Something big is changing in the world of social housing. Dr Tony Gilmour and Colette Manion make sense of what is happening, asking what can the Brits learn for us, and what can we teach our former colonial masters.

Waves of reform

As part of wide-ranging reform of the post-war welfare system, our public and community housing is being re-positioned as a stepping stone to self-reliance and economic empowerment. This change is washing over many shores, from chilly Britain to sun-soaked Australia. Taking the longer term view, some commentators see this as the third ‘wave’ in the way governments provide for lower income and vulnerable citizens.

The first wave was based on a modernist view of the role of the State where government made universal provision for welfare and housing. Starting in the 1930s – accelerating in the 1940s – the classic sign in Britain was building ‘council housing’ and, in Australia, the Housing Commissions. This new housing largely accommodated working families.

By the 1970s, the system was creaking and a second wave began. Funding was tight, and a more progressive view promoted consumer choice. This was a time when the mass building of public housing slowed with a greater proportion of tenants having high needs and fewer working. The second wave was also when the community housing sector expanded, offering more locally delivered services and catering to a broader range of residents including older people and singles.

Roll forward to 2016, and we are now arguably seeing a third wave. The ‘residualised’ previous wave left many people trapped in social housing. It made little sense for them to seek work or they would lose benefits and their home. Governments from Britain to New Zealand – and points in-between – have started to reform their entire welfare system. Social housing should now act as a ‘step-up’ not a ‘hand-out’. Much of this drive has been led by the right of politics.

NSW futures

NSW didn’t exactly lead the third wave, though they certainly took it to heart. The recently released Future Directions housing policy, and the Social and Affordable Housing Fund supporting a $1 billion investment into affordable housing, spearhead one of the most fundamental changes seen in the Australasian housing market in recent times. Government aims are not just to build more affordable housing but make the housing continuum work better, enable transitions to the private market and reduce welfare dependency.

Buried in the document is something either radical or sinister – or maybe both. Social tenants are going to be split between the ‘safety net group’ who will need support in the long term, and the ‘opportunity group’ who can be helped to live an independent life free of welfare subsidies and living in the private market.

The Future Directions approach sounds like the Victorian-age distinction between the ‘deserving’ and the ‘underserving’ poor.

While admittedly, there a very small number of social housing residents not exactly in poverty, and some who might be able to progress to work, the percentage is modest – probably under 10 percent. And for many, there are no suitable local jobs available and the private rental market is just too expensive.

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David Cameron’s welfare reforms in the UK

Under the previous Coalition Government between the Conservatives and the centrist Liberal Democrats, the five years of 2010 to 2015 saw a radical and sustained program of reform of welfare, housing and planning policy. This was set within the context of national austerity and an economic policy of deficit reduction and public spending cuts. These reforms championed localism, decentralisation and economic growth.

THE UK HOUSING MARKET IN NUMBERS

24 million households:
- 63% owner occupied
- 19% private rented
- 18% social rented (10% housing associations – community housing providers, 8% local councils)

Since the election of a majority Conservative Government in May 2015, further welfare reforms have been accompanied by ideologies of increasing the rate of house building and promoting home ownership as the tenure of choice. The scale of the turning point ahead for English housing became apparent in the 2015 Summer Budget, which outlined a hard-nosed approach to what was described by David Cameron as an attempt to “simply make the numbers add up”. Some have suggested this will now leave many people in 21st century Britain facing hunger and destitute after a clear nod to ‘Thatcherite’ ideologies.

The 2015 Budget set out proposed reforms to the welfare system, including:
- A four-year freeze on working age benefits;
- A reduction in the maximum amount of benefits paid to a particular household;
- Restrictions on Child Tax Credit; and
- Training requirements for those on Universal Credit aged 18 to 21. This is a benefit payment that covers both welfare and housing subsidies.
Alongside these welfare cuts, the Chancellor (Finance Minister) George Osborne announced that social housing rents would be reduced by 1 percent per year for four years, the first change of this type in over a decade. Furthermore, tenants on incomes of over £30,000 ($60,000), or £40,000 ($80,000) in London, will be required to pay market rate (or near market rate) rents. Alongside rent increases, a review of ‘lifetime tenancies’ was confirmed with a view to limiting their use to ensure the best use of social housing stock. Support for home ownership measures was reiterated with measures such as the extension of the ‘right to buy’ to housing association tenants. Previously, this option was only allowed to council housing tenants.

So with both housing markets at the cusp of what appears to be a profound ‘third wave’ of housing and welfare reform, what can we learn from each other?

**What Australians can learn from Brits**

“While we shall be judged for a year or two by the number of houses we build, we shall be judged in ten years by the type of houses we build.”

Anuerin Bevan, UK Minister for Health and Housing in the post-war Attlee government from 1945 to 1951

One of the biggest lessons to learn from the British market is arguably ‘quality is key’. The presence of a decent homes standard in the UK, establishing minimum social housing standards, coupled with a Conservative Party pledge to build 200,000 starter homes over the next four years that will be offered to younger first-time buyers at 20 percent below market prices sounds like great news, doesn’t it? Well, maybe not.

A culture of ‘rush to build’ among British developers, who are aiming to cash in on Prime Minister Cameron’s pledge, has the potential to miss the key objective of meeting demand and providing quality homes not only now but for years to come. This echoes the challenge currently being faced within the strained older persons housing market that is predicted to see a further 51 percent rise in demand from people aged over 90 by 2025.

Yet the impact of under-building by every British government since the World Wars, and the vast array of two storey homes available that are not suited to their needs, leaves big questions in the UK around how older people will be accommodated.

Australian policies – such as Future Directions in NSW and even more the drive by Renewal SA in metropolitan Adelaide to ‘renew streets and suburbs’ – look like their focus is on quantity. The more housing the better, with value for money a key consideration.

So the message for Australia from Britain? Patience is key. Don’t rush to build at the expense of quality homes or there may be cost burdens in the future.

**What Brits can learn from Australia**

It can be argued British not-for-profit housing providers have been ‘spoon fed’ due to vast support from government leaving many with no need or desire to exercise any innovative or unique approaches to housing provision. They have benefitted from full asset transfer from the public sector, and generous and stable cash support through ‘housing benefit’, which was the predecessor to Universal Credit. Yet, for the Tory Government in Britain, largesse is no longer flavour of the month.

The welfare cuts announcing rents for social housing will be reduced by 1 percent per year for four years has sent the British community housing world into a spin. It has been predicted this will challenge most, if not all, providers, and there may be a move to a culture of ‘survival of the fittest’. The cuts have left the less entrepreneurial British housing providers with the options of, at best, mergers or, at worst, complete closure if they cannot cut costs to match falling rent receipts.

Yet, the Australian market offers the Brits a great example of how important entrepreneurship is in the housing world, a trick that some British housing providers seem to have missed. The release of the Future Directions policy spells this out by encouraging new multifaceted ‘vehicles’ that cater to a range of needs from finance to community support never seen on British shores. But with the third wave of welfare reform drenching British housing providers, they need to adopt an Australia-inspired commercial and somewhat savvier approach to housing as the only way to weather the storm.

So the message for Australia from Britain? Patience is key. Don’t rush to build at the expense of quality homes or there may be cost burdens in the future.

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