

NATSEM

The Regional Impact of Commonwealth Rent Assistance

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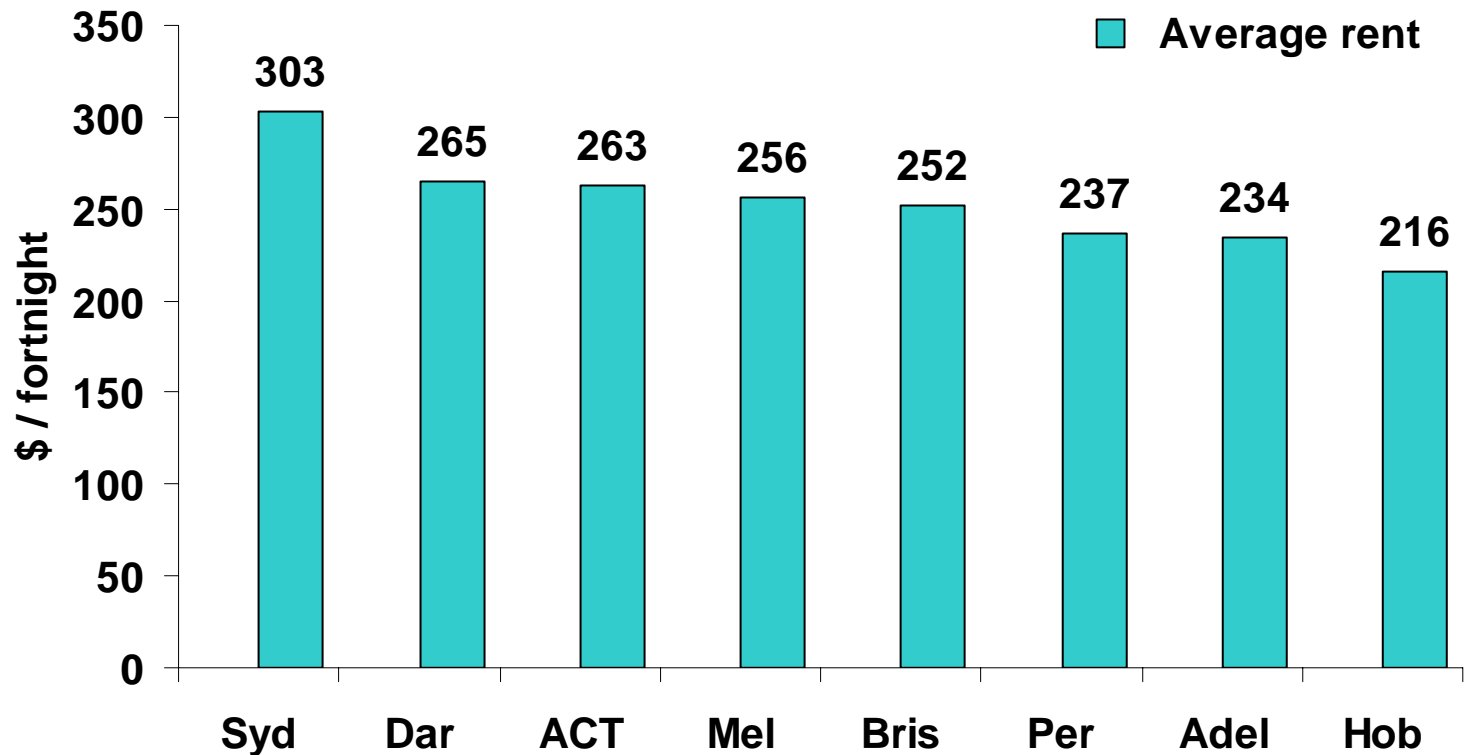
The Research Project

- Research funded by AHURI
- AHURI RMIT/NATSEM Research Centre
- Positioning Paper
(available on www.ahuri.edu.au)
- Work in Progress Report
(available on www.ahuri.edu.au)

Commonwealth Rent Assistance

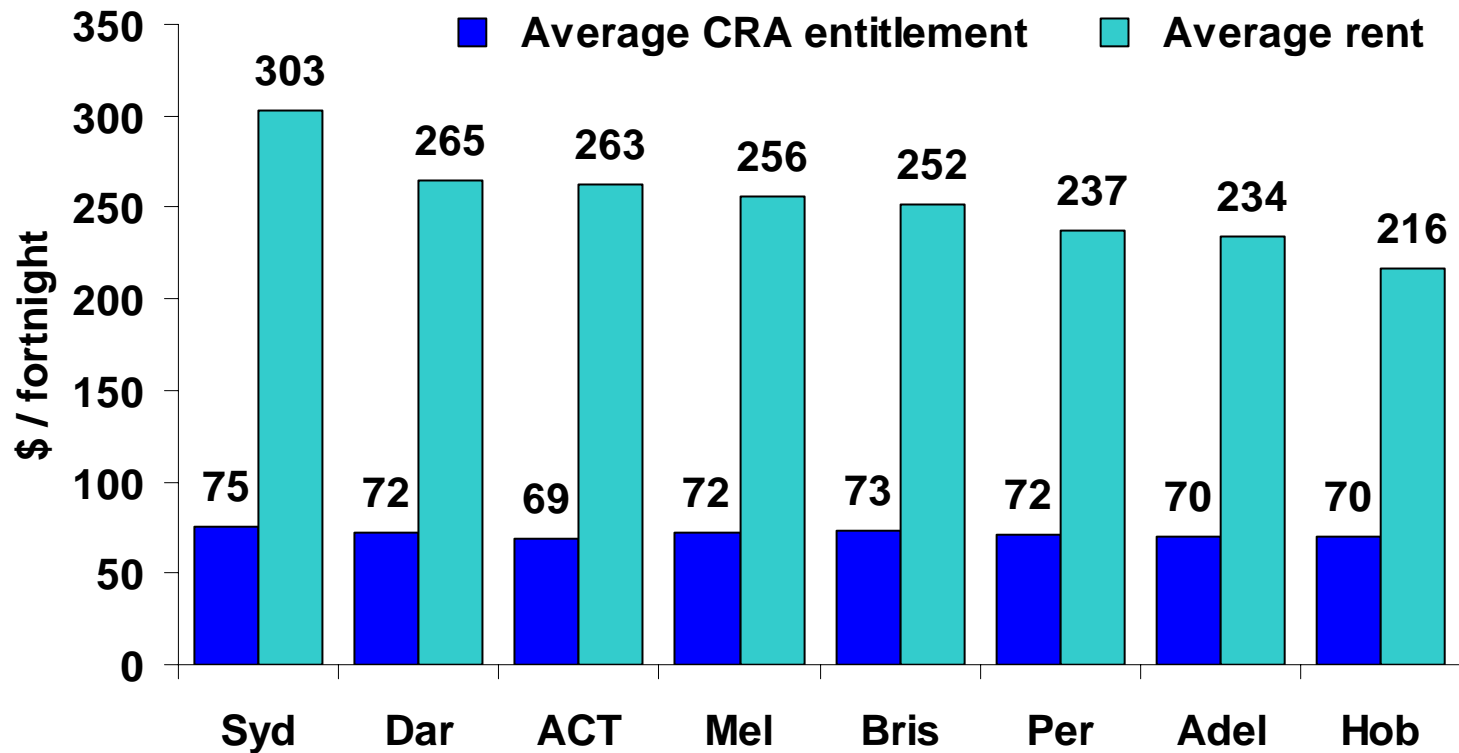
- Major form of housing assistance:
 - \$1.8b (2001-02)
 - 944 000 recipients (June 02)
- For low-income private renters
- Pays 75% of rent above threshold up to a maximum payment
- Average payment of \$36/week (June 02)
- Average rent of \$127/week (June 02)
- 57% receive max payment (June 02)
- Thresholds and ceilings vary by family type
- But do not vary by region

Average rents and CRA entitlements: Capital cities



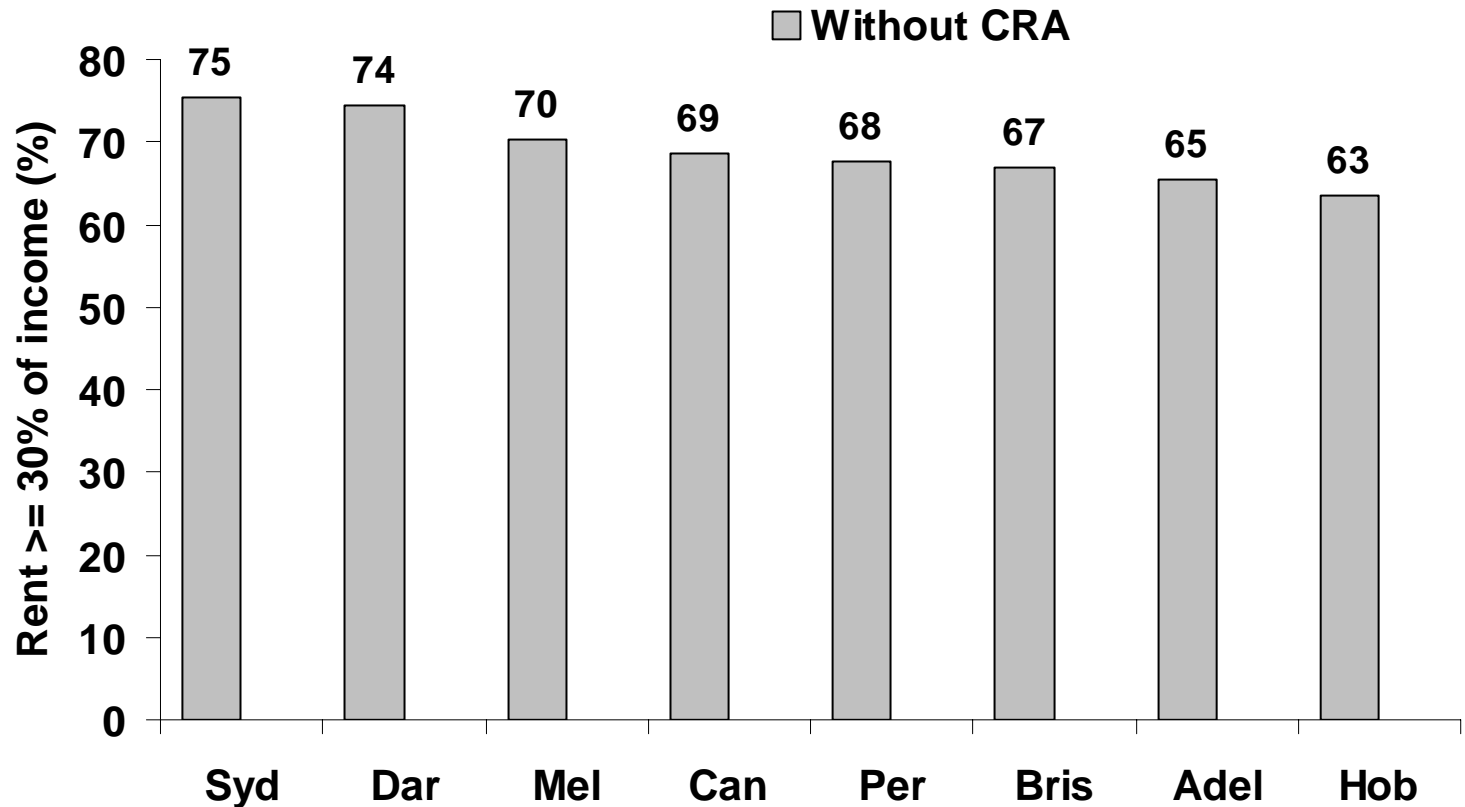
June 2002 (Productivity Commission)

Average rents and CRA entitlements: Capital cities



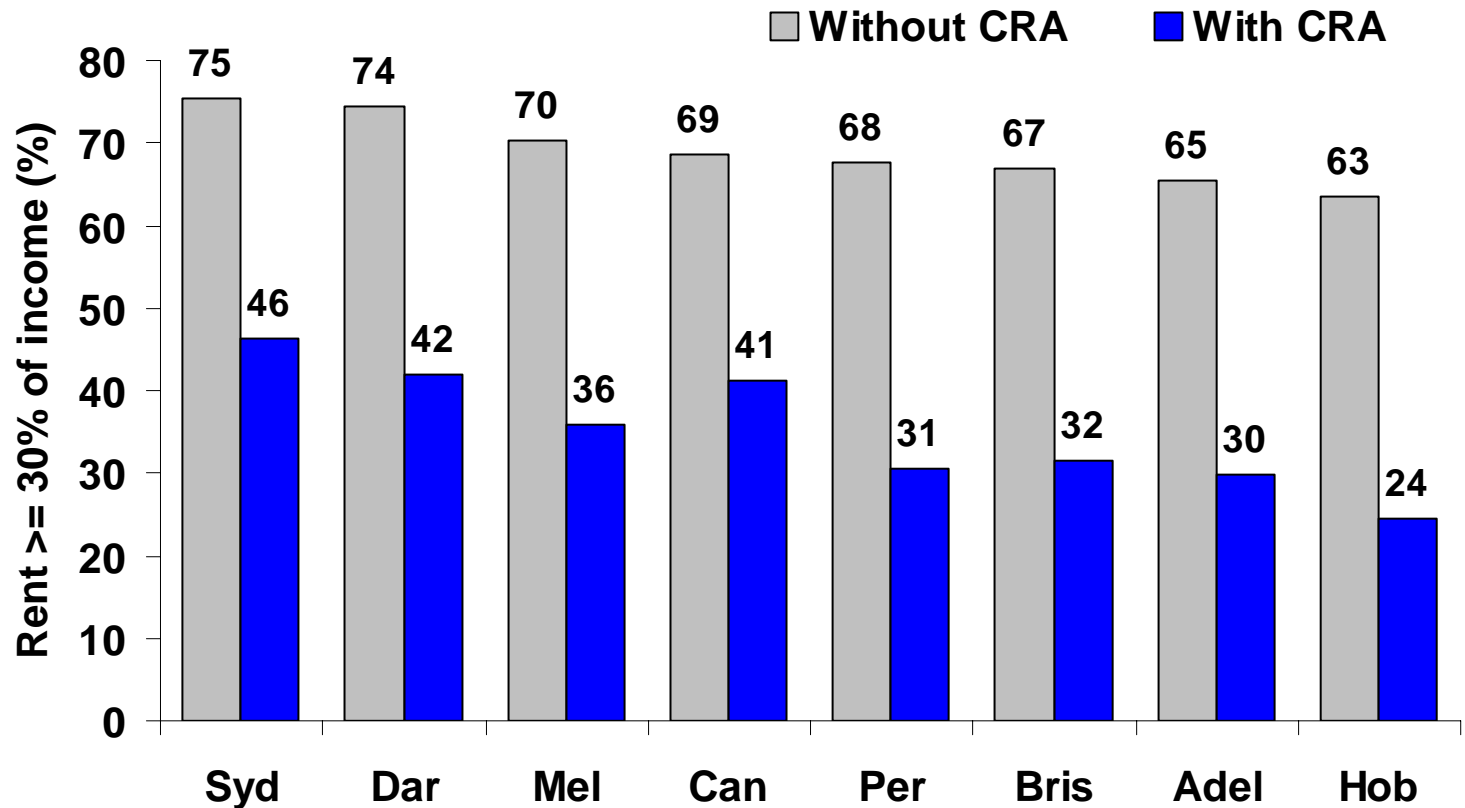
June 2002 (Productivity Commission)

Impact of CRA on affordability: Capital cities



Nov 2001 (Productivity Commission)

Impact of CRA on affordability: Capital cities



Nov 2001 (Productivity Commission)

Calls to add a regional dimension to CRA

- 1993 Industry Commission
 - vary max rates by region
 - concerns re complexity, off-setting costs
- 1997 Senate Report on Housing Assistance
 - regionalised rent formula should be considered
 - high rents can be a matter of choice
vs lack of choice in high-cost housing markets
- Participation focus
 - impact on locational choices and accessibility
 - comparisons with public rental
- 2002 National Housing Policy Project (AHURI)
 - should consider reg. differentiation or change max payment
 - cost issues
- 2003 ACOSS/National Shelter
 - zoning model should be investigated

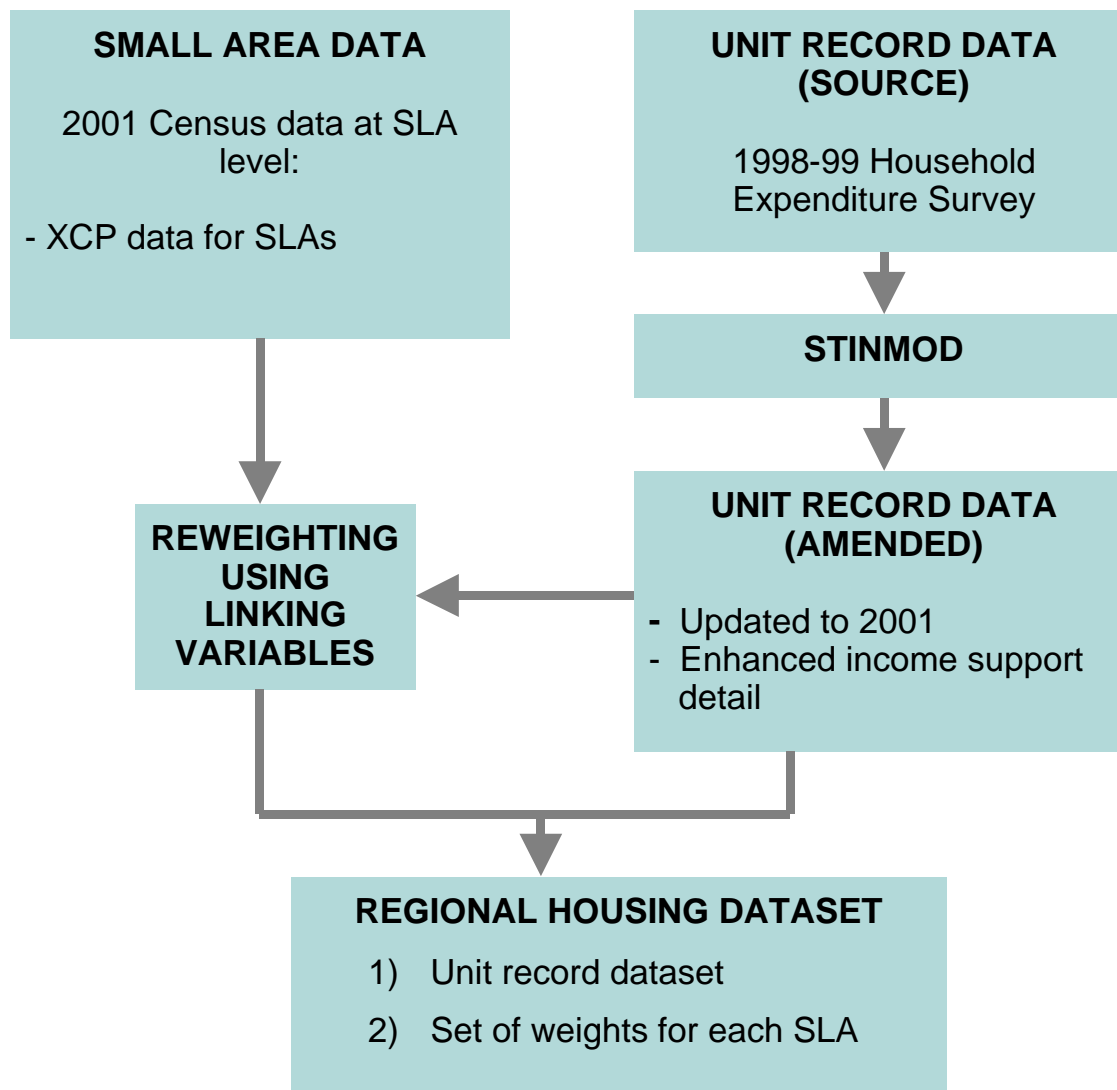
Project aims

1. To model the impacts (on affordability and program costs) of alternative specifications of CRA that are designed to take greater account of regional differences in rent?
2. Part of a broader housing dataset development and modelling project for AHURI:
 - To establish a detailed and up-to-date regional dataset for the analysis of housing and housing policy issues.
 - Projections of regional demand for housing assistance

Characteristics of available datasets

	Admin data	National surveys	Census of Pop & Hsg	?
Housing detail	High in part	High	Medium	High
Population detail	Partial	High	Medium	High
Population coverage	Limited	Sample of whole pop	Whole pop	Whole pop
Geographic detail	High	Low	High	High
Timeliness	Up to date	Up to 6 years old	Up to 6 years old	Up to date

Constructing the regional housing dataset



Characteristics of the new dataset

- A unit record dataset of individuals (grouped within income units and households) for each small area
- Captures the richness of data from the non-regional dataset (allowing maximum flexibility and scope for analysis)
- Captures the small-area detail available from the Census
- Provides a platform for microsimulation (imputation, updating, simulation)



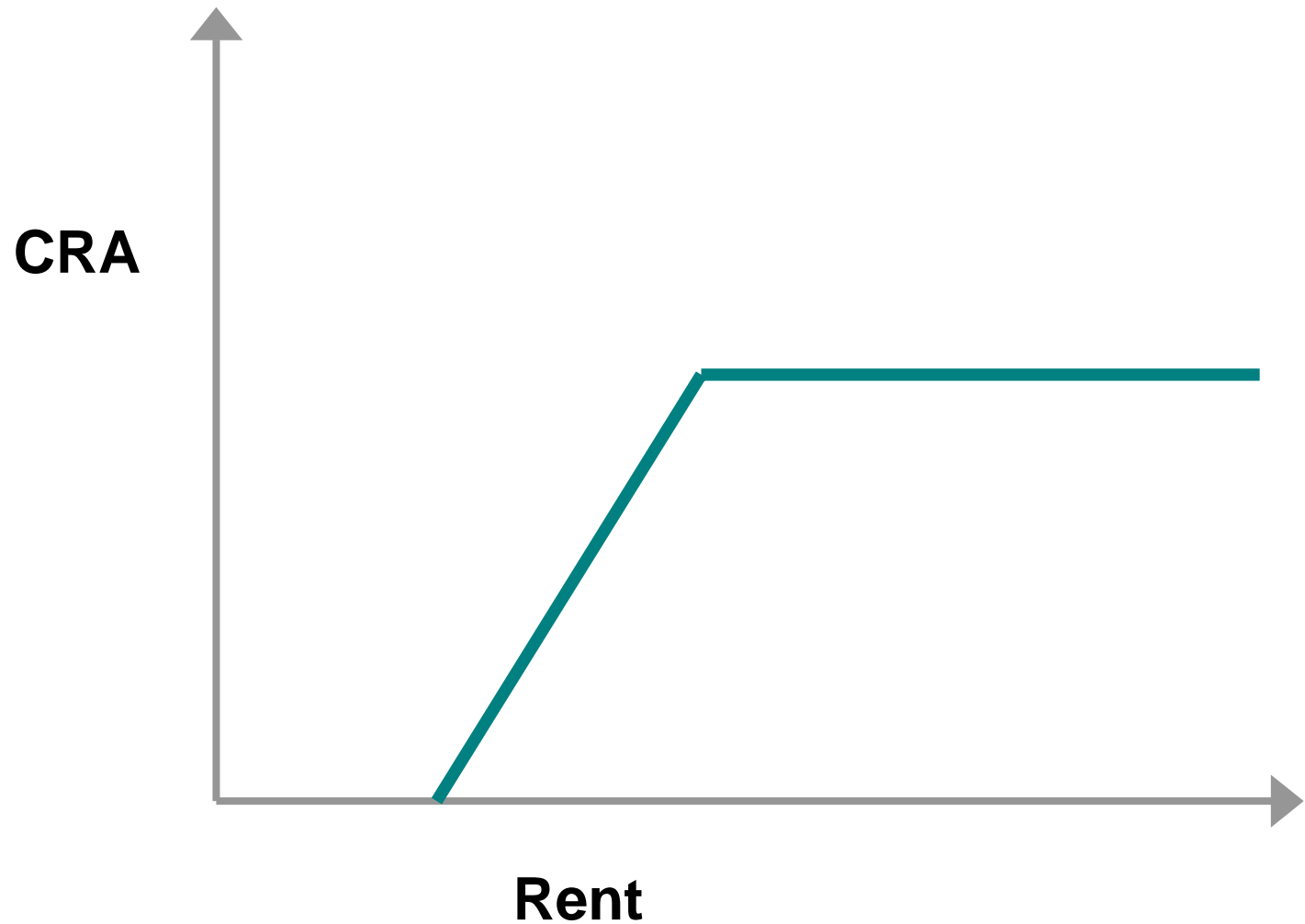
Some technical and methodological issues

1. Census and HES consistency & preparation
2. Confidentialised Census data
3. Enumerated or Usual Residence data
4. Non-private dwellings
5. Reweighting software
6. Choice of 'linkage' variables
7. Benchmarking (C'wealth Housing Dataset)

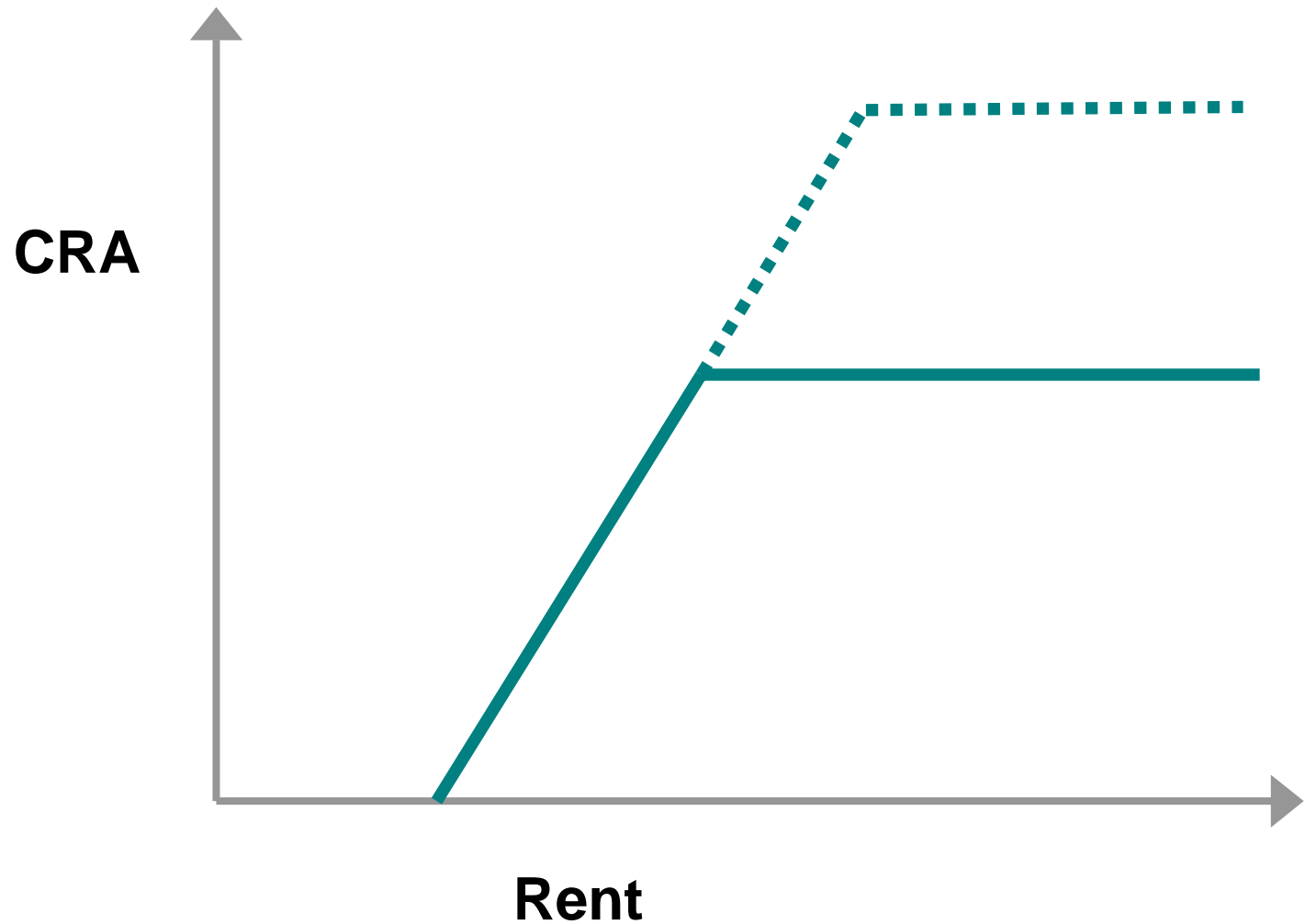
Two main suggested CRA options

1. Increase maximum CRA payment
2. CRA with regional variation in parameters

Option 1. Increase max CRA payment



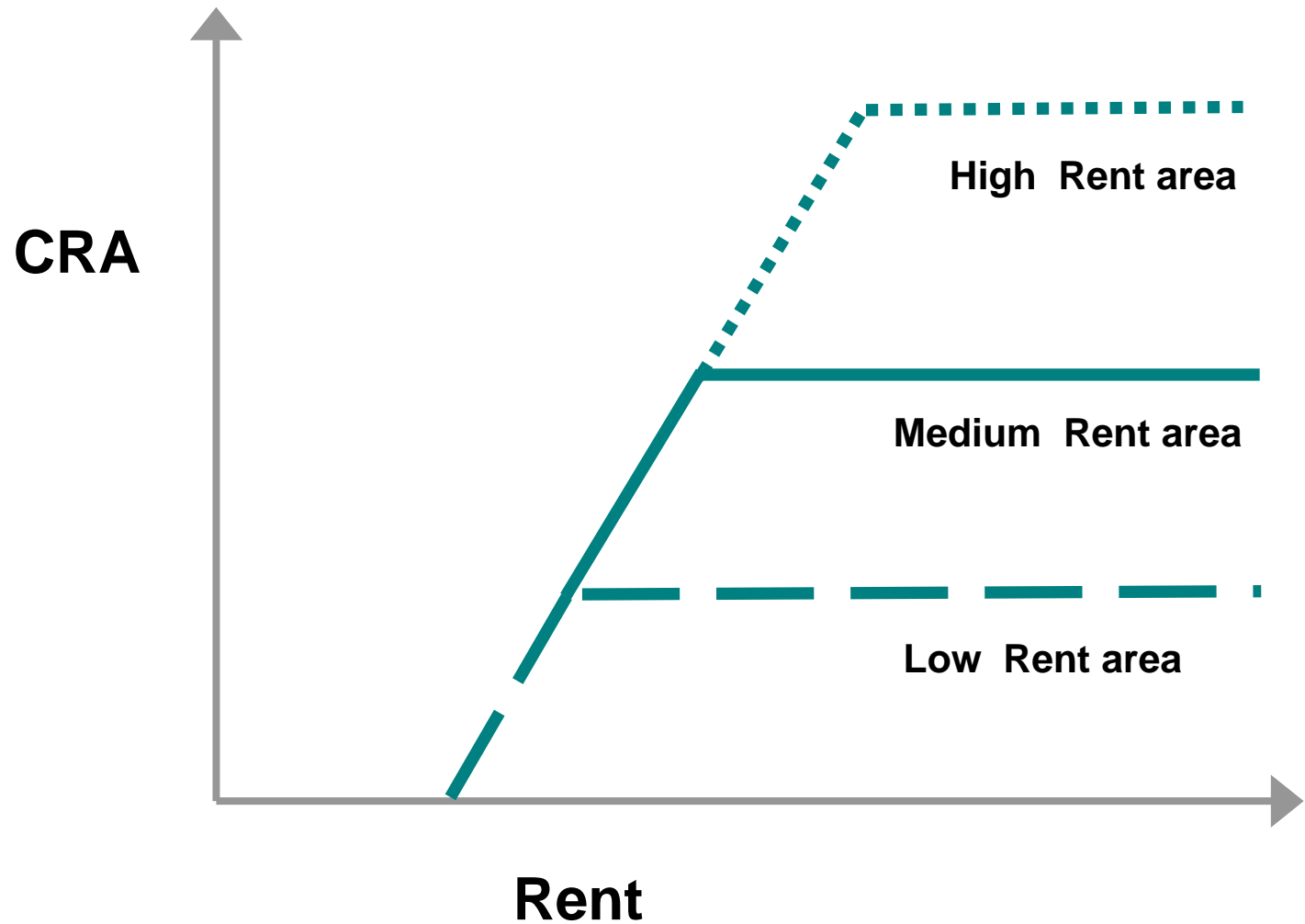
Option 1. Increase max CRA payment



Option 1: Broad Impacts

Increase max CRA	
Affordability (Regional equity)	Better
Cost	More expensive
Simplicity	No change
Paying for voluntary high rents	Increased scope
Participation incentives	Mixed?
Supply response	?

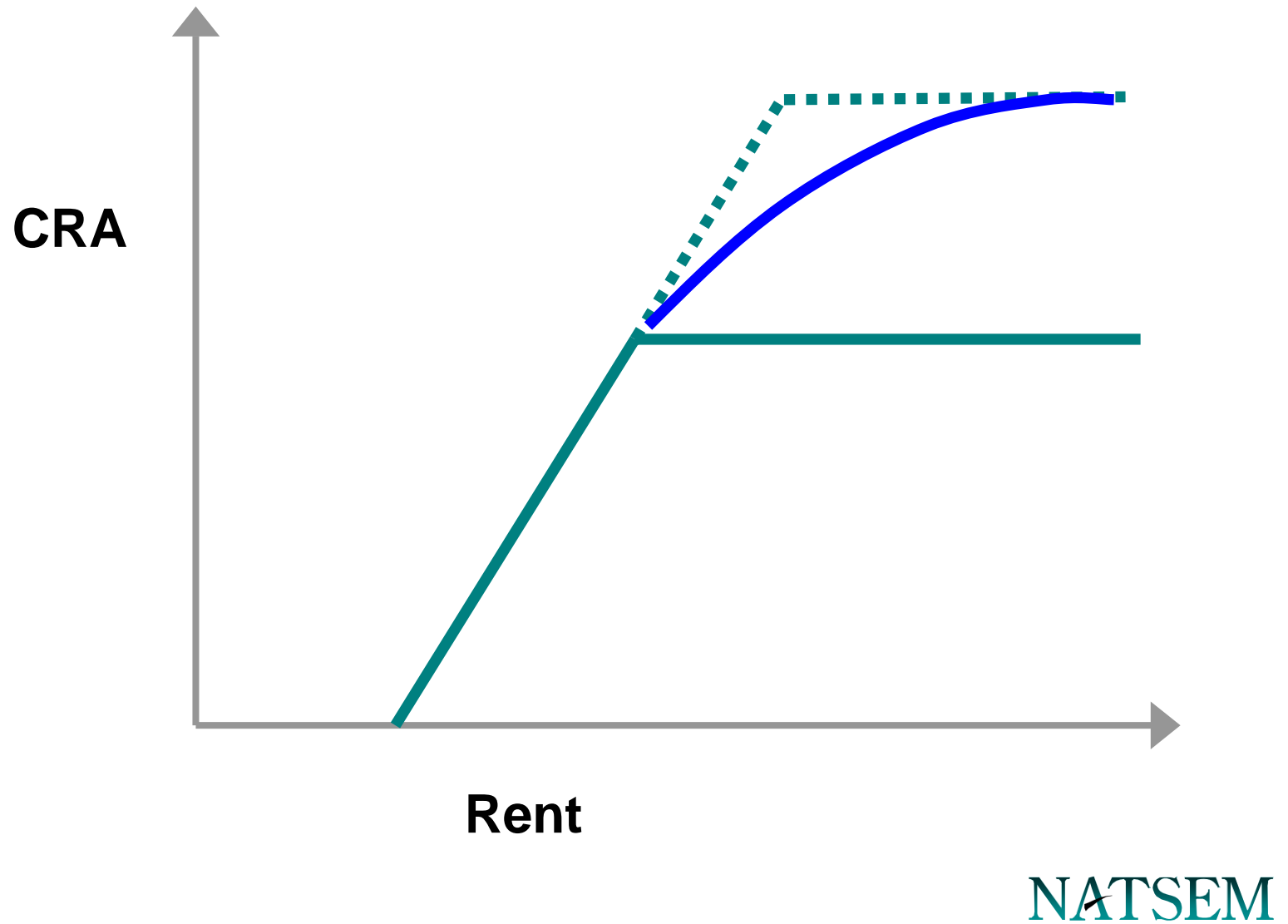
Option 2. Regional max CRA payment



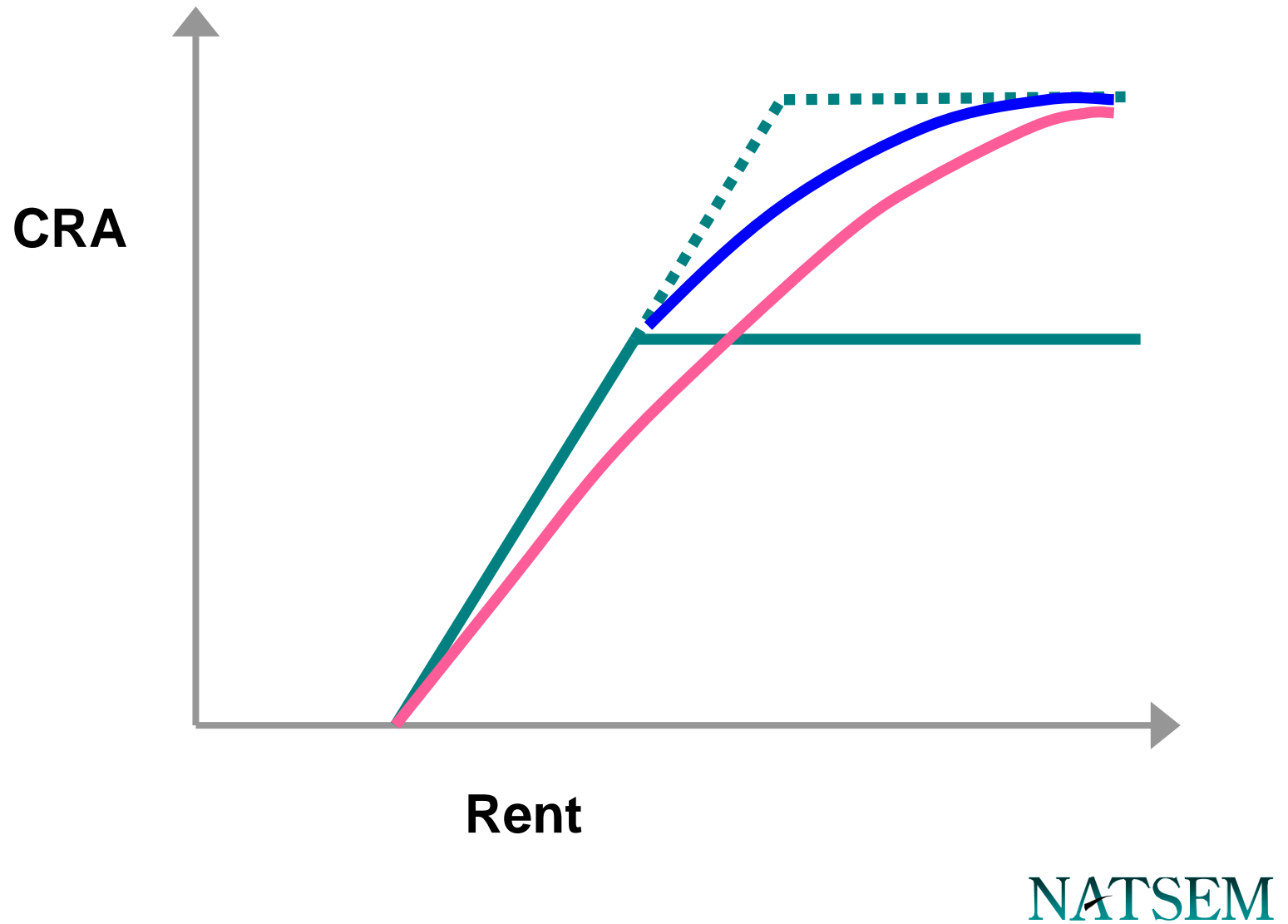
Options 1 and 2: Broad Impacts

	Increase max CRA	Regional rates
Affordability (Regional equity)	Better	Better
Cost	More expensive	?
Simplicity	No change	Complex
Paying for voluntary high rents	Increased scope	Reduced scope
Participation incentives	Mixed?	Mixed?
Supply response	?	?

Option (3)



Option (3)



Options being assessed

1. Increase maximum CRA
2. Regional variation in maximum CRA
3. Variation to elements of national scheme besides maximum rate (e.g. taper, threshold)



Rent Regions

RENT REGIONS

- What is a rent region?
 - A region with similar levels of rent that can be differentiated from other regions
- Why consider rent regions?
 - Option to apply different CRA entitlement rules for regions with higher rent levels
- How to define rent regions?
 - Use rent data available for small geographic areas to identify areas or clusters of high rent

Can't be too difficult ... can it??

Some issues

■ Scale

- State/Territory, Statistical Region, LGA/Statistical Local Area, Census Collection District

■ Zonation

- Statistical Division or Statistical Region?

■ Dwelling type

- All dwellings or 3 bedroom house or 1 bedroom unit?

■ Change over time

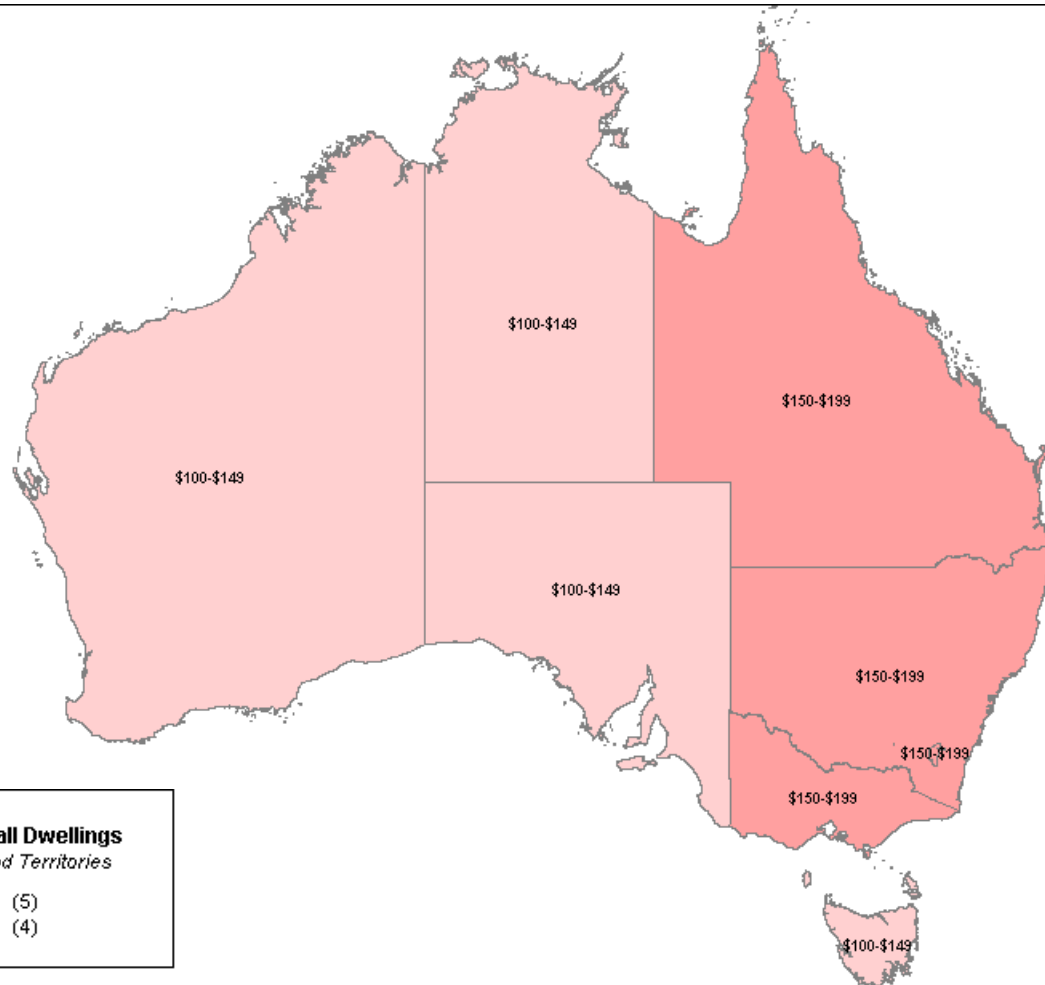
- How stable are identifiable regions?



Scale and Zonation

States and Territories

\$100-\$149 (Other Territories)



Median Weekly Rent, all Dwellings
Census 2001, States and Territories

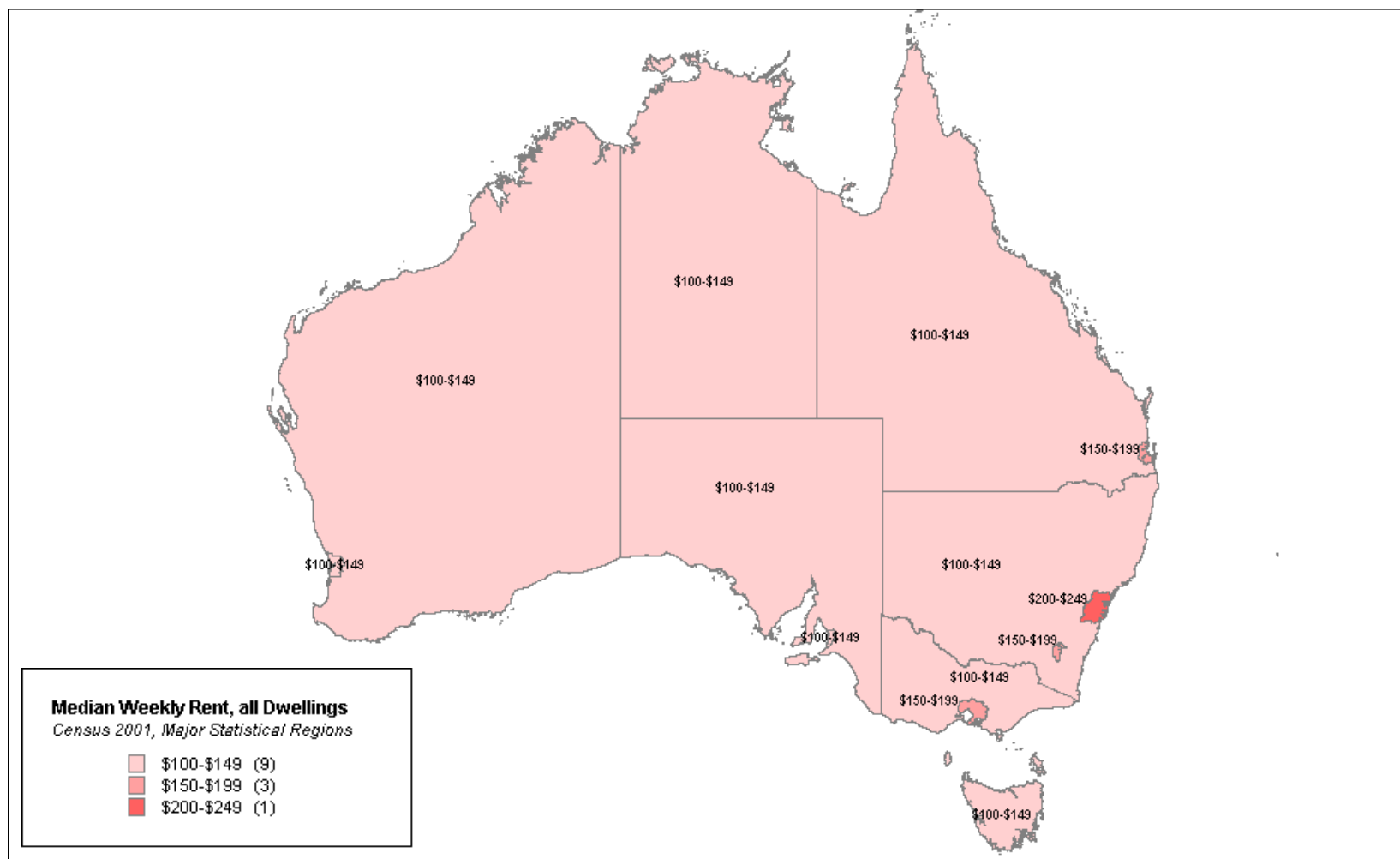
- \$100-\$149 (5)
- \$150-\$199 (4)

Source: ABS Census 2001.

Note: Ranges set by ABS

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Major Statistical Regions

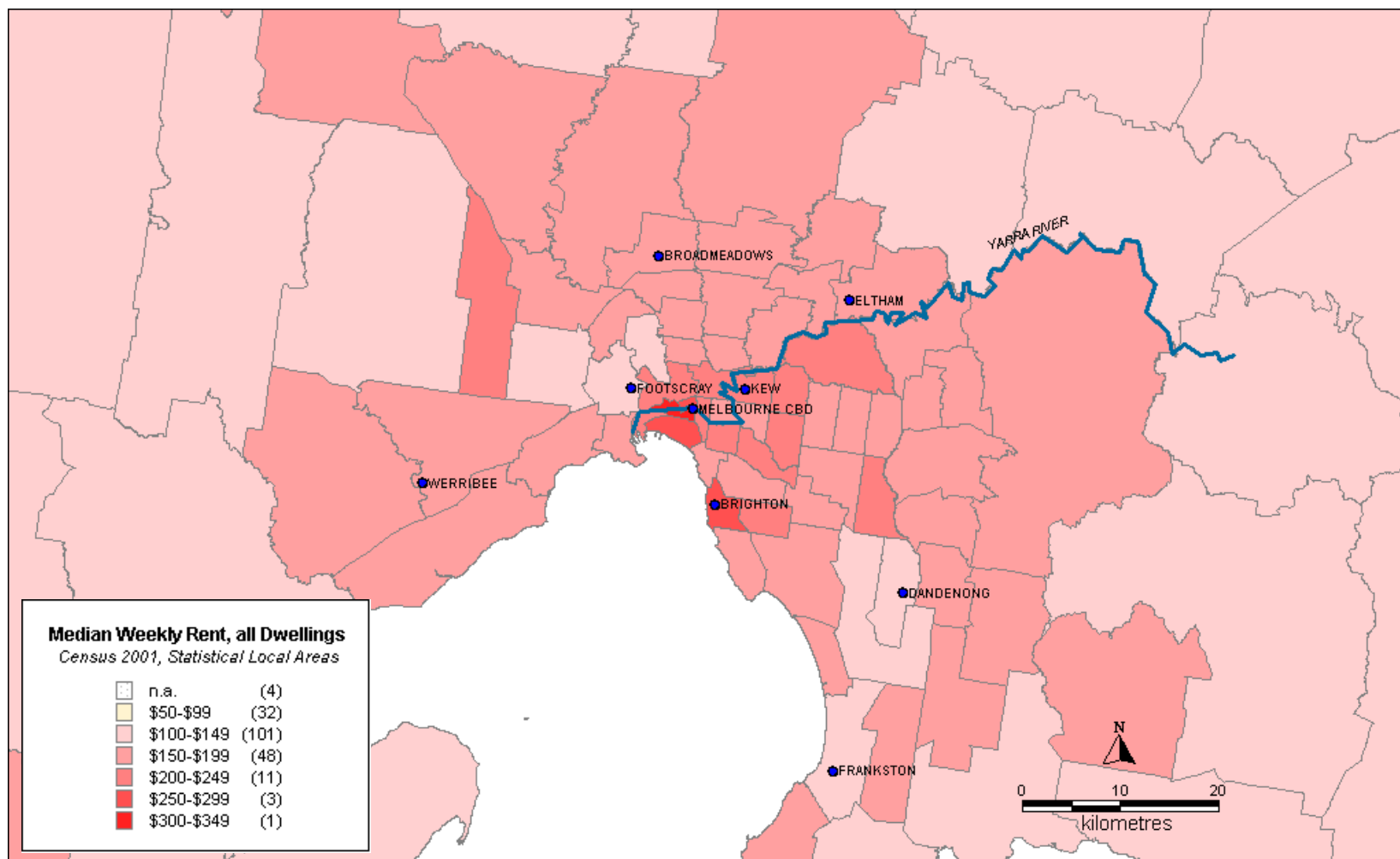


Source: ABS Census 2001.

Note: Ranges set by ABS

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Melbourne: Statistical Local Areas

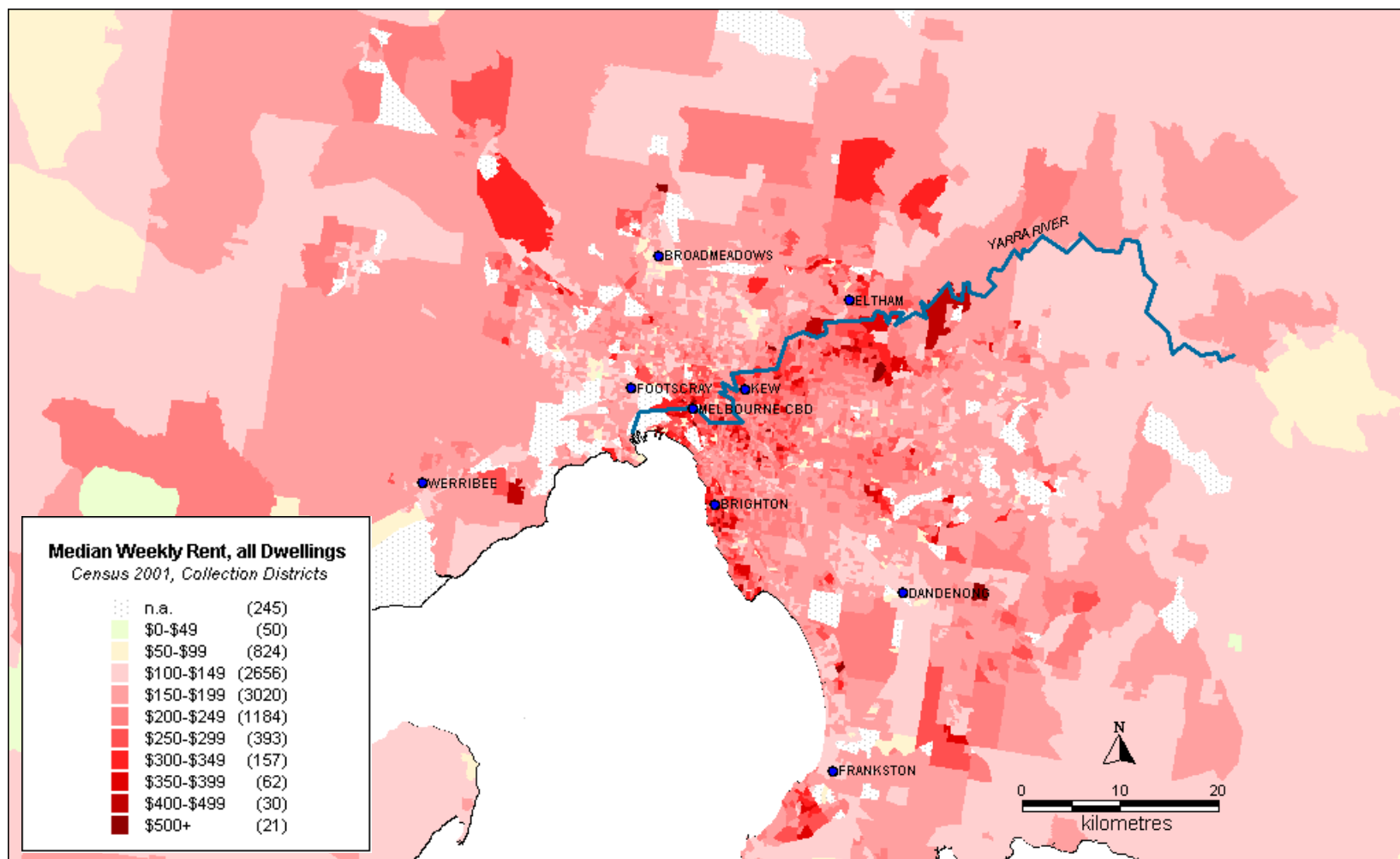


Source: ABS Census 2001.

Note: Ranges set by ABS

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Melbourne: Collection Districts

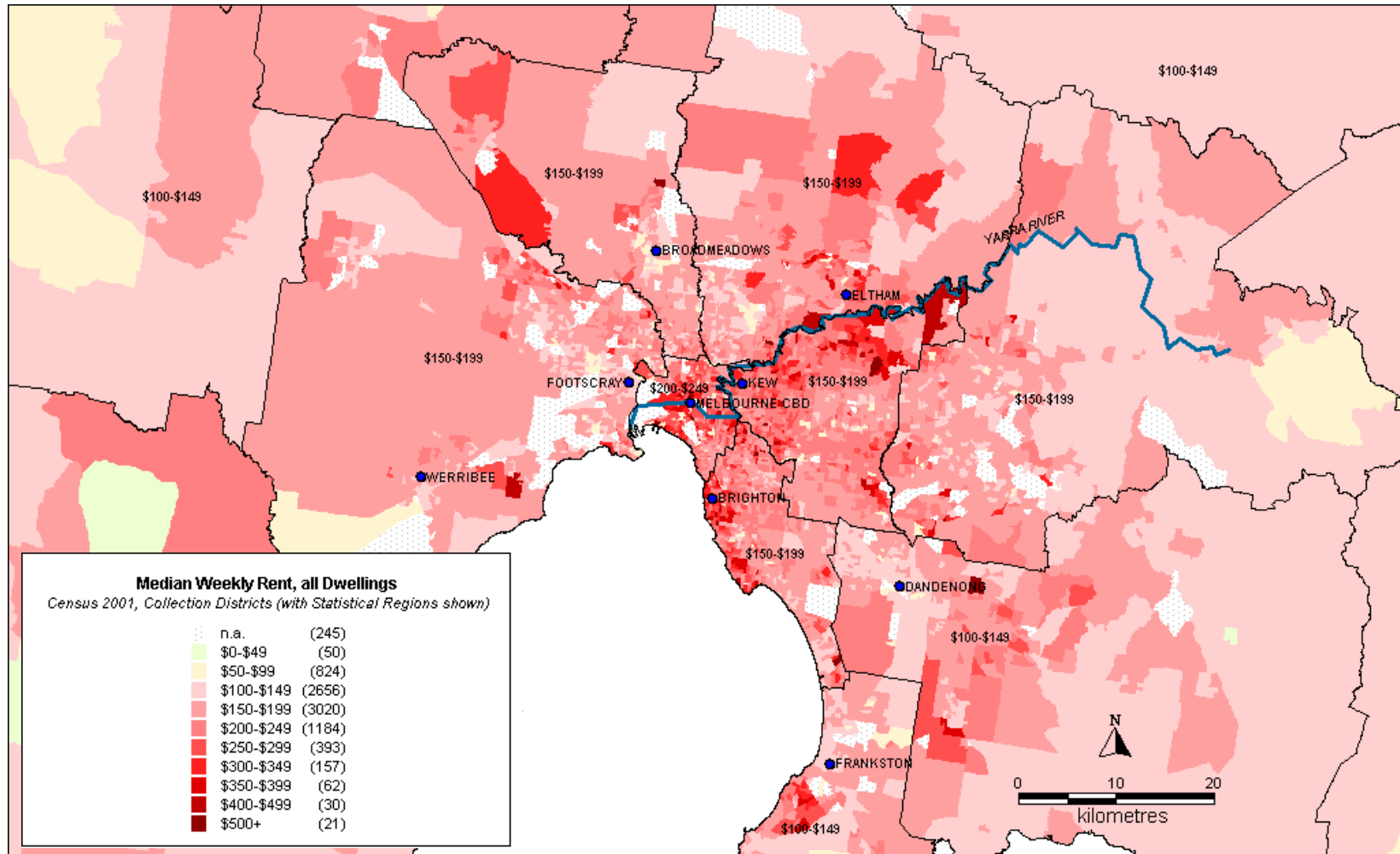


Source: ABS Census 2001.

Note: Ranges set by ABS

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Melbourne: CDs and SRs

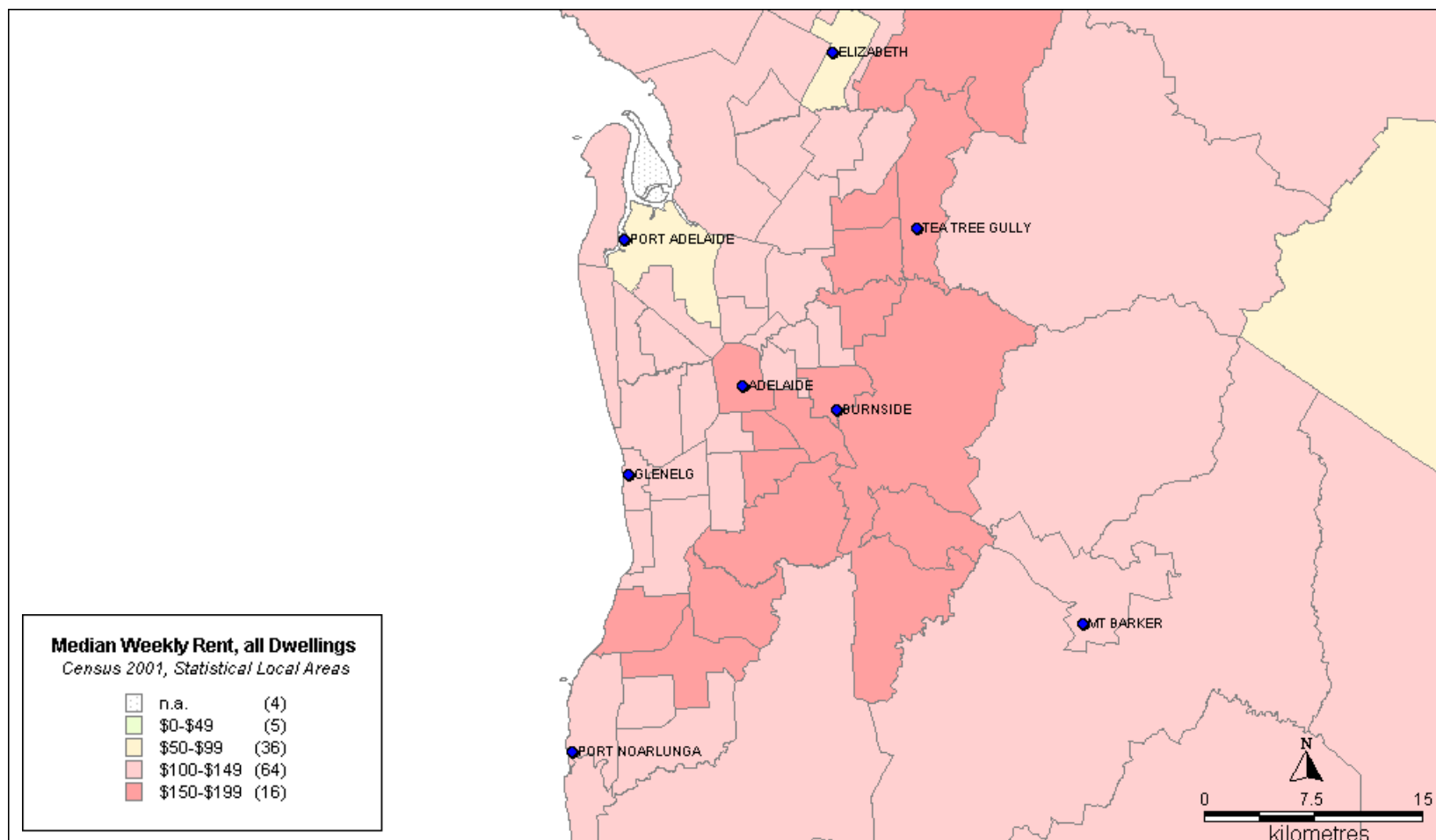


Source: ABS Census 2001.

Note: Ranges set by ABS

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Adelaide: Statistical Local Areas

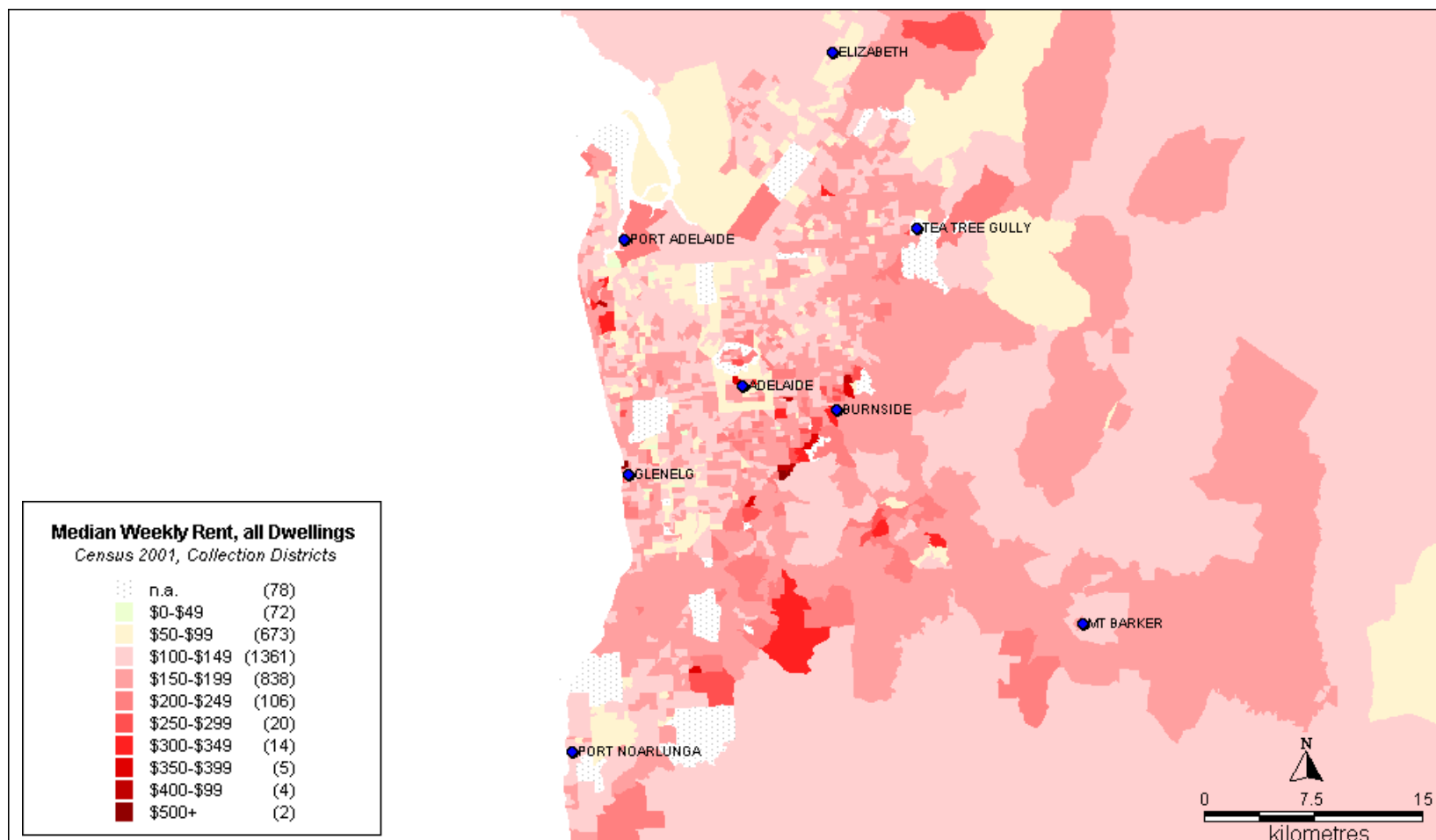


Source: ABS Census 2001.

Note: Ranges set by ABS

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Adelaide: Collection Districts

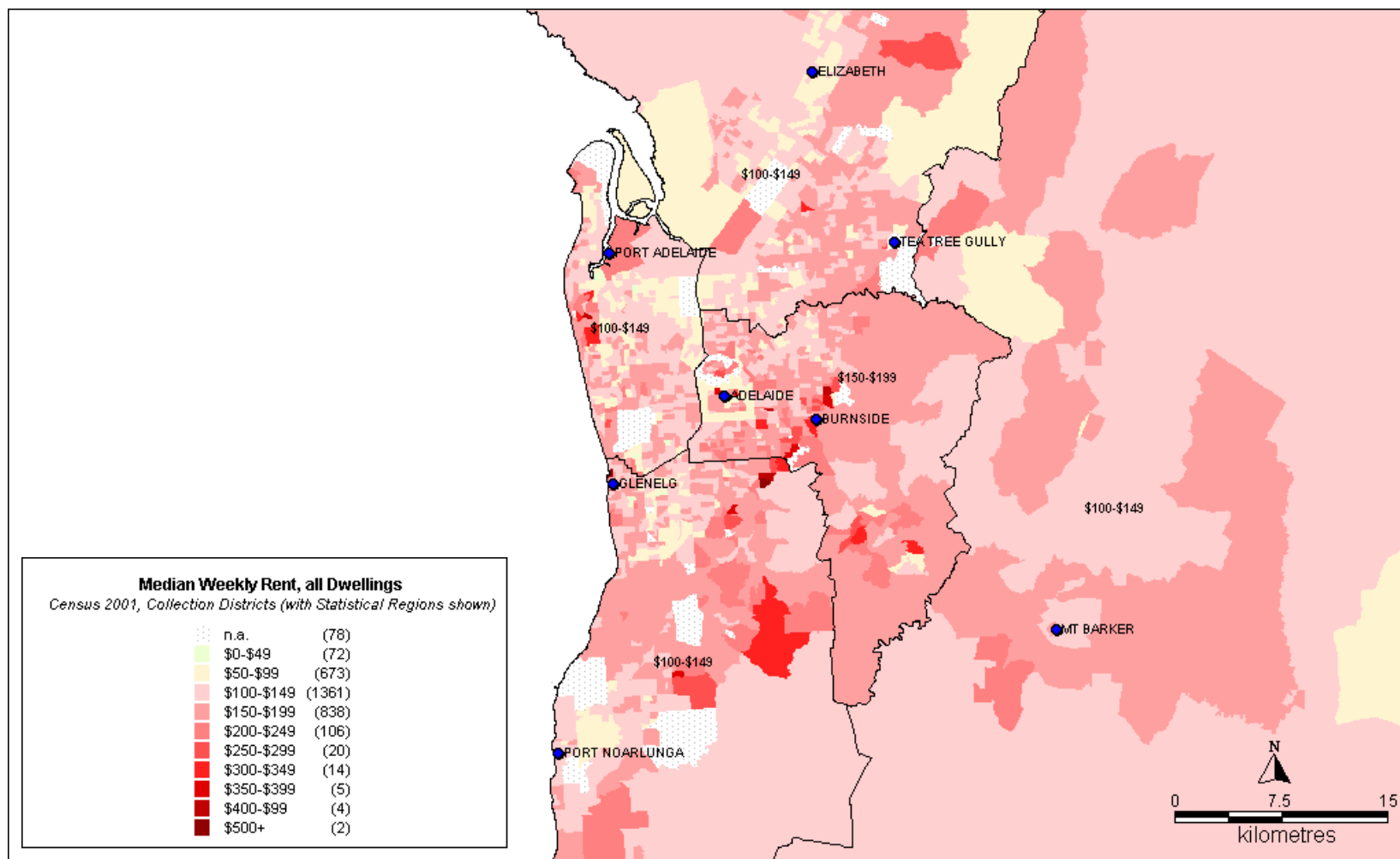


Source: ABS Census 2001.

Note: Ranges set by ABS

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Adelaide: CDs and SRs

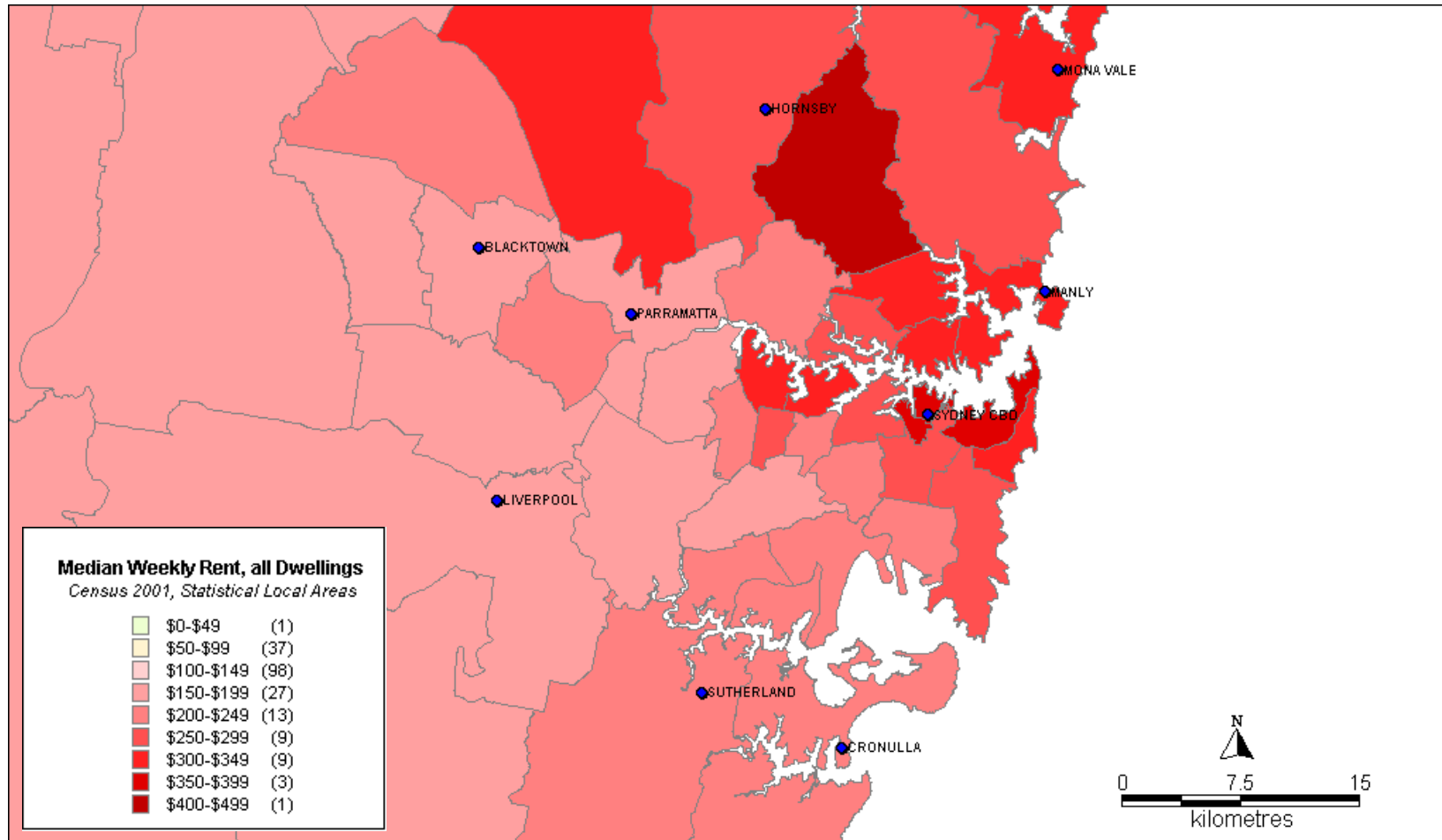


Source: ABS Census 2001.

Note: Ranges set by ABS

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Sydney: Statistical Local Areas

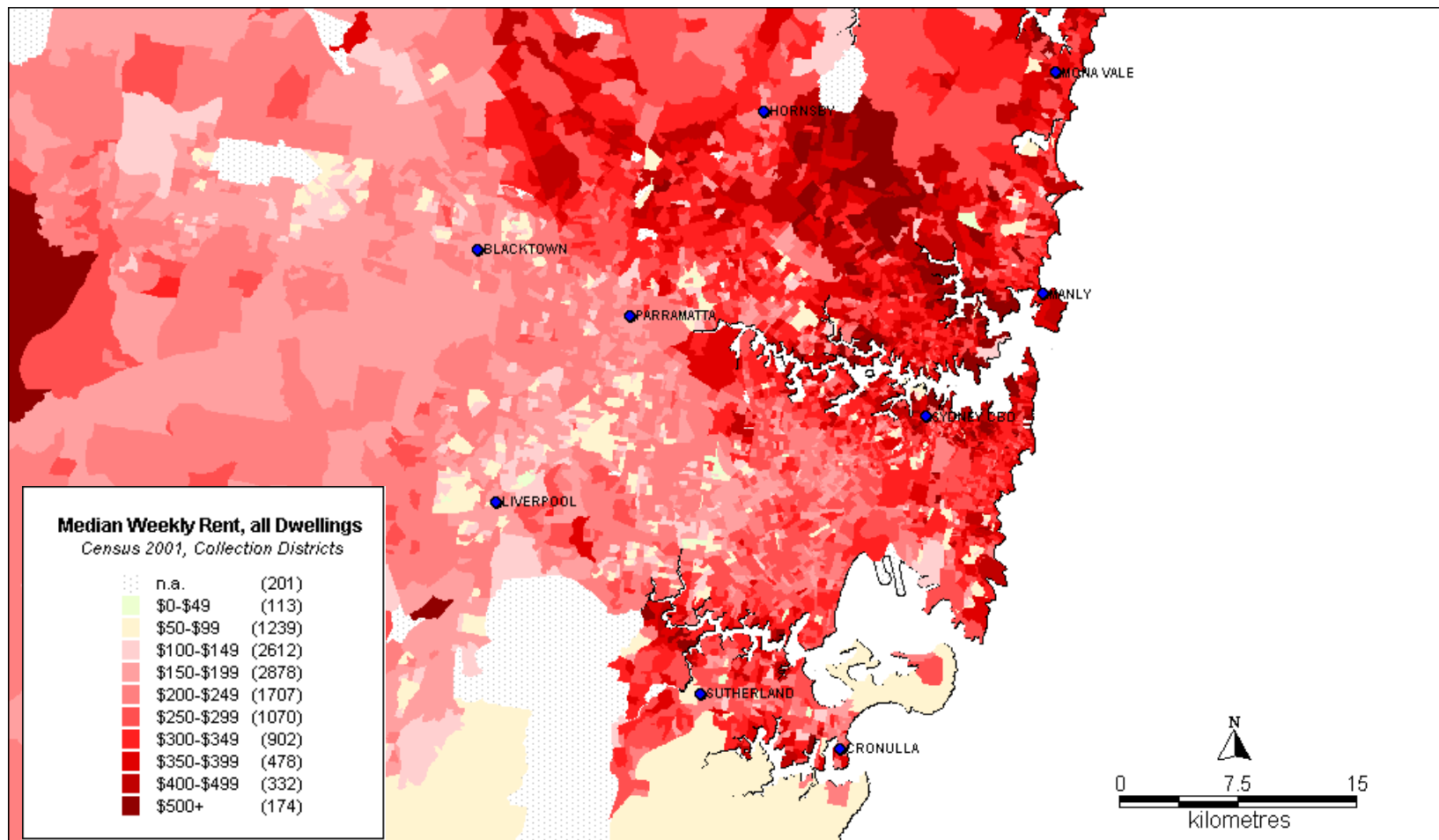


Source: ABS Census 2001.

Note: Ranges set by ABS

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Sydney: Collection Districts

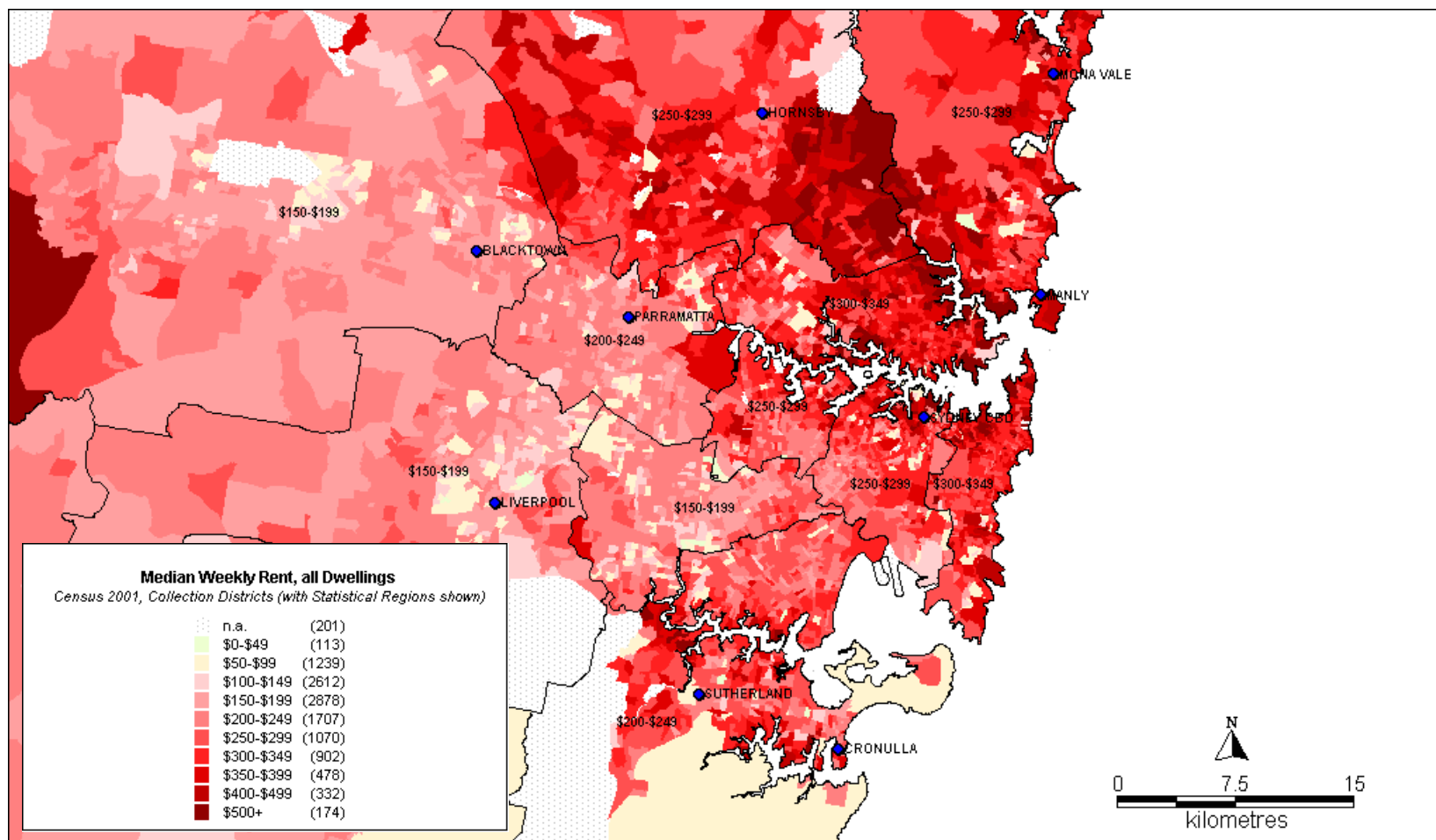


Source: ABS Census 2001.

Note: Ranges set by ABS

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Sydney: CDs and SRs



Source: ABS Census 2001.

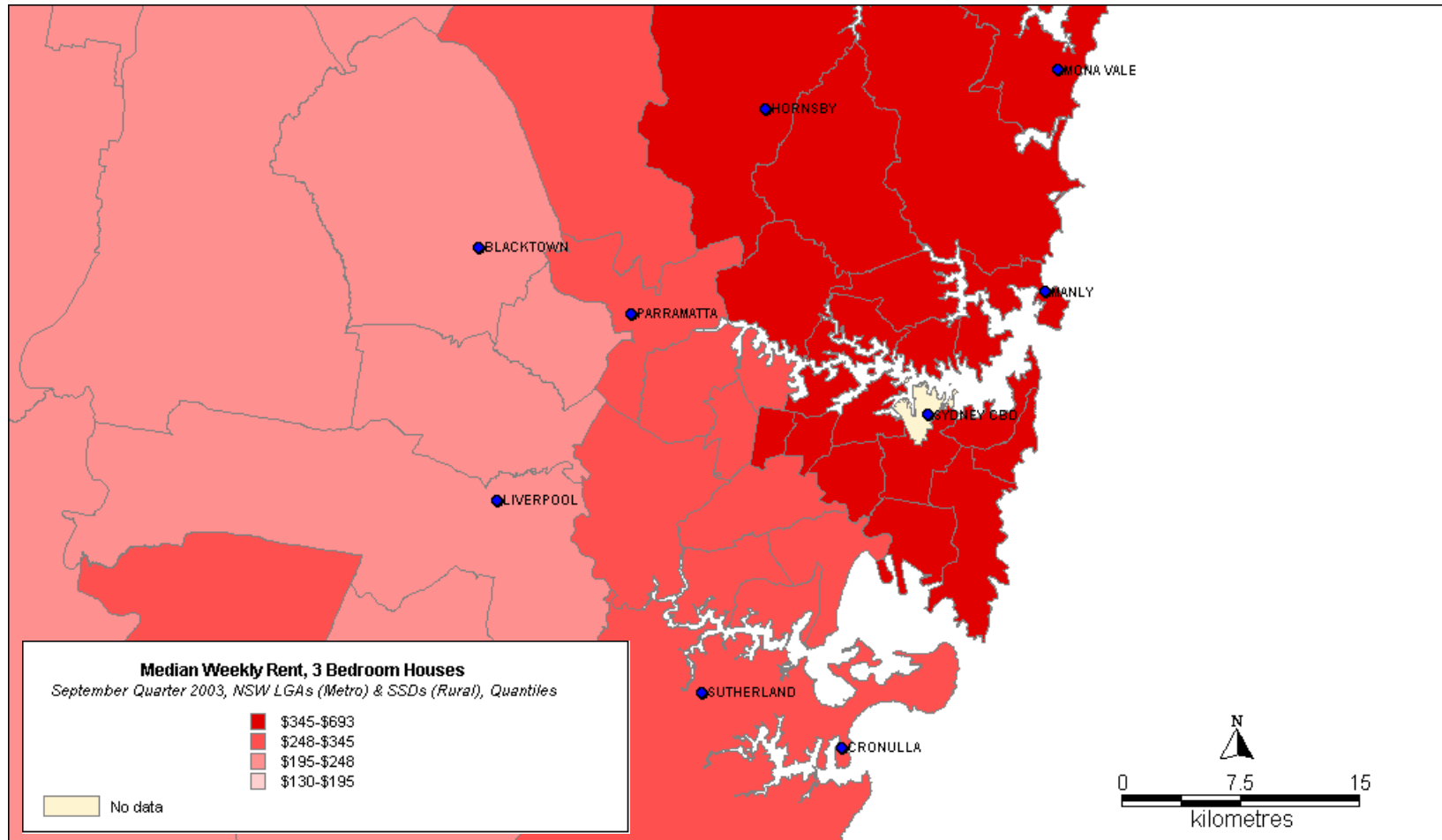
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Dwelling type

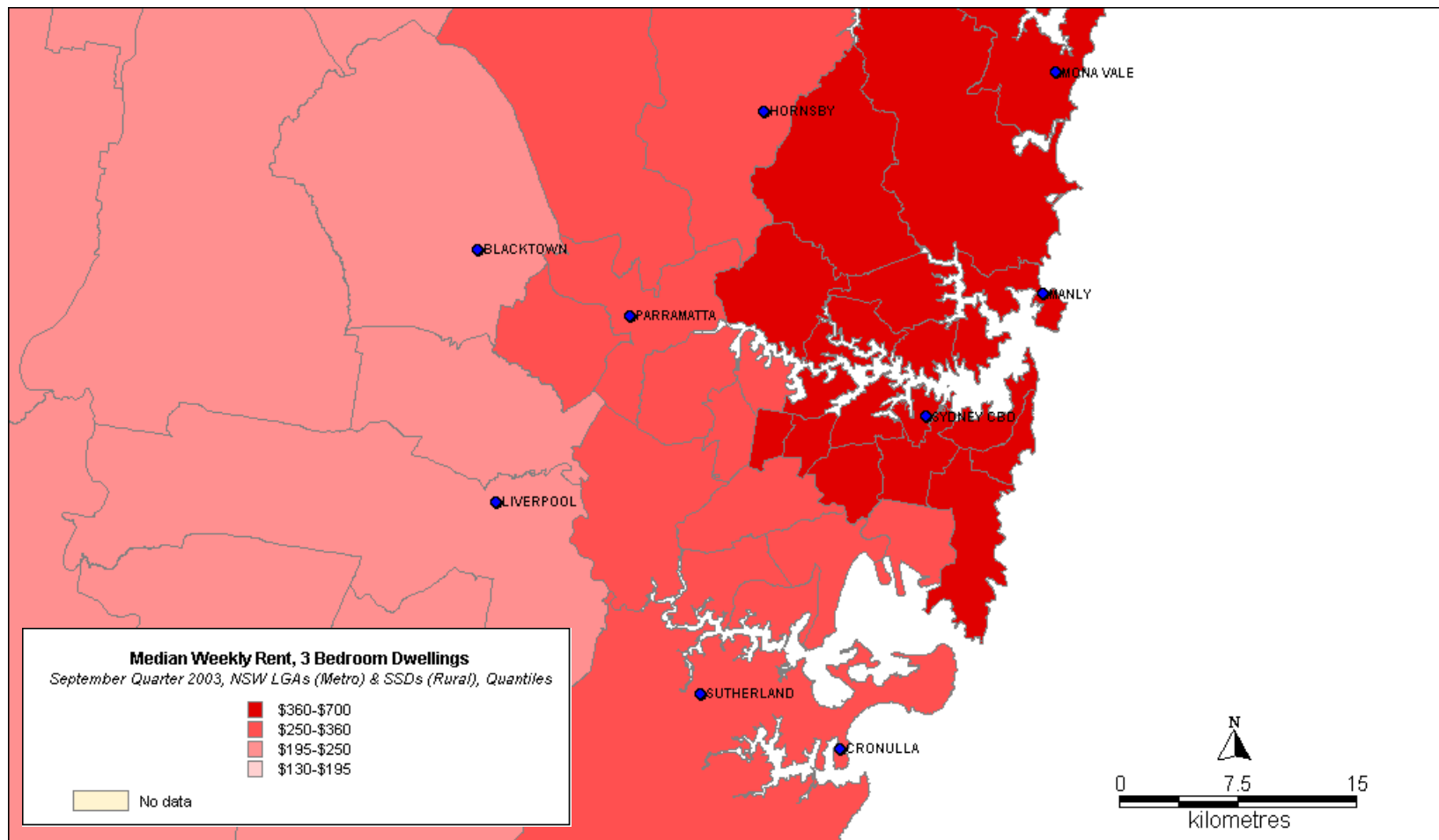
Sydney: 3 Bedroom Houses



Source: Housing NSW, Rent and Sales Report (No 65)

Note: Metropolitan LGAs and non-metropolitan SSDs provide total NSW coverage, and quantiles (equal count ranges) reflect the relative rank of spatial units to all NSW spatial units with data for this variable.

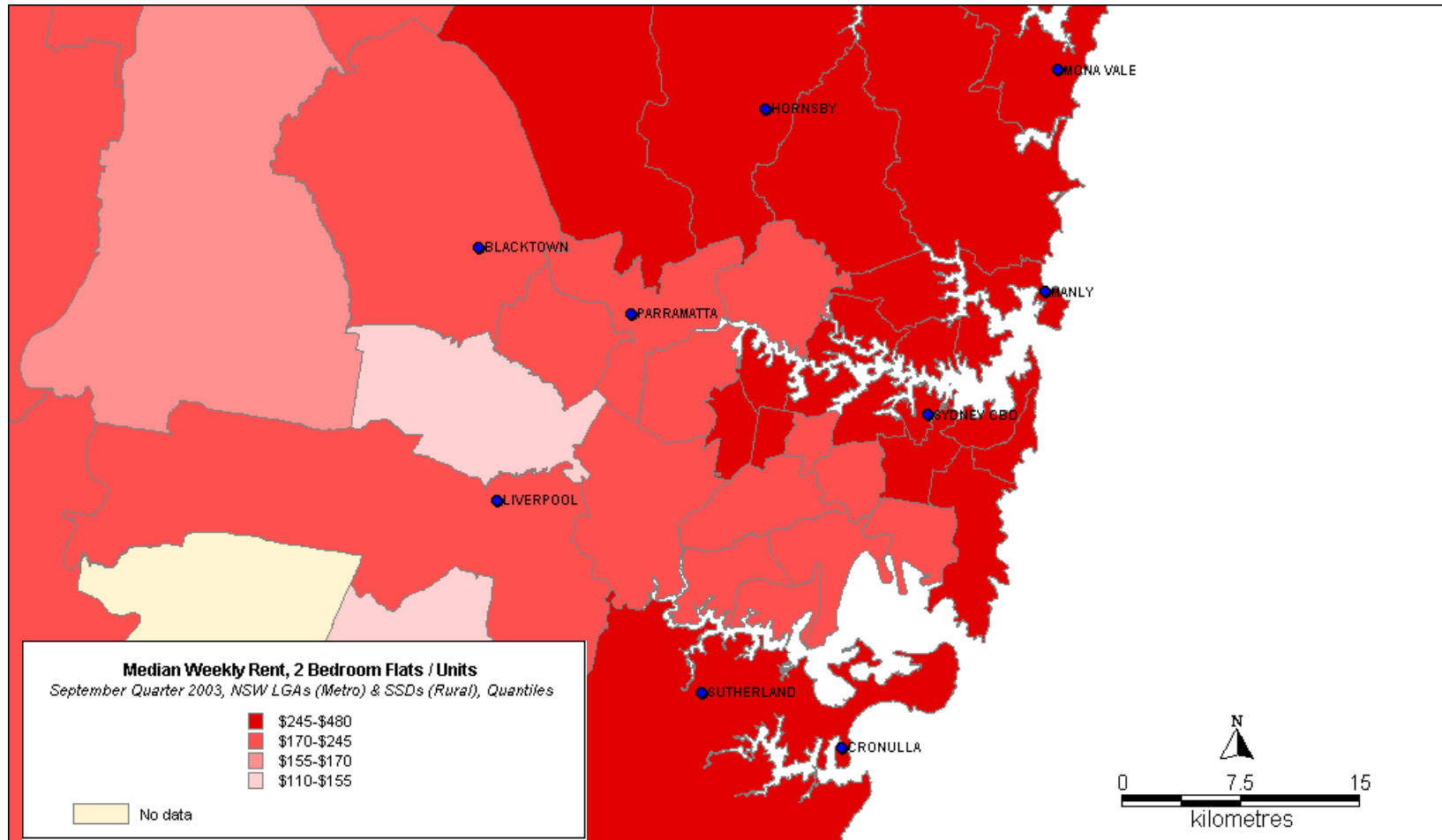
Sydney: 3 Bedroom Dwellings



Source: Housing NSW, Rent and Sales Report (No 65)

Note: Metropolitan LGAs and non-metropolitan SSDs provide total NSW coverage, and quantiles (equal count ranges) reflect the relative rank of spatial units to all NSW spatial units with data for this variable.

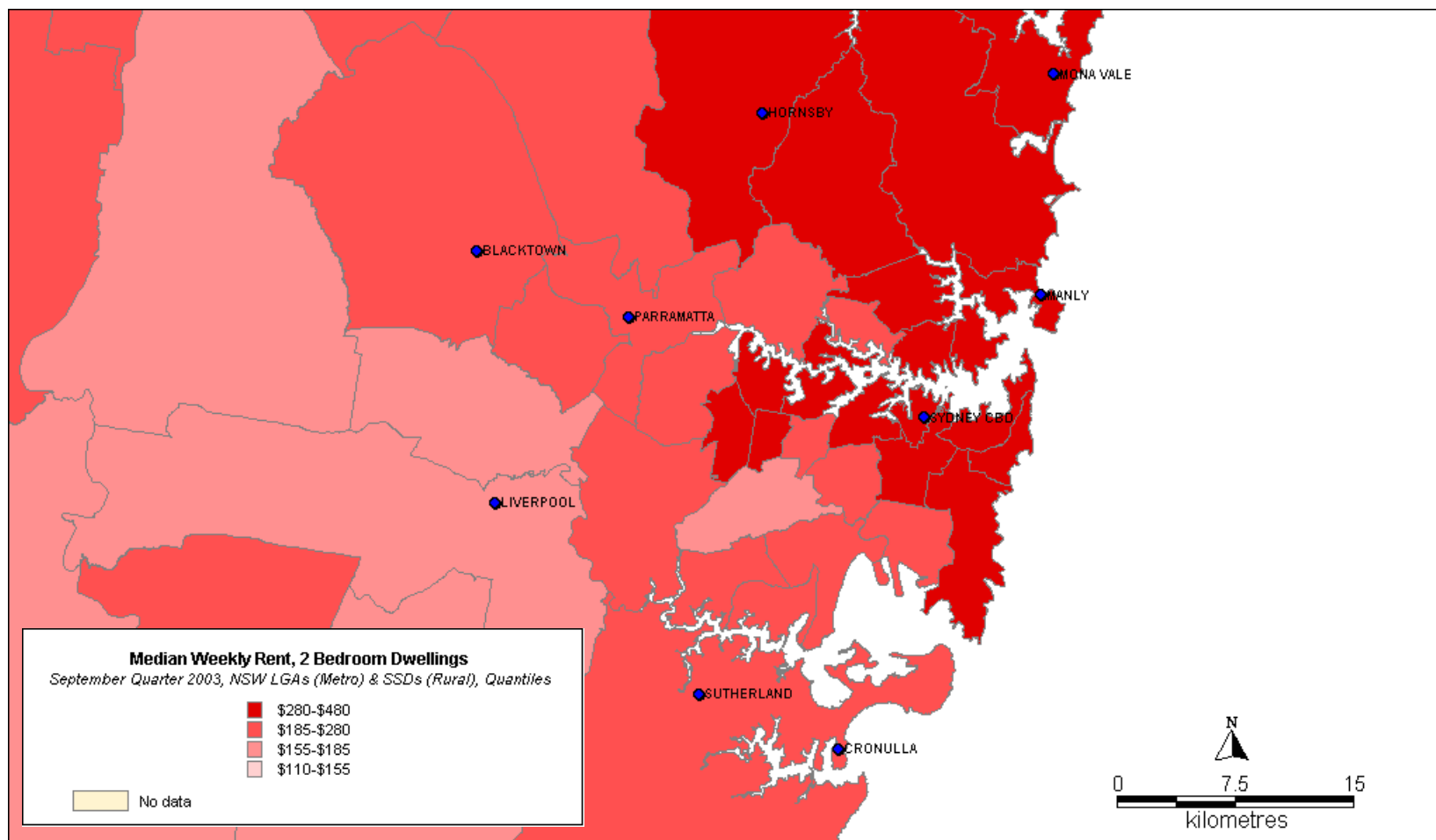
Sydney: 2 Bedroom Units



Source: Housing NSW, Rent and Sales Report (No 65)

Note: Metropolitan LGAs and non-metropolitan SSDs provide total NSW coverage, and quantiles (equal count ranges) reflect the relative rank of spatial units to all NSW spatial units with data for this variable.

Sydney: 2 Bedroom Dwellings



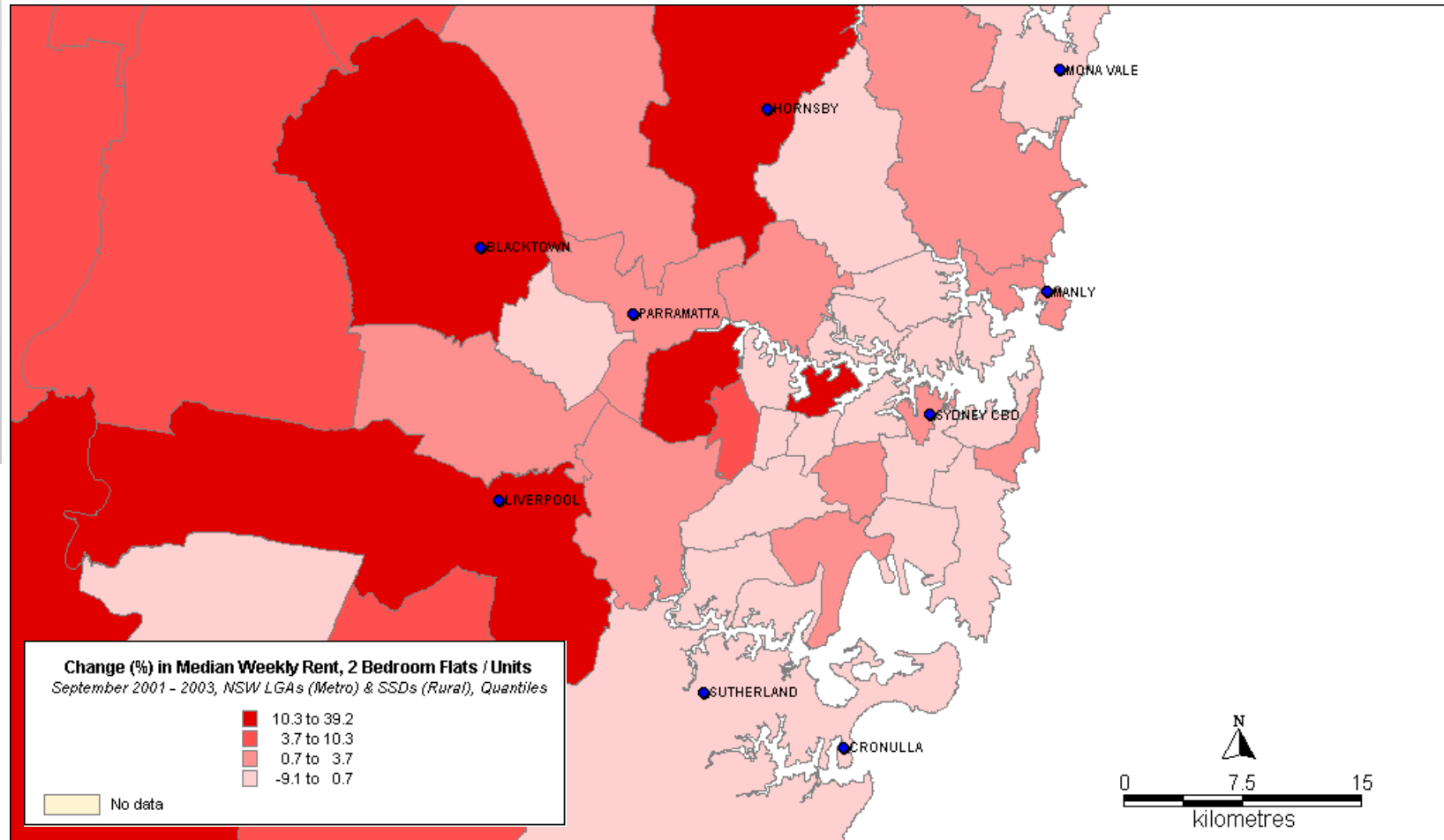
Source: Housing NSW, Rent and Sales Report (No 65)

Note: Metropolitan LGAs and non-metropolitan SSDs provide total NSW coverage, and quantiles (equal count ranges) reflect the relative rank of spatial units to all NSW spatial units with data for this variable.



Changes in rents over time

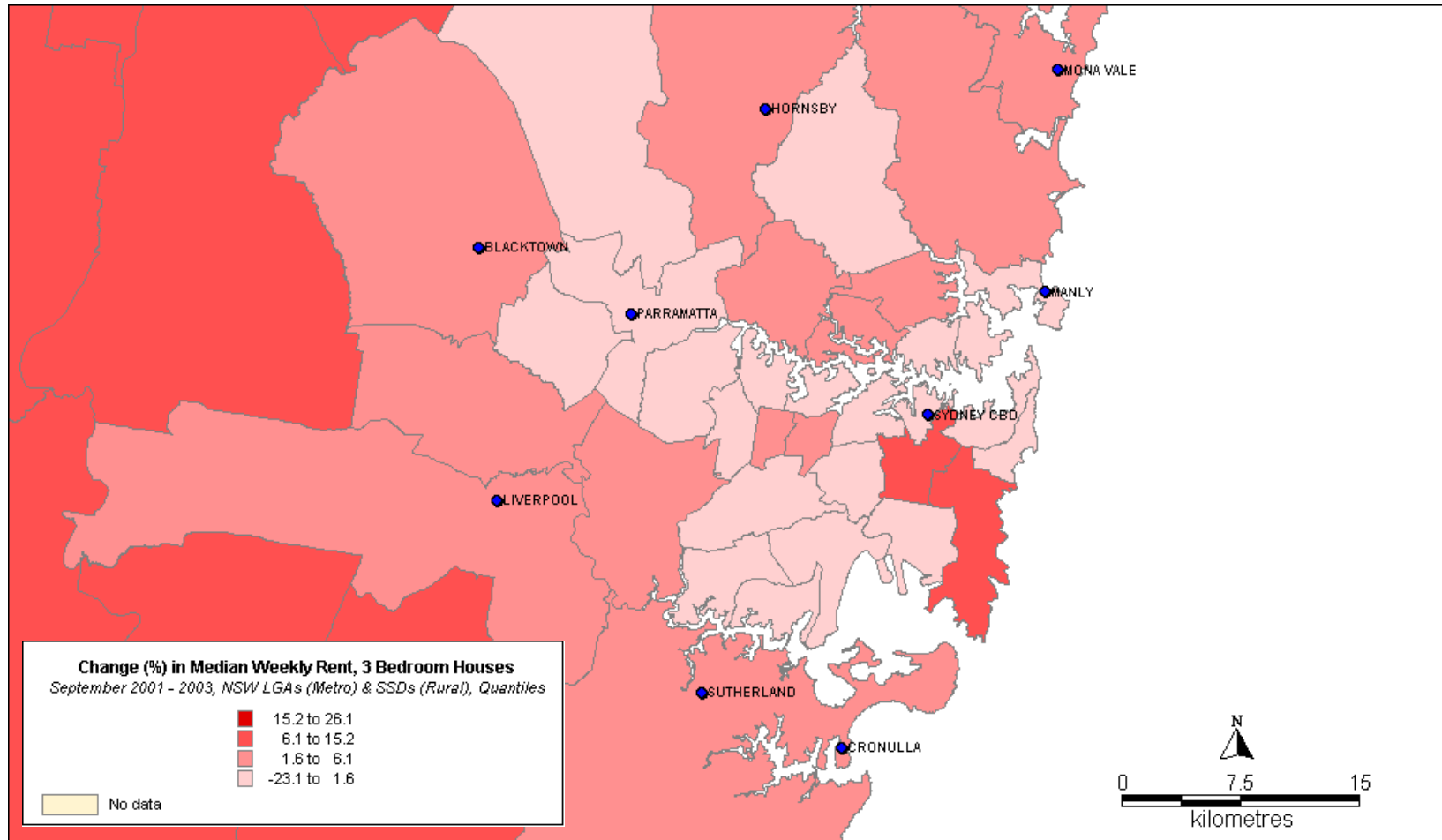
Sydney: 2 Bedroom Units, % Change September 2001 - 2003



Source: Housing NSW, Rent and Sales Report (Nos 57 and 65)

Note: Metropolitan LGAs and non-metropolitan SSDs provide total NSW coverage, and quantiles (equal count ranges) reflect the relative rank of spatial units to all NSW spatial units with data for this variable.

Sydney: 3 Bedroom Houses, % Change September 2001 - 03



Source: Housing NSW, Rent and Sales Report (Nos 57 and 65)

Note: Metropolitan LGAs and non-metropolitan SSDs provide total NSW coverage, and quantiles (equal count ranges) reflect the relative rank of spatial units to all NSW spatial units with data for this variable.

Other issues

- Measure of rent (median, mean)
 - Entry rents (new bonds data)
 - Current rents
 - Market rents
 - Hedonic rent (standardise for housing characteristics to identify the region effect)
- Landlord type
 - Public
 - Community
 - Private (market, employer, other)
- Data issues
 - Availability
 - Frequency
- Administrative impact
 - Regions increase complexity of CRA
 - Difficult decisions: number of regions; boundaries; basis; changes

RENT REGIONS - CONCLUSIONS?

- Difficult to identify definable regions
- Difficult to administer
- Difficult to maintain