Housing Australians: Puzzles, Policies; But No "Solutions"

Fred Gruen

DISCUSSION PAPER NO. 175

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* I am indebted to Kevin Dupé, Bill Ferris, Warwick Temby and Joan Vipond for helpful comments on earlier drafts.
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SUMMARY

Those examining the housing of Australians are confronted with two puzzles. The first is the contrast between what people should be able to afford and what they seem to be able to afford. For many years now, those looking at the housing of Australians have warned that housing is becoming less and less affordable - i.e. house prices, the deposits required, the repayment of loans have all gone up faster than incomes. Yet there is no evidence in the aggregate statistics that a smaller proportion of the population is able to afford to own and/or purchase houses; if anything the evidence suggests that the proportion of owners and purchasers in the population is increasing.

The second puzzle is that, in spite of the increasing proportion of the population who own - or are purchasing - their own homes, and of improving housing standards, even apparently among the most over-crowded, an increasing number (and proportion) of people appear to be both homeless in the strict sense of the word or in poverty after their expenses on housing are allowed for. The paper attempts to provide some answers for these two puzzles.

This is followed by a discussion of the notion of a "housing policy". It is argued that the whole idea of coping with our problems in one area by a carefully planned and internally consistent overall strategy seems doomed to failure. The rest of the paper examines three issues which feature prominently in most discussions of housing policy: first, the differential subsidy to home owners resulting from the non-taxation of imputed rents; second, the shortage of rented accommodation (a discussion of the evidence plus possible possible reasons for the existing state of affairs); third a discussion of Commonwealth-State Housing Agreements and in particular of rents being charged in public housing.

Finally, there is a conclusion as to why solutions to our problems appear so elusive.
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HOUSING AUSTRALIANS: PUZZLES, POLICIES;
BUT NO 'SOLUTIONS'

Fred Gruen
Australian National University

1. Introduction.
I agreed to take part in this Conference when I read - in the
invitation which I received - "there are no rigid requirements regarding
the content, format or length of the paper". Being given such carte
blanche is rare; hence I accepted with alacrity. This paper will discuss
in the first place some of the puzzles which confront someone like
myself when he strays into unfamiliar territory. This will be followed
by an overview of what are regarded as "Government Housing Policies" and
what the rationale for the different policies seem to be. Finally I
shall address the question as to why "solutions" are so elusive.

2. Puzzle No. 1.

As a relative newcomer to the ranks of those looking at the
housing of Australians, I cannot help but be struck by the apparent
contradictions between the facts - as they are portrayed in the housing
statistics - and the claims one can read on all sides (and has been able
to read for quite some time) about how unaffordable housing is
becoming.

For instance, T. Burke and G. Teh in a November 1983 working
paper of the Ministry of Housing, produced a table showing how incomes
had fallen behind house prices and the deposits required. According to
this source, over the period 1970 - 1981, disposable income rose by some
355% for a single-income family with a dependent spouse, whilst house
prices rose by 385% and the deposit required by some 772% (I). If one
allows for the much higher nominal interest rates ruling in recent
years, housing certainly seems to have become much less affordable.
Again, it is easy to find statements in the housing literature of the
later seventies that many lower and middle income families cannot
longer afford to purchase homes. Finally, the grand guru of Australian
housing commentators, Hugh Stretton told us recently that home
ownership began to decline after 1966 and that a richer and more
productive population finds that it is now supplying home ownership to
a falling proportion of young households with children (2).

The statistics of homeownership since the 1966 Census do not
confirm these gloomy statements of our latter-day Cassandras. Of
course, purchasing a home takes many people a good deal of time - even
to raise the deposit will normally take some years. Around a quarter of
Australian households achieve the status of purchasers/owners before
the "head of the household" has reached the age of 25 - a proportion
which has fluctuated, but not shown any longer term trend since 1966.
By the time the household head has reached the age of 25-29, the
majority of Australian households have become purchaser/owners. The
percentage of households in their twenties and thirties who own or
purchase their homes has again fluctuated, but not shown any
significant trend since 1966. I present the relevant statistics in Table
1. These statistics use the last four Censuses and - for purposes of
providing more up-date information - the statistics one can extract
from the 1984 Household Expenditure Survey. (This Survey's definition
of "government renting" is not comparable with the Census definitions;
however this should not affect the proportions purchasing and owning a
### Table 1. Housing occupancy by age of head of households and percentage of households (%).

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### Table 2. Percentage of age groups who are household heads (Total households of age X / Population of persons age X)

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Table 3. Housing occupancy by age of head of households and percentage of population (households multiplied by household headship ratio (%)).

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home). They do not confirm that an increasing proportion of households cannot afford to own and/or purchase their own homes.

Because of the increased incidence of breakdown of family relationships and the tendency of young adults to leave their parents' residence earlier to set up households of their own, an increasing proportion of the population are setting up households. Table 2 provides the relevant statistics. Making allowance for this increase, the proportion of the population owning or purchasing has shown a general increase since the 1966 Census - as shown in Table 3; though there have been occasional declines in proportions (e.g. the percentage of 25 to 44 years olds owning plus purchasing as between 1981 and 1984).

If we look at the older age groups, we find that an increasing proportion of households become owners - rather than purchasers. By the time Australians retire - say between 60 and 65 years of age - over 60% own their homes outright and a further 18% are still paying their homes off. In households where the head is over the age of 65, over three-quarters own their homes outright and 84% either own their homes or are purchasing them; a figure which has again increased marginally since the halcyon days of 1986. (Comparing Australian home ownership proportions with those existing in the United States, we find substantially higher proportions in Australia. cf. Federal Reserve Bulletin, December 1986 p.824, Table 7 for some figures comparable to those given in Table 1).

How do we explain these apparent conflicts - between what people should be able to afford and what they seem to be able to afford? Firstly, comparisons of the Burke-Teh kind between changes in incomes for a one-income household and changes in housing costs, ignore the increasing proportion of households relying on more than one income. What has probably happened is that housing has become less affordable
for one income families, but an increasing proportion of families have more than one income now - and such families find it easier than their counterparts of a decade or two ago who were typically only relying on one income.

Secondly the population has become a great deal more affluent in the last couple of decades. Parents are probably able to help an increasing proportion of their offspring to make the largest single purchase they are likely to make in their lifetimes. In addition, given the higher real incomes ruling now, those purchasing housing now may find it easier to save than those trying to save and buy houses a couple of decades ago.

Whatever the reasons, the statistics of home ownership which are available do not justify the shrill claims that there used to be a golden age some 20 or 30 years ago when Australians could afford decent housing, whilst now an increasing proportion can no longer do so.

3. Puzzle No. 2

In addition to an increasing proportion of the population owning (or purchasing) their own homes, housing standards - measured by such statistics as average number of persons per room - have steadily improved during the successive Censuses taken. Not only have average standards improved, but the evidence which is available suggests that physical standards of housing for the most over-crowded has also improved. For instance, the proportion of occupied dwellings with more than 1 person per room has fallen from 11.4% in 1966 to 3.4% in 1981.

For me, puzzle No.2 is that, in spite of the increasing proportion of the population who own - or are purchasing - their own
homes and the improving housing standards apparently even among the
most over-crowded, an increasing number of people appear to be both
homeless in the strict sense of the word or in poverty after their
expenses on housing are allowed for.

According to the 1985 Report by Coopers & Lybrand W D Scott
(CLS) into homelessness and inadequate housing, possibly 40,000 people
in Australia have no secure housing and sleep out of doors or in refuges
and a further 60,000 "live on the verge of homelessness, extremely
dependent on services and without secure tenure". According to Bradbury
et al. (1986) there were some 600,000 households living in poverty in
1981/82 - after allowing for their housing costs. Bradbury et al. also
estimate that this represents an increase in the proportion of income
units in poverty (after housing costs are allowed for) from 6.7% in
1972/73 to 10.7% in 1981/82. (3)

Admittedly, in respect of both homelessness or poverty after
housing expenses, the evidence is not as cast-iron as one would like.
This is partly because a rigorous definition of homelessness and
inadequate housing may not be possible - as the CLS report suggests.
Many homeless people are mobile, which makes it difficult, if not
impossible, to assess how many there are. It is also because the
estimates of poverty - after allowing for housing costs - require both
the acceptance of the original poverty line and/or the various updating
procedures. These have all been criticised more or less cogently.

For instance, updating in Australia uses certain average
income concepts. We are therefore using an estimated poverty line
which rises in terms of the real income it represents over time. There
is nothing wrong with that - provided it is acknowledged. However I
have yet to see a published estimate of the increase in real income
represented by the poverty line over the years. According to some
unpublished estimates I have seen, the poverty line represented some
11% more real income in December 1982 than in June 1974 and 19.2% more
in December 1986 (4).

I also believe that estimates should be provided of the number
of people, households or income units in poverty using not only constant
relative but also constant real income levels. In addition, given the
all-or-nothing nature of the poverty line, there is a good deal to be said
for estimates of poverty gaps (i.e. the amount of income necessary to
eliminate poverty) - rather than providing all the information in terms
of the number and proportion of people falling below this line.

The Bradbury et al. estimates given above use the Henderson
measure of poverty which excluded juveniles (defined as income units
aged under 21 who were neither married nor had dependants). But the
Bradbury study argues that many more young people these days live
apart from their parents; hence such persons should therefore not be
excluded from the count. (They also include other changes - such as
including the self-employed in their analysis). This new definition of
income units considered within the count, raises the proportion of
income units in poverty (after allowing for housing costs) from 10.7%
using the Henderson definitions to 11.2% using more "up-to-date" social
concepts.

The increase in the estimated percentage of income units and
households in poverty after housing costs are taken into account is
probably largely the result of three major factors. The order in which
they are given here is not necessarily indicative of the relative
importance of the different factors. We do not know the quantitative
importance of the different factors - though this is a subject of
considerable interest and some work is beginning to be done in this
area; see for instance Vipond et al. 1987 (5).
(a) The increase in the proportion of the labour force which is unemployed - and particularly the rise in the long-term unemployed: Not only has there been an increase in the unemployment rate from around 2% in the early seventies to a peak of over 10% in 1983 (since then there has been a decline to around 8.3%), but the proportion of the longer-term unemployed has grown sharply. Thus in August 1972 some 20% of the unemployed had been unemployed for 13 weeks or longer; the most recent comparable figure - for March 1987 - is 69%. According to Vipond et al. 1987, the longer term unemployed constituted 2% of all income units in poverty in 1972/73. This is estimated to have grown to over 30% in 1983 and to have declined slightly to 28% (with the decline in the unemployment rate) by 1985.

(b) Changes in the structure of Australian households - in particular the growth in the number of single person and of single parent households. Between the 1976 and the 1981 Censuses, 64% of the total increase in the number of households consisted of these two types of households. Single parents and single persons under the age 25 years are the two family types most prone to poverty (after housing costs); with 40.6% and 20.6% in poverty respectively.

(c) It is not clear in how far changes in the cost of housing have been a major factor in pushing people below the poverty line. As the Bradbury report makes clear, the private rental component of the C.P.I. has increased substantially LESS than the C.P.I. in the decade to 1985. (This is probably the most relevant measure of housing costs for the poorest groups). On the other hand, there have been substantial increases in the nominal interest rates ruling in the economy.

The increase in nominal interest rates is partly the result of the sustained increase in our inflation rates. During the seventies, a 1%
increase in the rate of inflation resulted, on average, in a 0.25% increase in nominal interest rates. Such a situation was obviously not sustainable for very long. The increase in interest rates is often seen as the result of government deregulation of the financial markets. However, those advancing such views ignore the spontaneous deregulation which had already taken place. This "spontaneous deregulation" resulted from new financial institutions and from new financial instruments which were systematically undermining the regulated rates. Regulated interest rates had come to apply to a smaller and smaller share of the market for housing finance.

Summarising my views on puzzle No.2: There appears to be a worsening shortage of housing for the most disadvantaged and lowest income groups in our community. This is partly the result of economic changes - in particular the growth in unemployment, and especially of long term unemployment. It is also partly the result of social changes - in particular teenagers and young adults leaving their parents' residential accommodation at an earlier stage in their life cycle and the breakdown of marriages and the growth of single parenthood. One of the most important economic features of a family breakup is its cost. I am not referring only to the actual cost of separation, but to the approximately 20% extra income required before the separated parties are as well off economically as they were. This is roughly what will be spent on the extra housing required by such a separated family. Lastly there is the increase in nominal interest rates which has made it more difficult for the poorest groups to get their place on the ownership ladder.

4. Housing Policies.

There is a very real sense in which the whole notion of a "housing policy" is a myth. Firstly, the powers of government in
Australia are fragmented among the various levels - federal, state and local - and among many agencies at the different levels. It seems to me therefore virtually impossible for "Australia" to develop a single, highly coordinated approach towards housing - or towards agriculture or towards most other areas where people are concerned with changing the existing state of affairs. Secondly, "housing policy " covers a multitude of laws, programs, actions undertaken at many levels of government in pursuit of diverse and often conflicting goals. This means that the whole idea of coping with our problems in one area by a carefully planned and internally consistent overall strategy seems doomed to failure. Instead, the process we are likely to employ in grappling with particular problems is basically one of "muddling through" with an intellectually messy collection of disparate policies only loosely related to one another.

My attitude contrasts with that underlying a recent report by Flood and Yates (FY) - carried out under the auspices of the Australian Housing Research Council (6). Flood and Yates begin with the following introductory statement:

"Housing policy has grown in a haphazard way, influenced by historical inertia, political pressures, and changing priorities. The stated objectives of government housing policy have moved from a general concern with the quantity of construction and the level of home ownership to a greater concern with better use of the existing stock, better targeting of funds to people in need, and a more even-handed attitude toward the tenures. Australian housing policy can be seen as inconsistent reflecting the priorities of groups with conflicting aims or different underlying views of what is right and not really achieving any of its objectives as a result"

What FY regard as the changing themes of "housing policy" is not a subject for disagreement; what is in dispute is the notion that
there CAN be - in a pluralist and multi-governed Australia - a consistent "housing policy", embracing not only the tax treatment of different tenures, but also social welfare measures dealing with those of the needy who are in inadequate housing, the public housing policies of different State governments, not to mention the enforcement of any minimal standards of housing. I propose to examine "housing policies" by examining separately some of the different issues identified in the FY report.

(a) The tax treatment of different tenures. For many years governments of all political persuasions have exempted the income-in-kind received from owner-occupied housing from income tax - whilst most other forms of income from assets are taxed. Unless similar subsidies are provided to those renting - either from private or from public landlords - this is a form of differential subsidy for some types of behaviour rather than for others. If similar subsidies were provided to tenants, there would then be a differential subsidy for all housing - as compared to other types of investments. It has been argued that our subsidy to homeowners has already channelled too large a proportion of our savings into housing investment - though comparative OECD statistics do not suggest that we invest an "unduly large" proportion of our national income in housing (7).

Governments attempt to influence the behaviour of their
citizens in a wide variety of ways. They attempt to stimulate the use of some goods and services (apart from house purchases, there are subsidies to the provision of superannuation, of many types of education or of health services) and to discourage - by means of differential taxes - the consumption of others (e.g. tobacco products, alcohol). This may interfere with freedom of choice as it is conceived in many economists' heavens. But most of the population probably regard this as a fairly legitimate form of government activity. It is certainly widespread - not only in Australia, but also in most OECD countries. It is perhaps significant that most democratic governments encourage - and discourage - much the same list of goods and services.

The objection to governments subsidising home ownership are formulated partly in terms of tenure neutrality, but mainly in terms of the distributional consequences of such subsidies. On balance, renters are poorer than owners; ergo this is a regressive form of subsidy. It is, of course true that most subsidies are taken up differentially; in particular, tax concessions are taken up more by those who have most to gain from taking them up. When governments decide to offer tax concessions to homeownership, superannuation, local film production or expenditure on research and development, these concessions will (a) increase the targeted activity and (b) do so at the expense of a more regressive tax system. If we do not want (b), we should encourage the
targeted activity in some way other than by means of a tax concession. The main reasons governments use tax concessions to stimulate some activities is that it is often administratively difficult to devise alternative means of stimulating some activities.

Once a tax concession has been granted, it is very difficult indeed to take it away. The concession is usually perceived to be "fair" and "just", simply because it has existed and people have become accustomed to this state of affairs. It seems very unlikely that any political party would be prepared to take the home ownership tax concession away - even if it would make the tax system more efficient and more progressive - though the latter is perhaps somewhat more doubtful than those who want to impute rent (for purposes of assessing income tax) allow for (8).

We are then in the world of the second-best. Should we extend the subsidy given to home owners also to those who are renting? I would argue that differential subsidies and/or taxes are widespread - and not unreasonable - attempts by government to influence consumers' decisions. If we are primarily concerned about the distributional effects of a subsidy to home ownership, and if removal of the subsidy to home ownership cannot be achieved, distributional objectives are achieved more effectively by targeted subsidies to poor renters - rather than to all renters. According to the Bradbury survey, around 80% of tenants are
not poor - hence subsidising all tenants seems a most inefficient means of achieving a distributional objective which is basically concerned with the impact of a policy on the most disadvantaged groups.

(b) The shortage of rented accommodation. It is often said that a critical shortage of rental accommodation has developed in Australia in the last three or four years. The main evidence cited for this shortage is the Real Estate Institute of Australia's (REIA) vacancy rate series which suggests that vacancies are at historically very low levels in Sydney and below the 2 - 3% level (which is regarded as "normal") in Perth and Melbourne as well.

Two points need to be made about this evidence. First, while the REIA vacancy rates are low, they are no lower than they were in 1980/81. Second, the REIA series is not as reliable as one would wish. It is based on a relatively small (and non-random) sample of vacant rental dwellings. While it provides useful information for its compilers; policy should, if possible, be based on relatively more robust information.

One other indirect source of information regarding demand pressures in the private rental market is provided by the movement in private rent components of the Consumer Price Index (CPI). This broadly supports the picture obtained from the REIA series. For Australia as a whole, the private rental component of the CPI increased significantly less rapidly than the total CPI until the December quarter 1982; since
then the private rental component of the CPI has increased significantly faster. Again, if we look at the individual States, we find much more rapid increases in private rents in W.A., N.S.W. and Victoria than in the rest of Australia.

A recent conference on housing-related statistics held in June 1987 under the auspices of the Department of Housing and Construction and the Indicative Planning Council for the Housing Industry highlighted the inadequate information available in this area. There were some suggestions that - whatever the overall position regarding the availability of rental housing - there could be an acute shortage of rental accommodation at the lower price end of the market; a shortage which would not necessarily show up in the average statistics. Until better information is available, government will find it more difficult to contest some interest-group-driven calls for action to make rental investment more profitable.

Rental investment will obviously be influenced by the expected profitability of this investment. Apart from the level of net rents; the tax treatment of rental investment, the expected levels of capital appreciation of rental property and the real interest rates at which rental investors borrow are all likely to influence profitability. The introduction of a tax on real capital gains and the move to make losses resulting from the payment of interest on such investments
non-deductible for purposes of income tax (i.e. "negative gearing") have been regarded by the industry as THE important factors discouraging investment in rental housing. The increase in real interest rates referred to earlier - and changing perceptions of expected levels of capital appreciation - may have been as important (or even more important) factors in producing tight rental markets.

Given the tight vacancy statistics shown in earlier years by the REIA series, it seems difficult to argue that the (subsequent) introduction of the capital gains tax and the abolition of negative gearing have been such crucial factors as is sometimes suggested. Also, tight rental market are not unique to Australia; in a recent book on "Rental Housing in the 1980s" Anthony Downs suggests the following housing scenario for the U.S.:

Most households will be paying higher fractions of their income for housing; many households that would like to own their own homes will be renting because they cannot afford the higher costs of homeownership; many persons who would like to form additional households will be living with others because they cannot afford separate units.................(9)

(c) Commonwealth-State Housing Agreements. Such CSHA agreements have existed for more than four decades, though the Liberal/National Party statement before the recent election promised that "the next Liberal/National Party government will terminate the Commonwealth - State Housing Agreement and absorb the funds into
financial assistance grants to the States. The arrangement whereby the States can nominate a portion of their Loan Council borrowing programs for public housing at concessional interest rates will cease.

Expenditure on public housing is one area where there are substantial differences between Australia's major political parties. As I have shown in an analysis of federal budgetary priorities of the different political parties in Australia, Labor governments increase expenditure on loans and grants to the states for housing substantially; whilst the Fraser government reduced such loans and grants in real terms in each year it held office - except the last one (10).

However the Federal government is not the only player in this area and, as the Fraser government reduced real funding, the various State governments tended to step into the breach. As a result real funding under the Commonwealth-State Housing Agreements tended to be more or less maintained in real terms during the Fraser years - though they have risen substantially since the Hawke government was elected in 1983.

The States administer most of the housing programs. The Federal government acts mainly as a funding agency - though the Federal government does have a major influence on the terms under which the various State programs are administered. Commonwealth - State housing agreements deal with funds and conditions for a very great
variety of housing programs - including public rental housing, home purchase assistance, rental housing assistance, crisis accommodation etc.

Broadly, the Fraser government's philosophy was that public housing was regarded as a form of welfare housing; whilst the Hawke and earlier Labor governments have regarded public housing as an alternative to home ownership - particularly for those who would have difficulty accumulating funds to get on the home ownership ladder.

Space limitations prevent discussion of the many different - and changing - programs funded under the Commonwealth State Housing Agreements. However some comments should be made about changes in the policy for fixing rents for public housing. Under pre-1978 CSHA agreements, rents for public housing were set to cover costs plus repayments of capital and interest on Commonwealth loans. Rents set for individual dwellings were largely unchanged over the life of the dwelling. In a period of inflation, this led to public rents (based on historic costs and much lower nominal interest rates) being substantially below market rents.

Under the 1978 and 1981 CSHA's there was a move towards more market-related rents. Because of restrictions on the amount rents could rise each year, public housing rents did not reach market rent levels - though the increase in public rents has meant that a significant proportion of households moved out of public housing - to be replaced
by new public tenants in more needy circumstances. At present an
average of 67% of public tenants have low incomes and are receiving
rental rebates. The rental rebates received vary from State to State. In
June 1986, the average rebate ranged from $19 per week in South
Australia to over $40 in N.S.W (11). At present the maximum rental
rebate a poor private tenant can receive (from the Federal government)
is $15 per week. In other words, public tenants are substantially better
off than private tenants - in terms of the rental assistance they can
receive from government, in terms of likely average rents, not to
to mention in their security of tenure.

At present rates of allocation, public housing is likely to
contain more and more low income tenants. This could cause a negative
“critical-mass” effect that could multiply the impact of many of the
problems associated with poverty.

5. Conclusion.

In this rather discursive paper I have attempted to discuss
some of the major current social and economic issues which arise when
the housing of Australia’s population is considered. “Solutions” are
evasive because there are few - or no - commonly accepted criteria.
Some judge everything in terms of distributional outcomes; others judge
it all in terms of Pareto optimality and economic efficiency. Few are prepared to think in terms of trade-offs - and to include both distributional and efficiency weights.

Apart from no commonly accepted criteria, there are substantial debates about the facts. How great is the rental shortage? Is it more difficult for people to mount the ownership ladder than it used to be? Apart from the facts, there are major debates about the working of the housing market. How competitive is it - in the short run, or in the longer run? How long is the "short run"? If more rental assistance is given to poor private tenants, does most of this assistance help these poor tenants - or do their landlords "syphon off" a substantial proportion of it - as is sometimes alleged (though without any evidence, as far as I can make out).

Given the vested interests in the answers it is perhaps not surprising that these issues give rise to heated argument. What is more surprising is that the information at our disposal about some of these issues is as scant as it is.

Broadly speaking, the home ownership markets seems to work reasonably well for the vast majority of Australians. Problems arise at the margin of homeownership. But it is clear that there always will be a margin, though this margin can be pushed out by various government actions - if we are prepared to spend public funds on such an endeavour.
Such a use of public funds inevitably competes with funds used for other purposes - both within and outside the housing area.

In terms of alleviating hardship - both in the short and I believe in the longer run - the most effective use of public funds seems to me to be on some of the rental assistance schemes which have been operated by the Federal government for private tenants in recent years.
Footnotes.
4. When real community incomes are rising, a constant relative poverty line means a rising real income over time. Conversely, when real community income are falling - as they have been recently - such a constant relative poverty line implies falling real incomes over time.
6. Dr. Joe Flood and Dr. Judith Yates 1986 AHRC Project 160 "Housing Subsidies Study" Final Report (November); prepared by Flood and Yates for URBAN RESOURCES (tomed).
7. This statement is based on Table 6.9 in Historical Statistics 1960-1984 of the OECD Economic Outlook, which suggests that residential construction is a smaller proportion of GDP in Australia than in most OECD economies. (For the period 1960-84 the average for Australia is 4.6%, compared to an OECD average of 5.3%).
8. As pointed out earlier, the aged are particularly house-asset-rich; on the other hand they tend to have incomes substantially below the average. Hence any attempt to tax imputed rents would need to consider the aged separately.