around 26% of Public rental housing tenants and 14% of state owned and managed Indigenous housing tenants had a disability. Low-income families and individuals are increasingly vulnerable to the impacts of the housing affordability crisis. Of those on waiting lists around 31% were single parents (South Australian Housing Trust 2007).

Figure 2 indicates that while the number of applicants on South Australian public housing waiting lists has declined between 1997 and 2007, so have the number of applicants being accommodated. Applicants for housing are placed on a waiting list according to need, segmented into three categories: those in urgent need of housing (Category One); those who have a high housing need and are unable to access or maintain other long term housing (Category Two) and those who pass an income and asset test but do not have high housing need (Category Three).

Data from the most recently release *Trust in Focus Report* indicates that Category One applications increased from 8.9% of total new applications to 14.5%. The proportion of Category Two applications also increased compared to 2005-06, but Category Three applications declined by 7.% (SAHT 2007). This suggests that public housing is increasingly limited to people with high and complex needs rather than those on low incomes or those experiencing housing stress as was originally intended. In this context the decline in the public housing waiting list is likely to be a reflection of this more targeted approach, rather than the satisfaction of the demand for affordable housing.

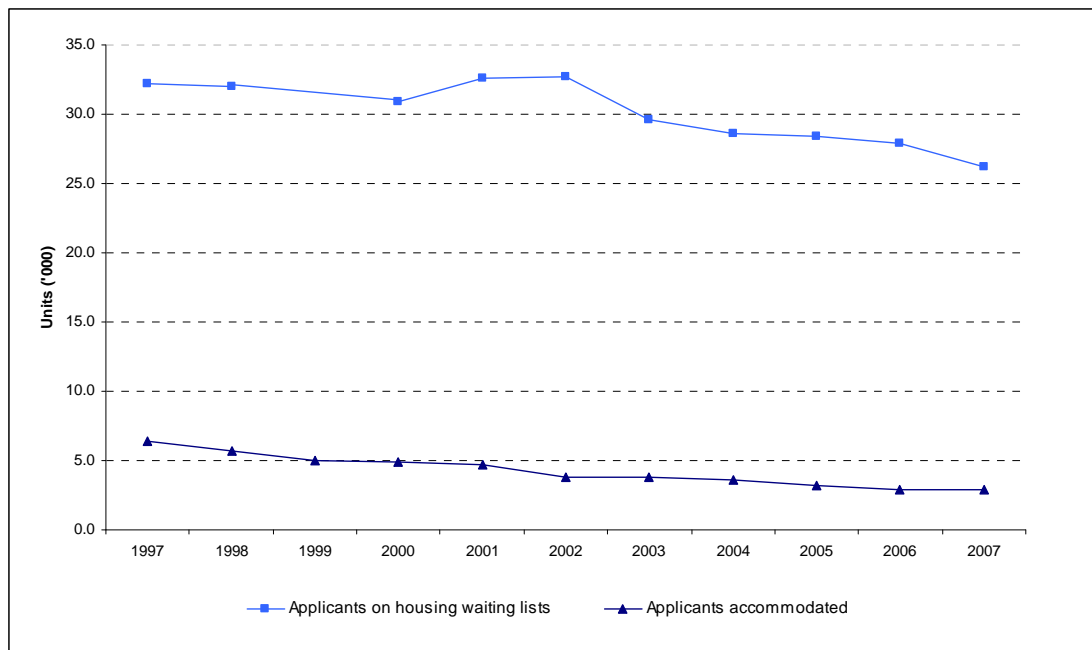


Figure 2: Applicants on housing waiting lists and Applicants accommodated from 1997 to 2007
 <Source: Australian Bureau of Statistics 2008>

The demand for public housing is forecast to grow at a time when the stock is in decline. Population ageing will be among the key drivers of this demand over the medium term. South Australia has the highest proportion of people aged 65 years and over (14.8%) and 85 years and over (1.7%) in mainland Australia (ABS 2003b). In 2003, around 30% of public housing tenants were aged 65 years and over (DHS 2003, 14). Estimates of demand for public housing over the next 30 years by McDonald (2003) indicate rising demand particularly in the more rapidly ageing States and Territories (Luszcz et. al. 2006).

5. Ending the Waiting Game

Declining housing affordability, rising unemployment and an ageing population all necessitate higher levels of investment in public housing to make significant inroads into the long waiting list that confront many South Australians. There have been some encouraging signs that this challenge is being recognised nationally.

As part of its multi-billion dollar package designed to reduce the negative impacts of the recession the Australian government has committed additional funding for social housing⁷ through the Nation Building - Economic Stimulus Plan, known as the

⁷ As noted by Orchard and Arthurson (2005) social housing refers to low-income rental housing owned and managed by government and community organisations, encompassing public housing, community housing and indigenous housing.

Economic Stimulus Package. Under this package \$6 billion will be invested in the construction of new social housing over three and a half years (2008-09 to 2011-12). A further \$400 million will be spent on repairs and maintenance to existing public housing dwellings over the next two years (FAHaCSIA, 2009). This funding package - conducted in partnership with the State and Territory governments - is designed to assist low income Australians who are homeless or struggling in the private rental market (FAHaCSIA, 2009). It will provide a much needed boost to public housing and housing administered by the not-for-profit community sector.

According to information available from the Department of Families, Housing Community Services and Indigenous Affairs (2009), the initiative will benefit around 20,000 low-income households across Australia by providing access to secure and affordable public or community housing. It will also boost the supply of public and community housing for people who are homeless, at risk of homelessness, or who are paying very high rental costs. The funding will be allocated to State and Territory Governments on a per capita basis subject to the jurisdiction submitting suitable proposals that meet the requirements of the initiative. In South Australia, the Commonwealth and State governments have committed to delivering 246 new social housing dwellings across the State at a cost of \$51.8 million.

Parallel to these developments at the Commonwealth level, the South Australian government has implemented a number of initiatives to promote housing affordability through social housing. This has been particularly evident in its response to homelessness as evident in its response to the Commonwealth Green Paper on Homelessness and the appointment of Roseanne Haggerty as a Thinker in Residence. Roseanne introduced the *housing first* principle to South Australia also known as supportive housing or the Common Ground model. The model is designed to link homeless individuals with safe and secure housing and the support necessary to ensure continuity. Through the Social Inclusion Board, South Australia has also identified the need for a whole of government approach to homelessness engaging a range of mainstream agencies in a collaborative approach. Targeted funding has been provided for a number of demonstration programs focussed on prevention and early intervention.

While such initiatives are valuable they will not satisfy the demand for affordable housing that exists in South Australia. This challenge will require reform of national funding arrangements built on a commitment to the vital contribution that public housing can make to improving housing affordability in South Australia.

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