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# Innovations in stock matching and allocations: the social housing challenge



**Authored by**

**Iris Levin**, RMIT University

**Selina Tually**, University of South Australia

**Jacqueline De Vries**, University of Tasmania

**Trevor Kollmann**, Swinburne University of Technology

**Wendy Stone**, Swinburne University of Technology

**Ian Goodwin-Smith**, University of South Australia

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**Authors**

Iris Levin, RMIT University  
Selina Tually, University of South Australia  
Jacqueline De Vries, University of Tasmania  
Trevor Kollmann, Swinburne University of Technology  
Wendy Stone, Swinburne University of Technology  
Ian Goodwin-Smith, University of South Australia

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## Acronyms and abbreviations used in this report

<b>ABS</b>	Australian Bureau of Statistics
<b>AZP</b>	Adelaide Zero Project
<b>ACT</b>	Australian Capital Territory
<b>AHURI</b>	Australian Housing and Urban Research Institute Limited
<b>AIHW</b>	Australian Institute of Health and Welfare
<b>ASVB</b>	Australian Social Value Bank
<b>BCR</b>	benefit to cost ratio
<b>CBA</b>	cost-benefit analysis
<b>CBL</b>	choice-based letting
<b>CHP</b>	Community Housing Provider
<b>CRA</b>	Commonwealth Rent Assistance
<b>DCHDE</b>	Department of Communities, Housing and Digital Economy (QLD)
<b>DCJ</b>	Department of Communities and Justice (NSW)
<b>FACS</b>	Department of Family and Community Services (former, NSW)
<b>FTT</b>	fixed-term tenancy
<b>HILDA</b>	Household, Income and Labour Dynamics in Australia survey
<b>HUD</b>	Department of Housing and Urban Development (USA)
<b>MHCLG</b>	Ministry of Housing Communities and Local Government (UK)
<b>MPC</b>	My Property Choice
<b>NDIS</b>	National Disability Insurance Scheme
<b>NHHA</b>	National Housing and Homelessness Agreement
<b>NPV</b>	net present value
<b>NRAS</b>	National Rental Affordability Scheme
<b>NSW</b>	New South Wales
<b>NI</b>	Northern Ireland
<b>NIHE</b>	Northern Ireland Housing Executive
<b>NT</b>	Northern Territory
<b>ONPHA</b>	Ontario Non-Profit Housing Association
<b>PRA</b>	Private Rental Assistance
<b>QLD</b>	Queensland
<b>RGI</b>	rent-gear-to-income
<b>RoGS</b>	Report on Government Services
<b>SA</b>	South Australia
<b>SHA</b>	State Housing Authority
<b>SHS</b>	Specialist Homelessness Services
<b>SOMIH</b>	State Owned and Managed Indigenous Housing
<b>SROI</b>	Social Return on Investment
<b>SPP</b>	Special Priority Placement
<b>TAS</b>	Tasmania
<b>TV</b>	Tenants' Voice
<b>VHR</b>	Victorian Housing Register
<b>VIC</b>	Victoria
<b>WA</b>	Western Australia
<b>WTP</b>	willingness-to-pay

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# Executive summary

## Key points

- In the context of very high demand for social housing against very low supply, this research has set out to explore the potential of innovative policies and practices around allocations and stock matching to reduce the gaps between need for and supply of social housing.
- State housing authorities and community housing providers have developed mechanisms to support the decision-making of allocation of social housing to people in greatest need, which is agreed as the most just approach in such a highly strained system.
- The social housing sector currently caters only for the ‘tip of the iceberg’ applicants, while those with less acute needs are not being housed.
- International and national innovative policies and practices can improve the way applicants are being allocated housing, but they are really only ‘tinkering at the edges’ and cannot address the major structural challenges the system is facing.
- Social Return on Investment (SROI) is an evaluation framework that allows governments to cost social housing across the ‘whole of government’. It is suitable for evaluating social housing, as it identifies relevant stakeholders and measures ‘intangible’ outcomes.
- Policy makers could consider expanding the definition of need for social housing, from the current limited administrative definition to a broader view of all housing needs.



- **Housing allocation practices could achieve results at greater scale in a broader system, through allocating tenancies beyond the social housing system and intersecting with other markets.**
- **The social housing sector could be considered as part of the wider housing market, with an understanding that it is not a separate system but one that is influenced by external conditions of the market.**

Australia's social housing sector remains under significant pressure. Demand for social housing properties remains high, waiting lists are long, and the sector is expected to meet the needs of an increasingly diverse current and prospective tenant population. Resulting from these pressures is an allocation and matching system that operates long waiting lists through a range of eligibility criteria and assessment and priority categories, aiming to achieve a fair and equitable allocation system of social housing. These processes have seen the sector increasingly targeted towards low-income households with complex needs, and to those experiencing multiple disadvantages and support needs.

This research has set out to explore whether innovative, flexible allocation, and matching policy and practice could reduce the gaps between the need for and the supply of social housing.

## Key findings

### Recent changes in allocation and matching policy and differences between SHAs and CHPs

Data drawn from policy review and stakeholder interviews revealed that almost all Australian jurisdictions—apart from the Northern Territory (NT)—have established a common housing register for applicants applying to both State Housing Authorities (SHAs) and Community Housing Providers (CHPs). Eligibility criteria to access the common register across jurisdictions are very similar, with little variations regarding the minimum age of applicants, or income and asset limits. Other differences between jurisdictions include the existence of a separate priority transfer list, and variations in priority categories as based on needs, which range between four priority categories and one.

Demand for social housing across jurisdictions has remained high over the last five years, while stock has not increased significantly to match demand—despite recent plans in some jurisdictions to build new stock as a response to the COVID-19 crisis. To allocate fairly, SHAs have developed complex structures of priority categories and definition of needs that enable and clarify decision-making around who should get housing and who should not. This results in the allocation of dwellings to applicants with the highest needs.

Because SHAs have been providing housing to tenants on very low incomes, they have been operating in a very tight fiscal environment, which means they have not been able to grow the housing stock. In contrast, CHPs can allocate housing to higher-income applicants (although still low income), and can also leverage their assets and revenue streams to build more housing stock as they have access to their tenants' Commonwealth Rent Assistance (CRA).

### Availability gaps between current needs and supply of social housing

Based on a secondary analysis of available databases, the gaps analysis highlighted that, currently, social housing responds only partially to the most significant housing and assistance need in Australian society, with priority access granted according to strict and restrictive eligibility criteria. Social housing only responds to the 'tip of the iceberg'—to the most acute, high-need population groups at any time, with most households below the tip of the iceberg, where their housing needs are not met.

In 2020, the total number of eligible households on public housing waiting lists was 155,141 households:

- 58,511 priority applicants on the waiting list
- 96,630 non-priority but eligible applicants.

The report presents four select methods for assessing social housing gaps:

1. Adequacy of current provision.
2. Waiting list and eligibility data.
3. Housing options in alternative tenures, notably low-rent private rental or homelessness.
4. Long-run forecasts of future demand.

The scale and nature of 'gaps' identified vary, but the overall conclusion is similar: current social housing allocation is inadequate to meet need. Particularly, families with children (mostly single-parent households), single households and regional households display the highest unmet need.

The gaps analysis indicates that a wide approach to assessing social housing gaps, one that includes other tenures and housing assistance forms—those below the 'tip of the iceberg'—provides the most robust account of social housing gaps. A narrower gaps analysis based on a narrow definition of needs is flawed, as criteria are based on political and administrative views of the problem—and therefore do not reflect the breadth of housing need in Australian society.

### **Insights from international and national innovations**

A review of international and national policy and academic literature showed that countries with similar housing markets (Canada, New Zealand), and countries with innovative allocation and matching policies and practices (the UK), have struggled, like Australia, with the appropriate balance of housing supply and demand, due to similar housing market conditions and global societal processes.

From the international literature, consultations and previous reports for AHURI, we have identified several innovative policies for consideration in Australia. (Although many of these initiatives are not 'new', they have been evaluated and are therefore included in our examination.) These include the common housing registers, choice-based letting (CBL), and local allocation plans. Although the common housing registers have been adapted to the Australian social housing context, CBLs and local allocation plans have been piloted locally in South Australia (SA) and New South Wales (NSW) recently, but without long-term plans to adopt them. There are plans to pilot them again in these jurisdictions, as well as in the Australian Capital Territory (ACT). Other innovative policies raised in policy review and interviews with stakeholders are responses to the issue of underutilisation and sustainable tenancy pilots that integrate support with housing for tenants with very high needs.

However, we argue that such manifestations of international and national innovations provide only incremental change and small-scale innovation. They are only 'tinkering at the edges' and cannot address the major challenges currently faced by housing providers in Australia.

### **The Social Return on Investment evaluation framework and its benefits**

The development of an evaluation framework—the Social Return on Investment (SROI)—involves measuring expenditures and revenues across two domains: government departments and tenants.

For the government, a SROI framework allows state treasuries to cost social housing across the 'whole of government', with the benefits of social housing measured in terms of the direct financial contribution of tenants and government rent support, as well as the reduction in the cost of services when housing assistance becomes available.

For tenants, a SROI framework acknowledges the measurement of direct benefits they may receive from social housing—some of which are difficult to measure in financial terms, and are considered ‘intangible’.

The SROI framework is particularly suitable for evaluating social housing because of the emphasis on the identification of relevant stakeholders and measurement of ‘intangible’ outcomes. These characteristics allow the SROI framework to document the impact that social housing may have on tenants through identified costs and benefits. Despite some evidence finding limited improvements in a host of socio-economic outcomes for recipients of housing assistance—particularly when compared with households receiving other forms of government assistance—determining all outcomes of social housing tenants relevant to a given policy remains critically important as part of any evaluation program. However, we should caution that a properly conducted SROI is a time-intensive exercise and relies on assumptions that can be challenging to independently verify. While these assumptions are not necessarily stronger than alternative methods, they nonetheless require someone with experience to detail properly.

## **Policy development options**

We present four interconnected policy development options below. Housing providers (SHAs and CHPs) can improve the system incrementally with various innovative policies, but major improvements can only happen through government commitment to genuine change.

### **Expanding the concept of need for social housing**

Due to the narrow definition of need and the eligibility rules around access to social housing, many people in need of housing are excluded from ever getting housed within the system. Therefore, policy makers would do wisely to expand the way need for social housing is defined. This would change from the currently very narrow view that only includes people with very high needs, to a broader view that also includes people beyond the ‘tip of the iceberg’: low-income earners and other people with the need for housing assistance.

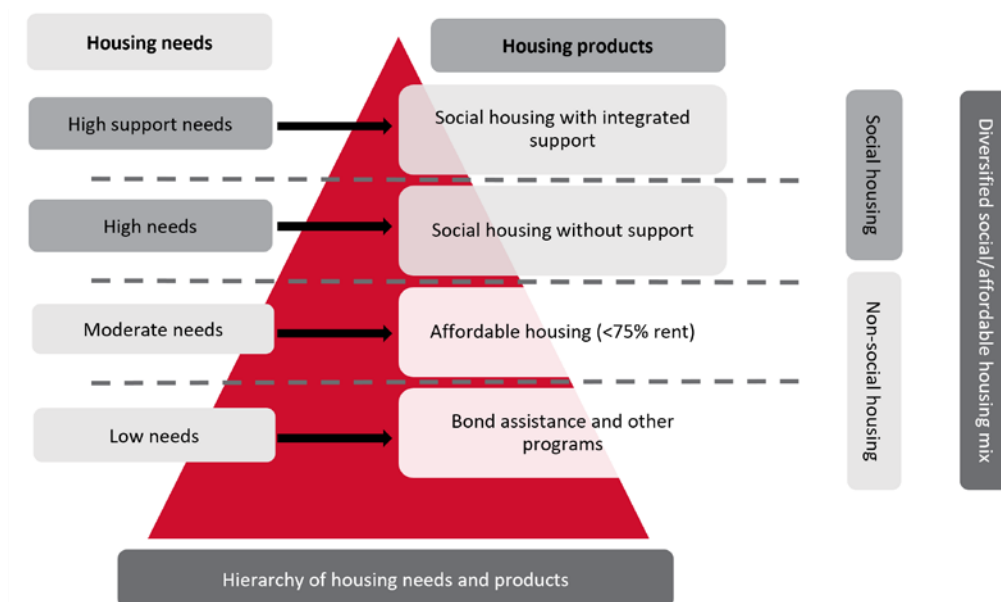
Defining need on the basis of who is on the waiting list is a very narrow concept. It misses all those who would be eligible according to current eligibility guidelines—unmet need—as well as those that are increasingly unable to access affordable housing. So the broader concept is capturing current and projected need. If this is not considered, then need can never be quantified and met through opportunities for appropriate planning and build programs.

The sector would benefit from expanding its limited target to include people on a spectrum that starts from tenants with highest need for housing integrated with other support, through to people with high need for housing but no need for other support, to people in need of affordable housing only in various forms.

### **The social housing system is part of the broader housing market**

Governments should view the social housing sector as part of the larger housing market rather than as a separate, standalone system. The current situation of perceiving the social housing sector as a separate system means siloing responses rather than an integrated response with many available alternatives (Figure 1).

Figure 1: A diversified housing system catering for diverse housing needs



Source: Authors.

In contrast to the current situation, social housing should be perceived as only addressing the ‘tip of the iceberg’ of a range of people experiencing a range of housing needs, including—as discussed earlier—those who need housing assistance of different kinds. These cohorts comprise:

- people with greatest needs who require subsidised housing with varying levels of support
- people who need affordable housing
- people who need housing assistance in different forms.

Governments cannot continue to perceive the social housing sector as separate from the external housing market.

### Innovative policies and practices can only do so much

Innovative policies and practices that target the efficiency and effectiveness of the allocation system can only have a small incremental change effect on the major issues that plague the social housing sector. They cannot significantly reduce the increasing gaps between need for social housing and the supply that is offered.

We propose a conceptual model of the social housing sector that shifts from a one-dimensional model to a multi-dimensional model. The current one-dimensional model identifies social housing as a solution only for those with greatest needs. It has administrative and political appeal, but also comes with a range of problems—and it is financially unsustainable.

## Broadening and diversifying the social housing system

Consequently, governments are encouraged to integrate the social housing system within the wider housing market and create a more complex and nuanced social housing sector, through diversifying and broadening the system. The system should include a range of housing products to fit the changing needs of the population. These could include:

- public (or community) housing with integrated support offered to those in greatest need
- public housing without integrated support
- community housing for people on low and moderate incomes
- affordable housing headleased from the private rental market
- housing-related programs such as Commonwealth Rent Assistance (CRA) or Private Rental Assistance (PRA).

Such a system would be able to better respond to people's changing circumstances, without necessarily forcing people to move out of social housing. A household could be allocated one housing product, but could then be allocated a different housing product if their situation changes, without the need to change their physical housing arrangements (Figure 1). This approach recognises the emotional importance of housing.

## The study

Through five stages of integrated yet distinct areas of exploration, the research addressed the overarching research question:

How can more flexible and innovative allocation and matching policy and practice reduce the gap between needs and supply and enhance matched outcomes?

- **Stage 1:** Interviews with stakeholders
- **Stage 2:** Needs and supply gaps analysis
- **Stage 3:** International and Australian policy review
- **Stage 4:** Evaluation framework for allocation strategies
- **Stage 5:** Policy development workshop.

**Stage 1** included semi-structured interviews with 24 stakeholders, including State Housing Authority (SHA) senior managers and officers, Community Housing Provider (CHP) senior managers and officers, advocates and other NGO managers and officers from Queensland (QLD), Victoria (VIC), Tasmania (TAS) and South Australia (SA). Discussion points within interviews were around specific demand pressures, the needs and issues of diverse groups, and any initiatives providers have developed to balance increasing demands within budget constraints.

**Stage 2** comprised a needs and supply gaps analysis, providing a national overview of existing and projected needs and existing supply of available stock of social housing for key populations out to 2036. The analysis used publicly available data from organisations such as the Australian Institute of Health and Welfare (AIHW), the Australian Bureau of Statistics (ABS), and the Productivity Commission, as well as previous reports for AHURI about social housing needs.

**Stage 3** included a review of policy and practice documents and the limited academic literature on social housing allocations and matching, including previous AHURI reports. This stage aimed to understand current housing-stock allocation and matching policies and practices across all Australian jurisdictions, as well as innovative or best practice policies for housing-stock allocation and matching from countries with similar housing systems and history of housing reforms: Canada, the UK, New Zealand and the USA.

Two international advisers assisted with this stage of the review: Professor Tony Manzi, Sheffield Hallam University, UK and Adjunct Professor Steve Pomeroy, Carleton University, Canada. The international advisers were supported by an Australian adviser, Professor Emeritus Terry Burke, Swinburne University.

**Stage 4** encompassed the development of a cost-benefit evaluation framework using a Social Return on Investment (SROI) methodology, as a means for providers to assess allocation strategies. The framework builds on previous work for AHURI, allowing many of the benefits of social housing to be measured through the lens of cost savings in the provision of other government services, while also acknowledging the direct benefits that may accrue to tenants. The framework considers broad economic and social outcomes influenced by allocation strategies, data requirements to quantify the outcomes, and analysis methods that will enable evaluation of existing and proposed strategies.

Finally, **Stage 5** involved a stakeholder workshop, which presented the findings of the previous four stages to 19 participants from organisations involved in the research in the four jurisdictions, most of whom had previously been interviewed for the research. The workshop allowed participants to engage critically with the emerging findings of the research, consider examples of innovative practices and policies, and discuss policy development and practice opportunities. The workshop involved an advisory panel who presented and reflected on allocation issues and innovations. The panel included Adjunct Professor Steve Pomeroy and Professor Emeritus Terry Burke.

Interviews with stakeholders have been transcribed and analysed through a thematic analysis. The four distinct component parts of the research have been integrated as a system-level assessment, with the stakeholder workshop forming a crucial step in the integration of the findings from the four separate stages.

---

# 1. Introduction

- In the face of an ongoing housing affordability crisis and inadequate investment in the growth and redevelopment of the social housing sector, Australian states and territories have been left with a severe shortage of social housing for those in need. A tight system of eligibility requirements and priority categories now underpins social housing waiting lists in an attempt to ‘manage’ demand for this important social infrastructure. This report explores matching and allocation policy and practice in Australia, with an emphasis on innovation and thinking outside the box.
- Allocation is the rationing of access to social housing—a practice now embedded in social housing policy, as there are many thousands more households requiring social housing than there is housing available. Allocation is a key management and administrative task in the social housing sector.
- There are various ways to define need, including objective need and subjective need. In the current context, need is defined according to administrative structures and constraints, shaping it around those with the ‘highest’, ‘greatest’ or most pressing needs.
- The report synthesises and presents findings from five empirical stages: a supply and needs gap analysis, interviews with 24 stakeholders across four jurisdictions, international and Australian policy review, the development of an evaluation framework for housing allocation strategies, and a stakeholder workshop bringing together all research stages and findings.

## 1.1 Why this research was conducted

Despite evidence that social housing is essential social and economic infrastructure (Flanagan, Martin et al. 2019), Australia's social housing sector remains under significant pressure (Lawson, Pawson et al. 2018; Muir, Powell et al. 2020; Productivity Commission 2017). Demand for social housing properties remains high, waiting lists are long, and the sector is expected to meet the needs of an increasingly diverse current and prospective tenant population. The scale of the challenge facing social housing providers is captured in the projections of Lawson, Denham et al. (2019), who estimate that over the next 20 years, 727,300 *additional* social housing (both public and community) dwellings will be required in Australia; a 67 per cent increase on the current combined public, community and Aboriginal housing stocks, which totalled 436,300 dwellings on 30 June 2020 (AIHW 2021a).

A range of eligibility, allocation and stock/tenant matching structures and processes have been put in place within the social housing sector to simultaneously 'manage' supply constraints, stock-appropriateness concerns and numeric- and diversity-related demand pressures. Such structures and processes have seen the sector increasingly targeted towards low-income households with so-termed 'special' and 'complex' needs, experiencing multiple disadvantages (Flanagan, Martin et al. 2019; Morris 2013; Tually and Goodwin-Smith 2019). Prominent among these households are the following:

- A significant proportion of single-person households, including people who have experienced or are at risk of homelessness (including chronic homelessness), older persons, young people leaving care settings, and ex-prisoners.
- Family households of varying sizes and configurations, including Indigenous families, sole parents, women and children escaping domestic and family violence, and large families from refugee backgrounds.
- Single persons and family-carer households living with disability (physical or intellectual) or mental ill health.

Such targeting has driven stock provision, with a practice of reprofiling the stock through construction and acquisition, to much smaller dwellings than historically was the case.

This project examined whether current allocation and matching policies and practices meet the needs of applicants or tenants, and maximise sector performance and efficiency outcomes, building on other recent impactful work as part of the AHURI *Inquiry into social housing pathways* by Kristy Muir and team (Flanagan, Levin et al. 2020; Muir, Powell et al. 2020; Powell, Meltzer et al. 2019). It aimed to understand the kinds of flexible and innovative allocation and matching policy and practice that are needed to reduce the gap between needs and supply, and enhanced matched outcomes.

The project has paid specific attention to how to optimise stock allocations beyond simply looking at household versus dwelling size and location. Instead, we have examined the applicability of practice (supported by policies) in optimising allocations and matching based on individual needs (including the role of support), neighbourhood and community needs (avoiding concentrations of disadvantage and potential antisocial behaviour) and with a view to minimising the churn and stock underutilisation that plagues the sector in some places in Australia. The findings of our work strengthen our knowledge of social and housing policy around the allocation and matching challenges confronted by housing providers, and suggest a different framework of thought around allocations and matching that is required to address the challenges of the future.



## 1.2 What are social housing allocation and matching?

Allocation is the rationing of access to social housing, which is needed because there are usually more households requiring social housing than there is housing available. Allocation is a key management and administrative task in social housing. Housing agencies make many decisions on behalf of their prospective tenants that, in the private market, prospective tenants make for themselves. For the purpose of this report ‘matching’ is the process of trying to best fit the requirement of allocated households with the attributes of the available stock—including size, location and service access, as well as in terms of community harmony and individual wellbeing. Burke and Hulse (2003: 1) define an allocation system as a five-stage rationing process:

1. Defining eligibility and the conditions that set the broad parameters of who is eligible for a social housing allocation.
2. Assessing housing needs through ranking eligible applicants according to defined criteria.
3. Managing the waiting list through administrative categories: eligible properties, geographical boundaries, and number of offers.
4. The actual dwelling allocation decision, and the degree of discretion housing workers have in the process.
5. Relocations and the criteria for them.

Further, there are three distinct stages in the process of allocating social housing (Burke and Hulse 2003: 9; Hulse and Burke 2005):

- **Strategic planning:** which broadly determines what the aims and objectives of the housing agency are, and then creates an allocation system that reflects these.
- **Primary rationing:** which involves assessing housing needs and determining who gets housing, and in what order.
- **Secondary rationing:** which is about allocating dwellings fairly—for example, who gets which dwelling and in which location.

Hulse and Burke (2005: 7–9) also differentiate between formal and informal allocations.

*Formal allocations* refer to the rationing criteria and processes as identified in written documents such as acts of parliament and statutory regulations. They also include intergovernmental agreements such as the National Housing and Homelessness Agreement (NHHA), which sets the overarching policy context for the provision of social housing in Australia, and the jurisdictional Bilateral Agreements, which are the implementation vehicles for the NHHA (see Section 3). Policies may be developed either as a set of determinations by a commission or board, or as a consolidated policy document. These documents are translated into procedural manuals or a series of operational instructions for housing workers involved in implementation policies. Such documents ‘provide the skeleton of an allocations system’ (Hulse and Burke 2005: 8), and their dissemination allows the system to be open and accountable, while increasing the chance for households in similar situations to be treated similarly.

*Informal allocations*, by contrast, refer to detailed decision-making by housing officers, a process otherwise referred to as ‘discretion’. The application of policies and procedures involves numerous interactions between housing workers, a range of social services and agencies, and applicants. Interactions involve many opportunities for discretion. The processes around informal allocations have both positive and negative sides. When it is used well, it can result in more sensitive and appropriate allocations, but if used badly, it can result in abuse and mismanagement, and accusations of discrimination and bias (Hulse and Burke 2005).

More broadly, social housing in itself is understood as one of the most supportive forms of housing assistance in Australia, geared toward addressing housing ‘need’. For the purposes of this research, *need* is defined in ways that are consistent with the intent of the NHHA (2018) and data reported to monitor this (by the AIHW) as forms of assistance that can be accessed by households, to improve their ‘access to affordable, safe and sustainable housing across the housing spectrum’ (Council of Federal Financial Relations 2018, as cited in AIHW 2022).

These concepts and terms have informed this research, providing a helpful structure for the analysis and integration of findings.

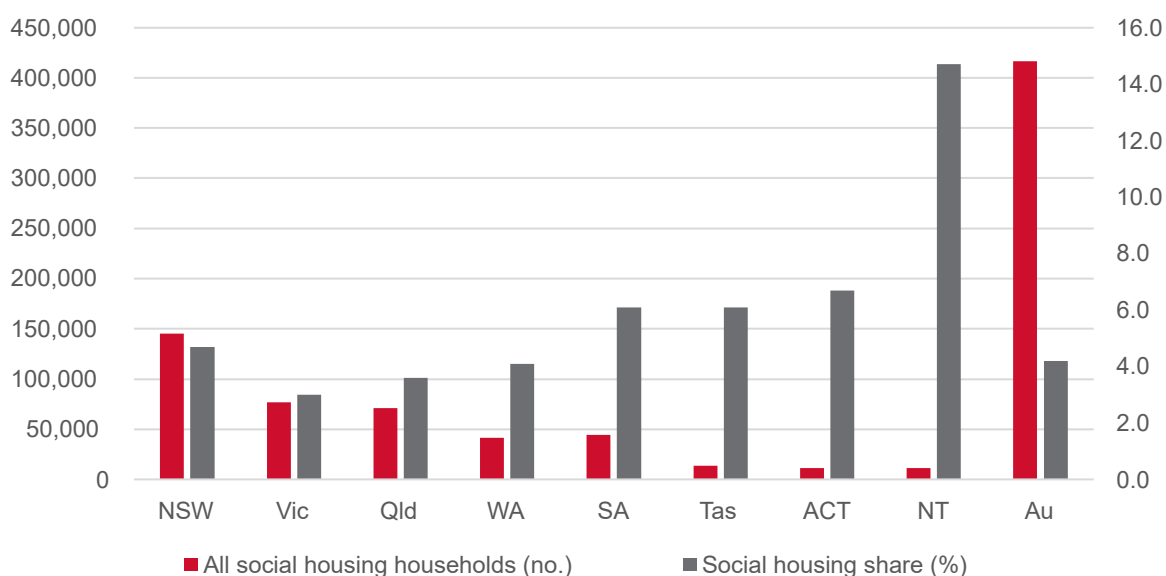
### 1.3 Social housing allocation in Australia

Since the private sector cannot provide affordable or appropriate housing for all households in need in the community, social housing exists in all advanced industrial countries—although the form and scale varies significantly (Burke and Hulse 2003). Although each country has its specific context that affects the social housing allocation system, there are some shared characteristics and problems, focussed around managing a scarce resource through allocation to those in need.

On 30 June 2020, the proportion of social housing within the Australian housing market comprised 4.4 per cent social housing dwellings, declining from a 4.8 per cent share of the housing sector in 2011 (Groenhart and Burke 2014). By contrast, the share of social housing in the Netherlands' housing market approached 35 per cent in 2020, and in England it was 17 per cent between 2016 and 2018 (UK.GOV 2021).

The number of social housing dwellings in each state or territory in 2020 varied significantly, with NSW having the largest number of dwellings and the NT the fewest. Yet the percentage of social housing dwellings per total dwellings in each jurisdiction also varied, with the NT having over 14 per cent of social housing of its total dwellings at one extreme, and VIC having only 3 per cent at the other extreme (Figure 2).

Figure 2: Social housing as numbers and proportion of total households, by state and territory, 30 June 2020



Source: Authors, based on AIHW 2021a.

#### 1.3.1 Why is an allocation policy needed in social housing?

Since their inception in the 1940s, social housing agencies across Australia required some form of allocation policy. The first government housing agencies typically possessed only a few thousand dwellings and were overwhelmed by a backlog of need (Groenhart and Burke 2014). Given the tens of thousands of families who could not afford housing or were living in slum conditions, who among them were to be given housing? Once chosen, what housing were they to be given? This dilemma continues to confront governments today, as well as impacting the community sector. However, today, decisions about who should receive finite social housing is a more difficult policy and administrative task because social housing now caters to a greater diversity of households. Up until the mid-1960s, government housing was mainly allocated for low-income, Australian-born working households. This housing was further prioritised for households headed by an ex-serviceman. Non-British migrants were generally ineligible, and only rarely was access considered for couples less than 60 years of age with no children, sole-parent households, singles, young people or any group not showing ability for independent living. In the 1980s, the community sector emerged as a player in the social housing space, although most agencies were very small and had to choose an allocations system consistent with their size, mission and diverse client base (Groenhart and Burke 2014).

Like many other countries, social and economic changes in Australia have put pressure on allocation systems. The private housing market has become unaffordable. There has been an increase in people living alone, more sole parents and more diverse family types. This is because of a range of factors including divorce and remarriage, changes in the source countries for migration and refugee intakes, and a continuing move by Indigenous people to towns and cities (Burke and Hulse 2003).

Eligibility and allocation policies must now address the competing needs of a much broader range of household types than when government housing was first established. In 2020, almost 210,000 people were on social housing waiting lists across Australia, with about 21,000 obtaining housing each year (Productivity Commission 2017; 2021a). Yet these numbers exclude many people who do not apply for social housing, typically for several reasons: stigma, and feelings of despair that they will never get housed. Those who do get housed in social housing are almost always applicants with 'multiple disadvantage' and high and complex needs (Flanagan, Levin et al. 2020).

### 1.4 Defining need

As noted in Section 1.3, the concept of housing need is central to national and state and territory housing agreements and, within the social housing sector, to allocation processes. The concept of need has proven difficult to analyse in specific practical contexts, including the social services (Spicker 1987; Ytrehus 2000). There are various ways of measuring 'need' for social housing. In his 'taxonomy of social need', Bradshaw (1972) distinguishes four categories:

- **Normative need:** a set level of need defined by experts
- **Comparative need:** need determined by comparison with the standards of others
- **Expressed need:** need expressed by clients or consumers themselves
- **Felt need:** need experienced by clients or consumers themselves, but not necessarily expressed.

This taxonomy raises two main questions: first, whether need is an absolute need or relative to other needs, and second, whether need should be determined by experts or by those people experiencing it.

Stone, Parkinson et al. (2016) identify two categories in their conceptualisation of need:

- **objective need**, which is established by 'experts' according to some standard measure or criterion, such as a poverty line or affordability measure
- **subjective need**, which is expressed by clients and is based on their perceived housing need.

Sometimes individuals may not be able to adequately identify their needs (as distinct from their 'wants'), or may focus on their most immediate day-to-day needs instead of their long-term needs. Moreover, often what seems to be 'objective serviced-based criteria of need based on scarcity and rationing of program funding may significantly differ from an individual's assessment of what is needed to assist them to access and maintain housing' (Stone, Parkinson et al. 2016: 18).

Spicker (1987: 17) contends that housing departments have developed a common understanding of the concept of 'need', with an emphasis on 'an individual, material, absolute idea of "need" which depends strongly on conventional interpretation to determine what is included and what is not'. The values expressed in policies of housing organisations are part of an ideology of need, as they constitute an interrelated set of ideas commonly shared within a profession. Yet Spicker argues that this ideology is based more on the constraints of practice rather than the implementation of common principles. It is then highly likely that norms in policy—such as the definition of need—are shaped by administrative structures and the conditions in which a service works (Rein 1983, cited in Spicker 1987: 26).

Compounding the delineation of need is that it is also subject to the political pressures of relevant government ministers. Focusing events—for example, media coverage—can bring underlying issues into greater political and policy visibility, creating a need for policy action. For example, the findings of a Royal Commission or an auditor-general's report can mean groups with certain needs can get greater allocation priority relative to others, meaning that the priority system is not stable over time but subject to switches in strategic direction. This means the need is not 'objective' (defined by 'experts') and is not 'subjective' (defined by clients) (Stone, Parkinson et al. 2016), but is subject to political pressures.

So, in the case of housing departments and housing providers, administrative structures, supply constraints and political pressures lead to a very narrow definition of the concept of need, organising it around those with the highest and most pressing needs.

These questions around allocations and need have informed the development of the research questions and the methods of addressing them.

### 1.5 A note on innovation

Over the last few decades, policy makers have become increasingly interested in the role of innovation in economic performance and the solutions it may present. The term 'innovation policy' has become commonly used, reflecting a view that policies need to have an important impact on innovation (Edler and Fagerberg 2017; Marques 2011). The term 'innovation policy' has become popular since the mid-1990s, but if we understand this term as policies that affect innovation, it existed well before then.

From a broad perspective, 'innovation is understood as the introduction of new solutions in response to problems, challenges, or opportunities that arise in the social and/or economic environment' (Edler and Fagerberg 2017: 4). An innovative program can be defined as a program that marks a departure from the setting's program delivery status quo. Aspects of innovation can include the concept, design, technology, institutional arrangement, or elements of the process (Das 2018).

The distinction between *invention* (a novel idea for how to do things) and *innovation* (carrying it out into practice), points to two aspects of innovation:

- Novelty does not need to be 'new to the world'; it can be new to those that produce or use the innovation.
- Novelty does not have to be radical; it can refer to 'an incremental improvement of a process or a product' (Edler and Fagerberg 2017: 4).

These two aspects are crucial for our understanding of innovation in this research. Innovation can be a new concept or idea in the current policy context and can entail a very small change from existing policy. In that sense, innovation is perhaps too big a word to describe incremental changes and improvements in the development of social housing allocation and matching policy. Moreover, the preoccupation of policy makers with innovation policy does not mean that only innovative policy is good policy. Therefore, we sometimes include quotation marks around the words 'innovation' or 'innovative': are these changes innovative, or are they simply a natural development of policy? Is innovative policy necessarily best practice policy? However, these questions are beyond the scope of this research.

## 1.6 Research questions and methods

The research addressed the core question:

How can more flexible and innovative allocation and matching policy and practice reduce the gap between needs and supply and enhance matched outcomes?

Four specific areas of investigation have been advanced in the research to address the core question:

- How have allocation policies and practices changed in various Australian jurisdictions in the last five years, and what are the primary differences between SHAs and CHPs?
- What are the availability gaps between current and projected needs and current supply of social housing stock for key population cohorts by size, quality and location?
- How can Australian allocation and matching policies be enhanced via insights from innovative, best practice international and national policies?
- How can existing and potential new allocation and matching strategies be effectively evaluated through a SROI framework?

To address the core and supporting research questions, the research used a multi-layered data collection approach (Bryman 2016). This research approach was designed following consultation with several State Housing Authority (SHA) stakeholders during the proposal development stage. Five integrated stages, discussed below, formed the basis of the approach, with stages culminating with a stakeholder workshop (Stage 5). We return to the research questions in Section, 6 which concludes with a series of policy development opportunities. Due to the scope of this research, we did not interview applicants on waiting lists. We acknowledge that their views could have significantly informed the research on 'expressed need' and 'felt need', and perhaps would have even challenged expert views regarding what is best for them. Further, such views would also provide a valuable avenue for inquiry as innovations in matching policy and practice are developed.

The research received ethics approval from the RMIT University Human Research Ethics committee, ratified by Swinburne University, the University of Tasmania and the University of South Australia.

### 1.6.1 Stage 1: Interviews with stakeholders

Stage 1 involved semi-structured interviews (online, phone and face to face) with key stakeholders in SHAs, CHPs and other non-government organisations (NGOs) in VIC, TAS, SA and QLD, focussing on current policies and practices deployed in housing organisations regarding primary (needs-based) rationing and secondary (fairness-based) rationing, priority waiting lists, segmented waiting lists, transfers, stock matching, supply constraints, diverse groups' needs and stock reconfiguration. Where able, we accessed policy and procedures information from providers prior to interviews, in order to build our understanding of allocation and matching policies and practices. In some instances, such information was provided to us following the interviews.

In this stage of the research, 24 stakeholders (7 in VIC, 6 in QLD, 6 in TAS, 5 in SA) were recruited through team members' contacts with professionals from SHAs and CHPs (Table 1). Stakeholders interviewed were policy executives, senior managers in housing allocations, housing practitioners and advocates, as well as other supporting organisations across the social housing landscape. Interviews lasted around one hour, and were conducted either in person, over the phone or online, depending on the preferences of interviewees and the appropriateness of engagement methods given the variable COVID-19 impacts during the time the research was conducted.

Semi-structured interviews included topics around specific demand pressures, diverse groups' needs and issues, and any initiatives providers had developed (that might be viewed as best practice) to balance increasing demands within budget constraints. These topics were later advanced in the policy workshop held at the conclusion of the fieldwork stage, discussed later. See Appendix 1 for interview questions.

Table 1: Distribution of stakeholders across jurisdictions and sectors

Stakeholders	Victoria	Queensland	Tasmania	South Australia	Total
SHAs	3	2	2	2	9
CHPs	3	3	2	2	10
NGOs/Advocacy	1	1	2	1	5
<b>Total</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>5</b>	<b>24</b>

Source: Authors.

Our focus on the four jurisdictions of VIC, TAS, SA and QLD provides a balance of different housing market stresses and responses (including COVID-19 related stresses and responses), as well as different demographic pressures and nuances in approaches and policies supporting stock demand and supply management (Flanagan, Levin et al. 2020). As Section 2 demonstrates, the various states and territories in Australia have different needs, social shares of housing stock, and allocation strategies. The four jurisdictions represented in this research have differing shares of priority applicants on the waiting lists (very low in SA, about a half in TAS and VIC, and very high in QLD) (see also Pawson and Lilley 2022).

### 1.6.2 Stage 2: Needs and supply gaps analysis

Alongside stakeholder interviews, we conducted a needs and supply gaps analysis, providing a national overview of existing and projected needs and existing supply of available stock of social housing for key populations out to 2036. This analysis has used publicly available data from organisations such as the AIHW, the ABS, and the Productivity Commission, and previous AHURI reports concerning social housing needs (Lawson et al. 2018; 2019; Rowley, Leishman et al. 2017).

Based on the needs and supply gaps analysis, we have produced an infographic to visually demonstrate the gaps in each state or territory, and to provide a national picture (see Figure A1 in Appendix 2).

### 1.6.3 Stage 3: International and Australian policy review

Stage 3 of the research approach involved a review of policy and practice documents and the limited academic literature, including previous AHURI reports, on social housing allocations and matching to understand:

- current housing-stock allocation and matching policies and practices across all Australian jurisdictions (see Appendix 3 for a summary of policies in Australian jurisdictions)
- innovative or good practice policies for housing-stock allocation and matching from countries with similar housing systems and history of housing reforms: Canada, the UK, New Zealand and the USA.

Two international advisers assisted with this stage of the review: Professor Tony Manzi, Sheffield Hallam University, UK; and Adjunct Professor Steve Pomeroy, Carleton University, Canada (see Appendix 4 for a summary of the review). They were supported by an Australian adviser, Professor Emeritus Terry Burke, Swinburne University.

### 1.6.4 Stage 4: Evaluation framework for allocation strategies

A key contribution of this research to evolving practice in housing allocations is the development of a cost-benefit evaluation framework, using a Social Return on Investment (SROI) methodology as a means for providers to assess allocation strategies. The framework builds on previous AHURI work (Davison, Brackertz et al. 2021; Denham, Dodson et al. 2019), allowing many of the benefits of social housing to be measured through the lens of cost savings in the provision of other government services, while also acknowledging the direct benefits that may accrue to tenants.

The framework draws together all stages of this research. It presents a tool for providers to implement changes or evolutions in allocation practice in response to acute contexts (COVID-19) or long-term contexts (ongoing affordability pressures), housing market stresses and demographic change. The framework considers broad economic and social outcomes influenced by allocation strategies, data requirements to quantify the outcomes, and analysis methods that will enable evaluation of existing and proposed strategies.

### **1.6.5 Stage 5: Policy development workshop**

Stage 5 tied the research stages together with a policy development workshop, which was held in November 2021. Nineteen stakeholders were actively involved in the workshop, with most (but not all) attendees having previously been engaged with Stage 1 of the research.

The policy development workshop provided the opportunity to:

- engage critically with the emerging findings of the research
- consider examples of innovative practices, the potential effectiveness and need for such approaches and possibly challenge inherent assumptions and orthodoxies in allocation and matching policies
- discuss policy development and practice opportunities.

The workshop involved an advisory panel that presented and reflected on allocation issues and innovations. The panel included Adjunct Professor Steve Pomeroy, who discussed international innovation examples to spark policy development conversation in the workshop; and Professor Emeritus Terry Burke, who presented major issues in allocation in Australia to generate discussion about needed change and innovation. Workshop discussions have strongly shaped the policy development opportunities outlined in this report (Section 5).

### **1.6.6 Analysis and integration of findings**

Interviews with stakeholders have been transcribed and analysed through a thematic analysis (Spencer, Ritchie et al. 2014). The four distinct component parts of the research have been integrated as a system-level assessment, with the stakeholder workshop forming a crucial step in the integration of the findings from the separate stages. These findings are presented in this Final Report.

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## 2. Allocation gaps: concepts, incidence and implications

- Social housing allocation ‘gaps’ are conceptualised, measured and monitored in a way that has direct implications for policy and practice responses to the provision of social and affordable housing.
- ‘Narrow’ approaches to conceptualising and measuring social housing gaps based on eligibility criteria and associated administrative data are limited. They provide a ‘tip of iceberg’ account of the gap between social housing need and provision.
- ‘Wide’ approaches to conceptualising and measuring social housing gaps account for the ‘fallout’ of social housing gaps into related tenure, living arrangement and support services.
- Both narrow and wide approaches to measuring social housing allocation gaps indicate there is a deficit of social housing nationally, in all states and territories, and that the scale of the gap is increasing over time.
- The social housing ‘gap’ is primarily borne by young adults and families with children, and may include increasing numbers of single-person households in future years. Population shortage differences vary across the main housing types in social housing—public, community and State Owned and Managed Indigenous Housing (SOMIH), as well as by location.
- The social housing asset ‘gap’ comprises a mix of dwelling types, to house single persons and families with children.
- Wide conceptualisation and measuring of social housing gaps are likely to facilitate innovative policy and practice development approaches to responding to social and affordable housing demand. Consideration of mixed allocation and assistance models is additionally likely to support financially viable and innovative supply and allocation of social and affordable housing.



## 2.1 Social housing allocation ‘gaps’: concepts, measurement and implications

In the 2019–20 financial year, over 800,000 people lived within 436,000 social housing units across Australia (AIHW 2021a).

As outlined in Section 1, social housing provision is increasingly targeted to high-need and complex-need priority tenants, with limited provision of social housing to eligible yet lower-need applicants. Additionally, changes to eligibility settings over time mean that allocation criteria used for social housing and associated administratively derived definitions of social housing need are narrowing (Groenhart and Burke 2014; Hall and Berry 2007; Muir, Powell et al. 2020). While there is debate about the overall total share of the housing system that ought to consist of social housing in the Australian context (see for example Yates 2018), social housing is now a minority housing tenure option—albeit a highly significant component of Australia’s infrastructure and welfare system (Lawson, Pawson et al. 2018).

The relative share of the housing system accounted for by social housing varies by states and territories nationally, depending on a combination of factors including:

- historical and current social housing supply and allocations policies (Groenhart and Burke 2014; Hall and Berry 2007)
- current housing market contexts (Rowley, Leishman et al. 2017)
- efficacy of matching available dwellings with eligible applicants (Sharam, McNelis et al. 2021).

Collated data published by the AIHW (2021a) show that as at 30 June 2020, the housing share that social housing contributed across state and territory housing systems ranged from around a low of 3 per cent in VIC to 14.7 per cent in the NT, with the largest overall numbers of social housing dwellings found in the most populous states of NSW and VIC, closely followed by QLD (see Figure 2 in Section 1).

The tightening of eligibility criteria for social housing eligibility and allocation over time (Groenhart and Burke 2014) has resulted in an increasing population of households with housing-assistance support needs residing outside the social housing system (Lawson, Pawson et al. 2018). Hence, understanding the scale of current social housing need via expressed demand is inherently limited. For the purposes of this report, we conceptualise the difference between current allocation and provision, and social housing and housing assistance need as a social housing allocation ‘gap’. Understanding the nature of the gap and its scale is essential if future social housing policy and practice is to respond to such need more innovatively or effectively.

### 2.1.1 Accounting for social housing allocation gaps

Four key approaches are taken, summarised and illustrated in this research that can be used to conceptualise and assess the extent of current ‘gaps’ between demand for—and provision of—social housing. These approaches are based on existing published data, including national statistics and recently published conceptualisation and modelling. For a full and detailed account of any of the respective approaches, readers are directed to the primary data sources, most of which are publicly accessible government reporting or reports that collate data from these sources. The four approaches summarised and showcased here include approaches based on current eligibility and waiting list criteria and data, focussing narrowly on tenants and applicants, as well as approaches that are wider, including consideration of the related tenures and living arrangements of disaffected but eligible applicants or households in need that do not meet restrictive eligibility requirements for social housing allocation. Existing published data include measures such as:

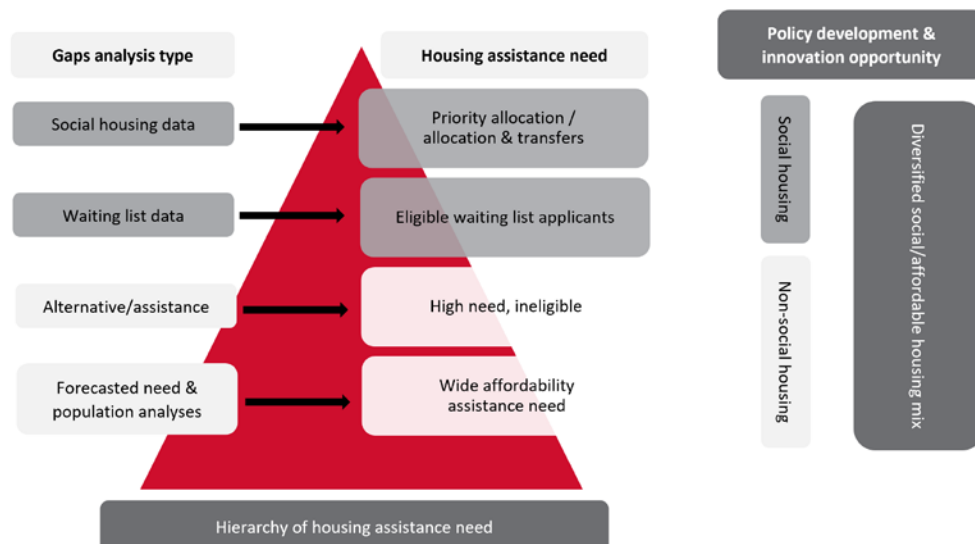
- adequacy of social housing provision, including the extent to which priority and non-priority eligible households are able to be housed, as well as measures of overcrowding and underutilisation
- waiting-list data for eligible priority and non-priority populations nationally
- demand in social housing alternatives, including absolute supply shortages of affordable dwellings for low-income households in private rental housing, as well as the incidence of homelessness and demand for specialist homelessness services
- projected need for social housing based on population forecasts and current social housing eligibility and demand.

These measures are essentially objective measures of need based on different statistical constructs and allocation criteria, rather than subjective measures related to applicants' own assessment of needs. (However, it is important to note that objective measures may reflect subjective measures of experts, and may be problematic, crude, misleading or incomplete.)

Figure 3 depicts how respective approaches to conceptualisation of social housing allocation gaps affect the types of need that are considered in any gaps analysis. The figure includes a hierarchy of housing assistance need, in terms of costs, complexity of needs and support. As the different levels in the hierarchy indicate, the need for assistance is only partially addressed by social housing allocation or eligibility. Where a conceptualisation of policy model addressing allocation gaps is based on administrative data, a relatively small scope of housing assistance need is responded to. Figure 3 indicates that in the first and second levels of need, households that are eligible to apply for social housing tenancies and that are currently on state and territory waiting lists to access social housing are included. For these two levels, the focus of current housing assistance provision is within the social housing sector and includes priority and non-priority applicants. In the next lower level of the hierarchy are eligible but disaffected households that are most likely to live in private rental housing, possibly in receipt of various forms of Private Rental Assistance including cash transfers and practical support, or they may be experiencing homelessness. These households often do not have the resources needed to apply for social housing. They require assistance with accessible, affordable housing and, in some cases, additional wraparound forms of assistance. At the lowest layer of the hierarchy are evidence-based forecasts about social housing and affordable housing that can include various forms of assistance need, including social and affordable housing models.

At the right-hand side of Figure 3 are representations of where each of these eligibility forms of housing assistance need currently sits within either social housing or non-social housing allocation and provision. On the right-hand side of Figure 3 are policy development opportunities that sit across tenure and assistance need types. This includes eligible priority and non-priority social housing applicants, as well as households requiring affordable housing with varying housing-assistance support needs. The mix and diversity of assistance needs is referred to again at the end of this section.

Figure 3: Conceptualisation of social housing allocation gaps



Source: Authors.

## 2.2 Approach 1: Adequacy of social housing current allocations

The extent to which the social housing sector provides housing for eligible households that apply for social housing—either as priority or greatest-need households or as eligible non-priority applicants—is one indicator of the adequacy of current social housing assistance provision. Figures 4–7 draw on the most recent publicly available administrative data provided by state and territory housing offices (including CHPs) to consider current allocations nationally.

(Readers are referred to original publicly available data through the Productivity Commission or the AIHW for full details, as the discussion in this and subsequent sections aims to prompt a conceptual consideration of approaches taken to measurement, rather than discussing the current numbers in and of themselves.)

### 2.2.1 Allocation of priority and non-priority social housing applicants

Priority and greatest-need applicants comprise the lion’s share of new allocations across all state and territory jurisdictions. As Muir, Powell et al. (2020) argue, simply being low income or poor and eligible for social housing in a context of restricted social housing allocation and scarcity does not guarantee access to the social housing system. In the year 2019–2020, a total of 34,117 households were newly allocated to tenancies in social housing dwellings, across public, community and State Owned and Managed Indigenous Housing (SOMIH) providers nationally. Notably, a large proportion of all new allocations across all states and territories and provider types were priority or greatest-need allocations (Figure 4 and Figure 5). Nationally, priority or greatest-need allocations comprised 76.5 per cent of public housing allocations, 82.4 per cent of community housing allocations and, as far as available data indicate, 64.9 per cent of allocations within SOMIH (AIHW 2021b). In this period, allocation of social housing to eligible but non-priority/greatest-need households was most limited in VIC, QLD, ACT and TAS (Figure 5).

Figure 4: Total social housing and newly allocated households, by state and territory, 2019–2020



Source: Authors, based on AIHW 2021b, Table 8, National Housing Assistance Data Repository.

Figure 5: Greatest-need allocation as a proportion of all new allocations, across programs and states and territories, 2019–2020



Source: Authors, compiled from Productivity Commission (2021a), RoGS Table 18A.

### 2.2.2 Overcrowding and underutilisation within current social housing allocation

Leaving aside the question of how eligible households that applied for social housing but were not allocated social housing were housed in recent and previous reporting periods, it is important to consider the adequacy of existing and new allocations to social housing tenants.

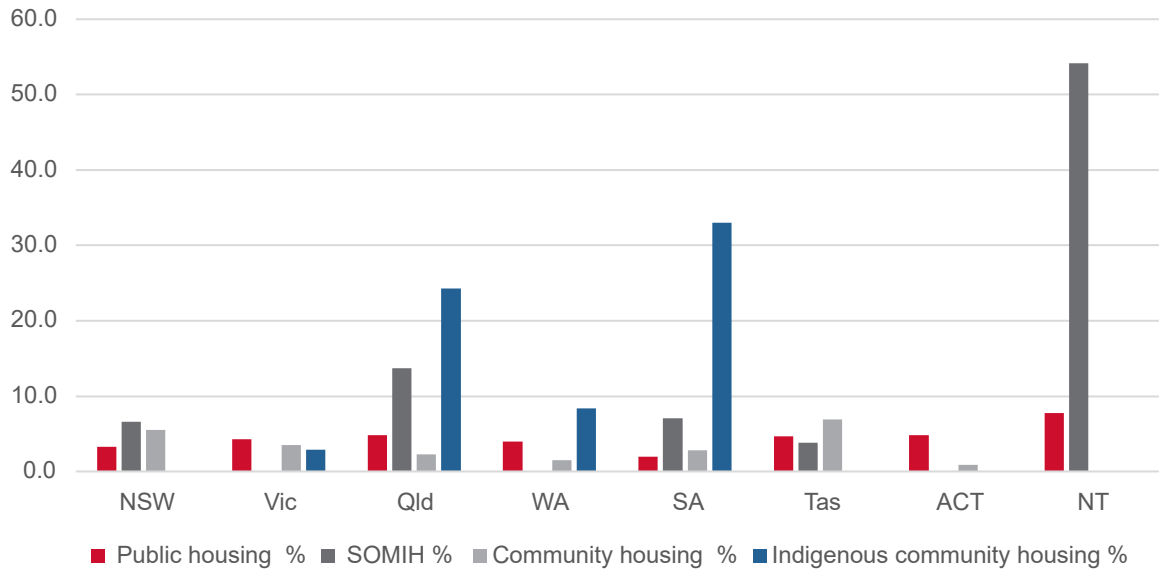
A key indicator of the adequacy of current allocations is the appropriateness of dwelling size allocated to respective households. ‘Overcrowding’ and ‘underutilisation’ are examples of ‘objective’ measures that could be challenged. In Australian social housing terms, ‘overcrowding’ and ‘underutilisation’ are where a dwelling has too few bedrooms for the number of applicants, taking account of household relationships and the age and gender of household members. The definitions of both overcrowding and underutilisation of dwelling space are based on the Canadian National Occupancy Standard (Productivity Commission 2021a).

National figures show that in the year ending 30 June 2020, a majority of tenants residing in social housing were living in dwellings that adequately met their needs (79%), as defined by the Canadian measure. Of those whose tenancies were deemed poorly matched, underutilisation of stock, defined in this administrative way, affected more allocation matches (61,000) than overcrowding did in the same period (18,500) (Productivity Commission 2021a).

Within public housing, the people most affected by overcrowding were aged 35–44 years (31%), whereas a majority of underutilisation was reported for single adults (59%). SOMIH tenancies in the same period included greater overall rates of overcrowding (Figure 6). Among SOMIH tenancies, 79 per cent of crowding was reported around group and mixed composition households (AIHW 2021a), while underutilisation was mostly associated with tenancies of households aged 55–64 years (30%).

Locations most affected by crowding are NT and TAS. Within SOMIH, most crowding was reported within Very Remote areas. SA reported relatively high rates of underutilisation in comparison with other states and territories (Figure 7) (Productivity Commission 2021a).

Figure 6: Proportion of tenancies involving crowding, by social housing program, states and territories, 30 June 2020



Source: Authors, compiled from Productivity Commission (2021a), RoGS Table 18A.25.

Figure 7: Proportion of tenancies involving underutilisation, by social housing program, states and territories, 30 June 2020



Source: Authors, compiled from Productivity Commission (2021a), RoGS Table 18A.32.

### 2.3 Approach 2: Social housing eligibility and waiting lists

Counting the number of households that are eligible for and have applied for social housing but are not yet housed within social housing is one approach that can provide insights into the scarcity of social housing relative to expressed demand, and of acute social housing allocation gaps. However, waiting lists tend to understate need, so this is a flawed measure of need (Pawson and Lilley 2022). Reasons for understated need include the stigma of applying for social housing, and the recognition that unless you have a stated priority need it may be years before a property will be allocated, if ever (Burke, Neske et al. 2004)

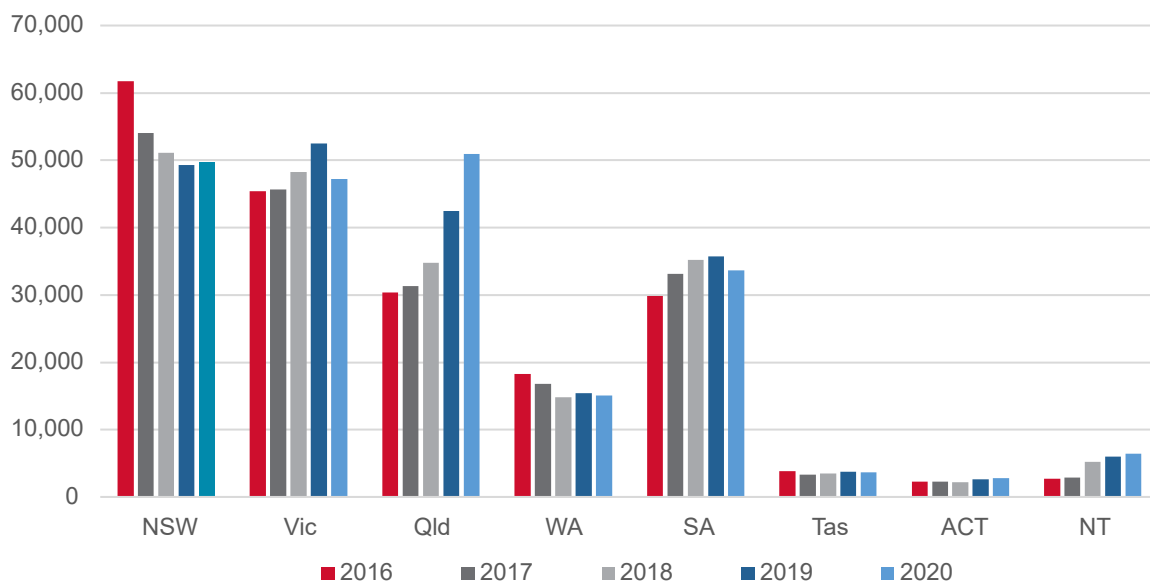
Publicly available data indicates that in 2020 the total number of eligible households on public housing waiting lists was 155,141. This comprised:

- 58,511 priority applicants on the waiting list
- 96,630 applicants that are non-priority but eligible (AIHW 2021a).

Unsurprisingly, the highest numbers of applicant households on the waiting list are found in the most populous states of NSW and VIC, with relatively fewer waiting-list applicants in the smaller jurisdictions.

Combining the Community Housing (43,502) and SOMIH (10,872) waiting-list data with the public housing waiting-list data, a total of 209,515 households nationally were eligible and had applied for social housing (Productivity Commission 2021a). Waiting-list data reporting over time shows some variation in the scale of non-allocation for eligible applicants by location. For example, in 2020, QLD has a notable increase in register of interest applicants relative to previous years, as well as to other states and territories (Figure 8).

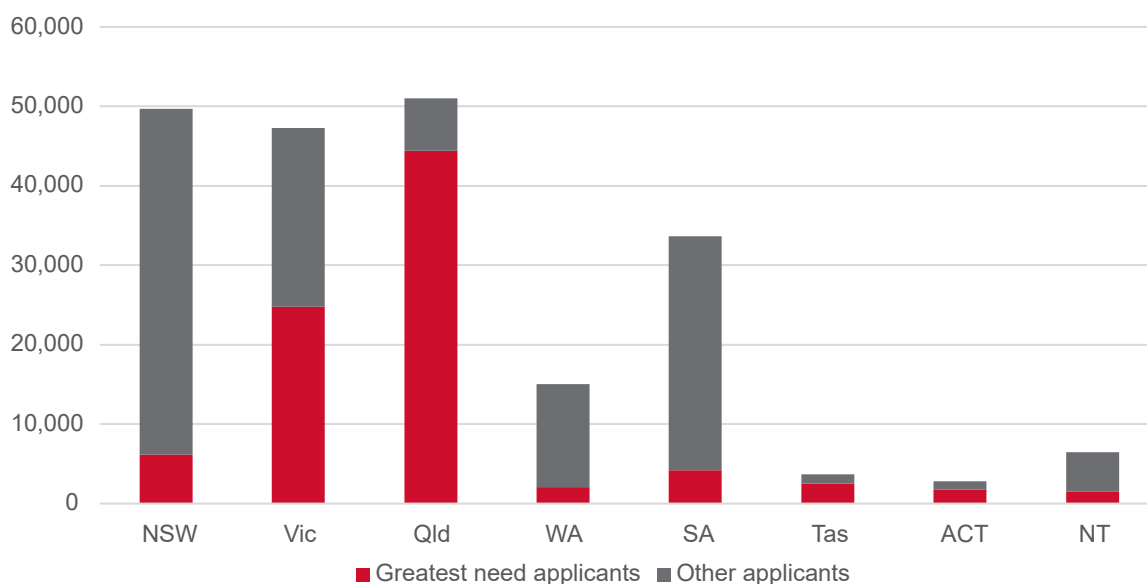
Figure 8: Social housing applicants on state and territory waiting lists, June 2016–June 2020



Source: Authors, compiled from Productivity Commission (2021a), RoGS Tables 18A.5–8.

Notably, QLD also stands out as the jurisdiction in which the register of interest for eligible applicants for social housing includes the highest proportion of priority and greatest-need households awaiting tenancy allocation. Victoria also has a large proportion of waiting list applicants who are priority listed, relative to other states and territories (Figure 9).

Figure 9: Social housing applicants, including new greatest-need applicants on waiting lists (national total), by state and territory, 30 June 2020



Source: Authors, compiled from Productivity Commission (2021a), RoGS Tables 18A.5–8.

## 2.4 Approach 3: Accessibility, affordability and adequacy of housing alternatives

A third approach to examining the gap between social housing provision and social housing need is to consider proximate and related tenures, and housing assistance forms—effectively the ‘fallout’ of the social housing gap. Consideration of the fallout of inadequate social housing provision relative to need, by assessing related tenures and housing assistance forms, is also an important component of approach taken by Lawson, Pawson, et al. (2018) in their analysis of social housing investment pathways. The two main areas to consider are:

- affordable and accessible private rental housing
- homelessness and homelessness services reciprocity.

Privately rented dwellings are the primary alternative to social housing for very-low-income and low-income households. A long-running series, undertaken by Hulse, Reynolds et al. (2015; 2019), uses national census data to track the incidence of:

- affordability shortfalls in the private rental sector for people living on low and very-low incomes
- unavailable and unaffordable shortfalls in the private rental sector for low-income and very-low-income households, such as where affordable low-cost rental housing is occupied by tenants able to afford higher rents.

The analysis series uses purposefully designed census unit record data over time to illustrate the national and state/territory supply-side shortages of affordable, and affordable and available, low-rent private rental housing, as well as how the shortages are distributed both geographically and across population cohorts.

For the purposes of the present study, understanding the scale and distribution of these private rental shortages provides essential context for a wide understanding of social housing allocation gaps. Lack of accessible and affordable housing alternatives to social housing available to households eligible for but not housed in social housing—or to households living with low income but not eligible for social housing—enables us to consider social housing allocation gaps from a needs-based rather than eligibility-based lens.

As set out in Section 1, needs can be defined normatively, administratively and through lived experience, and not all assessments of need align—particularly where administrative allocation of social housing assistance is undertaken within a model of scarcity, such as exists in Australia (Hulse and Burke 2005; Rowley, Leishman et al. 2017; Stone, Parkinson et al. 2016). As outlined in the introduction of this report, the term ‘needs’ refers to a shortage of housing or housing assistance for households seeking various forms of support or that are otherwise eligible for support. In this section, need for affordable and accessible private rental is used as a key measure.

Shortfalls in affordable and accessible privately rented dwellings widen our understanding of social housing allocation shortages. In an analysis of 2011 Census data, Hulse, Reynolds et al. (2015) find that the stock of affordable and accessible housing available to the lowest-income households, in particular, was reducing in both absolute and relative terms, with resultant increases in acute housing stress. In the most recent iteration in the data series, Hulse, Reynolds et al. (2019) find similar increases in housing stress, including increased overall incidence and burden for particular geographies and populations:

- An acute and increasing national shortage of affordable private rental dwellings for lowest-income households (quintile 1) of 212,000 dwellings. This number increases to 305,000 dwellings when both accessibility and affordability are considered together.
- Medium-sized cities of Newcastle, Wollongong (both NSW) and the Sunshine Coast and Gold Coast (both QLD) had the greatest supply shortages for both lowest-income (quintile 1) and low-income (quintile 2) households.
- 80 per cent of lowest-income households (quintile 1) were paying unaffordable rent in 2016.
- Most affected populations included young adults, families with children, and those living in share arrangements.

Households experiencing housing stress in private rental housing may or may not be eligible for social housing allocation—however, they do exhibit the need for housing support of at least some form. Housing assistance to offset rental stress in the privately rented sector primarily consists of cash transfers in the form of Commonwealth Rent Assistance (CRA) and Private Rental Assistance (PRA) comprising practical and specific interventions such as bond and rent arrears support.

Using the most recent available data, the AIHW (2021a) reports that in 2019–2020, the Australian Government spent \$4.7 billion on CRA. This supported around 25,200 income units to meet their rental payments. The main groups in receipt of CRA in this period were single persons (43%) and single parents with one or more dependent child (21%). Most were aged 40 years or over (62%), including 30 per cent of recipients aged 60 years and over (AIHW 2021a).

In addition to households living in privately rented dwellings and provision of CRA to support affordability of private rental, we also consider numbers of eligible households that are unhoused. One of the most extreme indicators of social housing allocation shortages is the incidence of homelessness experienced nationally in all states and territories, as well as the extent of delivery by specialist homelessness services (SHSs).

ABS census data reported by the AIHW in their review of Australia’s welfare, indicate that while there was a decrease in national rates of homelessness in the years 2006–2011, this trend had reversed in the years 2011–2016, which saw an overall increase in the rate of homelessness nationally. This has increased from 45 per 10,000 population in 2011 to 50 per 10,000 in 2016 (AIHW 2021c).

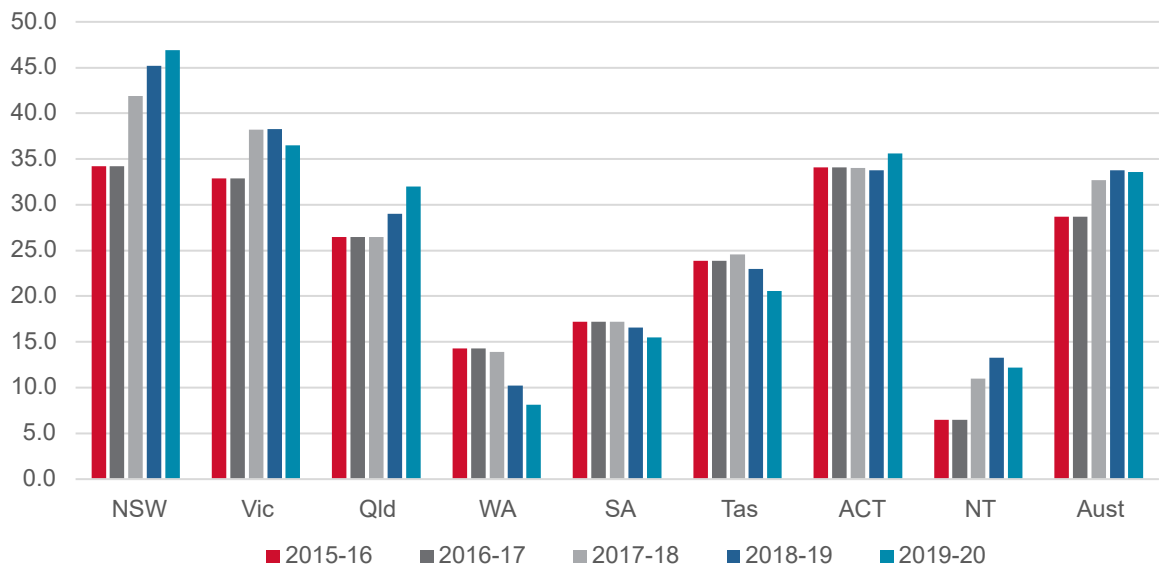
As reported by AIHW (2021) the increase in homelessness is largely due to increased numbers of people living in severely crowded dwellings—an increase of around 10,000 people to a total estimate of 51,100 in the 2016 Census year. At that time, NT had the highest national rate of people experiencing homelessness, at around 600 persons per 10,000, with the lowest rate reported in TAS, with 32 persons per 10,000.



The Productivity Commission’s annual *Report on Government Services* (RoGS) shows that in 2020–21, close to 278,300 people were assisted by SHS, which equates to around 1.1 per cent of the Australian population. A majority of people seeking support were deemed to be at risk of homelessness at the time-of-service contact (57% or 144,500 people), with a further 43 per cent or 111,100 people already experiencing homelessness. (Housing of the remainder was unknown.) (AIHW 2021a; Productivity Commission 2021b).

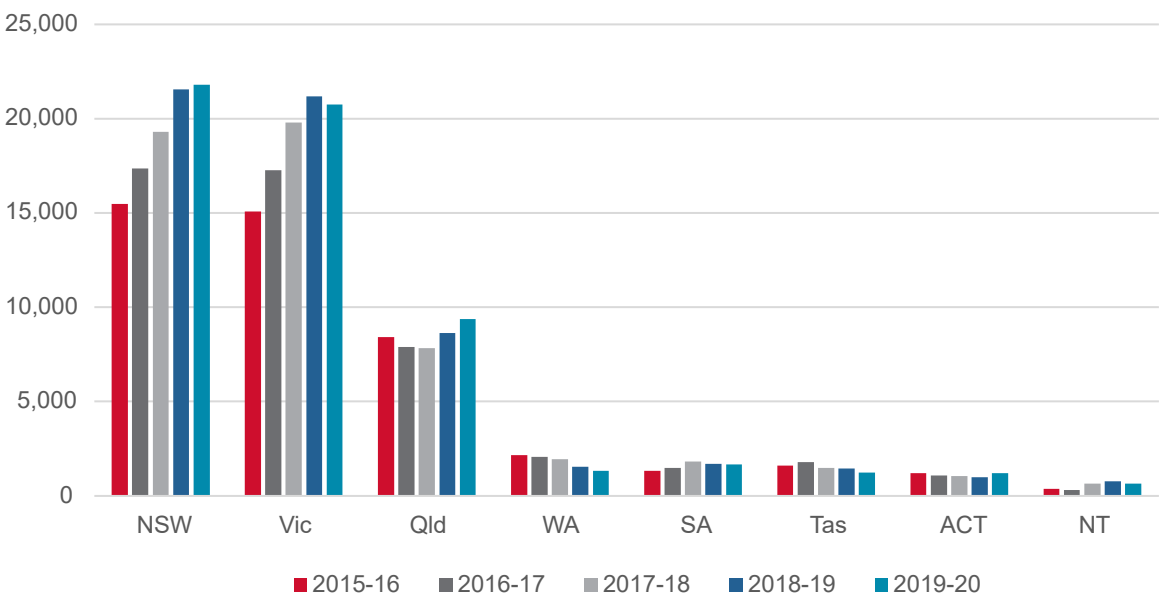
The proportion and number of people seeking support for homelessness or who were at risk of homelessness was highest in NSW in the year 2019–2020, and increasing relative to other states (Figure 10 and Figure 11). The three jurisdictions in which the population proportion of people seeking support increased in 2019–2020 were NSW, QLD and the ACT.

Figure 10: Proportion of people with unmet need for accommodation, by jurisdiction, 2015–16 to 2019–20



Source: Authors, compiled from Productivity Commission (2021b), RoGS Tables 19A.7.

Figure 11: Number of people with unmet need for accommodation, by jurisdiction, 2015–16 to 2019–20



Source: Authors, compiled from Productivity Commission (2021b), RoGS Tables 19A.7.

Of people assisted by the SHS in the period 2020–21:

- a majority were women—60 per cent, or 167,400 women
- 20 per cent were children aged under 10 years, or 44,200 children
- 12 per cent of children were aged between 10 and 17 years, or 34,300 children and youth.

Of adults seeking assistance, the largest proportion were aged 25–34 years (51,900 persons), with those aged over 55 also a sizeable number (13,300 women and 10,600 men). Significantly, a third of all those seeking support were single-parent families with one or more dependent children (33%, or 84,900 units) (AIHW 2021a; Productivity Commission 2021b).

## 2.5 Approach 4: Future projections of social housing and housing assistance need

In addition to the approaches to conceptualising and accounting for social housing allocation gaps outlined in Section 2.4 are methods that develop forecasted and predicted future social housing allocation provision to meet demand. In this section we draw on three recent methods to provide an account of the scale of forecasted social housing supply needed to meet future demand.

In their analysis of future social housing need in the years from 2016 to 2036, Lawson, Pawson et al. (2018) provide detailed national estimates of social housing supply-side shortages, including for major metropolitan areas/regions and local geographies. Their modelling indicates a total of around 730,000 new dwellings are required in this 20-year period if supply is to keep up with demand, based on current eligibility approaches.

Importantly, the figure of 730,000 new dwellings considers social housing at a scale that is adequate to address *unmet need at the time of the study*—what the authors refer to as ‘the backlog’—plus current allocation, as well as future demand based on demographic and geographic assessment of dwelling types across population cohorts and local areas. In this regard, the methodology used by Lawson, Pawson et al. explicitly recognises the shortcomings of current allocation relative to need, and adjusts for this within the social housing supply forecast. This includes estimates of social housing required to house people experiencing homelessness as well as private rental tenants living with rental stress, according to standard financial measures (Lawson, Pawson et al. 2018: 66–68).

In another significant approach, Yates (2018) estimates future social housing demand and affordable housing demand in two separate short reports, first for a national picture for respective states and territories. Each report uses the same methodology and is based on 2016 Census data and ABS (2015) population projections. The social housing data used in the modelling is derived from the Productivity Commission’s 2018 *Report on Government Services* (RoGS) (Productivity Commission 2018).

In this methodology, Yates (2018) determines annual delivery of new social housing stock needed to return the country or state/territory to a situation in which social housing comprises 6 per cent of all housing in the period 2021–2026, and additionally to the year 2036—consistent with social housing levels in the year 1996.

The Yates model indicates a shortfall of an annual net addition of around 23,000 new social housing dwellings per year nationally, to achieve a 6 per cent social housing share by the year 2026. In NSW, the social housing supply forecast is used to determine the shortfall in total and annual supply of new social housing required to achieve a 6 per cent target, in which 6 per cent of all dwellings in the state are comprised of social housing and which the then ‘backlog’ was addressed (Yates 2018). Here, the forecasting indicates an overall supply shortage of 3,600 dwellings per year over 20 years. In modelling undertaken for the Victorian Family Violence Housing Assistance Implementation Taskforce (Yates 2017) Yates suggests that to maintain the then 3.5 per cent share of social housing in VIC, an additional 1,700 dwellings per annum over 20 years was required. Additionally, to reduce the quantum of households experiencing housing stress in privately rented housing, the rate of 1,700 dwellings per annum would need to be doubled (Yates 2017).

Importantly, Yates (2018) discusses the limitations of this method in accounting for increases in demand for social housing assistance among key population cohorts, identifying single-person households as a likely household requiring increased support. Additionally, some of the assumptions within the model are based on current provision meeting need, and hence provide a long-run underestimate of the quantum of new social housing supply required, relative to the Lawson, Pawson et al. (2018) approach that attempts to account for social housing supply shortages such as via incidence of homelessness.

Finally, focussing on wide housing assistance need, Rowley, Leishman et al. (2017) project the number of households that will be unable to access housing in the private market by 2025. They estimate that those unable to access private rental housing or likely to be in need of PRA (of some form) is just under 14 per cent of Australian households, or 1.7 million households nationally (Rowley, Leishman et al. 2017).

## 2.6 Policy development implications of a multifaceted approach to social housing gaps analysis

Nationally, a social housing allocation deficit in relation to need exists, is significant and is increasing over time, but with geographic variation and variable burden across population cohorts such as First Nations Australians (Pawson and Lilley 2022). Needs, and gaps in addressing needs via allocations of social housing or other forms of housing assistance, can be conceptualised in multiple ways, as discussed in Section 1.4. The precise quantum of needs and gaps that currently exists in Australian states and territories reported here is based on publicly available data and is intended as indicative, rather than definitive. Section 2 has illustrated the conceptual underpinnings and summarised data in relation to four key approaches to assessing the scale and distribution of this social housing shortage. Administratively based approaches to assessing the social housing allocation gap based on adequacy of current allocations as well as waiting-list data, wide consideration of fallout impacts in related tenures and service systems, as well as forecasted social housing allocations supply shortages, indicate a deficit of social housing nationally. While the approaches included in this section to conceptualising and accounting for the scale of social housing allocation gaps vary, all indicate inadequacy, ongoing shortages, geographically divergent implications of social housing shortages, as well as uneven population burden of social housing shortages nationally and across geographies.

Consistent with recent evidence showing the significant interconnected pathways between social housing, privately rented housing and homelessness or marginal housing (Baker, Leishman et al. 2020; Muir, Powell et al. 2020), this section has also considered wide approaches to assessing social housing allocation gaps that take into account the housing system context in which social housing is situated. The section briefly examined evidence about the availability of alternative, low-cost housing in the private rental sector, as well as the overall incidence of people experiencing homelessness or accessing specialist homelessness services. These approaches illustrate the scarcity of alternatives for low-cost housing for low-income households, and in particular for very-low-income households in which people may additionally be living with high and complex support needs.

Wide approaches to assessing social housing allocation gaps that include consideration of affordable housing provide a more accurate account of the overall scale of housing assistance need, of varying degrees, affecting very-low-income, low-income and moderate-income households, rather than approaches that focus on social housing eligibility alone. As discussed in other parts of this report, a wide approach to assessing social housing need increases the extent to which it becomes possible to:

- consider integrated housing assistance models that include both social housing for priority housing as well as affordable housing models for people requiring support with access to affordable housing
- create a mixed-rental model of social and affordable housing provision that may be more financially viable because of the higher rents that can be charged for some households
- innovate in the social housing sector through increased consideration of development of shared equity and rent-to-buy schemes, at scale.

The fourth approach to assessing social housing allocation gaps (Section 2.4) focussed on forecasted future social housing need. These figures, across the various methods and models applied recently in the Australian context, indicate a supply-side shortage of social housing in the order of 730,000 dwellings in the period to 2036 are required nationally to address currently unmet need and future demand, based on population projections (Lawson, Pawson et al. 2018). Given an intensification of housing affordability pressures in all states and territories during 2020 and 2021, it is possible that these figures understate rather than overstate the scale of the social housing allocation gap. Policy development options are required that can deliver new housing at this scale, in financially viable, innovative and effective ways. Politicians and policy makers must be aware that ever larger gaps over time in the provision of social housing will inevitably mean higher rates of homelessness and other social problems that households may experience because of housing stress—for example, mental illness, family breakdown. These are almost inevitable outcomes.

Future changes in policy and practice that are geared towards a changed approach to meeting the housing assistance needs of tenants and future tenants in the context of finite resources can usefully be informed by theory of change, theory of action and program logic frameworks. For example, utilising such tools can consider mechanisms that can enact, monitor and support innovations that:

- house more people/more households via better matching of household size to home
- house the same number of people/households within better conditions via better matching of need to home
- house different people, perhaps with needs that are assessed as higher priority instead (through better prioritisation).

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## 3. Social housing allocation and matching in international and national context

- **The Australian social housing sector's operating context reflects the aspirational and overarching national outcome of the National Housing and Homelessness Agreement (NHHA), which sets the policy context for the provision of social housing in Australia.**
- **Eligibility and assessment criteria for social housing in Australia are similar across jurisdictions.**
- **Priority categories in common housing registers vary slightly across jurisdictions, but they all address applicants with greatest need.**
- **Several innovations to support efficiency or fairness have been recommended for consideration:**
  - choice-based lettings
  - local allocation policies
  - policies to address underutilisation of dwellings
  - fixed-term tenancies
  - programs integrating support services.
- **While such innovations may inform and improve current allocation policy in Australia, they will not significantly affect the tight conditions of the sector.**

### 3.1 Introduction

Section 3 presents the results of a review of published and practice literature and policy documents focussed on understanding how Australian allocation and matching policies can be enhanced via insights from innovative, best practice international and national policies. The information presented is from the following sources:

- a review of national and state/territory policies and websites as sources of information for the Australian social housing sector's operating context and eligibility criteria, assessment and priority categories
- a review of academic and grey Australian and international literature on social housing allocations and matching
- consultations with our two international advisers from the UK and Canada
- interviews with stakeholders
- a stakeholder workshop to test some of the ideas formulated and presented in this section.

The discussion commences with an overview of the sector's operating context, followed by a discussion of selected initiatives of interest. We conclude with some policy development implications. (See Appendix 4 for a detailed summary of the international policy review.)

### 3.2 The Australian social housing sector's operating context

The social housing sector exists within a specific operating context, driven largely by three key factors:

- maximising sector performance and efficiency outcomes
- meeting the housing needs of applicants/tenants
- dealing with a stock that was largely built for a different client group and in a different urban and financial context.

This operational context reflects the aspirational and overarching national outcome of the National Housing and Homelessness Agreement (NHHA), which sets the overarching policy context for the provision of social housing in Australia (implemented via jurisdictional bilateral agreements): 'a well-functioning social housing system that operates efficiently, sustainably and is effective in assisting low-income households and priority homelessness cohorts to manage their needs' (Commonwealth of Australia 2018: 3). It is also reflected in the conditions of NHHA funding more specifically, including that each state and territory is required to have a publicly available housing strategy that:

- indicates the level of housing supply needed to respond to projected housing demand, and outlines the reforms and initiatives that will contribute to meeting this need
- includes planned or expected levels of social housing
- details how the state will contribute to the housing priority policy areas set out in Schedule A where appropriate to its needs, with the first of such national housing priority policy areas being that social housing is utilised efficiently and effectively; responsive to the needs of tenants; appropriately renewed and maintained; and responsive to demand (Australian Government 2018).

This operational context is an important component of the affordable housing policy landscape nationally. Providers are pressured to redevelop underutilised and often poorly maintained historic stock and to provide new stock in a context of high land costs and a constrained financial environment.

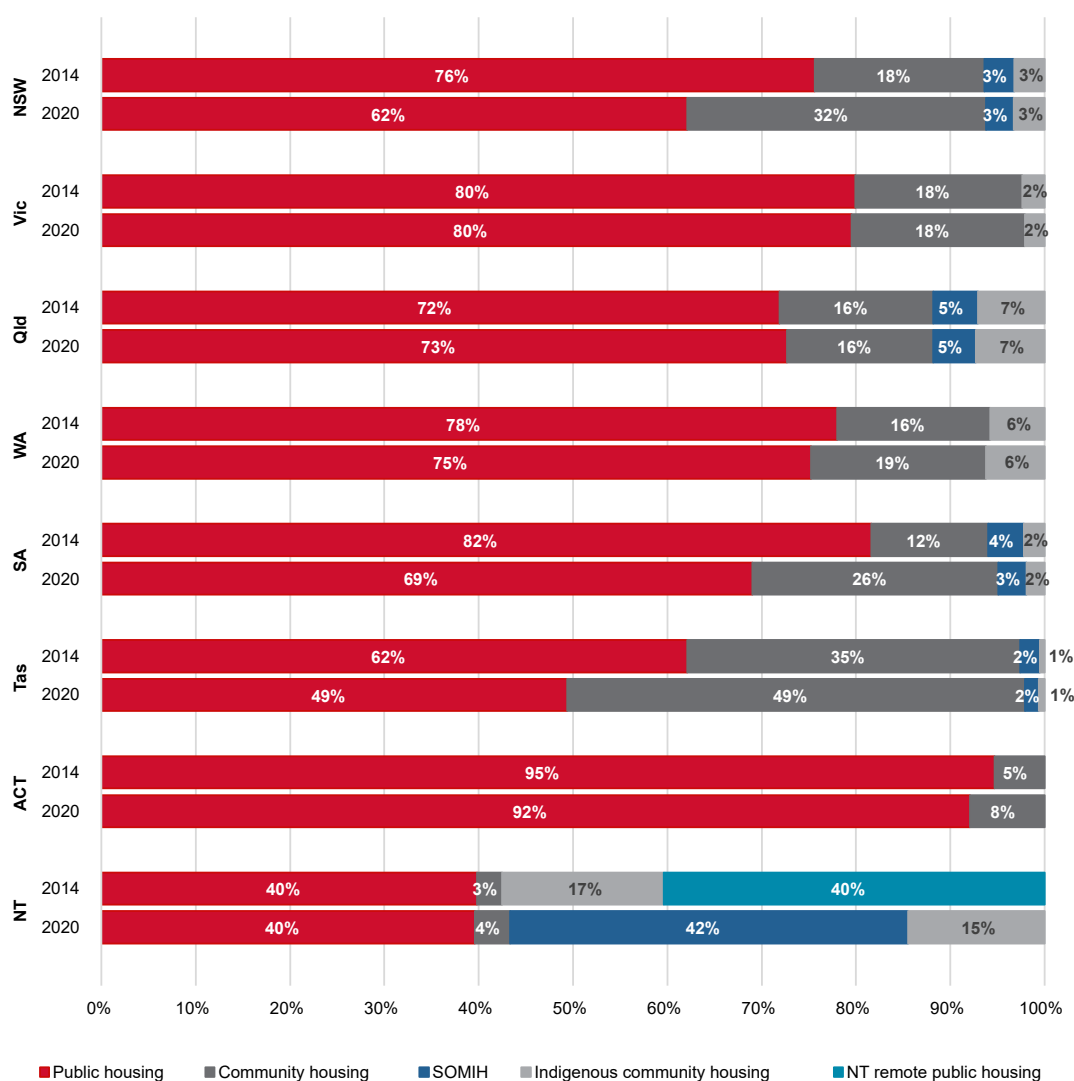
Additionally, as social housing remains a key housing destination for many people with high and complex needs within communities, keeping a lens on efficiency and outcomes pressures and actions within the sector is important in terms of social equity, alongside monitoring system outcomes.

### 3. Social housing allocation and matching in international and national context

While there is a national operational context for social housing, how the sector operates is largely the domain of the states and territories. Accordingly, social housing sectors in different states and territories vary in size and composition—for example, public vs community vs Indigenous housing. NSW has the largest number of dwellings in the sector overall, and the NT has the smallest number (see Figure 2 in Section 1). In terms of composition, the ACT has over 90 per cent of their social stock holdings as public housing assets, while TAS purposely transferred over half their stock to the community housing sector. Figure 12 depicts the current proportional balance between public, community and other social housing types in each study jurisdiction as of 30 June 2020, and compared with the same time period 6 years before.

In each jurisdiction, the community housing sector has been a focus for growth, in line with Australian and state government priorities to build the capacity of the sector and invest in a multi-provider system. Significant programs of stock transfer from the public sector to the community sector underpin much of the growth in the community housing sector (Pawson, Milligan et al. 2013), with such a growth strategy (and asset management) providing important context for this research, which is about allocations and matching sector-wide—in other words, understanding sameness and differences in approaches, roles and motivations between the two main arms of the social housing system.

Figure 12: Distribution of stock by jurisdiction, 2014 and 2020



Source: AIHW 2021a.

### 3.2.1 Eligibility criteria, assessment and priority categories

Eligibility criteria for public housing—and public housing assets managed on behalf of government in the community housing sector—are very similar across jurisdictions (Table 2; also see Table A1 in Appendix 3). To be eligible for community housing through registered or approved providers, applicants must first be eligible for public housing within the respective jurisdiction and meet social housing income eligibility limits—unless they are applying for affordable housing, which has different income eligibility limits.

Community housing providers (CHPs) who own and manage their own stock may have different eligibility criteria, especially for an affordable housing product. Such eligibility criteria typically have higher-income eligibility thresholds and rents that are linked to market rent—for example, 74.9 per cent of market rent, capped at 30 per cent of household income. Some CHPs may have other targeted eligibility requirements that are specific to particular groups, such as youth, aged or disability housing. Bonds are generally required for community housing tenants.

Reflecting the pressures and obligations imposed by the NHHA, all jurisdictions have broadly similar strategic directions regarding their social housing allocation process. Apart from the NT, all jurisdictions have moved towards a common housing register. In the NT, public housing is still quite separate from community housing. Four Australian jurisdictions have a priority waiting list and a general waiting list: NT, NSW, WA, VIC. The ACT and TAS have three categories (two levels of priority, plus standard), while QLD and SA have four categories of need, with SA including a transfer category.

Priority is determined by assessment of need. All jurisdictions directly list homelessness as a priority category—apart from NSW, which refers to unstable housing circumstances or existing accommodation being inappropriate for basic housing requirements.

Broadly, NSW, QLD and SA cite complex housing needs or issues that prevent access to or sustainment of housing in the private rental market. TAS, ACT, NT, VIC and WA specifically refer to safety, including family and domestic violence/children at-risk; health or medical condition (including mental health) or mobility (including disability and frail aged). Only TAS refers to affordability as a priority housing assessment criterion, while the ACT includes it in the second priority category of high needs. WA also includes reuniting a child with their family as a criterion, and the ACT specifies Indigenous with complex issues as a priority category. Aboriginal Housing may be a separate housing stream across jurisdictions, and have a different set of assessment criteria and categorisation or consideration of need.

One of the NHHA national performance indicators refers to an increase in the number of social housing occupants with greatest need as a proportion of all new allocations. While only SA specifies this in their Bilateral Agreement (as at least 50% of new tenancies are allocated to priority cohorts), all jurisdictions assign most allocations to greatest-need applicants (Table 2).

Table 2: Greatest-need allocations as a proportion of all new allocations, 2019–20

	NSW (%)	VIC (%)	QLD (%)	WA (%)	SA (%)	TAS (%)	ACT (%)	NT (%)	Aust (%)
<b>Public housing</b>	58.7	91.7	96.1	58.8	79.0	98.7	98.6	58.4	76.5
<b>Community housing</b>	74.1	87.2	99.3	75.0	90.3	94.2	80.0	n/a	82.4
<b>State owned and managed Indigenous housing</b>	33.7	..	98.7	..	80.0	n/a	..	n/a	64.9

Note: In VIC, WA, the ACT and the NT, there is no SOMIH housing. In the NT all social housing is public housing.

Source: Productivity Commission 2021a RGS Tables 18A.15–17.

Sections 3.3 and 3.4 present existing literature on Australian allocation and matching system and policy, focussing on some initiatives of interest that may inform policy makers in improving the current system. Some of these initiatives have already been adapted (partly or fully) to the Australian context.



### 3.3 Australian social housing allocation and matching policy in an international context

Several earlier reports for AHURI have comprehensively explored the Australian allocation and matching system. Such reports have explained the system, its main principles—for example, the rationing process and the different kinds of rationing—and have identified an allocation framework (explained in Section 1). They have also identified initiatives in Australia and internationally that warranted further exploration (Burke and Hulse 2003; Hulse and Burke 2005).

Building on this work, other studies have further developed and evaluated options for improving access to social housing in Australia (Burke, Neske et al. 2004; Hulse, Neske et al. 2006; Hulse, Phillips et al. 2007). To the best of our knowledge, no new research exploring the Australian allocation and matching system has been published since 2007. However, findings from the 2000s still hold, as there have not been any significant changes in the policy, housing market, and demand and supply since then. If anything, the trends present in the early 2000s have become more pronounced, with two processes happening simultaneously:

- social housing stock builds have stagnated
- targeting approaches for eligibility for social housing have become stricter and narrower.

Taken together, this means that applicants in the greatest need have better chances of getting housed than those who are deemed less in need.

In their comprehensive research on improving access to Australian social housing, Hulse, Phillips et al. (2007) undertook fieldwork in Canada (Ontario and British Columbia) and the UK (England and Scotland) to assess several policy initiatives that were common overseas, and which they thought could potentially improve the Australian social housing allocation system. Their investigations detailed the design, development, implementation and outcomes of these initiatives in Australia and overseas. Specifically, Hulse, Phillips et al. examine the implementation of:

- a common housing register to achieve greater integration of services (at a time when most jurisdictions in Australia did not have a common register)
- the policy of choice-based lettings so households have more control and choice over their housing
- use of local allocation policies to improve place management.

Hulse, Phillips et al. propose reforms to the Australian allocation system, based on the points above. However, since their work for AHURI, there has been little other academic work on Australian allocation and matching policy in a broad sense. This has left a gap around current understanding of the landscape, its pressure points, and the desire for innovation.

In reviewing international and national academic and grey literature, as well as discussions with our international advisers and local stakeholders, we have identified several initiatives of interest that could inform policy making in Australia. Some of these innovations are aligned with those identified by Hulse, Phillips et al. (2007), who discussed their UK appearance. We discuss here their further development in Australia. It is important to note that there is limited availability of and review of recent data on both Australian and international initiatives.

## 3.4 Initiatives of interest

### 3.4.1 Common housing registers

In their research, Hulse, Phillips et al. (2007) consider the implementation of common housing registers in Australia as a means for achieving greater integration of services. Learning from the social housing sectors in the UK (England) and Canada (Ontario), and from their fieldwork and consultations with Australian policy makers and practitioners, the authors conclude that SHAs in Australia could implement common housing registers that have common eligibility criteria and a common ranking policy (Hulse, Neske et al. 2006), but that the sector will need to consider the nature of partnerships and responsibilities between providers and geographic areas for the waiting lists (Hulse, Phillips et al. 2007: 74).

At the time, the Australian social housing system was rapidly evolving away from its roots as a one-provider system (public housing) to a multi-provider system (public and community housing), and this evolution process has intensified since. As shown in Figure 12, the proportionate share of social stock managed by CHPs has increased in almost all jurisdictions between 2014 and 2020—most notably in TAS, SA and NSW, due to significant stock transfer programs.

Since 2007, a common register has been implemented in all Australian jurisdictions except for the NT. (Section 4 presents the evolution of the common housing registers in detail and discusses whether implementing them has improved allocations and matching for stakeholders and application experiences for prospective tenants—judged from the stakeholders' perspective—in the four jurisdictions we have examined in this research: QLD, VIC, TAS and SA.)

### 3.4.2 Choice-based lettings (CBLs)

The choice-based lettings model (CBL) was first introduced in social housing in the late 1980s in Delft, the Netherlands (and is thus also known as the Delft Model). Since that time, the model has attracted widespread interest in other developed countries 'as a quasi-market technique aimed at modifying the "command and control" style of operation traditional in this sector' (Pawson and Hulse 2011: 114).

In the UK, some councils have a CBL scheme that allows applicants to select which listed properties they are interested in. The precise workings of the CBL model depend on the council, but once a tenant has been accepted onto the social housing waiting list by a council, they can locate the council property they are interested in themselves—as properties are advertised on council websites, newspapers and in offices—and confirm they can apply for it, by finding out about the eligibility requirements aligned with the size of their household. All households that are eligible for social housing and meet the listed property requirements can apply. Applicants formally express an interest in the property, then apply for it—this is often termed 'bidding', although there is no money involved (Pawson and Hulse 2011: 118). Allocations in the CBL model are usually decided based on need. Applicants are ranked against published selection criteria, such as waiting time, age and household needs. The applicant with the highest ranking is offered the property, and the qualifications of the successful tenant are published so that unsuccessful applicants can understand why they were not offered the property (Productivity Commission 2017: 208; GOV.UK 2021a).

See Box 1 for discussion of CBL policy in Australia.

Box 1: Recent/current implementations of the CBL model in Australia

In their work on policy transfer, Pawson and Hulse (2011) examined the CBL model and its implementations in the UK and Australia. They conclude that CBL was appealing to British policy makers because of its resonance with the introduction of quasi-markets into a range of public services. By contrast, the attraction of CBL in Australia is seen in its potential for 'rebranding' and destigmatising the sector—people choosing properties themselves much like in the private rental sector—particularly activated through CHPs. CBL has been implemented in the UK to a far greater extent than in Australia, including in England, Wales, Scotland and now also in Northern Ireland.

Although the model has been attractive to policy makers as a way to promote operational efficiency in Australia, institutional barriers and other difficulties that influence the adoption of the model include:

- a small social housing sector
- little experience of innovation at the local level
- an emphasis on homelessness, with the role of social housing to provide exit points for households in crisis or transitional housing
- difficulties in establishing such a model in a highly residualised system
- the legacy of a rent-setting formula that is based on tenant income rather than dwelling attributes (Pawson and Hulse 2011: 128–9).

Over the years, the CBL approach has been implemented in various jurisdictions in Australia, almost always as pilot programs, but rarely translated to larger scale. For example, a pilot program was undertaken in Whyalla, SA (Hulse, Phillips et al. 2007), and recently, the model has been implemented in NSW as the first large-scale program, called My Property Choice (MPC), to facilitate tenant relocation from the Millers Point and Ivanhoe estates in Sydney (Melo Zurita and Ruming 2019). Interestingly, Melo Zurita and Ruming note that instead of implementing this model as an asset management strategy to address issues such as underutilisation across the housing portfolio, it has been implemented in the context of forced tenant relocation.

In contrast to the CBL model in the UK—where applicants or tenants are selected based on needs—the NSW model applied a lottery approach, where tenants were selected by a draw. This approach has been criticised as generating anxiety and tension among neighbours forced to relocate from their homes. The lottery approach, which by design creates 'winners' and 'losers', is counter to an equitable welfare system (Melo Zurita and Ruming 2019: 1257). In some cases, housing officers preferred to offer tenants properties they knew would suit them, rather than using the bidding process, and felt the traditional process was more efficient and had a 'personal touch' (2019: 1254). Melo Zurita and Ruming conclude that the MPC failed to deliver widespread relocations for two main reasons:

- it had the perverse impact of raising tenant expectations for more 'choice', but only delivered 'chance'
- it failed to encourage tenants to move away from their current locations to properties in distant neighbourhoods, which was one of the program's main aims.

The NSW Department of Communities and Justice (DCJ) is piloting another CBL program in inner-city Sydney. This has recently been announced as 'a new approach to letting public housing properties in Sydney' (NSW Government 2021), but the DCJ has yet to release more detailed information. Additionally, the South Australia SHA is also piloting a CBL program, but this is in an embryonic stage, as described in Section 4.

### 3.4.3 Local allocation policies

The community is an important factor in allocation and matching policy but one that is often seems in contradiction to household choice as achieved, for example, by common housing registers and CBL policies. Hulse, Phillips et al. (2007: 84) ask whether allocations can contribute to more sustainable communities while considering other objectives of allocation systems. In their examination of UK allocation policy, they find that housing providers have been able to provide both household choice and neighbourhood stability/sustainability. They reveal that in many areas—and sometimes together with common housing registers or choice-based lettings—providers have developed local lettings policies or plans that enable them to cater for specific estates or neighbourhoods, depending on place-based/local conditions and needs. Sometimes these needs have been related to tackling stigma attached to place, or to engineer a specific social mix in an estate to improve community harmony and sustainability.

In our international policy review, we identified local area allocation policies in Ontario, Canada, as explained in Box 2.

#### Box 2: Special priority allocations, Ontario, Canada

Special priority allocations are unique to Ontario, where the system is more regulated under legislation than the rest of Canada. Since 2001, provincial legislation requires all municipal (service manager) areas to adopt a priority process favouring certain applicants for social housing. Two provincial priorities are legislated across the province:

- Victims of family violence, usually females with or without children, temporarily in an emergency family shelter and (since 2017) victims of human trafficking.
- Overhoused households.

In addition, local municipalities are authorised to add additional Local Priorities, and can specify the frequency with which such groups are prioritised.

Applicants with eligible Special Priority Placement (SPP)—those fleeing from family violence or being human-trafficked—move directly to top priority; Local Priority applicants are assigned every fifth vacancy that arises due to other tenants leaving (or as result of opening of newly constructed housing). Many municipalities identify persons existing in the homeless shelter system, especially those being assisted under a Housing First program (with attached wraparound support workers).

Such mechanisms for prioritisation have slowed movement from non-priority applicants on the centralised waiting list, who may linger on these lists for five years or more. In recent years, turnover in existing units has slowed quite dramatically so waiting periods are longer, and even priority applicants may wait over a year.

There has been some advocacy to revise the priority placement model and extend it to non-social housing opportunities, utilising rental assistance, rather than allocating social housing units. There are also concerns that the system is challenging for victims, as the validation of an abusive situation is very onerous and emotionally difficult. Also, such victims require ongoing counselling support as well as protection from former abusive partners—services that providers are not funded or often unable to deliver.

Box 3: Australian local allocation policies

Local area allocations have generally not been an important element of matching, unlike the UK. One reason for this is the tightness of the system; just getting an applicant a dwelling is the key aim. However, another factor may be that Australian social housing estates (with some exceptions) have never been as problematic in terms of social dysfunction, so local allocations to minimise such problems is less of an issue. However, most jurisdictions have elements of local areas allocations—such as with new housing developments—where there may have been community resistance and there is a need to be sensitive with initial offerings. Stakeholders also shared that they do have local allocation plans in neighbourhoods and estates (see Section 4).

The Adelaide Zero Project (AZP) is the leading national collaborative effort involving dozens of partners (including the SHA) to support moving people sleeping rough in inner Adelaide into permanent housing—the vast majority of which has been public housing (Don Dunstan Foundation 2021). Each month the AZP receives 10 (previously 20) prioritised properties for allocations. While the broad framework in terms of policies exists around this, these allocations are not related to the common register.

### 3.4.4 Underutilisation of social housing dwellings

Underutilisation of social housing dwellings has been an ongoing issue among many Australian social housing providers. We have heard from several stakeholders that underoccupancy is a widespread problem in their organisations. Other countries have also struggled with this issue and have responded in various ways, as described in Box 4, Box 5 and Box 6. Understanding 'underutilisation' as problematic, refers primarily to the objective matching of bedroom numbers within a dwelling with the number, age and gender of occupants, typically not taking account of subjective-use value of homes—for example, work-from-home or caregiving spaces.

Box 4: The 'bedroom tax' (the Under-Occupation Penalty), UK

The 'bedroom tax' is a highly controversial and contested sanction that was introduced in 2010 by the British coalition government and launched in April 2013. It may also be referred to as Size Limit Rules or Underoccupancy Rules. The rules state that the Housing Benefit is reduced for those living in council or social housing if they have unused bedrooms in their home. For example, if a household consists of two partners sharing one bedroom, with one child who has a bedroom of their own, and another bedroom not being used, then the household's benefit will be reduced because of that unused room (*Tenants' Voice* [TV] 2020). The housing benefit will be reduced by 14 per cent for one bedroom not being occupied, and by 25 per cent for two (or more) bedrooms not being occupied.

Box 5: The overhoused/underhoused category, Canada

As a result of a change in household composition—the arrival of additional children or children moving out of family home—a household may occupy a dwelling that is either too small (underhoused) or too large (overhoused). Since the waiting list far exceeds the total assisted stock, it is desirable to address underutilisation. Under a rent-geared-to-income (RGI) system there is no incentive to move. Accordingly, a policy is often put in place to encourage people to move, and to provide options. If a household rejects an option, they may become ineligible for their subsidised RGI rent and be charged a market-based rent. This can result in what is a de facto economic eviction.

This practice is widespread across Canada, but specific policies may vary by provider. In Toronto Community Housing (TCH)—which is Canada's largest social housing provider, with 58,000 homes—an overhoused household is considered to be any household that occupies an RGI unit that is larger than the largest unit the household is eligible for, based on the number of people in the household and the number of bedrooms in the unit.

Households living in TCH units that are larger than they are eligible for, for over a year, are placed on the Transfer Waiting List at the Central Housing Registry, or on an internal transfer waiting list with their current housing provider, according to different scenarios (TCH 2021). Overhoused tenants are given up to four offers of a smaller alternative unit. If they reject all four offers, they may be charged market rent. Once tenants have been identified as overhoused, they are placed on the waiting list but as special priority applicants—which means they are prioritised when a unit becomes available.

Similarly, when a household grows—usually due to having additional children—they can apply for an internal transfer to another TCH property, and must identify a minimum of four neighbourhoods (or communities) that they would consider. They can also apply for a unit in the centralised list, outside of TCH. A household is considered to be underhoused when they need two or more additional bedrooms than their current unit has, with two persons sharing each bedroom.

#### Box 6: Australian policies addressing underutilisation

A review of Australian allocation policy and discussions with stakeholders has revealed that jurisdictions deal with underutilisation in different ways. In Victoria, neither the SHA nor the CHPs have specific policies in place, as the Residential Tenancies Act prevents providers from evicting tenants on the basis of underutilisation—and also because providers fear a media backlash. SA has an informal right-sizing program.

Although we are not aware of policies specifically targeting underutilisation, housing providers are involved in various local practices that encourage tenants to move to dwellings appropriate for the size of their household. During interviews, stakeholders expressed a common dislike of punitive approaches to underutilisation, such as the 'bedroom tax', while supporting incentives that may encourage tenants to move to a more suitable property.

### 3.4.5 Fixed-term tenancies (FTTs)

Another policy that has been prevalent in the USA and the UK, and more recently adopted in some jurisdictions in Australia, is fixed-term tenancies (FTTs). In 2010, the UK coalition government passed the Localism Act 2011. This introduced 'flexibilities', and enabled social landlords in England to offer fixed-term renewable tenancies to all new social housing tenants (Fitzpatrick and Watts 2017). The minimum term was set at two years, but the UK Government indicated a five-year minimum should be standard practice. As these FTT provisions were not brought into force in Wales, and there is no equivalent legislation in Scotland or Northern Ireland, the focus of this policy in the UK is England.

In 2014–15, only 15 per cent of all tenancies in England were taken on a fixed-term basis, despite being offered to approximately two-thirds of new social housing tenants. The conservative government, disappointed with the take-up, signalled its intention to review and limit the so-called 'lifetime' tenancies. It also proposed a 'Pay to Stay' policy, which requires social landlords to charge tenants with household incomes above £30,000 (£40,000 in London) to pay up to market rent. The aim of these two policies was to ensure that 'housing at subsidised rents [is] going to people who genuinely need it' (DCLG 2015a: 6, cited in Fitzpatrick and Watts 2017: 1022).

Decisions on the policies were delayed, the maximum fixed-term was raised to 10 years for certain groups (older people and people with disabilities, and children of school age), and the Pay to Stay policy was determined to be voluntary for housing associations (Fitzpatrick and Watts 2017). However, both policies conceive social housing as a very small, highly residualised sector catering only for the most disadvantaged and those in need, as has been the case in Australia.

Box 7: FFTs in NSW

Since October 2006 in NSW, most new tenants entering public housing are offered a fixed-term lease of two, five or 10 years. Fixed-term leases are reviewed by the Department before they end to determine if a tenant is eligible for a lease extension. Where eligible, households are given a further fixed-term lease (Department of Communities and Justice 2018). In 2016, the Department of Family and Community Services (FACS; now Department of Communities and Justice) policy *Future Directions for Social Housing in NSW* aimed at shortening tenancies and encouraging 'transitions' out of public housing to private rental tenancies. This policy, like similar policies in England, supports a view that social housing is a scarce resource intended for those most 'in need'. Anyone who can transition out of social housing should do so, and public housing is no longer 'housing for life'. However, NSW tenant advocates have criticised the policy, commenting that fixed-term leases generate significant work disincentives, and others have criticised the prevailing trend in most jurisdictions in Australia towards a 'pathways' approach, whereby measures are introduced to facilitate a greater system 'throughput' (Flanagan, Levin et al. 2020: 11; Martin 2021).

### 3.4.6 Programs integrating support services with housing

At least two pilot programs of interest are currently being implemented in QLD and SA. In QLD, the Supported and Sustainable Housing (SASH) program is focussed on 'supporting individuals and/or couples to successfully sustain long-term tenancies and build lasting social infrastructure to support them into the future' (taken from the program document, accessed through direct correspondence). The 12-month pilot program has developed a housing complex with 19 one-bedroom units, where tenants with a mix of high, moderate and low needs reside with support services provided onsite. The support services are separate to the housing but are integral to the program. The program includes adult men and women, including couples, but does not suit tenants with high needs who require 24/7 support, nor does it suit families with children.

The second program is the Housing for Health program run by Uniting Communities in Adelaide, a 15-month intensive support program, in which between 45 to 60 people 'deemed the state's "most complex" rough sleepers will be offered short-term public housing' (Richards 2021). They will move into 18 public housing units and will receive onsite support from SA Health workers. The SA Government hopes that once the tenants leave, they will be able to move into independent accommodation. SA Health will provide outreach drug, alcohol and mental health support, and Uniting Communities will offer case-management support. The SHA has installed security cameras and access-card technology to the units, laundry and community areas, and mobile security guards will patrol the area.

### 3.4.7 Policy development implications

This section has presented the operational context of the Australian social housing sector and detailed the eligibility criteria and assessment for social housing, along with the priority categories that currently determine in all jurisdictions who gets housed and who does not. It then presented several initiatives of interest taking place in the UK, Canada, and in some Australian jurisdictions.

Considering these initiatives of interest for implementation in the Australian social housing sector could improve several aspects of the sector—such as elements of choice and community sustainability—but careful attention needs to be paid to the details of these policies:

- The CBL model could be implemented to enhance tenants' choice and reduce stigma, but it should not be used as a model for tenant forced relocation because of estate renewal, as was done with MPC in Sydney. It also needs to retain the element of selection based on needs, and move away from selection by draw.
- Local allocation plans, as a policy to formalise what is already happening on the ground, could improve tenant composition and social mix in specific estates or neighbourhoods and could enhance their place management and place-making. But such plans need to carefully consider the attributes of each community/estate with the intent of creating diverse and balanced communities.

- The use of policies to address underutilisation of social housing should be also carefully considered. Policies that incentivise tenants to move to more appropriate dwellings should be adopted, rather than punitive measures such as the UK's 'bedroom tax'.
- Programs integrating support services onsite to address tenants with complex needs should be more widespread, despite the issue of funding. A Social Return on Investment (SROI) framework (see Section 5) can be used to assess the economic benefit of such a program in the long-term, compared with allowing tenants to return to the streets because they cannot sustain their tenancy in social housing.



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## 4. Allocation and matching policy and practice

- Policies and practices around allocation and stock matching vary across jurisdictions, largely reflecting the context of local policy and systems.
- The common register for public housing and community housing has been implemented in the four jurisdictions we examined, although in various ways. The level of access to the common registers differs.
- Providers have varying levels of discretion when allocating and matching properties to applicants, with some jurisdictions considering factors such as level of risk, location preference, dwelling size, and time of application.
- Applicants have varying degrees of choice when they are offered a property, with different numbers of ‘reasonable’ rejections accepted across jurisdictions.
- Community and neighbours are extremely important factors when matching applicants to dwellings, and community harmony and community needs are paramount considerations for providers.
- The implementation of small-scale programs in some jurisdictions is supporting incremental innovation and improving allocation and matching outcomes, although this is a slow process.
- However, innovative policies and practices can only do so much in alleviating pressures in a very constrained system, and allocating a scarce resource to a growing number of people in need. Providers believed the best way to alleviate pressure in the social housing system (with wider housing market reach/implications) is significant government investment in social and affordable stocks.

## 4.1 Introduction

Section 4 presents the findings of our fieldwork and evidence review around allocation and matching policies and practices in the four jurisdictions this research examined in detail: QLD, VIC, TAS and SA. The discussion notes many nuances in approaches, determined by historical and current context. The four jurisdictions give a balance of different housing market stresses, demographic pressures and nuances in approaches and policies supporting stock demand/supply management. As noted in the recent AHURI Inquiry into Social Housing Pathways (Flanagan, Levin et al. 2020; Muir, Powell et al. 2020), different jurisdictions are on different pathways in terms of how they see the place of social housing in the housing market. Is social housing:

- a stopping point on a journey to other tenures, which is a strongly upheld ideal in NSW and, to a lesser extent, TAS?
- a destination for lower-income people facing disadvantage in other housing tenures, as seen in VIC?

SA offers the example of a sector where there exists significant reform at the time of writing, with efforts to modernise the social housing sector and develop it as a multi-provider system. The data source for this section are interviews with policy makers, practitioners and advocates (Stage 1 of data collection).

The findings presented are structured around five themes emerging from our fieldwork, capturing similarities, differences, challenges and opportunities in terms of allocations and matching. Those themes are:

- System, structure, procedures and evolution.
- Discretion and choice in allocation.
- Stock alignment and availability.
- Integrating community and support.
- Innovations and thinking outside the box.

## 4.2 System, structure, procedures and evolution

The systems, structures and procedures in the four jurisdictions we examined in detail were similar in principle but quite different in practice. All four jurisdictions have a common housing register, combining applicants for public housing and community housing, but the systems work differently in each jurisdiction. In QLD, VIC and SA the common register is managed by the state government; in TAS the common register is managed by two independent organisations.

### 4.2.1 The evolution of common registers

#### Queensland

In QLD, the One Social Housing Register came into being in January 2006, when the public housing and the Aboriginal and Torres Strait Islander housing programs became one list. The community housing sector was joined to the common housing register in August 2007, with this amalgamated arrangement continuing today. The common register is currently managed by the Department of Communities, Housing and Digital Economy (DCHDE) and has a two-tier system that includes remote Indigenous councils. Some of the Indigenous councils are considered CHPs on their own, but others have a lease agreement with the DCHDE to directly manage properties, housing need, allocations and tenancies on their behalf.

In 2008, four segments were introduced within the waiting list:

- **Segment A:** very high need
- **Segment B:** high need
- **Segment C:** moderate need
- **Segment D:** low need.

Since 2019 all new applicants entering the register have been very high need (QAO, 2022). This means that most people currently on the register are people with the highest needs only. There are about 400 people left from other segments who are most likely to be assisted with other housing assistance products supported by the DCHDE.

In contrast to other jurisdictions, participating CHPs in QLD do not have direct access to the common register. When they have a vacancy, some CHPs notify the DCHDE and then they get three applicants to contact. Other CHPs receive a list of people once a month and can select from that list. Some keep their own waiting list based on the common register, which is more targeted to what they can offer. When CHPs receive referrals, they cannot see the applicants' income levels, so they need to interview applicants and determine whether they are suitable for their properties.

### Victoria

The Victorian Housing Register (VHR) was established in September 2016 and is managed by the Department of Families, Fairness and Housing (formerly the Department of Health and Human Services). In 2018, participating CHPs joined the register, which in 2021 was operating with 37 participating community organisations. Participating organisations nominate staff, who must then have mandatory online training provided by the Department to be authorised to use the register, and are provided with ongoing coaching and support throughout the process, as needed.

The VHR also operates the Housing Call Centre which data-captures the online and paper applications that go to the VHR. The VHR has two parts: priority access (with six priority categories) and Register of Interest (with two categories).

Participating organisations in VIC have full access to the VHR. They cannot amend or change any data, but they can see the applicants' full details. Although participating organisations must allocate 75 per cent of all their social housing-targeted properties to people on priority, organisations have individual agreements with the Department and each agreement specifies a different target number, depending on their funding model. For example, one CHP officer noted: 'Our current ratio—based on where our funds have come from—is just under 20 per cent of the priority list, but we're currently allocating at 60 per cent of the priority list' (CHP officer 1, VIC).

### Tasmania

In TAS, the government began transfer of public housing stock to CHPs in 2013, for them to manage under the Better Housing Futures program (Tasmanian Audit Office 2016). A front-door service and a common waiting list were established to support a changing social housing system. The shared Housing Register began in 2015, when the Housing Management IT System became operational.

The Housing Connect System Front Door services are provided by two lead organisations, one operating in the north/north-west of the state and the other in the south (Department of Communities Tasmania 2019). At the time of interviewing, the Housing Connect model was under review (Department of Communities Tasmania 2021). The operation and management of the social housing register, including the application process, is essentially outsourced to these organisations, while the development and need prioritisation algorithms underpinning the register are the responsibility of the Department of Communities. Matching of applicants to properties and allocation is undertaken by community housing organisations as they take priority applicants off the waiting list. As more stock has been transferred to the community housing sector for management, the Housing Register has become more consolidated.

Tasmania's Housing Register has three bands of varying priorities: high, standard and general. Applicants under the general band are rarely housed.

Assessment of housing assistance applicants is done via the Housing Connect Front Door and the applicant's full support needs are assessed by specialist staff. From the interview process, Housing Connect reportedly gains a good awareness and understanding of what is going on for a person.

Housing providers—both public and community housing—only have access to the Housing Management System that shows the prioritised waiting list, but not the needs assessment, and thus do not see applicants' full details for privacy restrictions. Such arrangements make it harder to make a comprehensive decision on best allocation, so there is a disconnect between assessment and allocation, as noted by stakeholders engaged with for this research:

We don't have any input into the assessment of need anymore and so when we have a vacant property, the system is integrated and so we will run a process which pulls out applications where the applicant has matched against the property amenity, like the bedroom entitlement, and also the suburb preference that they've got. And they will be listed in order of priority as assigned by the assessment that's taken place at Housing Connect. (SHA officer 1, Tasmania)

Restrictions around sharing Housing Register data also mean that, once contacted by a provider, applicants must tell their story more than once to complete the matching and allocation process. This process is similar to that in QLD, where providers cannot see income details of referrals. However, in all jurisdictions there is always a need to interview applicants when they are offered a property to determine their current level of need, preferences in terms of dwelling and location, as well as other dwelling attributes to support an appropriate match (dwelling size, accessibility etc). In Tasmania, applicants on the waiting list are required to update their information every six months. Although support is available, stakeholders said applicants were not always aware of this. The system creates particular challenges for homeless clients who can easily miss these six-monthly updates.

If you're a person with high complexity or you don't have a fixed address, it's very easy to miss those six-monthly reviews, and the system will suspend your application and remove you from the register. (NGO officer 2, Tasmania)

### South Australia

At the time of fieldwork, SA's social housing sector was being 'modernised' and 'repositioned'. This was to align with a series of focussed directions outlined in *Our Housing Future 2020–2030*, SA's recently released integrated housing, homelessness and support plan (Government of South Australia 2019).

Notably, as in most other jurisdictions, SA is supporting growth in the social housing sector through the transfer of public housing properties to registered CHPs (Blunden, Lui et al. 2017; Renewal SA 2021; Tually, Skinner et al. 2020). Stock transfer contracts carry a few conditions, including an expectation that CHPs will:

- address backlog maintenance as a priority
- redevelop stock—with some funding attached to contracts to support this
- leverage the assets to bring new stock into the sector.

Community housing stakeholders consulted for this research noted the significant influence of redevelopment contracts on their allocation processes and vacancies management, adding additional pressure to allocations and matching for the immediate future and making demand management more difficult.

The system-wide changes outlined above were the basis of much of the conversations about social housing allocations and matching in SA. Central within these conversations was discussion of the long-planned but only recently implemented (April 2021) Single Housing Register. The register is the central waiting list for *all* prospective social housing 'customers' (to use SA Housing Authority's preferred terminology), bringing together separate public, community and Aboriginal housing waiting lists. The register prioritises eligible applicants by housing need and wait time, segmented according to three priority categories (see Table 2 in Section 3), with a fourth category on the register for tenants who want a property transfer but do not meet higher priority for transfer.

The basic rule of the register is those people waiting longer, and those people who are in most need—so Category 1s—get housed first, so they get the offers first. (SHA officer 1, SA)

For the SHA, the Single Housing Register is part of a series of wider reforms now shaping and supporting allocation practice. These reforms include centralised allocations and a new web portal for customers to manage their interactions and information with the SHA, known as Housing Connect. Such reforms have been rolled out over the last 18 months to 2 years, with timing impacted heavily by SA's bushfire disasters in late 2019 and early 2020, plus the ongoing COVID-19 pandemic.

Although there were talks about a common register in SA in the mid-2000s (Hulse, Phillips et al. 2007), the move to centralised allocations—which was not without its detractors—was motivated by agency recognition of the increasing presenting complexities among prospective tenants and the impact of client complexities on the turnaround time for allocations. This was strengthened by the SHA's collective learnings around collaboration and support from their involvement in such things as the Adelaide Zero Project (AZP). As one officer in the SHA noted:

Obviously allocations is a core business activity for us. And what we were finding is because of the changing profile of our customers over time, the allocation as an activity was becoming more difficult ... Allocation officers were having to work to try and support customers who are presenting with such complexity. It [allocations/matching] wasn't a simple decision anymore, and it wasn't a decision that was a generalist decision. For them to be able to make a good allocation decision, they were relying on a lot of other specialists both within our organisation, but really importantly, [on] our external supports.

From the SHA's perspective, centralised allocations support a more efficient and 'transactional' approach, delivered through an allocations model that deliberately works to match the customer to the property. The SHA has been trialling a new model whereby the central allocation team works on elements of allocation processes simultaneously, moving away from one property, one offer, to multiple properties being offered to multiple customers and customers nominating their interest in particular properties, in a similar way to the CBL model (see Hulse and Pawson 2011). The model of multiple offers is being trialled to reduce the turnaround times on allocations, specifically in relation to harder-to-let properties (predominantly medium-density walk-up flats), with a view to greater expansion of the approach over time.

This discussion highlights the local operating context, and consistency and evolution within structures and processes supporting social housing sector allocations and matching.

#### 4.2.2 Is the common register better for applicants?

Participants from the three jurisdictions that have had a combined register for a while (TAS, QLD and VIC) agreed unanimously that a combined register achieves better outcomes for applicants, despite differences in the operation of each:

The way that it works now, it's a very [much] streamlined process to assess eligibility, it's a more streamlined process to refer people out for vacancies in the community housing sector even though there are some operational challenges from time to time in that space. But you certainly do get that broader housing-service-system view by having the one register, so it does have those benefits, to be able to then see how you need to address those other gaps in service throughout the state, so that's very helpful. (SHA officer 1, QLD)

The VHR is relatively new—probably it's only been a fully joint waiting list for a couple of years. But from my perspective, I think it's helpful for people to only have to apply once. There are a couple of organisations, community housing organisations in Victoria, that aren't part of the VHR, but they're very small in number. And I'm not sure, but I think they actually also might be quite regionally specific ... So I think it's always helpful for people to only have to apply once. (NGO officer 1, VIC)

Despite various challenges in the combined systems, participants agreed that a common register improves the experience of applicants when they apply for social housing. In VIC, applicants have to select whether they want to be considered by either public housing, community housing or both. Some applicants have preconceived ideas about what community housing is and therefore do not choose to be considered for community housing—and this limits their chances to get housed.

In SA, stakeholders were, unsurprisingly, less clear in their commentary about the benefit of the Single Housing Register for applicants, at least 'yet'—as it was only a few months since implementation. Stakeholders identified both the need for, and commitment to, future review to examine value, workability and positive evolution of the mechanism to improve its functioning, particularly for agencies:

One size never fits everything for this, and so you'll hear this from CHPs too ... we're all having similar challenges. It's too simplistic ... It's given us a tool where we're all allocating off the same customer list ... but that's too simplistic for the complexities that we're dealing with. So, we'll need to continue the discussion and development so that the tool better meets our allocation needs. (SHA officer 1, SA)

And, from a CHP officer:

The feedback that I've received from tenancy officers, they are getting used to this new system. I think the idea behind it, obviously, it's good ... because it has the tenants' Housing Needs Assessment, case notes ... that other organisations can see as well. So, it will all help, but, again, the system is a new system, [it] is very time-consuming for tenancy officers to go through that, rejections, viewings. (CHP officer 2, SA)

### 4.3 Discretion and choice in allocation

Two themes were notable within our discussion of allocations and matching with stakeholders:

- discretion—relating specifically to the work of allocations and matching by housing officers
- choice—relating to applicants/tenants being able to exercise choice in relation to an allocation.

#### 4.3.1 Providers' discretion

All providers we interviewed reported a degree of discretion with their allocations, or informal rationing (Hulse and Burke 2005), taking into consideration the applicant's needs and best fit for the community or 'micro-community', such as within one apartment block. Applicant 'fit' with community and neighbourhood (a 'quiet' tenant; an older or younger person) is also considered in the offer of a property to an applicant, with this information derived from the knowledge and experience of workers in regional offices. Tolerance and intolerance of antisocial behaviour, and such things as criminal history and conditions such as severe or episodic mental health factor into allocations, with 'community harmony' the desired outcome of such discretionary allocations. Where allocation discretion is applied, there is usually a formal process for the recommendation to be approved, so that it is documented for transparency. Providers want tenancies to be successful, so not setting a tenancy up to 'fail' underlies allocations and, particularly, discretionary allocations.

The degree to which providers can and do exercise discretion varies between jurisdictions, as well as between public and community authorities.

### Queensland

In QLD, when SHA officers allocate public housing properties, they examine the first few applicants on the list, deciding between various factors, including eligibility, match to dwelling characteristics, levels of risk, and the date of application. There is no specific number of applicants to choose from, and SHA officers can go down the list as much as needed:

We then will also have a look at other factors, because you might have 10 people on the list all on the same effective date, which does play into the conversation and the decision-making to a degree. So if you had 10 people who were all on the same date ... basically what you'd then do is you would have a look about why they're on the register. So you might have a case where somebody's at extreme risk, they're experiencing domestic and family violence, or it might be a young person who needs to exit the state care they're in and their need is more urgent than the other 10 people who might be in similar but not exactly the same circumstances. That's the piece of work that we're trying to provide some more guidance to our housing service centre staff to make that decision-making. (SHA officer 1, QLD)

### Victoria

By contrast, Area Housing Officers in VIC have a level of discretion in deciding between the first 20 applicants on the list. If they cannot find an appropriate applicant from the first 20 applicants, they need to get approval from their Team Manager to look beyond these 20 first applicants.

### Tasmania

In Tasmania, CHPs have the same allocation policy as Housing Tasmania (the SHA). When a vacant property becomes available, a provider will check the Tasmanian Housing Register from the top and look at whether that particular individual matches the property in terms of location preference and number of bedrooms:

... broad matching, which is, you've got a property, you click a button, you run a shortlist. However, we then—our allocation officers—then need to do a finer match, which is seeing whether or not the property has particular amenities. They [the applicants] might not need a completely modified environment, but they might not be able to handle steps, for example. (SHA officer 1, TAS)

The provider can look further down the list.

There's that matching process that happens where we're just looking down [the list] and going, 'Okay, which is the first one that matches perfectly?' And we'll go ahead with that. There is a little bit of subjectivity there, particularly in the case of where we're allocating into complexes, because each of our complexes has their own culture, as it were, so you're trying to find something that you think might fit with that. (CHP officer 2, TAS)

Applicants are chosen according to the vacant property and providers' specific targeting needs. But sometimes the options are very limited because of very specific demand and supply constraints:

We mostly manage in the northern suburbs of Launceston, and we are required to take at 30 per cent priority, but in actual fact we end up taking like 98 per cent, because they're the only people who want to live in the northern suburbs of Launceston. (CHP officer 3, TAS)

In some areas (as in the above example), the vacancy is often a three-bedroom house, but the only applicants on the list for that specific area are single people, so the match is limited and there is not much room for discretion. This means people are allocated where they want to be, but the matching is not ideal.

### South Australia

The South Australian allocations context for the SHA is like that of Tasmania, with allocation officers systematically working down the Single Housing Register in priority order (first, housing need; then length of time on the list), matching applicants' needs to the available vacant property. A level of discretion comes into this process where the property being allocated and applicants' needs are not deemed to match—that is, the applicant is assessed for a dwelling of a different size (either smaller or larger), where the property is not located in the area the applicant indicates, or does not have a particular attribute needed—for example, a bath.

The SHA also noted they exercise allocations discretion at a more systemic level, through political/agency prioritisation of particular groups for whom allocations are effectively quarantined. The SHA's commitment to 10 (and at one time, 20) allocations across SA for people moving on from rough sleeping homelessness through the AZP is one example of this level of discretion (and the subjective nature of the concept of 'need'; see Section 1). It is also an example of how some dwellings available for allocations sit outside the formal waiting list. How the mechanics of matching and allocation are handled within the context of these particular programs depends on the program, although generally still governed to a large extent by general allocation procedures.

For the CHP stakeholders interviewed in South Australia, allocations discretion was considered a key component of sustainable and positive housing outcomes for clients, and underpinned the sustainability of their business model. Community harmony, for all the reasons outlined earlier, is strongly considered in allocations, with providers more able to factor in things such as unaddressed debt, inability to raise a bond or access a housing authority bond as reasons for skipping over someone on the list. As one CHP officer noted:

For me, it's about not just assessing who the person is that's going there, you've got to assess all the neighbouring people around, what sort of tenancies they've had and the impacts on them as well ... They have the same equal rights as the person that's going in [to a property]. (CHP officer 2, SA)

One SHA officer also noted the importance of some flexibility in terms of allocations and matching for CHPs, around such things as debt and risk management and tolerance of antisocial behaviour. 'We can support higher levels [of risk] and carry higher levels of debt, and we have different ways in which we manage that than a smaller organisation.' (SHA officer 1, SA)

Maintaining a level of discretion in allocations or, more specifically, in the process of prioritising applicants for allocations and matching, was emphasised as particularly important for CHPs, given the 'complex matrix' or 'jigsaw' of programs and criteria underpinning their property portfolios.

Across both providers and jurisdictions, managing the complexities around allocations gives a clear view of the skilled nature of allocations work, which involves:

- household and community needs
- dwelling conditions—physical attributes as well as specific conditions stipulated in titles in SA
- memorandums of understanding or political priorities
- agency sustainability—particularly for CHPs.

Also vital is having the technological capacities and capabilities, organisational culture and policies and procedures to support discretion and applicant choice within reasonable limits—for example, information management systems and data analytics.



### 4.3.2 Applicants' choice

Applicants in all jurisdictions have a degree of choice to accept or reject an offered property. Providers have various practices in place regarding applicants' rejections of offers, but most use the principle of reasonable grounds for rejection. The degree of choice that is provided to applicants varies between jurisdictions and providers, usually ranging between two or three 'reasonable' rejections before applications are deferred, suspended or removed from the waiting list.

In QLD, a previous policy stipulated that applicants who rejected properties twice for invalid reasons would be removed, but this policy has recently changed. This is an apparent shift towards customer-focussed service, which is more aligned with the Social Landlord concept, as stated in AHURI (2020):

What we've got now is a process where there is no set number, so a person can reject properties. However, at each point when that happens there needs to be a very fulsome conversation with the customer, particularly if it's for a reason that might be around personal preference more than something wrong with the property or the location, or some other need that they've had that's changed. So, a conversation should occur to try and see if maybe we need to change their needs and where they're listed, or to also indicate to them [that] the expectation is: if you are saying you have a need we expect you to accept it. (SHA officer 1, QLD)

In Tasmania, applicants have one unreasonable objection when offered a property, after which they are suspended on the waiting list for six months, as well as reasonable objections (although some discretion is applied regarding what is unreasonable and reasonable). A little more discretion around rejections seems to exist in SA, although applicants can be de-prioritised after multiple unfounded rejections, or their registration status deferred. (Deferral of status can also happen if applicants do not answer a provider's reasonable attempt to reconfirm their housing needs status annually).

In VIC, prior to the VHR, the policy stipulated that applicants on the priority housing list could only reject one property and were removed from the priority housing list if they rejected a second property. Since 2016, with the introduction of the VHR, applicants can reject two properties for reasonable reasons before being removed from the list on the third one.

There is also the issue of location choice. In VIC, applicants can choose up to five broadband areas (each 'broadband' consists of one to five suburbs), and this will determine the locations of the offers they get. In QLD, applicants can choose between six locations. Yet, because each location or broadband includes several suburbs, if an applicant needs to be in one particular suburb because of access to a specialist medical facility, for example, and rejects all other offers in other suburbs, this can be very limiting, and opportunities can be greatly reduced:

So, you need to be very careful in balancing—and staff would be expected to give advice about that to clients and a support service to help them understand the opportunity—that they're limiting if they get too specific in their needs. (SHA officer 3, VIC)

In terms of social housing, they most certainly have a choice about where they want to live within a reasonable amount [of locations], so we ask you to list for a minimum of six locations, unless there is a particular reason that I need to live in a suburb say, for example, because I've got particular care there or I can access support or something like that. Provided it's a valid reason, you can list for less than six [locations], otherwise six is seen as that broad benchmark, and we're very clear to say, 'You could get housing from any of those options and you can change them any time, as many times as you like', so they get that. (SHA officer 1, QLD)

SA's new Single Housing Register allows applicants to specify their own location preferences (with a free text response), pointing then to the publicly available list of locations where social housing is located. One of the SHA officers interviewed noted that often people write 'All areas' as their location preference (or perhaps are instructed by agency staff, even SHA workers, to do so) and this presents a challenge for making allocations and managing people's expectations. Lack of specificity around an 'all areas' location can mean that allocations are deemed unsuitable by either the applicant or the SHA, as all areas are not actually what someone will consider in terms of where they want to be housed (or connection to services, community etc.).

Customers seem to think that if they [indicate] ... every area that we had properties in, it'll maximise their chances of being offered a property. Now I know that to map that from a numbers perspective that seems reasonable, but it doesn't actually assist in a quicker allocation because when we call them, they've ticked everything. There's no way they're going to be able to live somewhere that they're completely not connected to. Got no association with, no supports, et cetera, et cetera. So, they come back and say no. (SHA officer 1, SA)

A similar issue around location choice was noted in Tasmania. One participant suggested that applicants are encouraged, if they want a house as soon as possible, to put their name down in some of broadacre areas that they may not necessarily want to live in, and may be located away from family and support networks, which also misrepresents demand: 'And so what that does is it skews: the demand starts to fit the supply rather than the other way around' (NGO officer 1, Tasmania).

In all jurisdictions, applicant choice is restricted by the availability of stock in different locations (suburbs or regions), as well as the built form applicants are deemed eligible for. Applicant choice can also be impacted by the information they receive about a property offer, including its location, but also because of the information they have revealed about themselves. For example, an applicant may not have disclosed a history of domestic violence or being sexually assaulted, which can impact how safe they feel in a particular location or environment—and where they might live in proximity to a perpetrator.

More than one stakeholder stated the need for greater focus on managing applicant expectations in terms of the social housing offer, including the likelihood of being allocated a certain dwelling type, of their preferred design or standard, in their desired location. For example, if an applicant applies for or is eligible for a one-bedroom dwelling in Tasmania, their chances of getting housed are greatly diminished, because of the unavailability of one-bedroom dwellings in many suburbs.

On the issue of applicant choice around allocations, it is important to note that applicants are often required to make decisions about whether to accept or reject a property in a very short timeframe. In VIC, for example, housing officers have a key performance indicator specifying that vacancies need to be tenanted within 28 days. Desire for similar short timeframes exists in all jurisdictions, and they are particularly important for CHPs, as a vacant property means lost income, which challenges the financial model of a smaller organisation.

So if you imagine, somebody says, 'Here's a property. You need to come and have a look at it, you need to tell me whether you want it, and we need you to sign up within 28 days.' I mean, that's quite an extensive impact on someone. Meanwhile, you've got all of the maintenance going on in that property as well, so they might not even be able to go and have a look at it, it might not be safe to do so until the last week. People are being forced to make very fast decisions. (SHA officer 2, VIC)

Such pressure for quick decisions was noted as taxing on applicants who need to assess a property and surrounding community suitability and decide if they would like to accept it or not.

## 4.4 Stock alignment and availability

With limited available stock and growing numbers of people in need of social housing, the client groups targeted by housing providers in all jurisdictions are those in 'greatest need' or highest priority need; people who are reliant on government assistance and generally not attached to the labour market (Morris 2015). In all jurisdictions, people in receipt of low- to moderate-level wages would be offered affordable housing programs such as the National Rental Affordability Scheme (NRAS), but without experience of other 'disadvantage' would not be considered greatest/highest priority need and therefore would not be eligible for social housing.

### 4.4.1 Who are the clients?

The main client groups in all jurisdictions were similarly identified. These included:

- people experiencing homelessness
- older people—part of the 'demographic tsunami that's coming at us' as one stakeholder noted (NGO officer 1, SA)
- women and children fleeing domestic violence
- young single people
- people with disability
- people with mental health issues.

Growth in housing need was identified by stakeholders as coming from people with multiple disadvantages, including mental health issues, young single people (including under 18s) often on very low incomes, families escaping domestic violence, and older people—particularly older women over 55 years.

Specialist disability housing and housing independence assisted through the National Disability Insurance Scheme (NDIS) support packages were emphasised by almost all study participants as a significant change for the sector, and an evident area of continuing demand growth. Because the NDIS does not fund housing, there is an expectation that social housing—and particularly public housing providers—can or will accommodate the housing needs of people with disability:

Changes that have potentially impacted on the waiting list and certainly on the prioritisation process and that's the NDIS. There are people and individuals now with packages, who can get 24/7 support, who are able to live independently, who might have been living in a family home or in other arrangements previously. Young people, in particular, might be in a family home, got an NDIS package, can't be in the home anymore because of disability or behaviours and that kind of stuff, increasingly looking to subsidised housing, like public housing, to be a housing solution for that group. (SHA officer 1, TAS)

I do think since the NDIS has come through, there's been a lot more advocacy on behalf of individuals in that space. I think to the detriment sometimes of public housing though, because we are a mainstream service. But the expectation has been, 'Well, we want you to put these modifications in', that might cost you \$100,000, but you're required to do that under the legislation. So you have to do it, and you have to pay for it. (SHA officer 2, VIC)

#### 4.4.2 Increasing need for social housing

Participants believed the need for social housing has been increasing over a long time, but that, recently, the COVID-19 pandemic and the unaffordability of the private rental market have contributed to an increase in social housing applications. One issue identified was the long waiting lists and the very small chance of people not considered in 'greatest need' ever getting housed (Flanagan, Levin et al. 2020; Powell, Meltzer et al. 2019). Participants also shared that when applicants ask them where they are placed on the waiting list, it is impossible to tell because this is a function of specific needs and availability of stock.

And if they don't accept the offer, it will go down to the next household that fits that priority category, which I think is why it's so hard when applicants ask you questions like, 'Well, where am I on the waiting list? Am I at the top?' Well—and depending on what's available—the waiting list is actually a very static thing. So you might be at the top of the waiting list for urgency for a five-bedroom property, but [...] there are very few five-bedroom properties, and they don't tend to become available very frequently. So even though you might be at the top of the waiting list for that property, you could still be waiting years and years and years. (NGO officer 1, VIC)

Study participants reported several factors that contribute to further increasing affordability pressures:

- interstate buyers moving into the market
- interstate migration accelerating, perhaps due to COVID-19
- people having to adjust their living arrangements during the pandemic
- social housing providers being directed to house rough sleepers and other vulnerable groups as part of pandemic responses.

We've had people applying for social housing who I don't feel would ever have applied for social housing previously. They're the people who would have navigated private rentals and moved perhaps into home ownership, or they would have been long-term renters. But the volatility of the rental market in Hobart has seen ... what I'm seeing more and more is people who are 'normal', everyday people—either working or with a relative amount of stability in their lives, but a level of complexity ... and they've recognised that they're eligible for social housing, and what a beneficial outcome it would be for them. (NGO officer 2, TAS)

I've actually never seen it this tight in Queensland in the last 20 years that I've been ... [in] this job, I have not seen it this bad. We've had periods where it's been bad but this is extreme. (SHA officer 1, QLD)

Across jurisdictions, participants agreed that there are groups that are currently not captured well in waiting lists, due to various reasons. Students, and particularly international students, were notable among these groups, with concerns raised particularly during the first wave of the pandemic, and because in some places, Tasmania for example, student housing does not come under the Residential Tenancy Act and the protections it offers.

Other groups identified as not getting housed generally, or represented as expected on housing registers, were:

- unaccompanied single people under 18 years
- large families, including refugee families and Aboriginal kinship groups
- older single people without adequate income to enable ageing in place.

I think there's always the people you don't capture, for whatever reason, and I think COVID has sort of illustrated that, but nationally, that there's always cohorts that are very hard to reach because of their circumstances. I think some of the barriers for people, from what I can understand and what I've heard recently, is that people are becoming very wary of having their details captured on government websites, for example. (SHA officer 2, VIC)

People who miss their obligations to update their waiting list information (such as housing needs) were another group that some stakeholders expressed concern about, whether the onus was directly on applicants or because they were unable to be contacted. People experiencing homelessness are particularly vulnerable to this situation. Based on these observations, there were general concerns that waiting lists and registers are not true indicators of housing need as they do not reflect latent demand or capture housing need across the spectrum.

In QLD, since 2019 all new applicants have been very high need. Applicants with lower levels of need are less likely to be considered for an allocation for social housing and are generally assisted with a range of support and private housing products. A positive aspect of QLD's more highly prioritised register is an evident adjustment in some people's expectations about ever getting housing, yet there was clear tension around QLD's decision to manage housing need and demand in this way.

#### 4.4.3 Gaps in existing stock

Participants in all jurisdictions noted that there was a need for more smaller properties of one and two bedrooms, as well as larger properties of four and five bedrooms for large households, including those from refugee backgrounds. In QLD, a high proportion of newly built properties are built with a high standard of flexibility that allows properties to be easily adjusted so they are suitable for people with disability. In TAS and SA, most new stock being constructed is two-bedroom dwellings (often in medium-density complexes developed by CHPs), although the current demand (and eligibility) is mostly for:

- one-bedroom dwellings, particularly for single young people and over-50s
- properties with three-bedrooms or more for families, as well as bigger houses for blended families.

In VIC, there had been a focus on building a majority of smaller properties of one-bedroom, as has been the case with previous estate-renewal projects (e.g. Levin, Arthurson et al. 2018) and the Big Housing Build (Victorian Government 2021). Yet providers had conflicting views on whether this was a wise approach:

Yeah, the majority of households that are looking for housing are singles households, but at the end of the day, it costs about the same to maintain a one-bedroom as it does to maintain a two-bedroom. So, however, you've got to balance with the need to maximise your income. So, it's a bit of a juggling act, but I think two-bedroom is a better configuration for a broader group of people. It allows single people to live with space for a carer or other kinds of arrangements. (CHP officer 3, VIC)

Look, [...] ideally it would be nice for everyone to have that extra bedroom, but it really comes down to a cost factor and also our ability to maximise the yield that we can get on a site so we can house more people. (CHP officer 1, VIC)

Other participants believed there needs to be more of every single stock type. However, 25 per cent of the housing register in TAS consists of young people under 25, yet providers argued that authorities do not target new-build programs to the needs of this population group. Thus, some participants expressed support for building smaller properties:

So, in that way, taking a really cohort- and data-informed view of who's on the register as you do your build is, I think, probably how I would lean. Look to your customer base and understand who's on the register. So, when you build, you can then allocate based on what you know is coming down the line. (NGO officer 2, TAS)

CHP stakeholders were seemingly more strategic in their use of demand data and alignment with strategic plans around new builds. Market-driven development of stock portfolios by CHPs made them more able to meet specialist housing requirements, such as accessible housing. CHPs were also seemingly more able to move people between different arms of their portfolios to ensure efficient and appropriate allocations aligned to need.

#### 4.4.4 Stock alignment

The issue of stock alignment—particularly underutilisation, where a small household resides in a large dwelling—was a topic of some debate in discussions about allocations, matching and stock issues (which also reflects the international experiences presented in Section 3). Providers were generally in agreement there is a high level of underutilisation of stock within the social housing sector. For example, a Victorian CHP officer noted that about 40 per cent of their larger stock holding is underutilised. However, there was considerable reluctance about how to best address this challenge in terms of policy and practice and, in places like VIC, the *Residential Tenancies Act 1997* does not allow providers to force tenants to vacate a property based on underutilisation.

Debate about underutilised stock orbited around tenants' strength of connection to their homes and community and whether it is fair to enforce property moves when doing so will clearly cause some distress, discomfort or disconnection. The many older tenants whose children have left home, leaving them in properties larger than they may need—or would otherwise be deemed eligible for—were the main case in point, although such 'extra' space was also noted by some as important for care needs, looking after grandchildren etc. One CHP officer in VIC was convinced the organisation could address this issue by developing a policy stipulating that if such a household does not want to move to a smaller property, they could be charged an affordable market rate (74.99 per cent of market rate). For this provider, overconsuming housing by tenants was simply unacceptable:

That's criminal. When you think about the average waiting time that a family on the waiting list is waiting for a large property, 15 or more years. Their children will have grown up before a house ever becomes available! (CHP officer 1, VIC)

Although the challenge of stock underutilisation is evident across community housing and public housing in all jurisdictions, organisations are reluctant to implement such a policy, perhaps because of a potential media backlash in a climate of resistance to community housing, especially in VIC. Moreover, other providers and advocates argued against such a policy, citing their dislike of the punitive approach, but their support for an incentive.

Look, it is difficult. I think people have sort of got a right to remain in the property for a while because they've made it their home. It's not just a house, it's a home for a lot of people. Particularly if they've been there for ... they've brought up children in the home, all sorts of things. (NGO officer 1, QLD)

Or, as a CHP officer from SA put it: 'I don't think you should go too far to [financially] disadvantage people that need space,' (CHP officer 2, SA).

A Tasmanian CHP officer summarised some of the strategies being used (and which are preferred) as incentives to support people to downsize or right size within the social sector:

So we took a very deliberate decision to do a lot of internal transfers to our newly constructed properties, which of course are smaller, level entry, wide hallways, 6.5-to-7-star NatHERS<sup>1</sup> energy rating, bathrooms that can be turned into wet areas, everything prepared for people to effectively age in that property right the way out, which is much more suitable for them. (CHP officer 2, TAS)

Facilitating smooth relocations or transfers to other social dwellings is clearly a key lever in discussions about stock alignment and utilisation. Some sector workers had this type of activity within their remit, although they noted the difficult and time-consuming nature of the work. One CHP in Adelaide has invested in an officer predominantly supporting conversations and actions around right-sizing, along with other relocations related to redevelopment of stock and when a tenant wants to move out of social housing to purchase a home or rent in a different location.

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<sup>1</sup> Nationwide House Energy Rating Scheme.

## 4.5 Integrating community and support

### 4.5.1 The importance of community

As noted earlier, across jurisdictions and providers, participants emphasised the importance of thinking about community when allocating dwellings to applicants, for the benefit of both the community and the applicant. 'Community' in this sense being broadly defined, meaning the suburb, street or dwelling complex. However, sometimes considering 'community' to the extent desired by an agency or applicant or their neighbours is very difficult:

[The community is] being considered, but whether you can have an adequate response [...] is a different matter. Because we are constrained by the stock that's available and who's applying.  
(SHA officer 2, VIC)

Household structure (e.g. single, family with young children, single parent), age, gender and other factors impacting housing outcomes—such as antisocial behaviour and drug use—are factored into allocations where possible:

If you have an existing complex—this is just a hypothetical—if you have an existing complex of six units and five of them are occupied by older men, for example, and a young woman shortlists ... now, it doesn't mean that the social context of that unit complex is inappropriate for it, but you need to have a process whereby at least there needs to be a conversation with that person to say, 'Look, there are five blokes here living in this complex and you're a young person with different needs and different expectations.' (SHA officer 1, TAS)

Other aspects that need to be taken into consideration are the cultural and ethnic background of the applicants, especially in areas that are less culturally diverse, and where the household may feel uncomfortable in that area. People with parole conditions and extensive criminal histories, including sex offenders, were identified as another group where considerable thought was given to community or neighbourhood impacts, for both existing tenants and the applicant.

While providers explained that they try to take as holistic a view as possible in allocating properties for people with very high needs, sometimes they simply do not know enough about an applicant's housing history—especially their support needs and circumstances—to make the best allocation for the applicant and community. Again, this is where up-to-date information and connections to support providers were particularly important, alongside agencies having systems in place to collect, centrally manage and share such information.

The matching process, there's only so much you can get from a client or from their information at the point of allocation and their supports. There's always information that they can withhold that makes the allocation truthfulness difficult. (CHP officer 2, VIC)

Balancing 'social mix' in medium-density and higher-density flats also factored into practice in terms of allocations—although to varying degrees among agencies and individual complexes. CHPs reported doing this much more frequently than SHAs although, at least in SA, there were new trials to improve the appropriateness and appeal of certain medium-density flat complexes built in the 1950s and '60s—which have often been termed 'hard to let'—by undertaking some internal and external refurbishment, installing safety and surveillance measures, and purposefully allocating families and other 'less-risky' tenants among higher-needs tenants. Achieving social mix has its definite difficulties:

Obviously, you're putting people who are under stress, vulnerable individuals and families in communities or sub-communities where there's a whole heap of them together. Inevitably, different issues will come up and then you've got people wanting to be transferred out because they can't get on with the next-door neighbour or something's happening here. (NGO officer 1, QLD)

In discussing the importance of community and support, and the degree to which these are or can be accommodated for each allocation, providers also emphasised the importance of considering applicants' need to be near particular medical facilities, and the importance of proximity to public transport. Most study participants agreed that it is easier to match applicants with the right-sized dwelling rather than the 'right' community. The number of rooms in a dwelling is an aspect that can be relatively easily addressed (leaving overall supply issues aside), whereas what constitutes the 'right' community for an applicant is often unknown.

#### 4.5.2 Support services alongside housing

Providers in all jurisdictions recognised the importance of many tenants—but not all—having support services alongside the provision of housing, but many acknowledged that there is no mechanism to ensure support is in place or ongoing. Providing support was emphasised as beyond the remit of the housing provider, be it an SHA or a CHP. Some providers said building that support mechanism is on their forward agenda:

No, at this stage there's no mechanism to enforce as a part of a tenancy condition that connection with support. Certainly, it's a big theme of our—I mean it always was, but it's definitely a big theme of current service delivery practice to build that support around and be part of that conversation about the support, rather than, 'You get support and we'll step back as a tenancy manager.' Certainly, making sure that that support remains connected, so that's a big theme now and it certainly will be in the future while we build those mechanisms even stronger with our service partners out in the community. (SHA officer 1, QLD)

Housing is a physical asset that is tangible and therefore serves as an anchor and provides stability. However, support services are less tangible and may disappear without the housing provider's knowledge. Providers agreed that support falls away, in too many cases, once a tenant has settled into their dwelling, putting the tenant at risk of losing their housing, churning through the system and sometimes into homelessness, all with implications for future housing.

I think the more support our organisations provide, as in community and individual support—yeah, the more sustained their tenancies will be, and the people will be empowered. (SHA officer 2, TAS)

But we definitely see the biggest turnaround in our homelessness support clients, who are clients who have been long-term homeless, who are accessing housing for potentially the first time, second, third, but they are usually transient homelessness [clients] who have accessed the service system a lot. Don't know if it's necessarily the allocations that would solve that. I think it's greater funding in the support model that they receive, or more diverse support models. Allocation is just the point that they get the housing. It's not the build-up and the during, and it tends to be during and the build-up when the failures start to happen. (CHP officer 2, VIC)

And, simply, from one SHA senior bureaucrat interviewed: 'We don't really have a model of support that's sustainable for this [high and complex needs] group in public housing,' (SHA officer 1, SA).

Some groups that were mentioned as moving in and out of the system more than others were tenants requiring specialised support for complex mental health issues, drug and alcohol misuse, and community violence—in other words, fighting with neighbours. Women experiencing domestic violence were another group with specialised support needs, particularly around safety and trauma. Young people with complex needs, young families and single parents were also mentioned as groups that churn in and out of the housing system too often.

It would be the people that have been receiving complex support while they've been on the waiting list, that if we are not aware that support has dropped off or what the needs are, then it can fall over quite quickly, and sometimes too quick before you can pick it up. So we do have a client-support coordinator here that we can refer to in-house to help with the tenancies at-risk, and their job is to coordinate external supports. (NGO officer 2, TAS)



For example, we've got a lot of people coming in ... it might be a cohort of homeless single males that come in, and if they don't have the appropriate supports up front, when their tenancies start. We've got guys living in flats that are never furnished, but they're living there like they're homeless. They haven't been able to ... they just haven't had those [living] skills or support to develop the skill, all that sort of stuff. (SHA officer 2, VIC)

In TAS, young people under 18 were reported as a high-churning group as they require specific support to sustain a tenancy.

But the youth, I think we've got to get better at the accommodation we provide and support, et cetera, that we provide for youth to set them up, so we're not setting them up for failure. Well, I mean, they're young, they're 16-year-olds, like 15-year-olds, that sort of stuff. They haven't got the capacity to think beyond tomorrow, let alone next week, or 'What does a lease really mean? What's three months? What's six months? I don't know where I'm going to be in six months, I don't know what my life's going to do in six months,' that sort of thing. (SHA officer 2, TAS)

As described in Section 3, one CHP in QLD has developed a 12-month pilot project testing the importance of support services being an integral part of a long-term housing provision. The CHP involved has developed a housing complex with 19 units, including a mix of high-needs tenants, moderate-needs tenants and low-needs tenants, with support services provided onsite. Support services are separate to the housing, but are integral to the program.

The idea of that is to actually look at that actual connection into community, like the onsite support to help those people that are chronic long-term sleepers and rough sleepers have a place where they're not just off the streets and into a property and then everyone thinks that it's all fine and well. They need that support onsite. (CHP officer 2, QLD)

Similarly, SA has just rolled out a similar intensive 15-month support model called Housing for Health. It was founded from an understanding of the importance of housing to health, and the importance of health to housing. Housing for Health involves health specialists, drug and alcohol services, and specialist homelessness services working collaboratively with people with a history of chronic rough sleeping to support them through to permanent housing. Notably, in the context of this study, allocations to this program sit outside the Single Housing Register and are discretionary allocations, with this program a pilot funded as a budget commitment by the Marshall government to reduce rough-sleeping homelessness.

These two pilot programs started in mid-2021, so there is still no conclusive evidence as to their effectiveness, but providers agreed that the issue of support depends on funding, and that with enough funding to develop an effective support model, tenants with complex needs will be better able to sustain their tenancies.

## 4.6 Innovations and thinking outside the box

Participants shared the various innovative ideas and programs their organisations have been implementing in recent years. Many of these programs have been designed to address the needs of people who do not meet the eligibility requirements for social housing, but struggle to maintain a private market rental tenancy or secure homeownership. Some allocations-related programs were also identified, although they were limited in scale and scope.

### 4.6.1 Allocations-related programs supporting (incremental) innovation and change

Some small-scale and incremental innovative practices are taking place in various jurisdictions. Two areas of innovation have been identified in interviews with stakeholders.

The first area of innovation is programs promoting applicants or tenants' choice in allocation and matching. As discussed in Section 3 and subsection 4.2.1, SA has recently been trialling a new model where multiple offers are provided to multiple applicants via open inspections for hard-to-let properties, in a model somewhat similar to CBL, although this is in very early stages. NSW is also piloting a CBL-model program in inner-city Sydney, although a recent program based on the CBL model—My Property Choice—has not been as successful as expected (Merlo Zurita and Ruming 2019), as described in Section 3.

The second area of innovation identified in interviews with stakeholders is programs focussed on support services, aiming to support applicants or tenants with the greatest need and sustain their tenancy. Pilot programs in QLD and SA described in subsection 4.5.2 are examples of innovative thinking in that space, where providers try to address the lack of a mechanism that enables providing applicants or tenants with integrated with support services together with housing.

#### 4.6.2 Getting people housed through alternative programs

In general, participants agreed that there needs to be a focus on affordable housing programs that fill the gap in housing assistance or offering that exists between those who are not in very high need (to use the QLD terminology) but still find it difficult to pay full market rent in the private sector.

It might be an elderly couple who are renting privately, but not in a great position, but their income doesn't allow them to move into a priority category, or there might be some factor that doesn't [allow them to move into another category]. So, I think that scenario really needs to be looked at, in terms of opportunities for intersections with the Affordable Housing group. (SHA officer 2, VIC)

In VIC, the needs of this group are captured through the Register of Interest: Affordability, which is targeted for people in need of affordable housing, linking them with participating organisations that may have affordable housing in their portfolio and use the VHR as one system for allocation. There are no income or asset limits associated with this register.

In TAS and SA, Private Rental Assistance (PRA) was considered an effective alternative, with providers supporting more people into housing through the PRA scheme rather than housed off the waiting list. The assistance was used not only to obtain private rental dwellings but to help sustain a current tenancy. It was also used to help clear arrears and social housing debt by arranging payment plans so that previous tenants were able to reapply.

We have a vast amount of people who are private renters, and sometimes a little bit of work in sustaining a private tenancy [...] will save both that person and community tens and tens of thousands of dollars in homelessness supports. (NGO officer 2, TAS)

Participants felt that the NRAS has filled an important gap and were generally disappointed to see this program being phased out.

And I think that's where NRAS fit in nicely, the NRAS incentive scheme. They fit in the in-between market where it's like you're not really low income, you're not really high income, you just need that in-between, so I think that that's going to be a real gap [...] losing the NRAS incentive. (CPH officer 2, QLD)

Having affordable housing within portfolios delivers other distinct benefits for providers (and ultimately to tenants, through leverage for growth in supply), allowing them to cross-subsidise other higher-risk and higher-needs programs:

In terms of a balance, if we've got [...] a bit less than 10 per cent of our stock in the affordable area, we can take more of that [higher-needs, high-risk group], because it pays its way. Yeah, [it] actually enables us to do more in other places. So you know, the income we generate there actually funds infrastructure, you know, a whole raft of things. And means we can carry risk in other areas [i.e. category 1/highest-need conventional social housing]. (CHP officer 1, SA)

Providers in all jurisdictions have a range of other products, including rental liaison officers and bond loans for clients in need of some help to access (and sustain) private rental accommodation. A key challenge was noted in relation to such housing access support, where the same people struggling in the housing market were competing for a limited number of affordable properties:

Also, I think with those kind of private rental brokerage schemes, we end up competing against very-low-income people on the private market for the same houses. So, it's a bit of a catch-22 really. (CHP officer 3, VIC)

A Tasmanian provider thought that both social housing and affordable housing streams were needed. But first there is a need to define what affordable housing is, as this is not agreed upon, nor is how it should be managed. Such clearer understanding of the range of offerings in place and needed will help housing and support providers and tenants to understand their options, and the limitations and advantages of each relevant to their circumstances. It will also assist advocates to bolster their calls for more of the right (diverse) supply of housing.

### 4.6.3 Is the system broken?

Finally, participants reflected on whether they think the system is broken and what needs to change—if anything.

I don't necessarily think the system is broken. I think it's well-intentioned and I think it's there to help the most vulnerable and I think we all play a part in doing the best that we can to support and help those vulnerable clients. But in saying that, I also think housing people with really high needs in a complex of, say, 20 to 40 units all in one complex, that's not—I don't think that's the best strategic approach. (CHP officer 2, QLD)

The biggest challenge, I think, is the limited resources or the availability of public housing stock—so the demand far outweighs the supply. So whether the system is reasonable in prioritising based on the categories we have, advocates would argue that it may not meet the needs suitably because [we need] someone to decide who's more urgent: someone with mental health first, there's family violence, or a disability? Some may say that there's gaps and people fall between them, but I'm not sure there's a better system given that the supply is ... so limited. (SHA officer 3, VIC)

Furthermore, advocates argued that because of the way the community housing sector is financed, providers need to cross-subsidise between social, affordable and other streams in their portfolios for financial viability. The need for deeper subsidies to ensure viability in the face of increasing targeting of community housing to high-needs people and very-low-income people was raised across jurisdictions.

So if we really want to respond to homelessness, and if we really want to cut down the waiting list, then the government has to house these people themselves because CHPs can't afford to. And if we don't have publicly owned and managed properties to put them in, then they're just going to sit on the waiting list forever. And all of our good work and advocacy will not actually have made a real difference at the pointy end where we really need it to. (NGO officer 1, VIC)

Advocates further questioned the number of housing officers responsible for tenants, and their capacity to make allocations work once applicants are allocated properties. In all jurisdictions, the ratio of staff to tenants is very high—with one housing officer to somewhere between 200 and 400 individual households (see also Flanagan, Jacobs et al. 2022). This creates an enormous pressure on very well-intentioned staff that cannot properly address the needs of their clients.

To conclude, participants provided some final insights:

It's always a case, I think, of, there's just not enough. Just not enough housing stock at all. That's the basic dilemma, and all the other problems really revolve around that. It's trying to push people into places that aren't really quite suitable, but they need a roof over their head, so this has just got to do in the meantime, sort of attitude, and of course once they're in there, they usually end up in there for years because there's nowhere else for them to go, unfortunately. So, a lot of stuff that's just not quite suitable. (NGO officer 1, QLD)

The problem with systems assisting people is [that] one is rigid and the other is not, so it will never fully fit. The idea that we could actually achieve a perfect system for people, I think, is a falsehood. (CHP officer 2, TAS)

And, finally, as summarised by one South Australian CHP advocate:

At the end of the day, we are all in the same [place]: housing supply is an issue, and why is housing supply an issue? Because the subsidies are not there. If you want to provide subsidised housing, you need a subsidy and it's not there anymore. It's gone. The Commonwealth state housing agreements declined in real terms, as you know, in value, while the need has grown, [then] backlog maintenance, plus targeting: a death sentence for public housing. And the same is true of the support services. Funding has not been increased. It was never adequate. And it's not been increased, as the need has grown. So you have neither supply nor the support. Yeah. So at the end of the day, you're rationing inadequate resources ... And that's what the process is about! (NGO officer 1, SA)

## 4.7 Policy development implications

Section 4 has identified the painstaking efforts that providers make while managing the extremely scarce resource that is social housing, and which needs to be distributed fairly to a significant and increasingly complex cohort of people in need. While many housing managers and officers are well-intentioned and highly resourceful, there is only so much they can do when allocating social housing dwellings in a just manner.

One aspect of the allocation policy and practice is the common register, which is now implemented across all jurisdictions (except for the NT) as a form of primary rationing, while all jurisdictions utilise various priority categories as a form of secondary rationing to capture the different needs and levels of demand in the community.

Tightening eligibility requirements continually in terms of social housing allocation processes, including as the underpinning logic of common registers, does not address the acute need for housing in an unaffordable housing market, as is the case across most jurisdictions in Australia. Such observations from this research lead to conclusions about the need to link allocation and matching innovations to *appropriate* supply and *sufficient appropriate* supply, as secondary rationing of waiting lists does not alleviate pressures system-wide, especially when the housing needs of people beyond the most complex needs are considered—that is, people with needs based on affordability.

In considering the capacity of allocation and matching processes for making individual and system-level impacts, it is important to note the need for ongoing support as part of a successful housing allocation and tenancy sustainment bundle for many people with high needs—although not all of them. Currently, when applicants are allocated housing, there is no mechanism that ensures tenants have the necessary supports in place, and the lack of such support can—and often does—impact tenancy sustainment with obvious implications for the landlord. Accordingly, it seems logical that there is a formal mechanism for ensuring open dialogue and coordination between housing providers and support providers, with tenancy sustainment and review of tenancy and support circumstances in-built within regular conversations about people's support needs. The risks of tenancy failure and likelihood of poor life, health and wellbeing outcomes are too high without such support and tenancy coordination.

Thinking about innovation in the broadest sense, there is a need to question whether new policies and programs—whether considered or shown to be ‘innovative’ or otherwise—can really address the lack of social housing dwellings amid surging demand for such housing, with such demand related to underlying population growth and the increasingly complex needs of some applicants and standing tenants. Such observations raise important system questions:

- Can innovation in allocations and stock matching make much of a difference in a straitened/residualised social housing system and a policy environment where there are piecemeal plans for social housing stock growth at best?
- Can innovations in allocations and stock matching support better outcomes for individuals in terms of their housing outcomes, particularly given known limits in terms of the appropriateness of stock—design, quality, age, size, location, neighbourhood issues—and connection with appropriate supports?

There are clear roles for policy development here, which this section and the report conclusion in Section 6 bear out.

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## 5. Framework for evaluating housing allocation strategies

- **There is a growing acceptance that social housing should be viewed and assessed as infrastructure.**
- **Social Return on Investment (SROI) offers a simple-to-follow framework to evaluate, measure and communicate the broad social, environmental and economic impacts that are derived from social housing projects.**
- **A key benefit of SROI is its emphasis on the identification of and communication with relevant stakeholders.**
- **Evaluations can vary in scope between assessments of individual project proposals, or can incorporate a review of the entire social housing sector.**
- **The challenge of any evaluation framework, including SROI, is the monetisation of ‘intangible’ benefits.**

### 5.1 Introduction

There is growing acceptance that social housing should be viewed and assessed as infrastructure (Denham, Dodson et al. 2019; Infrastructure Victoria 2016; Maclennan, Ong et al. 2015; Maclennan, Randolph et al. 2019). The goal of a business case for an infrastructure project is to provide a clear and objective framework to support decision-making. This framework ideally allows for comparing complex projects across different sectors. Those assessments are traditionally conducted via a cost-benefit analysis (CBA) of a proposal or intervention compared against several alternatives—including remaining at the status quo.

A CBA involves measuring costs and benefits in monetary terms. At a very general level, if estimated benefits exceed costs, the project is expected to generate a positive return. Therefore, it can be a useful tool for comparison, as it presents the benefit to cost ratio (BCR) in terms of a net present value (NPV), or a value that can be interpreted in today's dollars, as it discounts the future costs and benefits.

However, any approach to develop a business case is not without problems. Costs and benefits may be difficult to attain from existing sources, and acquiring monetary values for those not currently available can be expensive or methodologically challenging to obtain (see Davison, Brackertz et al. 2021 for a recent example in Australia). Moreover, with respect to social housing, there is a substantial challenge to obtaining valid and nuanced measurements of benefits because of the intangible nature of many of the benefits—such as reduced stress or improved mental health.

While benefits can be analysed through a 'whole-of-government' reduction in expenditures, as demonstrated in Davison, Brackertz et al. (2021), the direct benefits experienced by the tenants of social housing can be harder to quantify. This is acutely apparent in cases where the experiences of the prioritised tenant groups vary substantially (Prentice and Scutella 2020), or where the available evidence is only tangentially related to the tenants eligible for social housing.

Furthermore, a CBA may not always account for distributional impacts. For example, using estimated benefits derived from gainful employment after successful placements in social housing may be misleading if the calculations were derived from populations that are not representative of those currently being allocated into social housing. Thus, if benefits were calculated based on a previous strategy that prioritised families, using the estimates of the benefits of housing towards gainful employment may be misleading if the current strategy is to allocate more housing towards the homeless.

Given the challenges of implementing a traditional CBA business case for social housing, Infrastructure Victoria (2016) notes that Social Return on Investment (SROI) may provide a framework to evaluate, measure and communicate the broad social, environmental and economic impacts that are derived from social housing projects. Like a CBA or costs-avoided framework, an SROI can derive a monetary value on various socio-economic outcomes that allow a comparison between investments. However, unlike a traditional CBA, the nature of the returns is best interpreted as a financial representation of value added, rather than a traditional return on investment.

Maier, Schober et al. (2015) compiled a survey of the merits and limitations of a SROI framework. In particular, they find SROI can be used as a communication tool to promote the benefits of programs, particularly to those who prefer simple forms of information, are financially minded, or who may not be aware of the social value of proposed policies. Yet they point out that comparability of projects can be limited by differences in methodology and the scale of the project being assessed. However, they also note that many of the critiques—including comparability—would be applicable to any framework that incorporated the monetisation of 'intangible' benefits of stakeholders of social housing. Ultimately, if a goal is to compare the results of the analysis to other programs, it is important to incorporate the methodology and assumptions inherent in the other studies.

In measuring a social housing proposal, benefits will be derived through a mixture of tangible assets, such as flows of rents and the underlying value of the building assets. Yet the benefits from implementing a new innovative housing allocation strategy are largely external to the social housing association. Benefits will either be internalised by the tenants through increased welfare or employment opportunities or through reduced expenditures required of other social services such as health and policing—in other words, avoided costs. The avoided costs are derived through reductions across other health, justice and welfare-service expenditures, and can be used to advocate for housing on the basis of 'whole-of-government' cost savings (Davison, Brackertz et al. 2021).

It is important to note that while Denham, Dodson et al. (2019) and Maclennan, Randolph et al. (2019) showcase the merits of developing more traditional business case approaches for social housing that account for the wider social benefits, these discussions on methodologies may not necessarily translate to the complex nature of a housing allocation strategy—particularly when the aim of the analysis is to analyse the difference in the benefit of changes in allocation prioritisation strategies of tenants. This was the situation in which the research team found themselves. At this stage, the limitations in (a) the data with respect to both input and output outcomes (see Table 5) flowing from the prioritised allocation process, and (b) resource constraints in both the monetary costs of acquiring data as well as the time required to conduct the analysis, did not allow the development and measurement of a fully-fleshed case study of SROI.

## 5.2 Social Return on Investment (SROI)

Social housing providers face substantial challenges to communicate the benefits of their housing. The income stream derived from rents is below market rates, requiring various types of public subsidies to generate positive returns and achieve financial sustainability (Nygaard 2019). Yet a growing body of literature has demonstrated that social housing in its various forms provides direct benefits to tenants—although the benefits may not accrue to all priority groups of social housing (see Prentice and Scutella 2020 for a comprehensive review of the recent literature in Australia). There is a further literature that also looks at calculating the benefits of social housing through a wider societal lens. These benefits can be measured through lower costs through avoided costs of other public services such as health, policing and welfare (Denham, Dodson et al. 2019).

Ravi and Reinhardt (2011) note that a key benefit of an SROI is to further our understanding of the benefits of social housing, as well as to assist in the design of future programs to maximise social benefits.

Nicholls, Lawlor et al. (2012) and Ravi and Reinhardt (2011) provide the base framework for a SROI and map the framework across six primary stages. We have consolidated these to five stages to better reflect the processes that would be actioned in practice for social housing. While it includes less explicit steps than a full CBA, as proposed by Boardman, Greenberg et al. (2010), both the SROI and full CBA require a substantial overlap in their primary requirements for documenting and valuing outcomes. What differs within a SROI is a larger emphasis on understanding and identifying stakeholders, as well as using the results as a communication tool to stakeholders. Our modified SROI methodology stages have been summarised in Table 3. For the reasons outlined above and throughout Section 5, the process of working through each step is just as important as the calculation of the SROI. The entire process develops a better understanding of the policy and program context of allocations and the associated decision-making.

Table 3: SROI methodology

Stage	Description
<b>Stage 1:</b> Establishing scope and identifying stakeholders	An explicit statement regarding the boundaries of the analysis. It should clearly communicate the reason for the analysis, list the available resources, and what are the priorities for measurement.
<b>Stage 2:</b> Mapping outcomes	A combination of stakeholder engagement and external research is conducted to identify potential outcomes of the program to be analysed. The resultant work provides details of the individual outcomes, as well as the relationship between stakeholders, inputs, output and outcomes.
<b>Stage 3:</b> Evidencing outcomes and giving them a value	Outcomes are measured and identified via surveys or external data acquisition. Wherever possible, financial proxies are identified to represent social impacts in dollar terms.  Throughout this stage, a defensible and robust estimate of the social value is created through challenging assumptions that may influence outcomes. These would include the attribution of factors (other activities influencing the benefits), deadweight (whether the change would occur regardless), drop-off (impacts decline over time for multi-year outcomes).
<b>Stage 4:</b> Calculating the SROI	The total value of the benefits is summed and the comparison of the outcomes is calculated, providing the SROI value.
<b>Stage 5:</b> Reporting and using	The findings are shared with stakeholders and the organisations that can best use the results to enhance outcomes in the future.

Source: Adapted from Ravi and Reinhardt (2011) and Nicholls, Lawlor et al. (2012).



### 5.2.1 Stage 1: Establishing scope and identifying stakeholders

Before beginning a SROI, it is important to determine the primary objective of the study. This will provide the basis for the scope of the analysis to be conducted. The granularity of the analysis can vary depending on the objective and available resources. A SROI can analyse an individual project within an SHP's portfolio or it could be a broad sector-wide analysis. Likewise, the analysis can forecast the outcomes of a policy proposal or an evaluation of an existing policy. The identification of the relevant stakeholders is ultimately relevant to the scope of the analysis as well as whether the analysis is conducted before or after the implementation of the policy. Typically, a forecast of future proposals requires greater assumptions on valuations due to the larger uncertainty of what will transpire in the future.

Some typical objectives that can be explored using a SROI:

- What are the costs and benefits of retrofitting existing social housing to meet the increased needs of tenants?
- What are the benefits and costs of providing programs that integrate support services with housing, such as Supported and Sustainable Housing (SASH)?
- Does choice-based-letting (CBL) provide an improved experience over current allocation systems?

However, the scope of the analysis needs to be balanced by the resources available and the needs of the user. While beneficial, the cost of analysing sector-wide returns will be larger due to the complex and heterogeneous nature of the social housing. The diverse composition of housing stock interspersed with a heterogeneous base of tenants will require a larger commitment of resources. With limited resources, housing providers may want to explore smaller scoped analyses. However, due to the statistical nature of the survey data, the estimated benefits are more likely to be representative of the stakeholders in larger projects. For example, a small survey of an individual project may yield a poor estimated return on investment if the outcomes experienced by even one randomly selected individual is poor.

In Stage 1, it is important to determine the relevant comparison. For example, should the proposed housing allocation strategy be compared to an existing strategy run by the housing association? Or is it more relevant to compare the benefits of the allocation strategy against a scenario where no social housing is available?

These are fundamental questions, as they set the frame in which the results are communicated to all interested parties. The former comparison may be a useful tool to inform internal stakeholders on processes that can improve upon the current practices of the organisation, whereas the latter may assist the housing association in their public communication on the benefits of additional social and affordable housing stock in the community.

The stakeholders that are relevant to the new policy will be used to assess the costs and benefits of the treatment or intervention groups. The stakeholders identified for the comparison group are typically referred to as the control group. In some cases, the stakeholders can be related. For example, Davison, Brackertz et al. (2021) estimate the BCR of housing in the ACT that targets the homelessness. One stakeholder within the treatment group are tenants who had previously been homeless prior to obtaining a placement in social housing. The control group were clients of a specialist homeless service who were currently homeless or lacking stable housing.

Table 4 maps the four groups of stakeholders that are most likely relevant to an analysis of housing allocation policies. Stakeholders can include those receiving direct benefits, such as the tenants and the housing provider. However, they can potentially include those receiving indirect benefits, which can again include tenants and housing providers—but can also include other community and government organisations, as well as society in general. In practice, the avoided costs from community and government agencies are likely to comprise a substantial component of the benefits of a housing allocation strategy, thus they are likely to be relevant stakeholders despite the indirect benefits they receive.

Table 4: Stakeholder mapping

Potential stakeholder	Potential subgroups	Changes in outcomes
Tenants	Families; single mothers; domestic abuse survivors; single individuals; homeless; Indigenous; employed; drug addiction; mental illness; disability; housing stress; aged  People who cannot be housed because they have low/moderate need	Direct and indirect
Housing provider	Community Housing Providers; State Housing Authorities	Direct and indirect
Community and government organisations	Health, justice, and welfare services; state treasuries	Indirect
Society	Communities in and surrounding public and community housing and their estates	Indirect

Source: Authors.

By the end of this stage, the user will have identified who the stakeholders are for both the treatment and control groups; they will also have identified in broad terms how the proposed change in housing allocation strategy will likely impact each stakeholder.

### 5.2.2 Stage 2: Mapping outcomes

Stage 2 of the analysis will incorporate aspects of the relevant stakeholders identified in Stage 1, and then identify:

- what outputs are generated from the proposal being analysed
- what inputs are required to deliver those outputs
- what outcomes are produced.

The outcomes that are identified in Stage 2 are likely to be specific hypotheses when compared to the broad changes developed in Stage 1.

As a practical example, an output can be a SHP's allocation strategy that prioritises homeless people or those at risk of homelessness. It is important to identify the costs of the housing allocation strategy. The costs will include the financial costs to assess and find suitable housing, but also the estimated future financial outlays required to provide ongoing support for them and the degree to which homeless allocations create long-term tenancies rather than churning. It can also include other ancillary costs that may not be monetary. These can be calculations of volunteer time that is required as inputs into the program. Similar to the intangible benefits of certain outcomes, such as self-esteem, placing a financial figure on non-financial costs is not always a straightforward calculation.

When conducting an analysis of housing allocation strategy that involves new or modified housing, it is important that the inputs capture both operating costs and the capital costs used to construct or rehabilitate the property. Davison, Brackertz et al. (2021) and the Productivity Commission (2018) define operating and capital costs thus:

- **Operating costs:** maintenance and wages and salaries for provision of tenancy support.
- **Capital costs:** average costs providers must pay for the land and housing ('capital') they provide. Capital costs are typically made up of both depreciation (annual costs consumption of non-current physical assets used in delivering services) and user-cost of capital (the opportunity cost of funds tied up in the capital used to deliver services).<sup>2</sup>

<sup>2</sup> Estimates of user cost of capital can vary, but the Productivity Commission (2021a) suggests a user cost of capital of 8 per cent of total capital value. See Stage 5 for a larger discussion on discount rates.

Outcomes that are derived through the outputs can be identified through either a literature review of the material, as well as identifying relevant outcomes through the stakeholder analysis and interviews in Stage 1. The outcomes identified in this stage should generally map closely to specific actions that can—at least if resources allow—measure financial values. For example, we may determine through stakeholder analysis in Stage 1 that a priority allocation of homelessness should be associated with an increase in mental health for the tenants. Yet in this stage, further discussions combined with a literature review may yield that those outcomes can be measured through an increase in tenants' personal self-esteem, but could also be measured through their use of emergency health services.

Outcomes are not necessarily limited to the tenants, as reviews of allocation strategies that also incorporate new or renovated housing stock are also possible. Considering our findings based on our interviews, there is an increased strategy among housing providers focussing on new housing provision based on existing and forecasted needs. These needs are increasingly focussed on singles. This contrasts with older housing stock that had higher allocations for family homes. Yet as demonstrated by COVID-19, forecasts of future trends and needs can be interrupted through external events (Charles-Edwards, Wilson et al. 2021). These forecasts, if interrupted, could incur large costs to housing providers if new stock provision (stock re-profiling) focussed on one- and two-bedroom dwellings but changing future needs saw a growth in families.

To our knowledge, no existing modelling has been conducted to assess and quantify that risk. However, one natural output that can be explored is the creation of flexible housing stock that can be adapted to unanticipated changing needs. Outcomes could then be explored that assess the long-run costs of providing social housing of a different form to that currently being provided. This would be assessed through the difference in estimated costs and long-term asset values of building and adapting flexible dwellings versus the costs and asset values of building and adapting inflexible dwellings, taking into account informed modelling on the variability in housing needs over time.

Once outcomes are identified, it is beneficial to classify the outcomes by the relevant domain. These categories are likely to vary across the type of analysis being conducted, but Ravi and Reinhardt (2011) and Davison, Brackertz et al. (2021) note several domains that are relevant to housing allocation strategies. For the example cited, we have compiled a non-exhaustive list, including:

- economic benefits—operating revenue or rent; employment of tenants
- educational benefits—tenant educational attainment
- health benefits—decreased hospital services
- safety benefits—reduction in incarceration rates
- social inclusion and empowerment—development of social networks.

Returning to the homelessness example cited earlier, Table 5 notes several potential outcomes and their connected domains that may be relevant to a housing allocation strategy analysis. However, this table is intended to be an indicative list of possible outcomes rather than an exhaustive list.

Table 5: Potential positive and negative outcomes as a result of increased prioritisation of homeless population in allocation strategy

	Type	Domain
<b>Positive outcome</b>		
Decreased use of emergency psychiatric services	Avoided cost to community or housing organisation	Health benefits
Decreased use of emergency hospital services	Avoided cost to community or housing organisation	Health benefits
Decreased number of days hospitalised	Avoided cost to community or housing organisation	Health benefits
Decreased days incarcerated	Avoided cost to community or housing organisation	Safety benefits
Decrease in reliance on short-term accommodation services	Avoided cost to community or housing organisation	Economic benefits
Increased labour force participation rate	Direct to tenant	Economic benefits
Increased self-esteem	Direct to tenant	Social inclusion and empowerment
Lower waiting times	Direct to tenant	Social inclusion and empowerment
Reduced tenant turnover	Direct to tenant; avoided cost to community or housing organisation	Economic benefits; social inclusion and empowerment
<b>Negative outcome</b>		
Increase in neighbourhood disruption	Increased cost to community and housing organisation	Wellbeing costs
Increase in churning and loss of rental income	Increased cost to housing organisation	Economic costs
Increase in property damage	Increased cost to housing organisation	Economic costs
Increase in additional staff and management time	Increased cost to housing organisation	Economic costs
Decrease in wellbeing of neighbours	Increased cost to community or housing organisation	Wellbeing costs
Increased stigmatisation of Social housing and loss of community support	Increased cost to community or housing organisation	Weakening of social inclusion and empowerment

Source: Positive outcomes based on subset of outcomes measured in a study of Journey to Social Inclusion (J2SI) in Johnson, Kuehnle et al. (2014). Negative outcome based on the interviews for this project and previous AHURI reports by team members.

Outside the scope of homelessness, a number of potential outcomes are possible to measure if the program objective is not focussed solely on addressing housing for homelessness. Some possible examples follow.

- A program objective may seek to change the eligibility for priority access to older households. For example, understanding the difference between the aged-household-eligibility requirements between VIC (55 years) and NSW (80 years). In this program, an SROI may measure the difference in rental income, property turnover, property damage and reduced support costs, balanced by the cost of priority allocation reducing the housing of other household groups.
- A program tailoring new construction in neighbourhoods resistant to social housing. Recognising that local residents can be very resistant to new social housing development, what would be the costs and benefits of tailoring the type of construction and allocations to clients who would attract less community resistance? Benefits might be faster build times, reduced time in local consultations, less negative media coverage, and greater community support. Cost would be the equity implications, and costs of not housing those in greater disadvantage.

- An allocation strategy that is designed to improve the focus on location preferences may consider the benefits of social inclusion or change in tenant turnover when compared to existing strategies that may not emphasise location preferences, resulting in more households isolated as a result of being allocated to housing beyond their existing social network.

During the mapping-of-outcomes stage, it is important to identify whether outcomes overlap or are duplicated. This is a critical consideration for any CBA or SROI analysis. For example, it is possible that the improved self-esteem an individual derives from living in stable housing may also be reflected in their increased social inclusion, education, and employment opportunities. Therefore, the inclusion of measurements of all four outcomes may overstate the benefits of the social housing allocation strategy. Thus, careful consideration is required when selecting the list of outcomes to be part of the SROI; in general, it is preferable to err on the side of a conservative list of outcomes to be analysed. As another example, educational attainment can be one valid outcome. However, educational attainment is associated with higher labour force participation. Therefore, we should be cautious in estimating the value of educational attainment in the same study that also uses a tenant's salary as a benefit.

By the end of this stage, a complete accounting of the costs derived from the identification of the inputs relevant to the outputs should also be completed. These are a critical component of any CBA or SROI and will provide a baseline when calculating a BCR as part of Stage 5. In practice, these should include all new operating and capital costs that would be used to support a program, when compared to an alternative 'status quo'. For example, if we want to measure the wider social benefits of social support related to both living in social housing as well as support programs that are connected with that housing, it is important to include not only the operating costs of the housing and support programs, but also factor in the capital costs used in constructing the housing, even if the cost of the housing was not borne by the organisation. In absence of that inclusion, many SROIs often show overly optimistic BCRs, such as those found within Drabo, Eckel et al. (2021).

Nonetheless, it is important to appreciate that the mapping stage can offer useful insights. The critical thinking in working through the mapping of potential costs and benefits is a highly useful exercise even without going to the evidencing stage.

### 5.2.3 Stage 3: Evidencing outcomes and giving them a value

Once the outcomes are identified and mapped to indicators, Nicholls, Lawlor et al. (2012) suggest several steps to collect and establish the value of the outcomes that are relevant to the assessment. However, considering the mixed empirical evidence that social housing tenants derive direct observable benefits (Olsen and Zabel 2015; Prentice and Scutella 2020), we suggest the following steps:

- Determining proportion of stakeholders receiving benefits from outcomes and longevity of outcomes.
- Collecting outcomes data.
- Placing a value on the outcome.

#### Determining proportion of stakeholders receiving benefits from outcomes and longevity of outcomes

When accounting for the correct impact of outcomes, Nicholls, Lawlor et al. (2012) and Ravi and Reinhardt (2011) suggest that the correct and proportionate attribution of valuations to outcomes that are relevant to the activity being analysed is critical to a meaningful evaluation. They suggest three steps to consider for each outcome:

- **Deadweight:** proportion (expressed as a percentage) of an outcome that would have happened even if the activity had not taken place.
- **Attribution:** amount of the outcome that can be uniquely tied to the activity being examined or the share of the population that may experience the benefit of the program.
- **Drop-off:** social benefits may last for many years, but the direct contribution of housing may diminish over time.

### *Deadweight*

Once the potential outcomes have been established in Stage 2, it is important to consider the likelihood that the relevant stakeholders will experience the outcome to a measurable degree, or determine the proportion of the group of stakeholders that will experience the outcome.

This is more likely to be relevant when conducting a SROI or avoided-costs analysis on a proposal when the use of secondary data sources, publications and government reports will be used to establish the relevant costs and benefits. The process of reviewing the likelihood of outcome valuations being applicable to stakeholders should be ongoing throughout this stage.

As an example, Prentice and Scutella (2020) use the Household, Income and Labour Dynamics in Australia (HILDA) survey to estimate whether people facing housing stress experience improved outcomes in social housing when compared to similar people who did not obtain placements in social housing. They find little evidence, at least in the short run, of improvements in employment, educational attainment, physical and mental health outcomes relative to the cohort outside social housing. While we do not suggest that social housing cannot be beneficial, it is important to not overstate benefits, and to also be aware that, because of the heterogeneous nature of the complex needs of tenants of social housing, results of one study may not necessarily translate to those of another study.

### *Attribution*

Further, it is important that values of outcomes are applied only to the relevant stakeholders. Stable housing may lead to increased educational attainment. However, if the outcomes of education available at the schools around social housing are better than outcomes of education at schools currently used by students on the waiting list, it would not be appropriate to attribute the full benefit of increased educational outcomes to social housing directly.

As another example, a survey conducted for a SROI may indicate that families in social housing are more likely to enter the labour market, and that will translate into increased household income. Yet we should only attribute those benefits to stakeholders that actually experience the benefits. Thus the valuations are not likely applicable for aged families who are not likely to leave retirement because of residing in social housing.

### *Drop-off*

Lastly, valuations of outcomes should be counted for only as long as they are actually realised by the stakeholders. If we place a value on the increased esteem that a student resident derives from graduation, it would not be appropriate to account for that benefit every year after graduation.

### **Collecting outcomes data**

Measuring the value of outcomes or financial proxies for outcomes can generally be straightforward if they are transactional or part of the 'direct use' value of social housing. For example, we may want to assess a strategy that prioritises a larger proportion of families in a given housing project that contains larger units. One outcome that is relevant to housing associations is the operating revenue or rent received from either tenants directly or through other government support programs. In this scenario, there are clear financial revenue streams. However, it is still important to assess how the increased revenue from the proposed allocation of existing stock compares to other alternatives, such as the status quo. If this housing stock already exists, it is likely more appropriate to compare the benefits relative to the existing policy and any other competing proposal. (This will be discussed in more detail later.) In many cases, the negative outcomes of property damage or neighbourhood disputes described within Table 5 are not likely collated in a manner that will easily enable attribution to specific client types.

Even if other outcomes can be attributed to the direct use of housing or to tenant behaviours, it is not easy to establish monetary values. These cases occur when they involve indirect, 'intangible', or 'non-market' benefits of social housing. As noted earlier, intangible benefits can benefit tenants, such as a program prioritising homelessness may benefit the homelessness through increased housing stability. Another benefit may also be improved mental health as measured through a decrease in the use of emergency health services.

Outcomes can also include those from stakeholders not involved directly in the program or social housing. For example, society may derive altruistic benefits through the satisfaction that social housing exists. This value is called 'non-use'. While Arrow, Solow et al. (1993) and Baker and Ruting (2014) acknowledge that economic value from this non-use is recognised particularly in cases where environmental policy is concerned, caution is warranted. For example, assessors of a SROI may question survey results that suggest society places a high value on private, non-profit community housing if the estimated values do not match up to actual donations by the participants of the survey. Moreover, this has the potential to double-count benefits if valuations were included as society's tax revenue that was used to subsidise low-income rent for tenants.

### Placing a value on the outcome

Practitioners of CBAs or SROIs typically measure indirect or non-use benefits through three broad methods, as described by Denham, Dodson et al. (2019) and Baker and Ruting (2014):

- **Stated preferences:** asking people how much they value a particular non-market outcome.
- **Revealed preferences:** using data on people's behaviour to explore the real trade-offs that people make between money or market-based goods and non-market goods.
- **Benefit transfer:** drawing on secondary sources of survey data (either stated preferences or revealed preferences) to value non-market outcomes.

#### *Stated preferences*

There are two primary approaches to assess stated preferences. The first is contingent valuation, which can involve asking people to make choices about outcomes, and can be used to estimate how much their willingness-to-pay (WTP) is for an outcome (Baker and Ruting 2014). For example, during our workshop, one participant stated that some older tenants desire larger dwellings as it gives them the option to provide childcare for their grandchildren. Thus, a survey could attempt to quantify the option value for intergenerational family support through a survey that asks older residents their willingness to pay for the larger dwelling.

The second approach is choice modelling (also known as choice experiments). This approach offers people several discrete choices that suggest different attributes or characteristics and the cost of those choices. People then either choose their top preference or may provide a ranked list of their preferences. An average willingness to pay for some set of attributes can be derived.

In practice, choice modelling is often the preferred approach, yet both approaches do require some key assumptions.

The first assumption is that people have a clear understanding of how much they are willing to pay for a good or service. This can be problematic when valuing the benefits derived from people who in practical terms have little to no income.

The second assumption is that people are willing and able to truthfully answer questions. This assumption may be a valid concern in the case of social housing. A survey conducted by or through a housing association that asks tenants about their willingness to pay for an additional bedroom may be met by legitimate resistance by the tenants, who may fear that this is a precursor to a higher, unaffordable rent increase. Arrow, Solow et al. (1993) note many of these critiques and provide some clear guidelines on conducting survey designs that help to minimise these concerns.

#### *Revealed preferences*

Unlike stated preferences, revealed preferences are derived through observing the actual actions of individuals or entities. Two common approaches to revealed preferences are:

- hedonic pricing models
- the travel-cost method.

*Hedonic pricing* is a statistical method in which a market good is comprised of several attributes that can also include non-market elements. It is commonly applied within housing studies to estimate the marginal willingness to pay for certain attributes such as access to transport or pollution avoidance, or aesthetics such as a view of a mountain. However, the ability of hedonic pricing to price in these qualities for social housing in the face of non-market rents paid by tenants could lead to distortions in the valuations of intangible benefits that could be measured through the method, such as valuation of access to social amenities at a particular housing estate. However, Verbist and Grabka (2017) suggest imputed rents that are derived from estimates of equivalent market rent housing can correct for the distortions brought by rent controls.

In the *travel-cost method*, a valuation is derived by the price or cost that people pay to travel to a particular site or location that has value, such as a park. Van Ommeren and Van der Vlist (2016) utilise this approach indirectly to estimate the willingness to pay for housing attributes for public housing. The public housing allocation system in Amsterdam allows prospective tenants the opportunity to apply for housing as it becomes available and to decline housing offers without penalty. Thus, the authors are able to use this information to determine that tenants are very responsive to prices. A 10 per cent increase in the associated market value of public housing is associated with a 6- to 7-month wait by prospective tenants. This translates to a WTP of 5 per cent of the market value of the housing stock.

#### *Benefit transfer*

The cost of conducting surveys to estimate valuations of outcomes can be prohibitive. Using the benefit transfer method is one option to lower costs. With this method, a thorough literature review can uncover existing studies or related reports on government expenditures that have valuations directly relevant to the current study.

Of particular note for Australian-based SROI analyses is the Australian Social Value Bank (ASVB). It provides a data repository of values for social outcomes that either collects or calculates direct values to users or the indirect cost to government that an outcome is intending to mitigate. These calculations are derived through existing surveys such as HILDA, as well as estimating costs through government documents and academic studies (Fujiwara, Keohane et al. 2017). MacLennan, Crommelin et al. (2018) note that an increasing number of non-profits are using social impact analysis, and that the ASVB is a potential source of these values.

In other cases where the aim is to value outcomes through exploring the avoided costs of social housing via cost offsets to other organisations, Davison, Brackertz et al. (2021) note that when survey data from stakeholders are not available, average costs per intervention can be obtained from Productivity Commission reports on government services, ABS databases and from social housing providers.

While the use of benefit transfer is particularly appealing for a SROI proposal yet to be implemented, the user should approach benefit transfer methods with caution when applying valuations to evaluate existing strategies. The lived experiences of the stakeholders may differ from the studies previously evaluated, which results in an incorrect tabulation of benefits. Therefore, if benefit transfer is applied for some outcomes, it is important to assess whether the groups used to value within the existing studies are sufficiently relevant. This cannot be easily statistically evaluated; thus, it is important to review the methodology and population of the study carefully to determine if it is relevant.

### **5.2.4 Stage 4: Calculating the SROI**

With stages 1–3 complete, it is now possible to calculate the Social Return on Investment for the intervention or program being assessed. There are two remaining components to consider:

- **Discount rate:** the rate at which we 'discount' future benefits and costs to account for the time value of money.
- **Benefit period:** the length of time (in years) that the intervention or program is being assessed.



### Discount rate

There is a variety of ways of establishing social discount rates—and little consensus around which rates are the most appropriate (Harrison 2010). Infrastructure Australia's Assessment Framework suggests three discount rates as a robustness check: 4 per cent, 7 per cent and 10 per cent. They recommend 7 per cent as the primary estimate (Infrastructure Australia 2018). However, unlike many transport infrastructure projects, the benefits associated with social infrastructure projects are a mix of monetary and non-monetary benefits. There is a strong argument to be made that the substantial under-provision and projected future need for social and affordable housing reduces the risks associated with a traditional business case for infrastructure. The projected demand for units will certainly exceed the supply based on current projections of needs (Lawson, Pawson et al. 2018).

### Benefit period

Likewise, there is no single consensus on the benefit period. Davison, Brackertz et al. (2021) calculate a BCR of a homelessness policy in ACT over the course of one year, while Ravi and Reinhardt (2011) assess the benefits of social housing over a five-year period. This is typically shorter than other infrastructure that may depreciate over longer periods of time (Boardman, Greenberg et al. 2010). In practice, the benefit period should be an accurate reflection that benefits and costs of the intervention or program are accrued.

### Calculating the SROI

Once the discount rate and benefit period are determined, we can then calculate the SROI as the ratio of net present value (NPV) of the estimated benefits, and the NPV of the estimated costs of the program. A *net present value* is the sum of the benefits or the costs of the program that are recorded in the year that they will occur, but the future benefits and costs are discounted to recognise that people generally prefer to receive money today rather than tomorrow, either because there is a risk or because of an opportunity cost (Nicholls, Lawlor et al. 2012). A BCR exceeding 1 indicates a positive net present value, where the value of the investment or program exceeds the cost of investment.

However, a robust analysis will not necessarily have a singular BCR. A traditional CBA will conduct sensitivity analysis of the results through the inclusion or exclusion of various outcomes, as well as apply variable discount rates. For example, one analysis may calculate the BCR with only direct benefits to stakeholders, while a second will consider the wider socio-economic benefits. Lastly, as noted under 'Discount rates', a mix of discount rates should apply to align with traditional CBAs used in regular infrastructure projects.

### Assumptions and limitations

It is important to discuss the assumptions and limitations of the analysis. In particular, it is good practice to explicitly detail the assumptions used to assign values to outcomes. In terms of limitations, it is also important to discuss outcomes that were not able to be properly assessed. Not all outcomes will be able to be monetised and—particularly when evaluating small interventions such as housing for homelessness—survey sizes are likely to be small, which will lead to poor statistical properties. However, that should not necessarily be viewed as reasoning to not conduct an analysis.

Lastly, even if a BCR does not exceed 1 in any or all scenarios, it does not necessarily suggest that the project or intervention should not be implemented. Davidson, Brackertz et al. (2021) find a BCR of less than 1 for the existing homelessness housing strategy in the ACT. Yet it is important to reflect that these results show that while the housing does not fully offset the reduction in service expenditures for the homeless, it nonetheless does offset to a degree that suggests the additional costs for providing shelter to the homeless is relatively modest.

### 5.2.5 Stage 5: Reporting, using and embedding

#### Reporting the results

Preparing a report for an SROI depends on the context in which it was created. As discussed earlier, the findings may be used for internal review, public distribution, or as part of an accountability audit for funding bodies.

Ultimately the final report should communicate the qualitative, quantitative and financial aspects to provide users with sufficient information on the social value being created. When communicating the report to funding bodies, it is likely more relevant to:

- explicitly address the financial aspects of the project
- discuss the revenue streams and value of assets
- discuss any avoided costs incurred through the proposed housing allocation.

This is noted by Denham, Dodson et al. (2019) who find that avoided-costs frameworks have found support within state treasuries. As a goal of social housing is to provide housing to vulnerable communities, it is important to highlight that non-financial outcomes do provide social value.

In addition, it is important to address the limitations of the analysis by discussing relevant outcomes that were not able to be measured in financial terms within the analysis. In particular, some employment, educational or emotional outcomes may only be realised after several years of stable housing, and both forecasts and evaluations within a short period after commencement of the programs may fail to find positive outcomes.

Nicholls, Lawlor et al. (2012) suggest including the following components within the final report:

- Information relating to your organisation, including the mission statement and key stakeholders.
- Description of the scope of the analysis, details of the stakeholder involvement, methods of data collection, and assumptions and limitations inherent in the analysis.
- Discussion of the relevant control group when comparing the impact of the intervention or proposal.
- The creation of an impact map.
- Case studies and quotes to illustrate the findings.
- Discussion of the details of calculations, and any estimates and assumptions.
- Sensitivity analysis and description of the effect on how changes in the assumptions may drive the social returns.
- An executive summary targeting a general audience, including the participants.

#### Using the results

The goal of an SROI is to enact change in either an organisation or in the stakeholders relevant to that organisation. It is thus important to act, where appropriate, on the recommendations and that they are reflected in the strategic development.

The BCR in Stage 5 will be an important tool to communicate to stakeholders, but it does need to be a static number in a given period of time. It can also be used as a benchmarking tool to determine how much an enacted program has improved the outcomes over time.

Maintaining a regular process for evaluation will require a commitment, but it has the potential to produce transparency in the processes of the organisation. If an SROI is used for long-term analysis, regular data collection is likely critical for measuring the long-run outcomes that may manifest with secure and stable housing options. This will allow you to assess the value for social housing that may not be apparent through a short-run analysis of housing shortly before commencement or just after the completion of a project.

### 5.3 Policy implications

The historical slow growth of social housing in Australia relative to other developed countries indicates that state governments have had limited appetite to increase supply to meet current and projected needs.

However, initiatives in some jurisdictions and the recent election of a new Australian Government in 2022 indicates potential for some growth in the sector, at a scale not achieved for decades. Despite this, the backlog of need is so great that the prioritised systems are likely to continue as the dominant way of managing demand. While this report has incorporated evidence of best practice both domestically and overseas along such lines, recent decades have not provided a context to test this proposition. However, the new era of growth may create the ability to do so. Applying an SROI or a similar CBA that incorporates the avoided costs of a range of scenarios related to the provision of social housing, adequately supporting tenants and communities, could provide policy makers with greater clarity on the risks and rewards of changes around allocations and matching policy.

The benefits from a robust and comprehensive framework for evaluating housing interventions and proposals could be large. It may allow a clearer understanding of what kinds of benefits there are from social housing and where costs be saved through other sectors of the economy. A better framework could allow comparisons to be made across various projects, and thus provide a quantifiable evidence base for best practice. Moreover, it provides an opportunity to be more transparent and responsive to the needs of tenants—the end-users of social housing.

Denham, Dodson et al. (2019) note that a comprehensive implementation of a business case will be challenging. Many of the outcomes that are relevant from an analysis of social housing are not currently monetised, particularly for outcomes related to tenants. While the ASVB and similar efforts are trying to close this gap, they should be used cautiously if the proposed interventions differ significantly from the conditions present in the previous studies. The financial costs of assessing these unmonetised outcomes are not likely to be trivial, particularly when exploring the long-run outcomes from social housing. Those costs are likely to remain prohibitive unless there is a signal from governments that they are willing to invest in social housing; however, that signalling may suggest that such efforts to evaluate the outcomes may not be necessary, given the tendency of governments to propose infrastructure as part of their election strategies without having an existing business case (Terrill 2021). Yet good governance policies should have a clearly defined mechanism for implementing best practices. SROI would be a critical component of good governance, as it provides clear guidance on the social, environmental and economic impacts that are derived from social housing projects, and is able to clearly communicate those outcomes to stakeholders.

Ultimately, the findings of an SROI or any CBA more broadly are subject to political realities. If the evidence garnered from more widespread application of these approaches in the social housing context suggests substantial benefits, but requires large short-term budget outlays, or if the costs of housing are greater than the benefits for some client groups, it would be a brave government willing to commit to such outlays or to limit housing access to those client types.

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## 6. Policy development options

This research investigated the current state of social housing allocation and matching policies and practices in Australia. Allocation in this context refers to the rationing of access to social housing—a reality of social housing policies because the demand for social housing is greater than the quantum of housing available. Social housing allocation and matching policy has become a means for targeting households in greatest need, with a tight system of eligibility requirements and priority categories now underpinning social housing waiting lists across Australian jurisdictions.

Specifically, this research looked at housing allocations and matching through a lens of ‘innovative’ policies and practices to alleviate and better respond to the pressure the social housing allocation system is currently under. However, the findings raise some important questions about the role and capacity of—and desire for—‘innovative’ policies and practices to address fundamental issues existing in a sector that has been underfunded for more than 30 years (Groenhart and Burke 2014; Lawson, Denham et al. 2019). Current allocation policy has been designed as a reactive measure to the lack of available and appropriate social housing dwellings across Australian jurisdictions. This research questions whether such ‘innovative’ best practice policies can resolve the longstanding underfunding and underinvestment in such an essential social service.

### 6.1 Social housing allocation and matching policy and practice

This research set out to explore the core research question: How can more flexible and innovative allocation and matching policy and practice reduce the gap between needs and supply and enhance matched outcomes?

This primary research question was addressed through four sub-questions that involved different aspects of inquiry, aligned with five distinct stages of data collection (as discussed in Section 1):

- How have allocation policies and practices changed in various Australian jurisdictions in the last five years, and what are the primary differences between SHAs and CHPs?
- What are the availability gaps between current and projected needs and current supply of social housing stock for key population cohorts by size, quality and location?
- How can Australian allocation and matching policies be enhanced via insights from innovative, best practice international and national policies?
- How can existing and potential new allocation and matching strategies be effectively evaluated through a Social Return on Investment framework?

The findings have been presented in separate sections, loosely but not strictly corresponding with the research questions presented above. In this final section, we first address each research question, drawing project findings together to then inform a series of policy implications.

### 6.1.1 Evolution of allocation and matching policy

Allocation policies and practices across Australian jurisdictions have gradually changed to a point where all jurisdictions—apart from the NT—have a common register as the primary mechanism from which allocations for public and community housing are made. Jurisdictions have implemented common registers at various timepoints across the last 15 years. Common registers are managed and operated differently by SHAs (or by NGOs managing the register in TAS), with some providing participating CHPs full access to the register (e.g. VIC, SA), while others provide only limited access (e.g. TAS) or no access at all (e.g. QLD).

Eligibility criteria for social housing in all jurisdictions are similar, except for minor differences in minimum age of applicants (varies between 16 and 18) and income and asset limits. Other differences between jurisdictions include the existence of a separate priority transfer list and, notably, variations in priority categories—or, at least, how these priority categories are described. For example, different aged-household-eligibility requirements (varies between 55 and 80).

Jurisdictions have responded in several ways to the increasing numbers on their waiting lists. They have struggled with managing such long and growing lists, and have also confronted the public backlash in response to waiting lists. To allocate social housing fairly, housing departments have developed complex structures of priority categories that enable and clarify decision-making around who should get housing and who should not. For those not deemed very high priority, this results in other forms of housing assistance—not social housing.

SHAs and CHPs are founded on different financial models, which allow them to respond differently to growing demand for social housing. Traditionally, SHAs have managed large portfolios of public housing—although this is changing with housing transfers, with TAS being an extreme case in point, see Figure 12 in Section 3) (Groenhart and Burke 2014; Pawson, Milligan et al. 2013). However, the lack of ongoing government investment in public housing in almost all jurisdictions—at least until the very recent COVID-19 response in *some*, but not all, jurisdictions—has limited the capacity of the sector to grow and divest or reinvest to build more and more appropriate public housing stock. These very real limits on sector growth are a significant challenge for meeting increasing and diverse needs, particularly given the public sector's commitment to allocating housing to those applicants that fit high-need priority categories and withstanding the higher levels of risk that can come with housing highly vulnerable tenants with complex and multiple needs.

By contrast, CHPs have the capacity to allocate housing to applicants with a larger range of needs, with applicants housed in community-held stock often dependent on specific agreements or memorandums of understanding that CHPs have with the relevant SHA or other agencies, such as domestic and family violence services, correctional services, specialist homelessness services. Additionally, CHPs have access to tenants' CRA and can utilise this federal housing assistance mechanism to increase or stabilise the revenues they receive from rent. CHPs are then expected to leverage their assets and revenue streams to build more housing stock. Some CHPs have affordable housing properties for which they can charge up to 75 per cent of market rate (capped at 30 per cent of income), and some cater for specific cohorts and groups—for example, women, people with disabilities, Indigenous people. Such CHPs can be selective when they allocate applicants to their stock. Nevertheless, despite some of the advantages of community housing, that sector is also constrained in its growth as the funding model—which is tenants' rents and episodic and non-recurrent capital grants—does not provide a sustainable base for growth.

While it is clear from our fieldwork and review of the growing body of work that governments and CHPs have been trying hard to balance supply and demand pressures in a severely constrained operating and policy environment, housing providers are simply faced with insufficient resources to balance supply and demand needs. Allocating stock resources to those in greatest need is agreed by all involved as a fair and just approach for allocation. As researchers, we do not dispute this. Indeed, responding to increasing demand through secondary rationing and targeting those in greatest need seems to be the most logical approach to allocation in a straitened system. The fact that housing providers and policy makers cannot see beyond their main task of allocating finite and residualised resources—and are trapped in a cycle of continuously limiting eligibility criteria and priority categories in response to the rising demand—makes sense against this backdrop. However, strategic planning around future need and demand and investing, divesting, and reinvesting in the right supplies of housing will dramatically change this current preoccupation, delivering significantly better outcomes for sitting and prospective tenants and the system.

### 6.1.2 Availability gaps between current needs and supply of social housing

Overall, the Australian social housing sector has been in long-run decline at a time when wide and deep housing affordability and access pressures have grown nationally (Yates 2018). While social housing historically played a significant role in enabling affordable, supported housing pathways for low-income and moderate-income households (Groenhart and Burke 2014), this is no longer the case. Social housing provision now responds only partially well to the most significant housing and assistance need in the Australian society, with priority access granted according to strict and restrictive eligibility criteria (Faulkner, Verdouw et al. 2021; Muir, Powell et al. 2020). Households allocated new tenancies meet a raft of criteria and typically have high and complex assistance needs in addition to shelter.

Residualisation of the social housing sector means that social housing is an ambulance rather than a prevention response to deep assistance needs (Muir, Powell et al. 2020). The analogy we have used in this research is the 'tip of the iceberg', in which social housing currently only responds partially to the most acute, high-needs population groups at any time, with most households in the pyramid-like hierarchy of need being unhoused. The four approaches we have drawn on to describe this deficit—the social housing allocation gaps—draw directly on existing public records or recent purpose-designed research that measures the scale, incidence and, in some cases, future demand for social housing and housing assistance more broadly.

In all four select methods for assessing social housing gaps—adequacy of current provision, waiting list and eligibility data; housing options in alternative tenures notably low-rent private rental or homelessness; long-run forecasts of future demand—the quantum and nature of the 'gaps' identified vary, but the overall conclusion is the same: *current social housing allocation is inadequate to meet need.*

And, at a finer grain of detail, we find that the highest unmet need is exhibited by families with children (particularly single-parent families with dependent children), single-person households and regional households (Section 2). Population and geographic dynamics mean that household variability over time is likely to change the extent of need that any given cohort experiences. Accordingly, it is essential that we actively (re)build a social housing system that can nimbly respond to such changes in real time, without damaging lag effects across population groups and the wider housing system.

Consistent with recent research that forecasts future social housing demand (Lawson, Pawson et al. 2018), the analysis included in this report indicates that a wide approach to assessing social housing gaps—including consideration of the 'fallout' of prioritisation of need on other tenures and housing assistance forms, such as CRA or SHS—provides the most robust account of social housing gaps.

A narrower-style gaps analysis, based only on the extent to which applicants meeting eligibility criteria are housed in social housing, is flawed, as the criteria are subject to political and administrative change—and are not necessarily a reflection of the breadth of housing need in the general population. The broad implications of a wide approach rather than narrow approach to assessing need have been explored throughout this report. For example, such implications include moving from a financially straight-jacketed and unviable system to one founded on a mixed, more diverse funding model that can provide long-term financial viability, while at the same time providing a wider response to housing assistance need. The wide approach, and the associated mixed delivery model of social and affordable housing it implies, additionally promotes and facilitates opportunities for innovation—including learning from international insights, as outlined in subsection 6.1.3.

### 6.1.3 Insights from international and national innovations

Our international and national policy review has revealed that other countries with similar housing markets—for example Canada and New Zealand—as well as countries with innovative allocation and matching policies and practices, such as the UK, have also struggled with the appropriate housing supply/demand balance because of similar housing market conditions and societal processes. Again, social providers face the broad consequences of allocating a scarce resource to demand that is growing both numerically and in terms of diversity and complexity of needs. With similar macroeconomic realities related to globalisation and financialisation of the housing market—as well as entrenched neoliberal regimes disinvesting public services and infrastructures—the constrained policy environment of social housing is not unique to Australia alone.

Previous AHURI reports and other publications have outlined several ‘innovative’ policies in the UK and Canada aimed at alleviating some pressures on social housing providers; for example, Burke and Hulse 2003; Hulse and Burke 2005; Hulse, Neske et al. 2006; Hulse, Phillips et al. 2007; Pawson and Hulse 2011. Such works have assessed the relevance and replicability of these innovations to the Australian social housing policy context, including:

- common housing registers
- choice-based lettings (CBL)
- local allocation policies (see Section 3).

As discussed at length in Section 4, the common housing registers have been implemented in most Australia jurisdictions, but the CBL model and local allocation policies have not been established as common practice, despite some time now since:

- the application of these policies in other places
- these policies being profiled by researchers as potentially helpful in the Australian context.

The CBL model has been considered in Australian allocation policy by several housing academics, as well as policy makers throughout the years. Although Hulse, Phillips et al. (2007: 40) found that Australian policy makers have shared considerable scepticism around the implementation of CBL in other than low demand areas, various jurisdictions have implemented variations of the model at different times and scales. For example, a pilot program was undertaken in Whyalla, SA, prior to 2006 (Hulse, Phillips et al. 2007), and recently another CBL program was undertaken in the relocation process during the renewal of Miller’s Point and Ivanhoe public housing estates in NSW (Merlo Zurita and Ruming 2018). NSW and SA have publicly noted plans for other pilot CBL programs, although details are scant thus far.

Additionally, housing providers from QLD and SA are currently piloting other programs that involve the integration of support services together with the provision of housing, in a Housing First style of operation (see Section 3 and Section 4 for detail). These two pilot programs are steps in the right direction, and will no doubt help to sustain the tenancy of applicants and tenants with very high needs.

Such localisations of international innovations—CBL initiatives and sustainable tenancy pilots—provide incremental change and small-scale innovation (Edler and Fagerberg 2017); however, they cannot genuinely address the major challenges facing housing providers across Australian jurisdictions.

### 6.1.4 The Social Return on Investment evaluation framework

While the extent of the demand/supply challenge around appropriate housing is significant, there is hope that evaluating social housing as infrastructure will lead to new opportunities for understanding and demonstrating the wider benefits of social housing, supporting the case for increased sector funding. Frameworks that measure the benefits of social housing predominantly through the costs avoided by other social services—as discussed by Denham, Dodson et al. (2019) and recently applied in an evaluation of housing for homelessness in the ACT by Davidson, Brackertz et al. (2021)—have been put forward as a leading method to support an evaluation of the sector. This is related to earlier discussions by Maclennan, Ong et al. (2015) who proposed linking the housing with economic productivity. Identifying the costs and benefits from social housing using an avoided-costs framework involves measuring outlays and revenues by and for government departments. The evaluation method allows state treasuries to cost social housing across the ‘whole of government’, with the benefits of social housing measured in terms of the direct financial contribution of tenants and government rent support, but also in terms of the reduction in services that are accrued for providing services to those requiring housing assistance.

Incorporating the avoided costs of social housing and the robust methodologies required therein should be included in any analysis. Yet the inclusion of avoided costs alone will fail to capture the direct benefits derived from the diverse set of stakeholders found within social housing. These direct ‘intangible’ benefits of social housing received by tenants are not likely to be as relevant to state treasuries, as the magnitude of avoided costs is likely to be substantially larger—yet they are critically important to the tenants themselves, as the ultimate end-users of social housing. Measurements of intangible benefits are likely to be more relevant when evaluating social housing from a micro-perspective, such as an analysis of changes within a state allocation strategy.

Thus, if we want to evaluate whether we can improve the experience of social housing through a change in the priority of tenants, then understanding and measuring the intangible benefits is important. To measure these benefits, Infrastructure Victoria (2016) recommends a SROI framework. In particular, the SROI framework not only easily incorporates the inclusion of avoided costs addressed earlier, but it has two primary characteristics that make it well suited for evaluating social housing. In particular, it emphasises both the:

- identification of relevant stakeholders
- measurement of ‘intangible’ outcomes.

These characteristics allow SROI to clearly document the impact that social housing may have on its end-users—the tenants. Identified costs and benefits may not lead to substantial variations within the financial viability of social housing, yet they are still important for a distributional analysis that is undertaken to understand the direct costs and benefits to tenants. This is particularly important given the power imbalance between tenants and the other relevant stakeholders of social housing.

However, in practice, we should remain cautious when suggesting that incremental changes in social housing policy will elicit strong positive outcomes for tenants. A substantial bulk of evidence from Australia and the USA has found limited improvements in a host of socio-economic outcomes for recipients of housing assistance, particularly when compared with households receiving other forms of government assistance and when the scope of the analysis is of a short duration (Olsen and Zabel 2015; Prentice and Scutella 2020). However, as with any government program, past performance is not necessarily indicative of future performance. Determining all outcomes of social housing tenants relevant to a given policy remains critically important as part of any evaluation program.



## 6.2 Policy implications

Based on the responses to our research questions, four main interconnected policy implications to improve the social housing allocation and matching policy flow from this research.

### 6.2.1 Expanding the concept of need for social housing

The first policy development implication is centred around the concept of need for social housing. In Section 1 and Section 2 we have shown that need for social housing in Australia is currently defined by administrative structures and the conditions under which providers and services work. In this case, the main task of social housing allocation is to manage a scarce resource by limiting it to only those people with greatest need—and the understanding of ‘need’ has resulted from this policy environment.

We argue that in the case of social housing, need could be defined via a much broader view. It should include not only those clients with greatest needs, but also low-income earners who cannot afford to pay private market rents, or people with some issues that fall outside the highest-need category. We argue that the sector would benefit from expanding its limited target clients, and include people on a spectrum that starts from clients with the highest need for housing and support services, through to people with high need for housing but no need for support services, to people in need of affordable housing only. Such broader conceptualisation of ‘need’ for social housing is intimately linked to the second policy implication: social housing is part of a larger housing market and could be actively considered as such.

### 6.2.2 The social housing system is part of the larger housing market

The social housing sector should be considered as part of the larger housing market and not as a distinct system that operates separately from it. Social housing can be seen as the pointy end—the ‘tip of the iceberg’—of a system that works together to cater for people of all needs, including people who choose to live in the private rental market and can afford to pay private market rents, and those who cannot afford to pay them and need assistance. Within these cohorts who need assistance, and as argued in subsection 6.2.1, there are a range of diverse needs, including people who need affordable housing and can pay up to 75 per cent of market rate, and people who need housing but cannot afford to meet these thresholds for diverse reasons. Across these categories are people with varying need for support beyond shelter, including people with no specific need for non-shelter support.

Therefore the social housing system is—and should be seen as—one part of a complex structure designed to meet diverse housing (and non-housing) needs. Consequently, social housing and the system of which it is a part could actively supply and support diverse housing products addressing people’s housing and support needs. Housing departments in state and territory governments cannot afford to continue to perceive their social housing sectors as distinct, standalone systems that are not tied to or influenced by the external housing market. On the contrary, external housing market conditions have always affected demand for social housing in Australia, and continue to do so now more than ever before.

### 6.2.3 Innovative policies and practices can only do so much

Housing departments and CHPs in Australia and overseas have developed various policies and practices to address the increasing gap between needs and supply. Such policies and programs can improve allocation and matching outcomes, depending on how outcomes are considered. However, innovative policies and practices can only do so much in the context of a straitened system where there are now well-entrenched gaps between needs and supply of appropriate social housing provision in Australia. Within the constrained policy environment, innovative policies and practices can improve different aspects of allocation and matching policy, such as increasing applicants’ (relative) choice in terms of dwellings offered to them or improving the integration of services with housing provision. Social housing stakeholders, including managers, housing officers, advocates and policy makers try their best to achieve the best outcomes for applicants and tenants within the limitations of the system, but innovative policies cannot make a big difference to the picture.

We argue that it is timely to consider the social housing sector differently. As our conceptual framework, we have identified two possible avenues for the allocation and matching process:

- the one-dimensional model
- the multi-dimensional model.

Australia would benefit greatly from establishing a multi-dimensional model of social housing. The current one-dimensional model identifies social housing for those with greatest needs only. It has administrative and political appeal because it has been in place for many years and it responds to political pressures, but it comes with a wide range of social and economic problems and costs. The multi-dimensional model recognises these problems and attempts to ameliorate them through diversity in social housing stock and housing offers, and more nuanced allocation policies and processes. The multi-dimensional model can also recognise that 'matching' can expand beyond the social housing sector, incorporating support to providers in allocation decisions. This model also has costs, such as a more complex provision structure, and these need to be thought through. There is potential here for using a SROI methodology as a means for providers (and state treasuries) to assess allocation strategies and their costs and benefits.

### The one-dimensional model

The one-dimensional model contains several shortfalls:

- There is no link between quality of stock and rent value, which leads to inequity among social housing tenants.
- Concentrations of disadvantage lead to antisocial behaviours and other social problems.
- Strong negative stigma and community resistance to new social housing provision.
- The degree of choice is minimal because of a severe shortage of housing stock.
- Future housing inflexibility in terms of household sizes and dwelling sizes.
- The model does not address churning of clients with high needs.
- The notion of social housing is limited, and does not include other related housing markets—for example, affordable housing, private rental market.
- Undermining of cooperative social housing, which relies on tenant empowerment.
- The model is focussed on short-term problems, while pushing bigger problems into the future.

The one-dimensional model is also financially unsustainable, as the highly targeted households accommodated have only poverty-level income, which cannot generate the rental streams that agencies require to cover costs.

### So why do we have the one-dimensional model?

The problems described earlier do not derive from a one-dimensional view about allocations alone. This model has emerged as a perceived necessary response to an unsustainable and broken social housing system that flows from:

- almost 30 years of underfunding (Flanagan, Martin et al. 2019; Groenhart and Burke 2014)
- problematic federal–state relations around policy responsibilities—the current Australian Government assumes social housing is a state responsibility
- political and moral pressures that change over time—for example, around issues of homelessness and domestic violence.

The one-dimensional model does not emphasise building a financially sustainable and quality social housing system of a size consistent with any definition of housing need. Instead, the model has diverted policy and practice into what by 2021 is a social housing stalemate: the conviction that more effective management practices can solve the problem. Better matching or allocations to stock through 'innovative' or 'best practice' policies and practices will not fix the wider problems of social housing, but could mean better applicant and tenant outcomes than is currently the case, although there will be contestation and debate about these costs relative to benefits.

### The multi-dimensional model

The multi-dimensional model is shorthand for a range of adaptations that can be made to fit the matching process. The multi-dimensional model should develop a housing systems approach in which housing assistance is not confined to social housing, but instead is dispersed across affordable housing and, potentially, the private rental market.

The multi-dimensional model requires programs that make use of the wider housing system—for example, social housing providers headleasing private rental dwellings. Other initiatives could include incentives for private rental landlords to offer available stock in the lower rent quintile to the lowest quintile of income earners. This would effectively create a more appropriate matching process in the private rental sector, taking pressures off the social housing sector. However, it would need to be managed by an appropriate lead agency (see Sharam, Byford et al. 2018).

The affordable housing sector and its relationship to the social housing sector also needs to be worked through in this context. Such a model also creates the opportunity for introducing a more nuanced rent system, whereby a range of rent models is offered (different household rents, property rents and mixes thereof), related to the locational and amenity attributes of the stock as well as the different income capacities of applicants. The one-dimensional model has reified the 25 per cent household rent to a degree that few alternatives other than a discounted market rent (community sector housing) are offered. In a more nuanced rent system—and in a context of expanded social stock—applicants could choose between different rent models suitable to their circumstances—for example, non-priority households on higher incomes than priority households may be able to choose a higher rent property.

A multi-dimensional model may also enable a rethinking of new stock provision. The one-dimensional model with its emphasis on high priority households (typically singles and smaller households) has meant a ‘reprofiling’ to smaller dwellings—typically one and two bedrooms. A broader and diversified system that enabled the housing of ‘non-priority’ but larger households—for example, those experiencing affordability stress—would suggest both construction of larger stock, but also rehabilitation of some existing larger stock rather than demolition.

### 6.2.4 Broadening and diversifying the social housing system

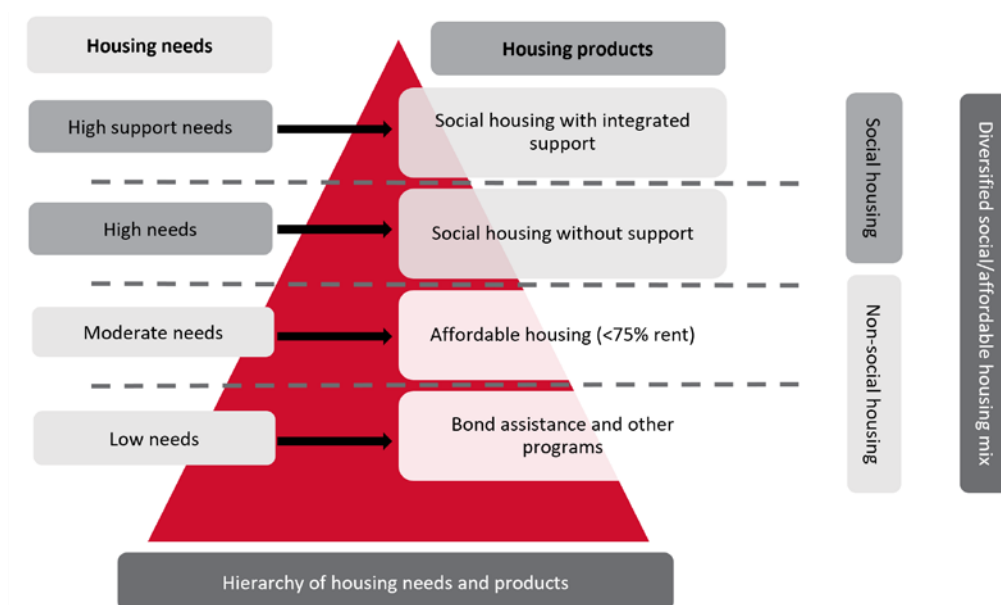
Finally, the last interrelated policy implication directly derives from subsection 6.2.3, which stresses the need to see the social housing system in a more complex light, as a multi-dimensional model, and as part of the larger housing market. Integrating the social housing system within the wider housing market allows for blurring the boundaries of the social housing system, and for the opportunity for gradual transitions between the various forms of housing, from affordable housing, to social housing without support, to social housing with support when needs change.

Diverse housing products could be offered system-wide, such as:

- public housing with integrated support
- public housing without integrated support
- affordable housing for people on low incomes and moderate incomes, or particular needs groups
- affordable housing—built purposefully for the affordable market
- private rental market for low-income earners—for example, headleasing
- housing-related programs—bond assistance, CRA and PRA.

Such a system provides a much more nuanced response to people's changing needs. It would support innovative housing offerings, such as people being able to remain in their dwellings and only change the housing product they receive if their situation changes. For example, if a person with the highest needs is allocated public housing with integrated support, and after several years does not need this support, that person can transition to public housing without support, without moving from their dwelling—if it remains suitable for them. If the person's situation further improves, they can then transition to affordable housing. In such a case, the person would be able to remain in their dwelling without needing to relocate. This approach recognises the emotional importance of housing (Flanagan, Levin et al. 2020). Figure 13 draws out such a person-centred housing system, with diversified housing products and client cohorts.

Figure 13: A diversified housing system catering for diverse housing needs



Source: Authors.

### 6.3 Final remarks

While 'innovative', 'best practice' allocation and matching policies in national and international contexts can improve the rationing system of allocating social housing dwellings to people in need, this research has concluded that such an approach is limited in its scope for addressing the significant challenges facing the social housing system. Further, innovation could achieve results at greater scale in a broader system. In other words, if an allocation system conceptualised need broadly and responded to need through allocating tenancies beyond the social housing system—and especially beyond the public housing system—it could achieve greater integration between currently disparate systems. Looking for and implementing innovative policies may be tinkering at the edges, but that is less of a problem the more that the edges of the system are expanded.

This research, in presenting a mix of methods and analytical approaches, and in highlighting some innovative approaches for allocation policies and practices, draws our attention to the need to think about our social housing system differently, reconceptualising it from the current flat, one-dimensional system to a multi-dimensional system that addresses people's ranges of need with diverse housing and housing-related products.

We argue that the social housing system would significantly improve if it went through a major reform in the way it is perceived as part of the broader housing market, and in the way it addresses needs in the community, beyond the 'tip of the iceberg'. That is, beyond people with the most urgent, highest and most complex needs. Without such reform, innovative policies will not make the big difference needed in the tight policy environment driving social housing allocation nationally.

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# Appendix 1: Interview questions

## For social housing providers

### General

- Can you describe your organisation, department and current role?

### Waiting lists

- Can you provide some context about your waiting lists? (e.g. numbers, process, policy changes)
- Do you have a common register? If yes, do you believe it leads to better outcomes?

### Matching and allocation practices

- What are the matching and allocation practices deployed in your organisation?
- Are there any issues with these practices?
- How much discretion do you have in your matching and allocation decisions?
- Can we obtain access to practice documents around matching and allocations? How often are these documents being reviewed?

### Clients

- Which are your main groups of clients (within current, prospective, and future tenants)?
- What diverse needs do they have? What support do they need?
- Are there any particular groups of clients that churn in and out of the system?
- Can it be addressed by allocations in some way?
- Do you think considering the community in the matching process is important?
- Do you always have the benefit of considering the wider community when matching/allocating? If not, what are the barriers to this consideration?
- What do you think of the idea of 'sin bin' housing? (allocating difficult clients to dwellings in non-residential areas or unlettable dwellings)? Does this already occur?

### **Housing stock**

- What are the stock constraints for your clients?
- What kind of stock reconfiguration is needed for your clients?
- How do you think the housing stock will cope with future changes in client demographics?
- Do you use private rental properties for your clients?

### **Possible policy changes**

- Do you think there should be a link between rent and the dwelling (size, location, quality)?
  - If so, what are the challenges to implementing this?
- Do you think 'clients' need to be defined in broader terms, considered in different ways or for different needs criteria (e.g. only the most disadvantaged, also people on low-incomes)?
- Do you think other housing markets (affordable housing, private rental) could be used to address some of the needs?

## **For social housing advocacy and other organisations**

### **General**

- Can you describe your organisation, department and current role?

### **Waiting lists**

- Do you have a common register in your state? If yes, do you believe it leads to better outcomes?
- Do you think the waiting lists capture the needs of your clients? If not, why?

### **Matching and allocation practices**

- What are the matching and allocation practices deployed in housing organisations in your state?
- Are there any issues with these practices?
- Do you think your clients have any degree of choice? Why/why not?
- Can you give examples of when this process has worked well / not worked well for a client?

### **Clients**

- Which are your main groups of clients (within current, prospective and future tenants)?
- What diverse needs do they have? What support do they need?
- Are there any particular groups of clients that churn in and out of the system?
  - Can it be addressed by allocations in some way?
- Do you feel confident that the matching/allocation systems are meeting the needs of those who apply? If so, how? If not, what are the barriers?
- What do you think of the idea of 'sin bin' housing? (allocating difficult clients to dwellings in non-residential areas or unlettable dwellings)? Does this already occur?
- Do you think considering the community in the matching process is important?

### **Housing stock**

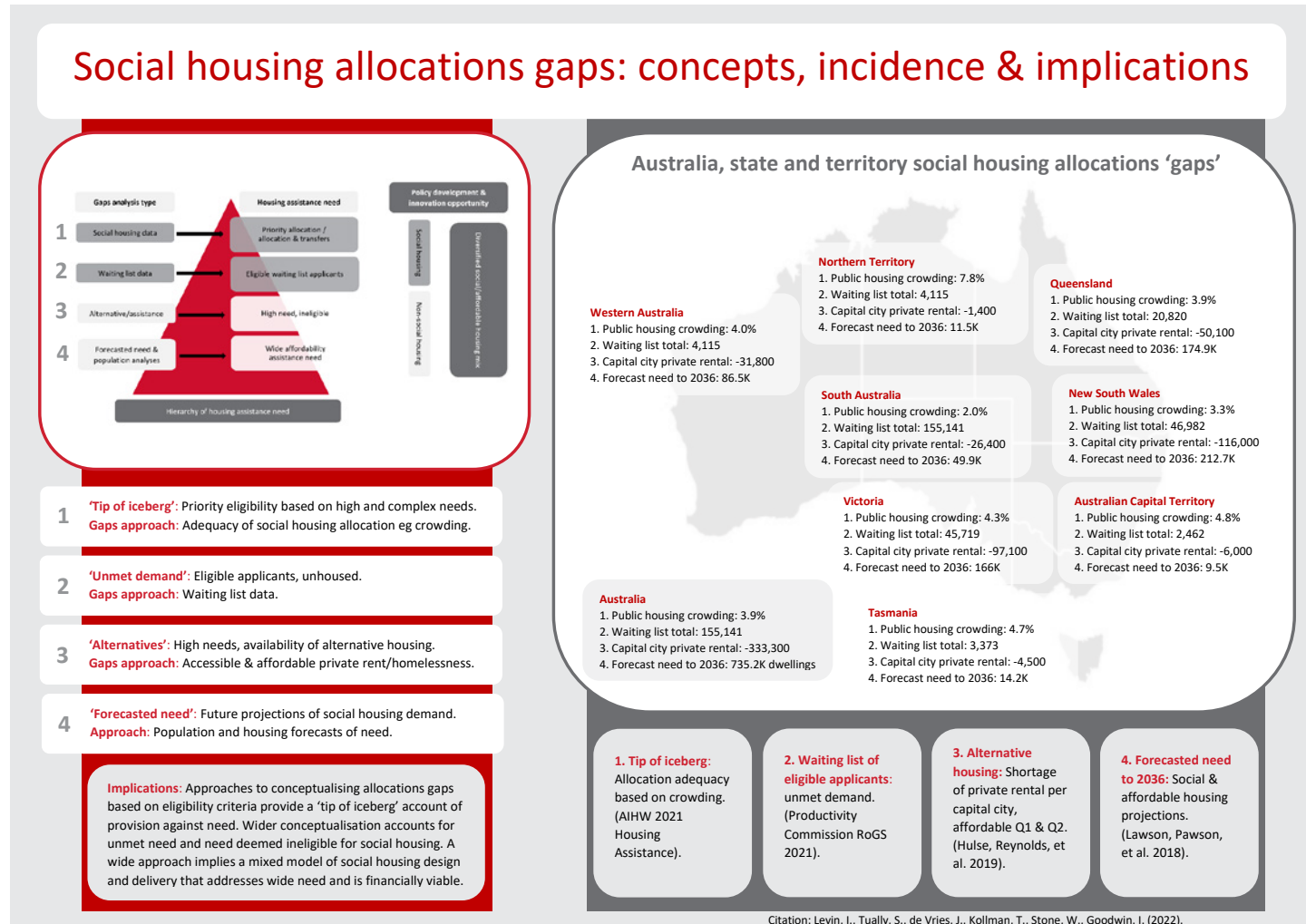
- What are the stock constraints for your clients?
- What kind of stock reconfiguration is needed for your clients?
- How do you think the housing stock will cope with future changes in client demographics?

### **Possible policy changes**

- Do you think there should be a link between rent and the dwelling (size, location, quality)?
  - If so, what are the challenges to implementing this?
- Do you think clients need to be defined in broader terms (e.g. only the most disadvantaged, or also people on low-incomes)?
- Do you think other housing markets (affordable housing, private rental) could be used to address some of the needs?
  - Are they already being used?
  - If yes, how?
- What can be other ways of addressing the needs of your clients?
- How can the matching process consider the community better?

# Appendix 2: Social housing allocation gaps

Figure A1: Social housing allocation gaps



# Appendix 3: Social housing eligibility, priority allocation and waiting lists

Table A1: Characteristics of allocation systems in Australian jurisdictions

Jurisdiction	Common register/ waiting list	Separate list for transfers	Mutual exchange	Allocation prioritisation	CBL	Eligibility: minimum age limit	Income limit	Asset limit (exemptions apply)	Other programs
<b>ACT</b>	Yes	Yes	No	3 levels: priority, high need and standard	No	16 years	\$768 for single; \$960 for couple (no children)  \$960 plus \$128 each additional person	\$40,000	Affordable rental scheme; shared equity and sale to tenants
<b>NSW</b>	Yes	Unclear, but seem to be added back to the Housing Register. Can apply for priority transfer	Yes	Priority and general	Yes	18 years	\$650 for single; \$895 for couple (no children).	\$5,000 per adult	Private rental assistance; Rentstart bond loan or advance rent
<b>NT</b>	No, public housing only, but urban and remote separate	No	No	Priority and general	No	16 years	\$830 for single; \$1079 for couple (no children)	Single \$71,426 or couple is \$101,911 under 55 years.  Over 55 years is \$256,707	Affordable rental scheme; venture housing below market rent
<b>Queensland</b>	Yes	Unclear	Yes	1 level: very high. (Was previously 4 levels: very high need, high need, moderate need and lower need).	Yes	No, but must earn an independent income of \$226.81 or more every week	\$609 for single; \$755 for couple (no children)	\$116,375 for single; or \$148,625 for 2 or more	Private rental assistance; Remote Indigenous Communities
<b>South Australia</b>	Yes	Unclear but eligible if in Cat. 1 or 2	Yes	Four categories including transfer	Yes	Independent income	\$715 for single; or \$1,112 for couple (no children)	\$48,250 for single; or \$61,600 couple	Bond and rent assistance
<b>Tasmania</b>	Yes	Yes	No	Highest priority, standard priority and general	No	16 years	Low-income eligibility for the Commonwealth Low Income Health Care Card; \$644.00 single, \$1,107.00 couple, no children	\$35,000 in financial assets	Private rental assistance: paying rent, bond or moving costs in the private rental market; home ownership assistance



Appendix 3: Social housing eligibility, priority allocation and waiting lists

Jurisdiction	Common register/ waiting list	Separate list for transfers	Mutual exchange	Allocation prioritisation	CBL	Eligibility: minimum age limit	Income limit	Asset limit (exemptions apply)	Other programs
<b>Victoria</b>	Yes	Yes	No	Priority access and Register of Interest	No	Independent income	Standard register: \$1,059 for single; \$1,621 for couple (no children).  Priority access: \$593 for single; \$1,025 for couple (no children)	Standard register, \$34,656 and Priority access, \$13,699; \$115,522 for households in both categories needing disability modifications	Bond assistance
<b>WA</b>	Unclear. Need to tick a box on the form to be considered for community housing	Priority transfers and at department request for repairs or to reduce underoccupancy	No	Priority waiting list	No	16 years	Metro and country areas: \$450 for single; or \$710 for couple (dual income no children).  North-west and remote areas: \$640 for single; or \$995 for couple (no children).	\$38,400 for single; \$63,800 for couple; \$80,000 for seniors over 60	Rent assistance and bond assistance

Source: Compiled by authors from SHA websites.

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# Appendix 4: International policy review summary

## Canada

Canada's housing market is very similar to Australia's. With a population of about 38 million (2021 figures), the national housing market is comprised of 68 per cent home ownership, 26 per cent private-sector rental housing, and 6 per cent social housing (Housing Services Corporation 2014; Pomeroy 2017). Much like Australia, Canada's large area is divided into ten provinces and three territories, each with its own physical and social composition.

The social housing stock that represents 6 per cent of all housing totals an estimated 700,000 homes and includes public (province and municipal) as well as community based non-profit and cooperative organisations and First Nations bands (on reserve). This stock was primarily developed between 1949 and 1994, with only 85,000 homes developed since 2001.

Like Australia, New Zealand, the UK and the US, the social housing stock was initially in the form of public housing. This was produced by provincial agencies (and some municipal governments), which subsequently owned and operated these portfolios, targeting low-income to moderate-income households. Between 1949 and 1980, public housing produced roughly 210,000 homes, one-third of the total social housing stock.

A new subsidy mechanism was introduced for new affordable housing that started after 2001. The earlier long-term operating subsidies were disliked by finance officials as they created long-term non-discretionary expenditure. Finance officials preferred the use of one-time upfront capital grants (Pomeroy 2017; 2021). Generally, such grants (also cost-shared) covered 40 to 50 per cent of capital cost, with the remainder funded by insured private lender loans. Without any ongoing subsidy, projects had to be viable, and rents were typically set at roughly 80 per cent of the area average private market rent. As a result, the post-2001 properties were not as deeply targeted as the earlier rent geared-to-income programs. Some provinces—notably BC and Quebec—also added separate rent-supplement funding to target lower-income households (CHPR 2018; LaFerrière 2018).

The latest core need data is from the 2016 Canadian Census and determined that a total of 1.7 million households remain in need (1.1 million are renters; 600,000 are owners). By comparison, the existing stock of assisted social housing totals just under 700,000 homes. So to meet need, the number of social units would need to triple. However, for those experiencing only an affordability problem, need could potentially be addressed via a housing allowance, like CRA, rather than constructing homes for all.

## Ontario

The Province of Ontario, with a population of about 14.5 million (2021 figures), is the largest province and consequently has the largest social housing share in the country. Of the pre-1994 portfolios, Ontario accounts for 44 per cent of social housing in Canada.

As noted earlier, in the late 1990s the Canadian Government initiated negotiations with the provinces to take over administration of existing federally subsidised and administered social housing. In Ontario, the federal portfolio totalled 94,000 homes (including non-profit, coop, and Indigenous on and off reserve portfolios). Under the Social Housing Agreement, administrative activities for these programs and projects—apart from some 20,000 coop units, and 2,000 First Nations on reserve—were transferred to the Province of Ontario. The associated ongoing subsidy obligations persisted until the end of each project's specific operating agreement; the federal share of the previously cost-shared subsidies continued to flow to the province, but were frozen at the 1997/98 level. Due to renewing mortgage terms at much lower rates, the liability for inflating operating subsidies was expected to be more than offset by reduced interest costs on renewals—which in reality did materialise.

This devolution from the federal to provincial level in Ontario was followed by a second devolution from the province to the local government. And unlike the federal transfer, the entire provincial subsidy obligation was also transferred to the local tax base, in exchange for uploading funding for education.

Moreover, as part of this process, all existing project-operating agreements that had been executed by the province with non-profit and coop providers were terminated and all the operating terms and conditions were then embedded in new legislation. Although there are many issues and concerns associated with this approach, they are outside the scope of the current review. The main point is that the fragmented and unregulated system that previously existed (and which persists in the rest of the provinces) was dramatically changed to a highly regulated system (albeit with administrative duties spread across 47 municipal Service Managers, and seven District Boards, in more rural and remote areas).

The government enacted legislation regarding all aspects of rent-geared-to-income<sup>3</sup> (RGI) housing when they downloaded responsibility for social housing to the cities and municipalities in the early 2000s. The Social Housing Reform Act (SHRA) set out all requirements for waiting lists, allocation of units, and tenancies within the province. This Act has subsequently been replaced by the Housing Services Act (Housing Services Act 2011).

## The UK

The UK, with a population of about 68 million (2021 figures), is a constitutional monarchy, with Wales, Scotland and Northern Ireland having their own governments, with devolved powers over health and social care, education, policing, housing, transport, and some forms of taxation. The UK's housing market currently comprises 65 per cent home ownership, 18 per cent private-sector rental housing, and 17 per cent social housing (GOV.UK 2021a; Trading Economics 2021). The social housing sector is comprised of council housing and housing association homes. Housing associations are also known as Registered Social Landlords (RSL) or Private Registered Providers (PRP) of Social Housing. Housing associations offer properties based on need, often to people on a low income or who need extra support (GOV.UK 2021a).

Councils are obliged to accept applications from anyone who is:

- a British citizen who is living and settled in the UK aged 18 or over—although some councils accept applications for those aged 16 and over
- a citizen of another country with the Right to Reside in the UK (or, after Brexit, resettled status) with no restrictions on how long they can stay.

<sup>3</sup> Rent-geared-to-income (RGI) assistance is a housing subsidy that is administered by local and regional governments (service managers) across Ontario. To be eligible for RGI housing, applicants must have an income that is below the Household Income Limits for the local area, which are set out in Regulation 370/11 of Ontario's Housing Services Act. By receiving RGI, renter households are able to pay rent based on 30 per cent of the household's gross monthly income (except for tenants receiving social assistance, who pay rent based on the shelter allowance amount defined by the Ontario Government). The majority of RGI subsidies are tied to units in social housing (provided by public, non-profit, and cooperative organisations), though some subsidies are available for units in the private rental market (ONPHA 2016).

Most councils use a points system or banding system based on an individual or family's needs to come to a decision about who they will offer accommodation to (TTV 2020). There is a reliance on means-tested benefits (such as Housing Benefit or Universal Credit). Social housing is significantly underpinned by demand-side subsidies.

Each Local Authority has its own 'allocation scheme' (or 'housing register') for social housing in its area, although not all Registered Social Landlords participate in local area allocations. An allocation scheme sets out the rules used to decide who to house. Allocation schemes vary from area to area as local authorities can decide who gets priority for housing, but there are still some general rules about priority that all Local Authorities must follow. Applicants need to make sure an application covers both the Local Authority and a Housing Association or Housing Cooperative in a Local Authority's area. In some areas, it may also be used for housing transfers. An allocation scheme will typically set out who can apply for housing from within the area; who can apply from outside the area; and who gets priority for housing.

To qualify for housing in a Local Authority, applicants may need:

- to have a local connection through living in the area for a minimum time, although Armed Forces personnel looking to settle in England, Scotland and Wales may be permitted to apply for housing without a local connection due to the housing commitment within the Armed Forces Covenant. (This does not apply in Northern Ireland.)
- to work in the area
- to be caring for someone living in the area
- to have an income below a certain level (GOV.UK 2021b).

There are three priority criteria:

- a person is homeless or to be made homeless through eviction
- a person is living in cramped accommodation
- a person is living in a home that has promoted the onset of a medical condition (this is different in Scotland).

Another category (but not a priority) is a person who was in the armed forces and sustained serious injury during service. Councils in specific areas take into consideration the number of housing associations in the area, whether an applicant has specific social or welfare reasons that mean they need to live in the area to avoid hardship, or has been subject to domestic abuse, violence, sexual/racial harassment or attacks, threats and intimidation or there is a risk if they continue living in their present accommodation (TTV 2020). The Chartered Institute of Housing (2019: 4) reported that local authorities and housing associations can achieve a better balance in the current environment if their policies and practice are people-led rather than process-led.

The Right to Buy scheme is a policy introduced by the Thatcher government in 1980. The policy gives secure tenants of council homes and some housing associations the legal right to buy their homes they are living in, at a large discount. This scheme was abolished in Scotland in 2016 and in Wales in 2019, to retain the numbers of social housing properties available for people in need (GOV.UK 2021a; Scottish Government 2019; Welsh Government 2019).

In the UK, some councils (not all) have a choice-based letting (CBL) scheme that allows applicants select which properties they are interested in. It depends on the council, but once a tenant has been accepted onto the waiting list, they can find a property (on council websites and offices), confirm they can apply for it (if the property is suitable for them), and apply through 'bidding' that does not involve money. The council then contacts the tenant with the result of the bidding (GOV.UK 2021b).

## England and Wales

In England and Wales, with a population of about 59 million (2021 figures), the legislative and regulatory framework includes the Housing Act 1996, and housing authorities are required to follow it in exercising their functions under Part 6 of the 1996 Act. Housing authorities are required to have an allocation scheme for determining priorities, and for defining the procedures to be followed in allocating housing accommodation. They must allocate in accordance with that scheme (MHCLG 2021).

Social tenants applying to the housing authority for a transfer, who are considered to have reasonable preference for an allocation, must be treated on the same basis as new applicants in accordance with the Housing Act 1996. Housing authorities may decide to operate a separate allocation system for transferring tenants who are not in the reasonable preference categories (with a separate waiting list and lettings policy) or to continue with a single allocation system that covers all applicants but which, for example, rewards transferring tenants with a good tenancy record, or gives a degree of priority to those who want to move for work (MHCLG 2021).

In their housing allocation scheme, housing authorities must ensure that reasonable preference is given to the following categories of people:

- people who are homeless, including those who are intentionally homeless and those not in priority need
- people who are owed a duty by any housing authority under the 1996 Act or under the Housing Act 1985 or who are occupying accommodation secured by any housing authority
- people occupying insanitary or overcrowded housing, or otherwise living in unsatisfactory housing conditions
- people who need to move on medical or welfare grounds, including grounds relating to a disability
- people who need to move to a particular locality in the district of the housing authority, where failure to meet that need would cause hardship to themselves or others (MHCLG 2021: 19).

Although there is no requirement to give equal weight to each of these reasonable preferences, authorities should demonstrate that, overall, reasonable preference has been given to all of them. Moreover, housing authorities do not need to demonstrate that applicants who fall within more than one reasonable preference are afforded greater priority over those who have reasonable preference on a single, non-urgent basis (MHCLG 2021: 20). To determine priorities between households on a similar level of needs, authorities may consider factors such as financial resources, behaviour and local connection, along with other factors.

Recent guidance in England states that while local authorities must give priority to those in the greatest housing need, there are several 'aspirational' outcomes that government encourages local authorities to consider when operating their allocation schemes. The implication of this would be to give greater priority to applicants who are in work or undertaking voluntary work or have no record of antisocial behaviour (Gray, Keenan et al. 2013).

## Scotland

Scotland, with a population of about 5.5 million (2021 figures), has always had a comparatively high level of political support for social housing. Social landlords in Scotland own around 594,000 properties, and there were about 130,000 households on the waiting list. Most commonly, social landlords use a 'needs-based' allocation policy, where need is determined based on a points system. Other landlords have group or band systems where applicants are placed into one of several groups depending on their housing needs. The landlord will set targets for properties they allocate to each group. Allocations within each group are then determined by priority. Some landlords use choice-based lettings (CBL), where applicants 'bid' for advertised properties to let (Scottish Parliament 2019). Properties are let as 'private residential tenancies' rather than 'assured shorthold' tenancies in the rest of the UK, which gives Scottish tenants greater security of tenure and protection from rent increases.

Within the constraints of a clear legal framework, landlords have considerable discretion to develop their allocation policy and practice to meet the needs of the communities in which they operate.

The Housing Act (2014) sets out three categories of applicants who should be given reasonable preference in an allocation policy. They are:

- homeless persons and persons threatened with homelessness and who have unmet housing needs
- people who are living under unsatisfactory housing conditions and who have unmet housing needs
- tenants of houses that are held by a social landlord, which the social landlord selecting its tenants considers to be under-occupied.

The third reasonable preference category focuses on social housing tenants who are under-occupying their home. This, for example, might make it easier for landlords to help elderly people living in family-sized housing downsize to smaller accommodation (Scottish Parliament 2019).

The relative priority given to each reasonable preference group will depend on the profile of housing need in each landlord's area. Each landlord needs to decide how much priority it wishes to give to those in each reasonable preference group. At the very least, landlords should not give homeless people lesser preference than the other specified groups. This means that any weighting landlords give to different types of housing need must reflect their obligations to make a reasonable proportion of their lets available to homeless households (Scottish Government 2021).

There is a higher level of political and policy support for social housing in Scotland than in England. For example, the Scottish Government is funding 50,000 affordable homes over the period to 2021. In England, government support is proportionately significantly lower. The Right to Buy is abolished and the 'bedroom tax' is effectively abolished through Scottish Government subsidy (Wheatley Group 2021: 2).

## Northern Ireland

In Northern Ireland (NI), with a population of about 1.9 million (2021 figures), access to all social housing is managed by the Northern Ireland Housing Executive (NIHE), established in 1971. It has a duty to submit an allocation scheme for social housing to the NI Department for Social Development (DSD). Northern Ireland has universal access to social housing and it is not housing of last resort (although this is the intention rather than the outcome). Therefore, the waiting lists include people who are not in need of housing but would like to live in social housing. Northern Ireland has a Common List shared by the NIHE and housing associations. Combined, there are about 110,800 properties, with approximately 12,000 allocations per year (Gray, Keenan et al. 2013: 6).

The Housing Selection Scheme represents a single gateway into social housing in NI, let on a permanent basis, whether owned and managed by NIHE or any Housing Association in NI. It provides a one-stop shop for applicants, and promotes equitable treatment by using common criteria to assess the housing needs of all applicants.

The allocation system operates on a points system, based on the applicant's needs. There are four categories and points are awarded on a cumulative basis unless stated otherwise. For each of these categories there are several subcategories with different point values (Executive Housing 2021):

- **Intimidation:** whether the applicant is at serious and imminent risk and needs immediate rehousing. This is a distinctive feature of the Northern Ireland context, arising from years of religious tensions, religious discrimination and sectarianism.
- **Insecurity of tenure.**
- **Housing conditions:** whether the applicant currently lives in poor quality housing. This may be due to poor physical conditions, or overcrowding.
- **Health and social wellbeing needs:** whether the applicant has mobility issues in their current home, or has extra social, support or care needs.

Properties are offered to applicants with the highest number of points from the waiting list for that area. If applicants have the same number of points, properties are offered to the applicant who has been on the waiting list for the longest period of time. Properties are not offered to people under 35 years old within some blocks of flats. This rule is part of the Housing Selection Scheme.

In 2014, NIHE implemented a CBL system after it had been recommended by a 2013 review of the allocation system in Northern Ireland (Gray, Keenan et al. 2013). The review found that—like elsewhere in the UK—demand for social housing outstrips supply, with a need for about a 20 per cent increase in stock numbers to house those in housing stress (according to 2013 figures, Gray, Keenan et al. 2013). In some geographical areas people do not apply for social housing as they know there is little chance for them to be housed, although they may still be in housing need. ‘This is a latent demand that would become apparent if more housing were available’ (2013: 11).

The review proposed 16 recommendations, including the introduction of a Housing Options Service, where the system is a person-centred model or a customer-focussed, seeking to deliver improved outcomes for service users. It also recommended that a band approach should be adopted, and that bands should be ranked to prioritise applicants. A band approach is where applicants are placed in a band depending on their current circumstances, with these bands reflecting different levels of housing need. ‘Banded schemes are seen as less complex, more transparent, easier to understand and hence “fairer” compared to points-based ones’ (2013: 28). Applicants should be prioritised according to date of application within bands. As of 2021, a band approach has not been adopted in Northern Ireland.

## New Zealand

New Zealand’s housing market is also very similar to Australia’s. With a population of about 4.8 million (2020 figures), the market comprises 64.5 per cent home ownership, 28.5 per cent private-sector rental housing, and 7 per cent social housing (Stats NZ 2020).

New Zealand Housing operates its social housing model in a very similar way to Australia in terms of eligibility, need prioritisation and the use of a social housing register. The social housing sector has undergone significant changes since 2014. Before 2014, Housing New Zealand was solely responsible for allocating people to houses. Currently, the Ministry of Social Development assesses people’s eligibility for social housing and manages the social housing register (a record of people assessed as eligible for and awaiting social housing) (Controller and Auditor-General 2017: 3). Under the current system in New Zealand, responsibility for social housing asset management through to allocations lies across three areas:

- the Ministry of Social Development, which manages the social housing register and financial support
- the Ministry of Housing and Urban Development, which looks after policy and public housing supply
- Kāinga Ora – Homes and Communities (formerly Housing New Zealand), which is essentially the tenancy manager, renting out the properties.

The Ministry of Housing and Urban Development has a strategic partnering model in place to guide how they partner with other agencies and housing providers—for example, Kāinga Ora, CHPs, developers, social services, councils—to meet demand. The aim of encouraging partnerships with other agencies and providers is to increase public and transitional housing supply.

To qualify for government-subsidised social housing from Kāinga Ora (Housing NZ) or a CHP, an applicant must fit these criteria:

- Be at least 16 and be a New Zealand citizen, permanent resident or recognised as a refugee / protected person by Immigration New Zealand, and New Zealand must be their usual home.
- Have a high need for social housing: this will depend on housing situation, security of tenure, physical condition of housing, household composition, along with other factors.

- Generally, have income under \$655.41 a week (after tax) for a single with no children, \$1,008.33 a week (after tax) for a person with a partner or children; cash assets worth less than \$42,700. People with income or assets worth more than this may still qualify for public housing (Community Law 2021; Work and Income 2021).

Households on the housing register are prioritised by need:

- **Priority A:** Applicants who are considered 'at-risk', including households with a severe and persistent housing need that must be addressed immediately.
- **Priority B:** People who have a serious housing need, including households with a significant and persistent need.

In June 2020, there were 18,520 households on the housing register. Increasingly, applicants on the waiting list have been accorded the highest priority. In 2015, only around half (50%) of all applications were Priority A, but by 2020 this had risen to 89.9 percent (Stats NZ 2020).

### Housing for Māori

Te Kāhui Kāinga Ora is a dedicated Māori housing group, providing strong, coordinated leadership and programs across government. A collaborative approach has led to developing the MAIHI Framework for Action and the MAIHI Partnerships Program. MAIHI sets a precedent for working in partnership with Māori and was developed with input from key partners across the Māori housing community (Te Tūāpapa Kura Kāinga 2022).

### The USA

The US housing market, with a population of about 333.5 million (2021 figures), comprises 65.8 per cent home ownership and 34.2 per cent rental housing. There are approximately 1.2 million households living in public housing, which is 0.98 per cent of all housing ([122,354,219 households in 2020](#)) (US Department of Housing and Urban Development 2022). According to OECD data, social and affordable housing comprise almost 4 per cent of the housing stock (OECD 2021)<sup>4</sup>.

The Office of Public and Indian Housing (PIH) is an agency of the US Department of Housing and Urban Development (HUD). PIH 'ensures safe, decent, and affordable housing, creates opportunities for residents' self-sufficiency and economic independence, and assures the fiscal integrity of all program participants' (US Department of Housing and Urban Development 2021a).

HUD/PIH administers federal aid to around 3,300 local housing agencies (HAs) that manage the housing for low-income residents. Eligibility for public housing is limited to low-income families and individuals and is based on:

- annual gross income
- qualifying as elderly, a person with a disability, or as a family
- holding US citizenship or eligible immigration status.

HAs use income limits developed by HUD. HUD sets the lower-income limits at 80 per cent and very-low-income limits at 50 per cent of the median income for different counties or metropolitan areas. HUD develops income limits based on Median Family Income estimates and Fair Market Rent area definitions for each metropolitan area, parts of some metropolitan areas, and each non-metropolitan county.

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<sup>4</sup> The social housing stock includes public housing, subsidised units developed through specific programs targeting the elderly (section 202) and disabled people (section 811), as well as income-restricted units created through the Low-Income Housing Tax Credit (LIHTC) program; the number of public housing units as well as section 202 and 811 dwellings financed through the LIHTC program have been adjusted to avoid double-counting, following OECD correspondence with the US Department of Housing and Urban Development. Data for 2019 is preliminary.



Rent is referred to as the Total Tenant Payment (TTP) and is based on the household's anticipated gross annual income less deductions, if any. The formula used in determining the TTP is the highest of the following, rounded to the nearest dollar:

- 30 percent of the monthly adjusted income. (Monthly adjusted income is annual income less deductions allowed by the regulations.)
- 10 percent of monthly income
- welfare rent, if applicable
- a \$25 minimum rent or higher amount (up to \$50) set by a HA (US Department of Housing and Urban Development 2021b).

HAs are responsible for the management and operation of their local public housing programs, and they may also operate other types of housing programs. Local HAs manage their own waiting lists and have the discretion to establish preferences to reflect needs in their own community.

As well as public housing, the HUD administers other programs including privately owned subsidised housing, in which HUD helps apartment owners offer reduced rents to low-income tenants. HUD also offers housing vouchers that help very-low-income families, the elderly and the disabled afford housing in the private market. Participants with housing vouchers are able to find their own housing, including detached houses, townhouses and apartments. They can choose any housing that meets the requirements of the program and are not limited to units located in subsidised housing projects.

Housing choice vouchers are administered locally by public housing agencies (PHAs). The PHAs receive federal funds from the US to administer the voucher program.

In addition to HUD's programs, many state and local agencies offer their own rent assistance programs, such as emergency rent assistance options, or programs that provide subsidies for people with special needs or disabilities.

Table A2: Characteristics of allocation systems in various jurisdictions

Jurisdiction	Common register or waiting list	Separate list for transfers	Allocation mechanism (bands, points)	CBL	Home swapping and exchange	Level of uniformity in priorities	Housing of last resort
England and Wales UK	Yes	Yes	Bands	Yes	Yes	Constituent country	Yes
Scotland, UK	Yes	Yes	Both	Yes	Yes	Constituent country	Yes
Northern Ireland, UK	Yes	No	Points	Yes	Yes	Constituent country	No
Ontario, Canada	Yes	Yes, but within the overall list	Bands	No	No	Provincial priority, then local/city priority	Yes
New Zealand	Yes?	Yes	Bands	No	No	Country	Yes
USA	No, there are different lists for different programs, different PHAs	N/A	Bands	No	No	Counties or metropolitan areas	Yes
NSW, Australia	Yes	Yes	Bands	Yes	Yes	State	Yes

Source: Compiled by authors.



**Australian Housing and Urban Research Institute**

Level 12, 460 Bourke Street

Melbourne VIC 3000

Australia


+61 3 9660 2300

[information@ahuri.edu.au](mailto:information@ahuri.edu.au)

[ahuri.edu.au](http://ahuri.edu.au)

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