



Poor quality housing and low income households

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In response to an increasing trend towards higher-density living across Sydney and New South Wales, Shelter NSW commissioned the [“Equitable Density”](#) research project in 2016. Three reports from the project were published by the [UNSW City Futures Research Centre](#) in 2017, each focusing on issues for lower income and disadvantaged households at a different urban scale in a dense city – being the building, neighbourhood and metropolitan scales.

At the [building scale](#), it was concluded that *“building quality is a concern for many lower income and vulnerable households living in higher density housing. Concerns encompass design quality, construction quality and building maintenance.”*ⁱ In light of this, we commissioned the City Futures Research Centre to conduct additional research to explore these concerns in more detail. A [report](#) from this new research has now been published, along with an [accompanying article in The Conversation](#).

The [Poor-quality housing and low-income households: review of evidence and options for reform](#) project asks “why does having good quality housing matter?” It looks at a number of sources to consider the extent of housing quality problems, queries how these are or could be addressed by policy and regulation, and identifies a number of current issues and directions for reform.

Key findings

Housing quality matters.

Poor quality housing can have a significant impact on the health, wellbeing and comfort of occupants. It can lead to increased risk of injury through the presence of hazards. It can negatively impact on household, building and neighbourhood cohesion. Management or remediation of poor housing quality can add considerable expense to affected households, for example through higher energy consumption costs and/or retrofitting insulation or upgrading appliances to ensure greater energy efficiency.

Poor quality housing disproportionately affects low-income households.

The impacts of poor quality housing are felt by a significant proportion of low income households – that is, those whose reported incomes are in the bottom forty per cent of Australian households. This reflects a gross household income of less than \$52,000 p.a. according to 2016 Census data. Problems are

particularly acute for renters in private housing, public housing and Indigenous housing. Renters in community housing report lower levels of dissatisfaction. There is also a sub-sector of low-income households with mortgages struggling with essential repair needs.

Relevant policy and regulation is complicated, and there are some gaps.

There is a complex array of policy and regulation in New South Wales that address aspects of housing quality. These affect the development, design and construction of new buildings, responses to building related hazards and public health concerns, and management of dwelling condition in discrete typologies or tenures such as strata schemes, tenancies and boarding houses. But there is no consensus on what 'good' quality housing is, and the absence of a single overarching regulatory regime, or a government body with oversight of the issues, means responses have been ad hoc and reactive rather than considering the broader potential for improvement.

There are current opportunities to improve our responses to poor quality housing.

There are a number of continuing discussions that could take a more direct interest in the issue of housing quality, and promote a systemic approach to improved housing quality standards.

Standards for new buildings have received recent attention after high-profile problems like cracking at the Opal building near Sydney Olympic Park in 2018, and earlier cases of fire at both the Euro Terrace building in Bankstown (2012) and Lacrosse building in Melbourne (2014), ha. Policy reviews in response to these problems have concentrated on the potential for improved professional standards and enhanced quality assurance by tightening regulatory oversight; but with no comprehensive overview of the issues of dwelling quality and their interrelations some important issues may have escaped the attention of policymakers. An apparent preoccupation with issues in new buildings is an example of this, where other problems (such as the quality of existing dwellings) and more wide-reaching solutions (such as promoting the institutional supply and management of rental housing by governments and other not-for-profit providers) tend to be overlooked.

Standards for existing dwellings are not well monitored or regulated, other than through local government powers that are only used in extreme cases. A dwelling can spend decades in owner-occupation without anyone checking on the quality of the building, or any work done to it. It is usually only when some transaction occurs, such as sale or rent to a new occupant, that dwellings become subject to inspection by interested parties. Even then it is left to the prospective purchaser or tenant to respond as a consumer to any issues discovered, and findings about housing quality remain private and dispersed. Minimum standards for rental properties has become a reform priority for some advocates and policymakers, however most acknowledge a lack of market power and/or legal security means enforcing minimum standards would remain practically difficult for renters and further reform to improve security of tenure may also be required. Additionally, inspections for bond release purposes at the end of a tenancy could be conducted with minimum standards and compliance in mind. Finally, the "split incentives" issue means it may be necessary for governments to mandate minimum standards for energy efficiency in rental properties before a critical mass of property owners begin to make necessary upgrades to properties.

Maintaining social housing portfolios presents difficulties due to ageing stock and government budget priorities. However there are some social housing landlords who regularly carry out quality and maintenance reviews and report their findings to funders and regulators. More transparent reporting requirements, as well as continued and more transparent focus on tenant satisfaction, could help drive the sector towards further systemic improvements and higher levels of housing quality. Similar principles could be applied in the private rental market, although this would need to be coupled with minimum standards to prevent inconsistencies in improved quality across a range of price points.

Download the [report here](#), and read the [article in The Conversation here](#).

¹Easthope, H., Troy, L., Crommelin, L. *Equitable Density: The place for lower income and disadvantaged households in a dense city: Report 1, The Building Scale* (2017) Shelter Brief No. 61 – City Futures Research Centre UNSW, Sydney, pages 8-11