

HOUSING IN AUSTRALIA

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It is hardly necessary to emphasise the importance of adequate housing for the development of healthy family life. Having said this, the difficulty arises of defining what is an "adequate standard". Adequacy can only be determined in relation to cultural patterns of the country, climate, family size and to the general living standards of the community. The immediate surroundings of dwellings and their location in relation to employment, shops, transport, recreational and other facilities must also be considered. The cost of providing adequate housing is of primary importance, for there are numerous examples of re-housing projects that have provided greatly improved living conditions but at a financial cost that means the family must sacrifice some of the essentials of living in order to pay for their accommodation.

In Australia the minimum standard of housing for families is that set by the various State housing authorities and building regulations. There is some debate as to whether or not the space provided in minimum size homes is adequate but it seems to depend largely on the number of occupants. Questions as to space, design, appearance and convenience are the province of the architect and housewife and this article will not attempt to discuss them but will concentrate on the adequacy or inadequacy of housing supply and the requirements and resources of certain groups needing housing.

In Australia, as elsewhere, the housing problem has been aggravated by the war years when no new homes were built and by the substantial increases in population which has occurred since the war. In 1946 it was officially estimated that there was a shortage of 250,000 houses at a time when the population was 7.5 million. In 1958 the Australia-wide deficiency was estimated by the Department of National Development to be about 110,000 dwellings.

The Victorian Minister of Housing recently stated that there are 17,500 applicants for Housing Commission homes and it is estimated that the co-operative housing societies have 10,000 applicants who cannot be admitted to societies at the present time. He believes that the deficiency of houses in the State is at present 35,000 to 40,000 homes and calculates that to meet population increases and eliminate backlog by June, 1963, the number of dwellings required for the next four years from all sources would be:-

1960	...	30,000
1961	...	31,000
1962	...	32,000
1963	...	33,000

* The number of dwellings built in Victoria in 1959 was approximately 24,000.

The reduction in the shortage of housing since the end of the war has been due to increased Government activity in promoting house construction.

Prior to the war the Commonwealth Government accepted no responsibility for promoting home construction and the State Governments provided very limited assistance. Building costs were relatively low and private enterprise investment built homes for rental.

Towards the end of the War the seriousness of the housing situation was recognised following the report of the Commonwealth Commission of Enquiry. As a result, the Commonwealth became involved in the promotion of housing.

* Hansard, November 25th, 1959.

The Commonwealth provides assistance through various channels. Since 1919 the War Service Homes Division has helped finance 173,000 homes. Of these 73,770 were built under the Act and 100,000 were purchased by applicants with financial help from the Division. The Commonwealth also assists through the Commonwealth Bank.

Figures for 1955-56 for Australia give some indication of the sources of finance for housing.

(a) Commonwealth-States Housing Agreement	...	£33m.
(b) War Service Homes	...	£30m.
(c) Banks and other financing institutions (including housing societies)	...	£48m.
(d) Deposits by persons buying houses under (a), (b), (c)	...	£40m.
(e) Other private sources	...	£77m.

Total investment in dwelling construction... £228m.

The largest source of direct Government aid for housing has been, and still is, through the Commonwealth-States Housing Agreements.

The first Agreement in 1945 was for ten years and provided for loans for a maximum period of fifty-three years at a low rate of interest. Rents of the houses were to be economic rents, i.e., sufficient to meet repayments by the State to the Commonwealth of the capital cost of each dwelling with interest, and to cover current outgoings such as the cost of maintenance, administration rates, taxes and insurance.

Provision was made for a system of rental rebates, the basic principle of which was that a family with an income at the basic wage did not pay more than one-fifth of its income in rent, regardless of the economic rent of the dwelling. The Commonwealth Government also shared with the States any losses incurred due to the rebate system, the Commonwealth bearing three-fifths of the cost.

Under this ten year agreement 96,000 houses were built.

A new five year Agreement was negotiated in 1956. This raised the interest rates and provided that for the first two years 20% of the money should be allocated to building societies and in the third and subsequent years this proportion is increased to 30%. The effect of this provision is to greatly reduce the amount of money available for rental housing for low income families and pensioners. There was no increase in the total amount of money lent to the States.

While no one would deny the importance of encouraging home ownership, it is unfortunate that it should be promoted at the expense of those who can only afford to rent homes.

Under the present agreement the interest rate was increased to 4% and this added approximately 10/- to weekly rents.

The Commonwealth also decided to cease sharing with the States the cost of losses incurred through rental rebates on houses to be built under the 1956 agreement, although they continued to contribute to the cost of rebates for tenants in homes built under the 1945 Agreement.

The Victorian Government, unlike that of N.S.W., agreed to continue the system of rebates for tenants of new houses, recognising that they are a vital element in providing accommodation for sub-economic tenants. Rebates are financed from Housing Commission revenue and in 1959 they cost £230,000.

Whilst there has been an improvement in the supply of housing in relation to the overall need, this tends to obscure certain sectors where there has been no improvement. Generally speaking, those demanding, or in

need of, adequate housing can be divided into the following groups -

- (a) those with sufficient finance to build their own homes,
 - (b) those with blocks of land or sufficient money for deposit with housing co-operatives,
 - (c) those requiring rental accommodation at economic rentals,
 - (d) those who cannot pay economic rentals, e.g., low-income large families; age, invalid and widow pensioners,
 - (e) people living in slums and sub-standard housing who may or may not be demanding re-housing but who need to be adequately housed in their own and the community's interests.
- (a) This group present no problems so long as there is an adequate supply of building materials and labour.
- (b) Inflation creates increasing difficulties for young people in this category. There are very few blocks of land available for less than £300, even in the outer metropolitan districts. Land inflation is likely to increase as more suitable land is used up and the population increases. Consideration should be given to the desirability and practicability of some form of Government control or at least an investigation into present methods of sub-division. The lowest deposits and the best terms now available, appear to be those offered by the Housing Commission in its house sales schemes.
- (c) Families requiring rental accommodation at reasonable rentals are finding it increasingly difficult to secure housing. Despite the fact that there have been no rent controls on new houses built for rental properties, there have been very few such premises built. It is one of the facts of economic life that today's land and building costs do not permit a private builder or investor to erect houses or flats for rental at less than £7 a week and even this would only provide a return of 5½% nett on the investment of, say, £4,000 for house and land.

It is becoming obvious that rental housing for lower income families can only be provided by Government housing authorities or by some form of Government subsidy.

At present the only Agency that is in a position to provide rental housing at reasonable rentals in Victoria is the Housing Commission, and even the Housing Commission's economic rentals have now reached £5 a week.

Recent figures given by the Minister of Housing show a marked increase in the number of applicants. In March, 1960, the Minister stated that there were 17,481 applications.* The Commission will build only some 2,400 units during the year.

In 1954 there were 8,000 applications, so in six years the waiting list has doubled.

In the past two years the Victorian Government has introduced a new policy which sets aside 50% of the new homes or vacancies for tenants or applicants who wish, and are able, to purchase on deposits and terms. This in effect reduces by 50% the number of homes available for rental.

It is difficult to reconcile this generous reservation of homes for sale with the recent information provided by the Minister of Housing that of the 17,481 Commission applicants, only 1,500 have applied to purchase.*

This policy raises the question as to whether the State Government is providing housing to meet need or only where they can be paid for.

*Hansard, March 23rd, 1960.

*Hansard, March 26th, 1960.

The concept of need also appears to be ignored in relation to the number of homes constructed in metropolitan and country areas. Only 4,000 applicants, 23% of the total, are for accommodation in country areas, yet 45% of the new building of the Commission is in country areas.

There seems to be an urgent need for a re-appraisal of the State Government's housing policy which at present is heavily weighted in favour of the person who is able to purchase.

The provision of homes for purchase would appear to be more the field of private enterprise, with perhaps greater Government assistance through low interest finance, rather than the function of the Housing Commission. The Commission should be concentrating on providing rental accommodation which no other agency can provide and continuing with its slum reclamation programme.

If it is accepted that the role of the Housing Commission is to provide for those unable to provide adequate housing for themselves, it would also be appropriate to consider whether the Commission should ask tenants, who may now be in a position to house themselves, to vacate their Commission homes to provide for some of those on the waiting list. Some Commission tenants are certainly in a position to either purchase their Commission houses or make other arrangements to build or buy homes.

- (d) The families and pensioners who cannot pay economic rentals are obviously the responsibility of the Housing Commission. Low-income families (£14-£17) a week, particularly those with more than two children, can only be housed with a rent rebate, but even this is not sufficient assistance for the rebate does not take into consideration the size of the family.

A man earning £15 a week can have his rent rebated to £3 but he will be required to pay this whether he has two children or eight. His situation is of course aggravated by the failure to raise child endowment rates for ten years.

Age Pensioners receiving £4.15.0 a week or £5.5.0, if single; widows and invalid pensioners can only be provided for by subsidised housing.

- (e) In the past five years the Housing Commission has gradually expanded its various slum reclamation projects but there still remain many sub-standard dwellings, particularly in the inner suburbs. In 1957 a Commissioner of the Housing Commission estimated that there were some 12,000 houses that ought to be demolished and that they covered some 600 acres.* In the four years to 1959 the Commission spent £1 million on this work. It is obvious that much larger sums of money will be required if we are to replace worn out housing.

A new approach has been developed whereby the Commission acquires and clears areas and then sells the land at a reduced price to a private enterprise group to build new flats for sale or rental. This method has possibilities but it should only be used as a part of a re-development project, otherwise the lower-income families will be entirely displaced from accommodation in inner areas close to employment and where they often have strong family and social ties. They will be forced to move to alternative accommodation provided by the Commission in outer areas, while wealthier groups occupy the new properties in the inner areas.

RENT CONTROL

it is difficult to assess the number of houses or apartments still subject to rent control, but it can be assumed that most young families in private rented accommodation are in decontrolled premises, as new lettings

* Slum Reclamation Conference - report of proceedings 1957 - p.23.

for the past few years have not been subject to control. However, families who are in controlled properties will be affected by the new Rent Act which permits rents to be based on current capital valuations. Some families will be able to meet the increases but others on incomes of £15 to £17 a week, and particularly those with several children will find it difficult to pay more than £3, £4 or £5, and there will soon be very few good standard flats or homes at these rentals.

Whilst it is not the responsibility of the private landlord to subsidise rental for low-income families or pensioners, it is certainly the responsibility of the Community to see that these people can find adequate accommodation at rents within their means.

It has already been shown that abolition of rent control cannot result in houses being built for letting at low rents, but the view is often put forward that the provision of more higher-priced, good standard rental homes, will result in some of the older and relatively cheaper homes "filtering down" at lower rents to lower income families. Past experience indicates that this "filtering down" theory only applies when the total demand for housing is exceeded by the supply and there is a substantial reduction in rents because houses become difficult to let.

The experience of family welfare agencies in Melbourne shows that there are hundreds of families living in so-called flats, apartments and rooms, sharing kitchens and other facilities and often in overcrowded as well as sub-standard accommodation. Rents range from £4 to £8 or £10 a week and the families have little opportunity to save to acquire their own homes and face a wait of many years for a Housing Commission home.

There are other families known to social work agencies who live in caravan parks and who move around from rooms to rooms. These are usually socially weak families. Some have drifted to the city from the country, others have been evicted from Housing Commission homes or have vacated under threat of eviction, usually because they were in arrears with rent.

Redevelopment activities in inner areas often reveal families like this who function quite well in old, low rental, low standard dwellings but who are not acceptable for higher standard accommodation, or who would prefer to take their chance in rooms rather than move to outlying estates.

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A study of housing needs and housing programmes in Australia should raise the following questions:-

- (1) To what extent is it necessary or desirable for Governments to intervene in promoting construction of homes -
 - (a) through contributing to, or guaranteeing finance for those who wish to own their own homes,
 - (b) through State housing authorities.
Whose needs should the Housing Commission be meeting in view of the many responsibilities and demands made on the Commission?
- (2) Where subsidies are obviously essential if low income families, widows and pensioners are to be adequately housed, what is the most effective way of subsidising? Rent rebates, or?
- (3) Are our housing standards too high in relation to the economic resources of families?
- (4) Is the trend towards walk-up and multi-storey flats in inner suburbs likely to create difficulties for families? Is there any alternative to flats?

- (5) Should we be attempting to develop self-contained satellite towns in rural areas beyond the perimeter of the metropolis, rather than continually adding to the "sprawl"?
- (6) Is it possible to provide more recreational and community facilities in newer areas?
