



## Responding to a Changing Environment

In recent years, the main catalysts for a new housing policy direction have become evident. These include the current funding and policy environment for housing assistance; the nature of Queensland's overall housing system; the demographic, social and economic factors which impact on demand for housing assistance; and the whole-of-Government policy context.

Appendix A provides background information about the history of national housing policy and Queensland policy and programs.

## The Funding and Policy Environment for Housing Assistance

1 Information supplied by Department of Family & Community Services and Department of Veterans' Affairs

Since 1945, the Commonwealth State Housing Agreement (CSHA) has guided the level of funding and arrangements for housing assistance in all States and Territories. A new four-year multilateral CSHA Agreement (1999-2003) and a bilateral agreement between the Queensland and Federal Governments are currently in place. Separate bilateral agreements will address co-ordination of targeted indigenous housing and infrastructure activities.

However, the Federal Government's most significant direct expenditure on housing assistance is the Rent Assistance Scheme, which provides cash payments to help meet the costs of private rents for low-income households. Funding for this assistance has increased to keep pace with demand. This is in contrast with Federal funding under the CSHA, which is not indexed for inflation. Total expenditure on rental assistance by the Federal Government in 1998/99 was \$1,534 million, compared with \$964 million on national CSHA funding.<sup>1</sup>

While CSHA funding is certain until 2003, the model and future of Federal Government funding for housing assistance after 2003 is uncertain. More significantly, the actual value of available funds for housing assistance in Queensland is declining because of the following:

**CSHA Commonwealth and State Government matching grants have declined in real terms** since 1996 when the Commonwealth began applying 'efficiency dividends'. CSHA funds are not indexed to inflation and continue to decrease annually in real terms.

**Operating costs have increased** including increased construction and administration costs and increased investment in information technology. This extends to funded, community-managed housing providers and other grant-funded activities which have borne similar cost increases (eg. introduction of new pay awards in the community services sector).

**The Goods and Services Tax (GST) will increase the costs of delivering the Department's programs.** The Commonwealth has agreed to provide partial compensation through the CSHA for the increased costs of existing activities caused by the GST. This does not represent an increase in the real level of Commonwealth funded housing assistance.

**The range of housing products and services has grown** since the early 1990s in response to increased and changing need. This includes the Housing Resource Service, Community Rent Scheme, Home Assist/Secure and the Rental Grant program.

**Expenditure on maintenance and upgrades for existing housing stock has increased** rather than being directed to building and buying additional housing stock, which would generate new rent revenue. This expenditure is consuming a rapidly growing proportion of a declining annual budget but has been necessary to bring and maintain ageing housing stock up to reasonable basic standards.

While some aspects of the increased operating costs are outside the Department's control, the Department now has the opportunity to analyse the impacts of these costs; examine more efficient ways of achieving improved housing outcomes for people in housing need; review existing products and services to better address client needs; and develop new cost-effective and sustainable products and services.

## The Housing System in Queensland

The Department provides services to Queenslanders as part of a broader housing system, which mainly provides housing through market systems of supply and exchange. People expect that private housing markets, with minimal regulation or State intervention, will supply housing in response to demand. The market is also expected to deliver housing choice to consumers, and to set prices that reflect both capacity to pay and a reasonable return to investors.

'Market failure' is the idea that private markets do not always meet people's needs — at certain times, in certain places (perhaps chronically), and for certain groups of people, the market may not respond to need. When there is failure in housing supply, the State and not-for-profit organisations usually attempt to fill the gaps. State and community housing programs target specific groups of people, usually those with high or specialised need. The rationale is to provide a housing 'safety net' or minimal welfare guarantee.





2 Queensland Department of Housing, *The Loss of Low Cost Private Rental Housing Stock*, Occasional Paper No.2

Existing forms of housing production and exchange do not fully respond to the wide range of household needs, with effective housing supply in Queensland affected by several factors.

### **Geographic Variation**

In Queensland, economic and population growth are concentrated, particularly in the south east corner and coastal centres. While rural and regional communities have historically limited supplies of some housing types, housing demand is increasing in some areas because of resource and infrastructure development projects. Tourism also impacts on housing demand and affordability, especially in some coastal centres.

### **The Planning System**

The Integrated Planning Act 1997 provides a framework for co-ordinated and integrated local, regional and State level planning, and has significant implications for the development of housing and residential communities. Planning and assessment of development places considerable emphasis on the role and powers of local government. Related forms of regulation concern building standards, consumer protection, health and safety standards and restricted forms of planning control based on physical amenity. Local laws also affect aspects of housing provision.

### **Changes to Inner Urban Markets**

'Gentrification' is an increasingly apparent trend in inner urban areas of Queensland's cities and major regional centres. This redevelopment of inner suburbs, plus trends towards seeking 'highest and best' use of well-located property, impact on traditional affordable accommodation options. Evidence suggests that without significant government intervention, traditional low to middle-income residents of these older, often well-established and cohesive communities, are forced out by increasing costs. Where affordable housing is more available for people on low incomes (often in suburbs on the urban fringe), easy access to employment, transport, health services and other social infrastructure may be more difficult.

### **Limited Low-Cost Private Rental Housing Supply**

The availability of lower-cost, private rental housing in Queensland is declining, particularly at the lowest-cost end of less than \$100 per week. While Queensland experienced a 43% increase in total private rental stock between 1986 and 1996, much of this additional stock is at the higher end of the rent spectrum. Growth has not occurred at the lowest end of the rent spectrum, with instead, a loss of 13,000 dwellings or 37% of low-cost stock over this period.<sup>2</sup>

The supply of some other low-cost forms of housing, such as boarding houses, is also shrinking — and indications are that this trend is unlikely to be reversed in the longer term. Reports and studies have pointed to a loss of about 162 boarding houses (incorporating over 2,000 rooms) in the Brisbane inner city between 1987 and the end of 1997. This represents the closure of 48% of the total boarding house stock in the area.<sup>3</sup>

3 MICAH Inc., *Boarding House Project*, 1998; Queensland Shelter, *The Inner City Squeeze*, 1997

The impact of this type of private rental stock erosion can mean that it is more difficult for some households on very low incomes to access low-cost private rental housing — simply because less cheap housing is available.

## Housing Need and Demand for Assistance

Understanding housing need is complex because of the many social and economic factors that influence the nature and extent of need. These factors include population growth and change, labour market changes, poverty levels, social trends, tenure patterns, market supply and major shifts in social and economic policy.

The demographic, social and economic trends which are key influences in current and future housing need include:

- » Queensland's population in total continues to grow at a fast rate;
- » the proportion of smaller households is also growing quickly, while the capacity of the public housing program to meet the needs of smaller households is not keeping up with this growth;
- » Queensland has the second highest rate of homelessness, second only to the Northern Territory<sup>4</sup>;
- » the rate of 'after-housing' poverty is higher in Queensland than in any other State<sup>5</sup>;
- » increases in poverty may be partly due to changes in the labour market and the move to casualised and part-time work; and
- » low-cost rental housing is disappearing in Queensland (particularly in Brisbane) with the most at risk being housing for single people on low incomes.<sup>6</sup>

4 Australian Bureau of Statistics, *Counting the Homeless* 2041.0

5 QCOSS & Social Action Office, *People and Places: A profile of growing disadvantage in Queensland*, 1999

6 Queensland Department of Housing, *The Loss of Low Cost Private Rental Housing Stock*, Occasional Paper No.2

If these trends continue, demand for housing assistance is expected to remain high.

## Population Growth and Change

In recent years, Queensland's population has grown faster than the Australian average and a high annual growth rate is expected to continue. Interstate migration has contributed to this growth, with Queensland consistently having the highest net gain from interstate migration of any other state or territory over the last 20 years. The rate at which households are being formed in Queensland is also growing faster than the national average and the rates in other States.<sup>7</sup> The population is also becoming progressively more concentrated in the south eastern areas of Queensland.

Demographic trends for Aboriginal and Torres Strait Islander people are significantly different from the overall population, with faster rates of population growth, a younger population and higher projected household formation.<sup>8</sup> These trends are expected to continue.

## Labour Market Changes

Changes in the labour market, particularly over the past 25 years, include increasing trends toward part-time and casual labour which affect income and security of employment. This is particularly evident in the labour market for full-time youth employees which, in the last 20 years, has virtually disappeared. In addition, sustained high levels of unemployment have contributed to poverty and the demand for subsidised housing.

## Poverty Trends

Based on Australian Bureau of Statistics 1995–96 data, Queensland has the highest 'after-housing' poverty rate in Australia with some 248,500 households in after-housing poverty. From the 1980s, younger people and single parents have emerged as the groups in greatest poverty, reflecting trends in employment and family breakdown.

## Social Trends and Tenure Patterns

Although the level of home ownership as a whole has remained reasonably stable in Queensland, it appears that, proportionately, fewer households are entering home ownership, and that people are tending to buy a dwelling later in life. Private rental housing has steadily increased during the last 10 years and this tenure now provides housing to about 30% of the population.<sup>9</sup> Public housing makes up 13% of all rental stock in Queensland.<sup>10</sup>

7 Department of Communication, Information, Local Government and Planning, *Recent Population and Housing Trends*

8 Australian Bureau of Statistics, Aboriginal and Torres Strait Islander Population 3231.0

9 Australian Bureau of Statistics, CDATE Table T20 1996

10 Australian Bureau of Statistics, CDATE Table B25 1996

People often may need different forms of housing as they move through different stages of their lives. This reflects:

- » the changing structure of employment (more people are in casual and/or part-time employment and more households rely on more than one source of income);
- » the increasing proportion of older people in the population; and
- » changing patterns of household formation, with a strong trend towards single person households, single parent family groups and more group or shared living arrangements.

### **Impact of Shifts in Other Areas of Social and Economic Policy**

Other social policy changes have made a significant impact on the demand for public rental accommodation in the past decade with the move away from institutional care for people with a disability to an emphasis on their right to live in the community with appropriate supports. This has required better co-ordination and co-operation between government and community services in the provision of housing and support in order to address more complex needs and tenancy management issues.

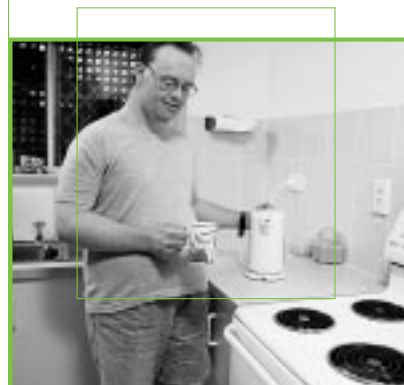
In addition, a large proportion of clients seeking assistance from the Department of Housing rely on Commonwealth pensions or benefits for all or part of their income. Therefore, Federal Government policy regarding income support impacts on the demand for Queensland Government housing programs.

### **Homelessness**

Based on Australian Bureau of Statistics 1996 data, Queensland has Australia's second highest rate of homelessness. This rate is about twice the rate of southern states and second only to the Northern Territory. Yet Queensland (with 25,650 or 24% of all homeless people) attracts only 14% of the funding for the Supported Accommodation Assistance Program (SAAP). Many people who are homeless move frequently from one form of temporary shelter to another and are homeless for six months or longer.<sup>11</sup>

### **Vulnerable Groups**

Many households are at high risk of not finding housing because, as well as low incomes, they face further difficulties. These include poor quality housing or lack of supply, discrimination in the housing market, or the need for additional assistance to find and maintain their housing. At the most extreme, the consequence of these difficulties is homelessness. Homelessness may also occur because of family breakdown, domestic violence, abuse, poverty or eviction. These factors can lead to people being in crisis as well as being homeless, a situation that further reduces their capacity to find suitable housing without some form of assistance.



11 Australian Bureau of Statistics, *Counting the Homeless 2041.0*

- 12 Australian Institute of Health and Welfare, *SAAP National Data Annual Report, 1997–98*
- 13 Australian Bureau of Statistics, CDATA Table B03 1996
- 14 Australian Institute of Health and Welfare, *SAAP National Data Annual Report, 1997–98*
- 15 MICAH Inc., *Boarding House Project*, 1998
- 16 Conway, J., *Issues Paper: Housing Needs of Prisoners and Their Families in Queensland*, 1999
- 17 Queensland Shelter, *Newly Arrived Migrants and Refugee Housing Issues Paper*, Oct 1999

Some of the more vulnerable groups of people within the housing system include, but are not limited to Aboriginal and Torres Strait Islander people, young people, people with a disability, newly arrived migrants and refugees, women and children escaping domestic violence and people leaving correctional institutions.

Despite efforts over recent years to improve the standard and appropriateness of housing for **Aboriginal and Torres Strait Islander people**, an unacceptable proportion of indigenous housing in Queensland is sub-standard, particularly in remote communities. Poor housing conditions and inadequate infrastructure impact significantly on the health of Indigenous people who are over-represented in overcrowding and homelessness data.<sup>12</sup>

**Young people** aged 15 – 24 represent 15% of Queensland’s population.<sup>13</sup> Analysis of social security recipients in extreme housing need confirms that young people represent over 40% of this total group. Young people are also over-represented as users of the Supported Accommodation Assistance Program, and many are turned away from crisis assistance because of lack of places in crisis housing.<sup>14</sup>

**People with a disability** often have great difficulties in obtaining suitable housing in the private market. Housing may be physically inaccessible or poorly located in relation to necessary health facilities and support services. People with mental illness or psychiatric disability are over-represented in the numbers of people living on the streets and in boarding houses and hostels<sup>15</sup> and people with an intellectual disability and people with mental illness are over-represented in corrective institutions.<sup>16</sup>

**Newly arrived migrants and refugees** are a small but potentially vulnerable group who can face language barriers and discrimination, as well as being unfamiliar with their rights and obligations and the Queensland housing system.<sup>17</sup>