

Housing Futures workshop: Background paper

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Introduction

This paper provides some context for the workshop *The Future of Housing in Australia*. The paper very briefly describes the field of foresight studies (the method for understanding futures) and how this is to be used to provide a framework for identifying the major housing issues that Australia may confront in the longer-term future (to the year 2025) and their policy implications.

About the project - Long Term Housing Futures for Australia: Using Foresight to Explore Alternative Visions and Choices

This project, funded by the Australian Housing and Urban Research Institute, aims to identify and develop a small number of scenarios about the nature of Australia's housing system in 20 years time, and then work through the implications of these, particularly for housing policy.

The project is being progressed through a collaborative process across the housing policy community, bringing together university academics, State and Commonwealth bureaucrats and industry interests, which it is hoped will promote a better understanding of future housing issues across all sectors.

The Foresight process

Foresight analysis is a field of research utilised internationally across public and private sectors to consider future issues and policy choices that might not be explored within normal operational and short-term decision making horizons. Foresight analysis uses a range of methods to undertake a systematic and holistic process of possible futures, some of which will be utilised at the workshop.

A major part of the foresight process is participatory and consultative, such that the issues to provide scenarios for possible housing futures emerge from a consultation process, rather than being imposed by the researchers who may be trapped within their own paradigms. A detailed paper on Foresight methodology and its potential application to housing is available on the AHURI website at: <http://www.ahuri.edu.au/global/docs/doc622.pdf>.

It is important to emphasise at the outset that this project is not about predicting a particular future. Foresight analysis does not aim to be predictive. Rather, it seeks to outline possibilities about the future which emerge from the analysis of alternative sets of assumptions about trends and opportunities.

The research process

The research process of this study is one of interrelated stages based around three workshop processes.

In the first stage of this project, a workshop in Brisbane in March 2004 scoped the diverse range of housing issues and trends Australia was likely to experience in the next twenty years. The aim was to identify the processes shaping these issues, i.e. to identify 'weights' (factors impeding change, such as a passive policy environment) and 'pushes' (factors driving change, such as demographic changes). From the many issues discussed at that workshop, two key issues were prioritised for further research in Stage 2 of the project, these being housing choices and social housing and housing assistance. We have labelled these: "*Housing Assistance for the Future*" and "*Choice or Constraint - Where is our Housing Future taking us?*"

The second stage flowed from the issues identified in stage 1. Scenario building workshops were held in Sydney, Brisbane and Melbourne in July/August 2004 where participants were asked to develop the issues in some detail, drawing out different scenarios. The Stage 2 workshops came up with best case scenarios and steady state/worst case scenarios and within these identified the housing and housing related issues they raised. These were couched in terms of the future issues that may have to be confronted and, in the best case scenarios, principles of what the housing system would look like.

The third stage was a policy implications stage where participants of a final set of workshops, convened in Melbourne and Brisbane in October 2004, were presented with the findings from the second stage and asked to work through what they considered to be the policy issues, and possible policy responses, to the issues scenarios. The objective of the policy workshops was to consider policies that could ameliorate the outcomes of the worst case scenarios and accommodate the intent, and bring about the outcomes, of the best case scenarios. This material, along with that of the second stage, will provide the subject matter for the final research report which will facilitate reflection and debate about the future of housing and housing policy.

The Workshop

The task for this workshop is to further expand the topic of "*Choice or Constraint - Where is our Housing Future taking us?*" by developing scenarios as to the choices Australians will make with respect to housing to the target year of 2025. In the scenario development to take place in the workshop, we will be assuming that the Australian economic and demographic future is much like that of the last twenty years: solid economic growth with some ups and down around the growth path and

sustained population and household growth, but with progressive changes in the age and household composition of that growth. Within this assumed steady development process, there are still substantial change processes operative which have to be teased out in terms of housing, as this development process is one which includes such trends as:

- an ageing population;
- widening income and asset inequality;
- more flexible (casualised) labour markets;
- greater diversity of household structures;
- lifestyle changes;
- greater diversity of the origins of migrants;
- technological changes, etc.

Within this context, the aim of the workshop is to come up with a best case scenario and a worst case scenario, and within these identify the housing and housing related issues they raise. In other words, where do we think the above processes might be leading us? To give even greater specificity to the exercise, the scenarios will concentrate on two lifestyle/age cohorts: the 'Baby Boomers', i.e. those born between 1946 and 1965, and 'Generation Y', those born since 1984. The former will make up the aging population, and have associated housing demands and needs over the next twenty years, and the latter will be the consumers driving new housing demand as they leave home and enter the market.

Depending upon the number of participants and time permitting there may be an outlier scenario discussed: an environmental crisis creating much higher oil prices and greater environmental awareness. The purpose here is to work through the likely behavioural adaptations to such a threat.

Housing Choices

The housing decisions that households make are moulded and directed by socially structured values (e.g. attitudes to home ownership and the detached house), by historical experience, by supply constraints (one can only consume that which is available), by the attributes of the physical and social environment (urban form), by budget constraints and by lifecycle and life stage. All of these are dynamic processes, including our historical experience (and evaluation of it) which alters our housing history over time. For example, young people's experience and expectations of the housing market may be very much structured by the boom conditions of the last ten years, whereas those with a longer experience may have different expectations.

Housing choices are not simply about whether to opt for rental or ownership, or for a detached house or unit, as housing tenure and type are concepts that actually bundle together different attributes as to what households want from housing. Attachment 1 identifies the major attributes that people desire in a residential property, provides a definition of these attributes, and identifies drivers that affect a household's ability to realise these attributes by either purchase or rental. Some of the attributes attach more specifically to owner occupancy or rental in that their achievement is more realistic in one or the other tenure. For example, investment is not an attribute that attaches to private rental except in the negative sense that there is no potential to do so. Some of these attributes may also have greater weight for certain locations and dwelling types. For example, people typically believe they have greater privacy in a detached dwelling than in multi-unit accommodation, and there are major differences in the degree to which certain areas are perceived in their overall level of amenity. The extent to which any of these attributes

are valued will vary for different households in terms of age, lifecycle stage, lifestyle and income and wealth. Thus, affordability is a much more constraining factor and therefore takes on more importance as a household moves down the income and asset ladder.

These attributes are not immutable and may change over time in response to social, demographic and economic processes (hence the identification of drivers). They are a checklist of factors that we may wish to consider when working through how housing choices will evolve over the next twenty years.

It is possible to take a particular group, e.g. older persons (for which we know there are going to be growing numbers), and work through these attributes to suggest the choices they might make or want to make about housing and the constraints on achieving these. Attributes such as affordability, maintenance, adaptability, companionship, safety and security may have greater immediacy for this group than others. Translating these into issues of household choice, what do these suggest in turn by way of housing and urban form, dwelling type, tenure etc? These are the issues we might want to explore in the workshop.

An alternative approach is to work backwards and identify certain housing and urban forms that will be the outcome of current processes of development, and then work through the implications and effect on household choice. For example, if cities basically continue the pattern of the last decade, with a small amount of multi-unit housing concentrated in inner areas and outer greenfield development still largely consisting of the detached house (perhaps more and more in lifestyle estates), will this enable the realisation of choices that reflect the set of attributes that different types of households may desire?

Attachment 1 Housing Choice and Housing Attributes

Attribute	Defining the Attributes	Drivers
Affordability (entry costs)	Entry costs consistent with income and asset status	<input type="checkbox"/> Future housing costs <input type="checkbox"/> Income levels and distribution <input type="checkbox"/> Financing costs
Affordability (recurrent costs)	Ability to afford costs over time	<input type="checkbox"/> Future housing costs <input type="checkbox"/> Income levels and distribution <input type="checkbox"/> Quality of dwelling <input type="checkbox"/> Financing costs
Amenity	Access to necessary amenities, employment, schools, health, retailing, recreation, public transport	<input type="checkbox"/> Public and private investment in infrastructure <input type="checkbox"/> Household perceptions of amenity standards by area <input type="checkbox"/> Transport costs
Autonomy and privacy	Control over living environment including freedom to renovate, decorate and minimise noise and anti-social behavior of others	<input type="checkbox"/> Dwelling design <input type="checkbox"/> Estate or neighbourhood design
Adaptability to future needs	Ability to adapt housing to changing lifestyle and health needs	<input type="checkbox"/> Dwelling design <input type="checkbox"/> Design standards <input type="checkbox"/> Lifestyle changes <input type="checkbox"/> Ageing of the population
Companionship and community	Access to social ability and support as needed	<input type="checkbox"/> Neighbourhood density <input type="checkbox"/> Estate or neighbourhood design <input type="checkbox"/> Social mix <input type="checkbox"/> Provision of social infrastructure
Investment potential	Ability to preserve and expand property value	<input type="checkbox"/> Local area housing market performance
Identity and culture	Ability for dwelling to express personal identity or cultural needs	<input type="checkbox"/> Increased social and ethnic diversity
Lifestyle	Consistency of dwelling with lifestyle needs	<input type="checkbox"/> Increased social and demographic diversity
Maintenance (low)	A property that reduces or minimises maintenance costs	<input type="checkbox"/> Quality of building construction <input type="checkbox"/> Building form <input type="checkbox"/> Tenure
Peer connectedness (family and friends)	Proximity to family and friends	<input type="checkbox"/> Housing market performance <input type="checkbox"/> Changing household structure
Prestige	Property to symbolise status	<input type="checkbox"/> Increased value on materialism
Safety of dwelling	Designed to minimise risk of break-ins and theft	<input type="checkbox"/> Housing design <input type="checkbox"/> Housing form
Safety of location	Area which has perceived high level of safety	<input type="checkbox"/> Degree of social exclusion <input type="checkbox"/> Degree of social capital
Security of tenure	Ability to remain in existing dwelling without fear of eviction	<input type="checkbox"/> Residential tenancy law <input type="checkbox"/> Housing costs <input type="checkbox"/> Income levels and distribution
Space	Design that provides adequate space for recreational and functional needs of all household members	<input type="checkbox"/> Changing technology, e.g. home entertainment <input type="checkbox"/> Changing lifestyles, e.g. degree of sharing <input type="checkbox"/> Income levels and distribution
Flexibility	Ability to adapt dwelling needs through disposal to changing locational and employment requirements	<input type="checkbox"/> Level of transaction costs <input type="checkbox"/> Strength of local housing market
Environmental sustainability	Ability to maximise use of environment for heating and cooling	<input type="checkbox"/> Design attributes of estate or site <input type="checkbox"/> Regulatory environment