

Submarkets in public sector housing

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What is a housing submarket?

A housing submarket may be defined in its broadest terms as ‘a independent subset of a larger housing market’

This leaves it open to speculate, or research, what are the elements that create independence and the actual degree of that independence.



Submarkets in housing

Why?

Why is the concept potentially important?

- Each submarket may have different drivers and perform differently.
- This may have differential implications for
 - (a) Housing consumers
 - (b) Other housing submarkets
 - (c) Cities society, and economy generally
- Therefore being able to identify the attributes of submarkets and their differential importance has important public policy implications.

Identifying private sector submarkets

Methods

- **Static measures**

- Classify using a set of key characteristics (see next slide)

- **Dynamic measures**

- Measuring the dynamic process by which consumers and suppliers negotiate the housing market. e.g.

- Substitutability of dwellings

- Movements in prices and rents (hedonic price measures)

- Markets defined by migration patterns

- **Social and anthropological approaches**

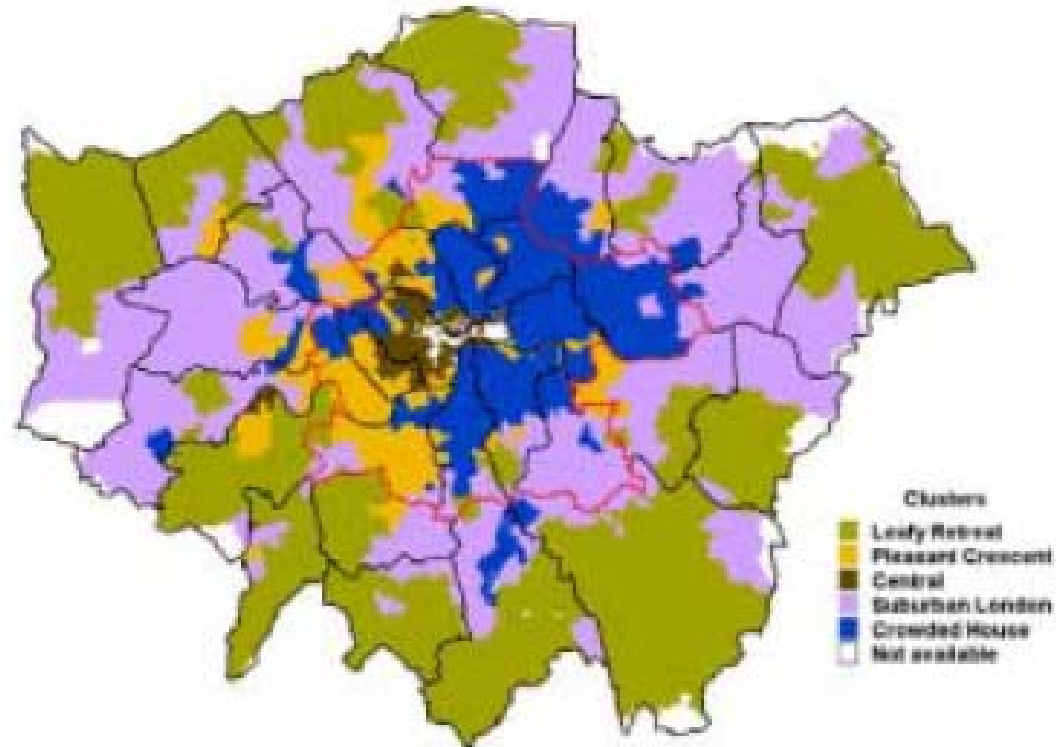
- Looking at role of key institutions and players, eg, estate agents/builders/developers/finance institutions

Attributes that may define private sector submarkets

Demand/Household Attributes	Supply/Dwelling Attributes	Location/Spatial Attributes
Income	Housing type/tenure	Proximity to public transport
Household type	Price/rents	Proximity to schools
Employment status	Material of construction	Number of private schools
Ethnicity	Age of stock	Open space
Educational status	Housing quality	Population density
Recent arrivals	Number of bedrooms	Distance from CBD
Welfare beneficiaries	Lot size	Method of journey to work
Mobility rates	Garage or carport	Mobility rates
Religious status	Type of heating	Workplace accessibility
	Overcrowding	

Mapped example of housing submarkets

London 2004



Source: Greater London Authority *Londons Housing Submarkets*; GLA London 2004

Public sector submarkets

- Is the concept relevant to the public sector? - In principle yes!
- How do we measure and identify public sector submarkets?
- If they can be identified what policy instruments are there to manipulate/drive better outcomes?



Measuring public housing submarkets

Possible variables

Housing stock/structural characteristics

Variable name	Variable description
Public rental dwellings	Type of dwelling, e.g. house, villa, flat, multi-purpose unit, elderly persons unit, bed-sitter Total dwellings by number of bedrooms Number of bedrooms (for each type)
Any local area community housing program dwellings	Type of dwelling Number of bedrooms
Public rental housing by age (when constructed)	Period constructed (pre-1945, 1945-60, 1961-80, 1981-2006)

Measuring public housing submarkets

Possible variables

Cont...

Housing demand characteristics

Variable name	Variable description
Use of public rental dwellings	VOIDS (vacant properties) (normal vacation, other and total)
Turnover of public rental dwellings	Total applications Total number of dwellings New applicants Percentage of dwellings turnover Number of applications by dwelling type
Dwelling mix	Total number of private dwellings Total number of public rental dwellings Proportion of public housing by suburb
Time to house by category and number of bedrooms	Average time to house in past twelve months (in weeks and months) Theoretical time to house an applicant (number of vacant properties in past twelve months, number of current applicants, theoretical time to house in months and years)

Measuring public housing submarkets

Possible variables

Cont...

Local private property market

Variable name	Variable description
Private housing market performance Purchase affordability	Median house price Threshold income, i.e. income needed to afford median priced house
Rental market Rental affordability	Median rent Vacancy rate Rents as proportion of income for selected household types, e.g. single parent with two children receiving rent assistance

Measuring public housing submarkets

Possible variables

Cont...

Household attributes

Summary characteristics	Population (2001, 2006, percentage change) Median age Proportion aged less than 15 Proportion aged 65 and over ABS SEIFA score of disadvantage Median family income (annual)
Family and household characteristics	Total households One parent families (percentage) Lone person households (percentage) Households without tertiary qualifications (percentage) Not in the labour force (percentage)
Source of personal income	Percentage in receipt of government cash benefits
Social Disadvantage Attributes	Unemployment rate Unemployment rate, 15-24 years Rates of Crime Educational Participation Higher education entry rates.

Manipulating public housing submarkets

Potential levers



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Demand levers		Supply levers
<i>Direct</i>	<i>Indirect</i>	<i>Direct</i>
Eligibility criteria	Shorten or lengthen waiting lists	Rate of new construction
Allocation method	Number of offers	Sales
Number of areas which households can nominate for	Estate renewal	Transfers
Occupancy provisions, i.e. who can occupy dwellings of certain sizes or types	Anti-social behaviour management	Stock alignment
Size of areas which households can nominate for, i.e. degree to which areas are broadbanded	Number of offers	Sales
Local area allocations		Demolition
Rent setting policy, including rebate policy		

Conclusion

Where to from here?



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