

What can Australia learn from international trends in housing and policy responses?

RECENT AUSTRALIAN POLICY SETTINGS HAVE BEEN LARGELY UNRESPONSIVE TO EMERGING HOUSING CHALLENGES, SUCH AS TRENDS TO DECLINING AFFORDABILITY AND THE GREATER POLARISATION OF HOUSING MARKETS. WHILE THE SCOPE AND MIX OF POLICY LEVERS REQUIRED TO ADDRESS THESE ISSUES IN AUSTRALIA MAY VARY, THIS RESEARCH SUGGESTS THAT THERE ARE COMMON ATTRIBUTES ASSOCIATED WITH THE MOST SUCCESSFUL POLICY APPROACHES OVERSEAS.

KEY POINTS

In the 12 countries studied, recent housing policy responses are clustered around five themes:

- Facilitating home ownership for new entrants and lower-income households
- Promoting private investment in affordable housing
- Using the existing private rental market for improved housing outcomes
- Reinventing social housing to improve choice and diversity
- Promoting housing and neighbourhood sustainability.

CONTEXT

Developed countries face several common housing challenges. The four most prominent cross-cutting housing issues identified by this study are:

- Rising housing costs and declining housing affordability
- Housing supply shortages and issues of housing quality
- Social exclusion and segregation related to housing location, tenure and quality, and race and ethnicity
- Special housing needs of excluded groups, Indigenous communities and those with support needs.

*This bulletin is based on research by **Dr Julie Lawson** and **Dr Vivienne Milligan** at the AHURI Sydney Research Centre, University of Sydney. The researchers used desktop methods alongside information from national reports, key informants and their participation in international conferences to review national housing policies across 12 developed countries. Research findings offer insights and lessons for developing housing policies relevant to Australia.*

The logo for AHURI (Australian Housing and Urban Research Institute) features the acronym 'AHURI' in a bold, black, sans-serif font. Above the letters 'H' and 'U' is a red, curved line that arches over the text.

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CONTEXT

In the context of the lead-up to a renegotiation in Australia of the national housing policy framework for 2008/09 and beyond, Australian policy makers have expressed interest in how other developed nations are addressing contemporary housing issues. Accordingly, this research offers a comparative perspective on national housing policies, and aims to generate ideas and debate about different policy approaches to common housing issues.

RESEARCH METHOD

The research brief called for an overview of national housing policies in a broad array of countries, rather than in-depth analysis of a few. Countries covered by the study are Austria, Belgium, Canada, Denmark, France, Germany, Ireland, the Netherlands, New Zealand, Switzerland, the United Kingdom (especially England) and the United States of America (USA).

Information on each country was obtained through a desktop review of recent academic articles and of national and international reports on housing policies and housing systems. The key findings were validated using national informants and comparative housing policy experts. As the study methods did not lend themselves to the first-hand collection of information, the report covers mainly the scope and components of documented housing policies.

KEY FINDINGS

Facilitating home ownership for new entrants and lower-income households

Traditionally, continental European countries have not promoted home ownership as strongly as their Anglophone counterparts. Supporting home ownership is now a major policy goal in most of the countries studied. Typically, support is orchestrated via a combination of favourable taxation regulations, mortgage market intervention and demand and/or supply side subsidies.

The USA, Canada and the Netherlands in particular have strong mortgage security and insurance/guarantee mechanisms, with public objectives related to deepening and supporting home ownership. Countries that have succeeded in growing their home ownership sector recently (using different policy approaches) include the Netherlands, the USA, Switzerland and the United Kingdom. Overall, however, the evidence suggests that there is no easy or immediate way to deepen access to home ownership under prevailing conditions of high and rising house prices.

Promoting private investment in affordable housing

Strategies to promote new investment in affordable housing supply feature increasingly among national and regional housing policies. Broadly, these strategies are concerned with obtaining more housing to rent or buy in parts of the market that are affordable to low- to middle/moderate-income households, using a variety and mix of incentives and regulations. These include not only fiscal incentives and capital subsidies but also planning levers and developer incentives.

Government-stimulated vehicles are well established in Austria, the Netherlands, the United Kingdom, Ireland, Denmark, Canada, the USA, France and, until 2003, Switzerland. Employing the land use planning system to steer housing output is used most in Ireland, the United Kingdom, the Netherlands, and parts of Canada and the USA.

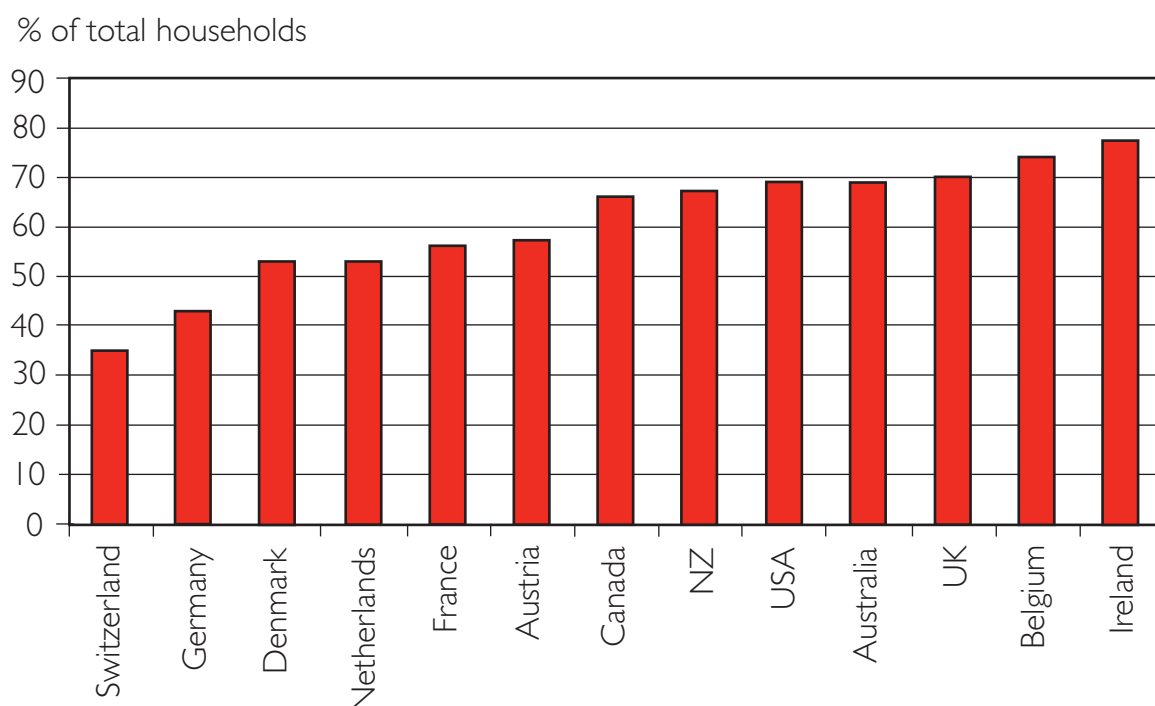
Using the existing private rental market for improved housing outcomes

The size of the private rental sector in the countries studied varies widely, from only 10 per cent in the United Kingdom to 59 per cent in Switzerland. Nevertheless, private rental sectors in all countries house a significant share of lower-income and excluded households, often living in some of the poorest quality housing. This sector has come under increasing pressure internationally (as in Australia) as access to social housing and home ownership for lower-income households and newly arrived immigrants has declined.

Overall the main thrust of rental policy initiatives is to improve quality, affordability and security for lower-income households who rely on long-term renting in the private market, with policies falling into a number of categories:

- Providing incentives for construction and renovation of private rental housing, such as occurs in France, Canada, Denmark and, until recently, Germany
- Regulating quality, which is a feature of policies in Ireland, France and the United Kingdom
- Influencing rent setting to ensure affordability and, in some cases, deregulating rents to help stimulate additional investment, particularly in European countries
- Providing assistance with housing costs to low-income renters, in all countries except Belgium
- Encouraging tenant participation and protection, particularly in European countries.

FIGURE 1: OWNER OCCUPATION LEVELS BY COUNTRY



Source: Comité Européen de Coordination de L'Habitat Social (CECODHAS), 2005

Reinventing social housing to improve choice and diversity

After several decades of reduced support for social rental housing, some resurgence has occurred. This development is partly in response to the intensification of social problems such as homelessness, socio-spatial exclusion and sporadic social unrest, and, crucially, declining affordability and market shortages.

Cross-national strategies being pursued include renewed public investment in additional supply of social housing (especially in Ireland, England, France and New Zealand) and leveraging more private investment for social and affordable housing (Austria, the Netherlands, the United Kingdom, Canada, USA and Denmark). Renewal and economic regeneration of ageing social housing estates has been a focus of national policy in the United Kingdom, USA, Ireland and the Netherlands. Many countries are opting to reverse residualisation processes and to house a broader range of tenants in social housing, particularly on estates.

A widespread trend has been growing diversification in approaches to the ownership, financing and management of this sector. These changes are designed to open up the sector to competitive pressures that drive efficiency and choice, to lever private investment, and to focus providers on their role in the housing market. Diversified social housing systems now operate in nearly all countries in the study. New Zealand and Ireland (along with Australia) remain the least diversified.

Promoting housing and neighbourhood sustainability

European counties in particular are actively engaged in wide-ranging strategies to promote sustainable economic growth, providing more and better jobs, eradicating poverty and promoting greater social cohesion. Housing components of these strategies are mainly directed at:

- Creating mixed income/mixed tenure communities
- Refurbishment and modernisation of neighbourhoods, buildings and housing interiors
- Creating neighbourhood opportunities, e.g. training and employment.

Increasingly, comprehensive national approaches are linking national funding to creative local partnerships that promote community and civic engagement and local economic development. In Europe in particular, partnership approaches have been a magnet for attracting extensive financial resources and expertise from multiple sources to investigate, negotiate and tackle local housing and community issues that are multifaceted and complex.

Changes in the governance and delivery of housing systems

Recent experience across the study countries shows that responsible devolution of housing policies to lower levels of government must balance the need for a secure, long-term supply of financial resources with the desire to encourage local institutions to innovate and deliver

AUSTRIA – AN EXAMPLE OF THE HOUSING BONDS MODEL

For over a decade, investment has been directed towards the Austrian housing sector via the sale of housing construction convertible bonds. Special institutional arrangements or 'housing banks' have been established to channel the resulting funds to a well-developed, not-for-profit housing sector. To date, money raised through the sale of bonds has been invested in about 100,000 units of housing for low- to moderate-income households.

In operation the Austrian model demonstrates the role of institutions in channelling the finance, the tax incentives that have encouraged investors to purchase bonds, the regulations surrounding use of funds raised for affordable housing, and their role in moderating the cost of finance across the wider mortgage market.

appropriate housing outcomes. In many countries, local government has extended into developing local housing strategies and using planning mechanisms for affordable housing developments.

The establishment of mixed public and private financial arrangements to support social housing has proved most successful where social housing associations are independently governed and financially strong, where their tenant base is also broad (as in the Netherlands, France, Denmark and Austria), and/or in places where a secure, substantial form of rent assistance is provided to help service returns to private capital (as in the Netherlands, Denmark and the United Kingdom).

POLICY IMPLICATIONS

Housing discourse and policy developments in many countries reveal the need for greater emphasis on a wider range of considerations than has occurred in the past.

In an Australian context, lessons can be learned from the responsive policies of countries studied, with a view to examining in greater depth the following approaches:

- Stronger links between housing policy and economic performance
- Extending the scope of housing policies to cover the functions of the entire housing market, not just social housing

- Use of more flexible tenure options that promote economic and social participation and greater self-reliance
- Government steerage of large-scale urban renewal strategies on disadvantaged housing estates
- Fostering the development of more socially cohesive communities, especially through stronger links with planning policies and the planning system and via community-building approaches.

FURTHER INFORMATION

This bulletin is based on AHURI project 60323, *International trends in housing and policy responses*.

Reports from this project can be found on the AHURI website: www.ahuri.edu.au

The following documents are available:

- Final Report

Or contact the AHURI National Office on +61 3 9660 2300



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