Projection of households eligible for social housing assistance: What is the Small Area Housing Assistance Need (SAHAN) model?

The Small Area Housing Assistance Need (SAHAN) model is being used by the Department of Communities and Justice (DCJ) to inform housing assistance policy development, homelessness system reform modelling, housing markets needs analysis and housing affordability analysis. Having a better understanding of the current and future need for social housing is critical for the NSW Government in providing and funding services that meet the needs of current and future clients.

SAHAN is a tool that can be used to estimate the current and future social housing eligible population in NSW based on how many households are likely to meet the current social housing income eligibility criteria. However, it is important to note that not all households eligible for social housing under the income eligibility criteria will need or apply for social housing.

This snapshot provides an overview of the SAHAN model, how it was developed, what is included, and how it can be used to estimate and project eligibility for housing assistance at various geographic levels, over time and for a range of household characteristics.

How is the SAHAN used?

Effective policy making and business planning rely on current evidence and consideration of future projections. To ensure our housing assistance is targeted to meet client needs, we need to understand eligibility for social housing by location and client cohort.

The SAHAN model is a rich and comprehensive dataset that can be used to estimate and project eligibility for housing assistance at various smaller geographic levels. The structure of the SAHAN enables housing assistance eligibility to be defined and measured in multiple ways. The SAHAN creates a profile of the income based social housing eligible population based on 2016 actual data and 2021, 2026 and 2031 projected data. This model is designed to allow users to understand social housing eligibility by different SAHAN cohorts[1] including renters, purchasers (currently paying the mortgage) and homeless households. The SAHAN does not include households that own their home. According to the 2016 Census, there are 2.6 million households in NSW with the SAHAN covering about 1.7 million households.

Communities and Justice

What information is included in the SAHAN model?

The SAHAN includes a large number of geographic and household variables. The SAHAN model derives social housing eligibility household counts for the base year (2016) and the three projection years (2021, 2026 and 2031) at various geographic levels and for a range of household characteristics. The geographic and household variables included in the model are:

- Geographical variables: Local Government Area (LGA), Allocation Zones[2]. DCJ Districts[3]

- Household variables[4]: tenure type, household type, bedrooms required by households, bedrooms in the dwelling, age and gender of the household head, whether the household includes any Aboriginal persons, household income and income levels, housing cost, eligibility for Commonwealth Rent Assistance (CRA), whether the household contains persons with a disability or a carer, whether the household is homeless[5] and the number of persons and children in the household.

In addition to geographic and household variables, the social housing eligibility is included as a flag in the model. The social housing eligibility is based on the income eligibility criteria applied for social housing assistance.

How was the SAHAN developed?

The SAHAN was developed by incorporating information from multiple sources and looking at various household and geographic characteristics of present and future households to identify the target population at a small geographic area level such as LGA. The SAHAN includes actual household counts for 2016 and projected household counts for 2021, 2026 and 2031.

The development of SAHAN involved three major steps:

Derive SAHAN 2016 base year datasets – The 2016 ABS Census of Population and Housing dataset, 2016 Australian Government Housing (Centrelink) dataset, 2016 Public Housing, and State Owned and Managed Indigenous Housing (SOMIH) dataset have been used to create a combined 2016 base year dataset disaggregated by various demographic characteristics.

Derive household projections for 2021, 2026 and 2031 – ABS Census of Population and Housing datasets 2006 to 2016 have been used to derive five-yearly household projections up to 2031. These data include various household characteristics such as household composition, household income level, geographical location, and whether anyone in the household is Aboriginal.

Develop SAHAN 2016 model – The household projections (Step 2) were applied to the 2016 base year dataset (Step 1) to produce the final SAHAN model.

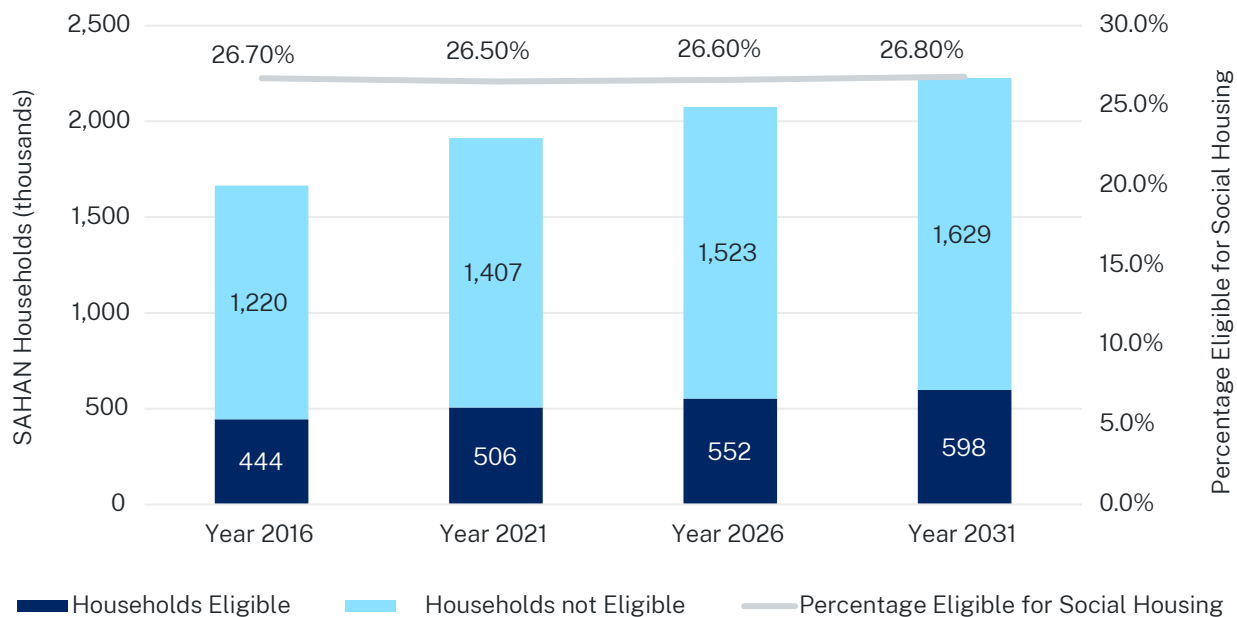# What are the key findings from the SAHAN model?

1 in 3 households in the **private rental market** in NSW in 2016 were eligible for social housing

1 in 4 households in NSW are eligible for social housing

1 in 10 households that **had a mortage** in NSW in 2016 were eligible for social housing

Key findings

Among the SAHAN cohort[1]:

- One in four households in NSW are estimated to be eligible for social housing.

- Of those renting in the private rental market in 2016, one in every three households are eligible for social housing. The corresponding eligibility is one in ten for households that have a mortgage.

- The vast majority of very low income households (except outright owners) are eligible for social housing assistance.

- Households with moderate or high incomes are mostly not eligible for social housing.

Figure 1. shows that around 27% of households in the SAHAN cohort are eligible for social housing assistance across the base (2016) and projected (2021, 2026, 2031) years. Among the private renters this proportion is even higher, and it is about 33% in 2016. The corresponding percentage for households paying a mortgage is much lower at around 10%. As the population grows, the number of households eligible for social housing is projected to increase. It is estimated that the number of households eligible for social housing will increase from 444,000 in 2016 to 598,000 in 2031. In interpreting this finding, it should be noted that the SAHAN does not include outright owners.
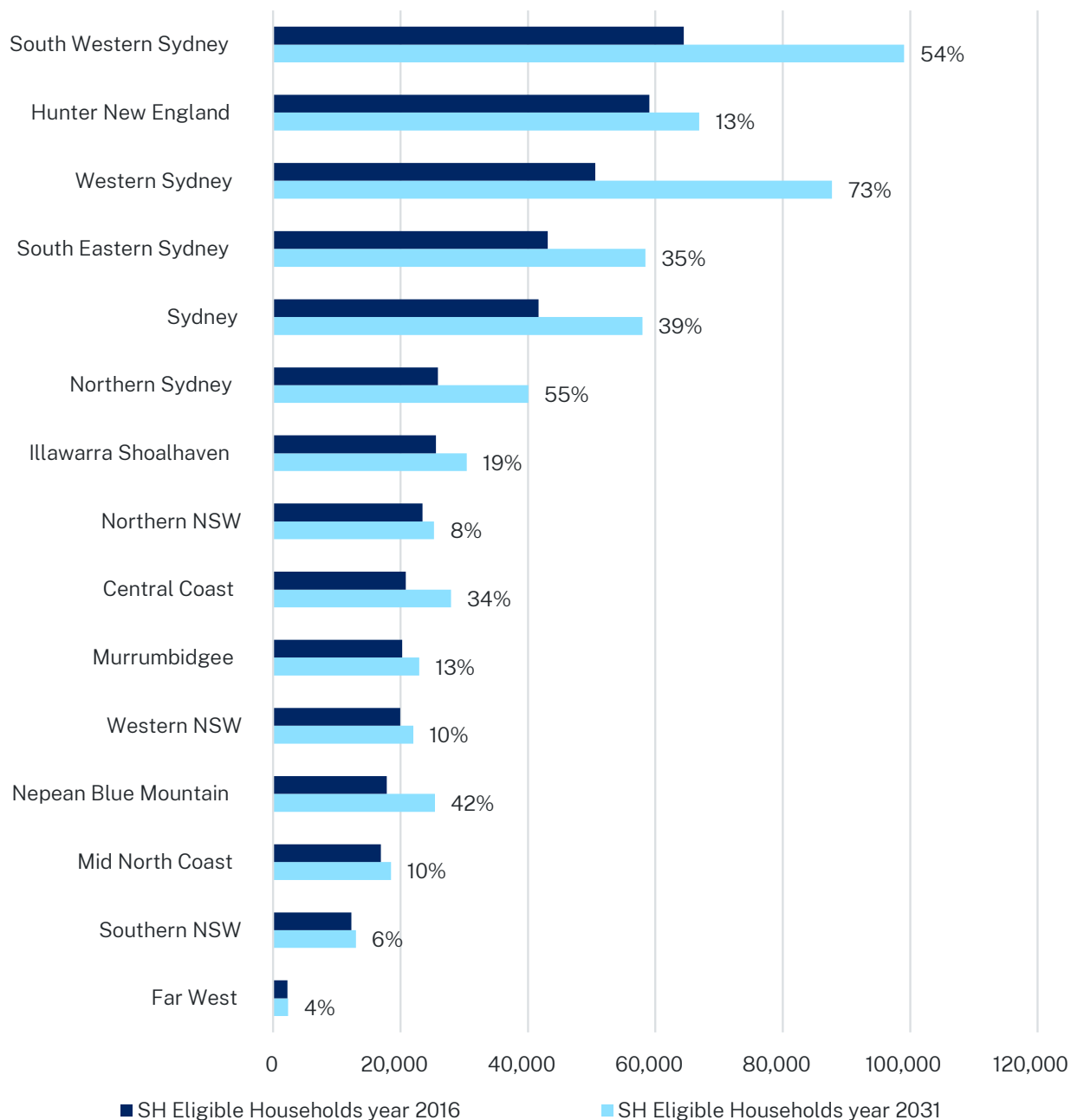
Figure 1: SAHAN 2016 – Social housing eligibility, 2016-2031

Source: 2016 Small Housing Assistance Need model

Figure 2. shows the number of social housing eligible households in 2016 and the percentage growth projected to 2031 compared to 2016 across the DCJ districts. The DCJ districts of Western Sydney, Northern Sydney and South Western Sydney are projected to have higher levels of growth (73%, 55% and 54% respectively) while Far West, Southern NSW and Northern NSW are projected to have lower levels of growth (4%, 6% and 8% respectively), compared to other districts. However, due to large differences in the numbers of social housing eligible households across DCJ districts in the base year (2016), any direct comparison of percentage growth between districts should take this into consideration. For example, the number of households eligible for social housing in Northern Sydney are projected to increase by 55% from 25,900 to 40,100 (an overall increase of 14,200) while in Sydney the number of households is projected to increase by 39% from 41,700 to 58,000 (a higher overall increase of 16,300).
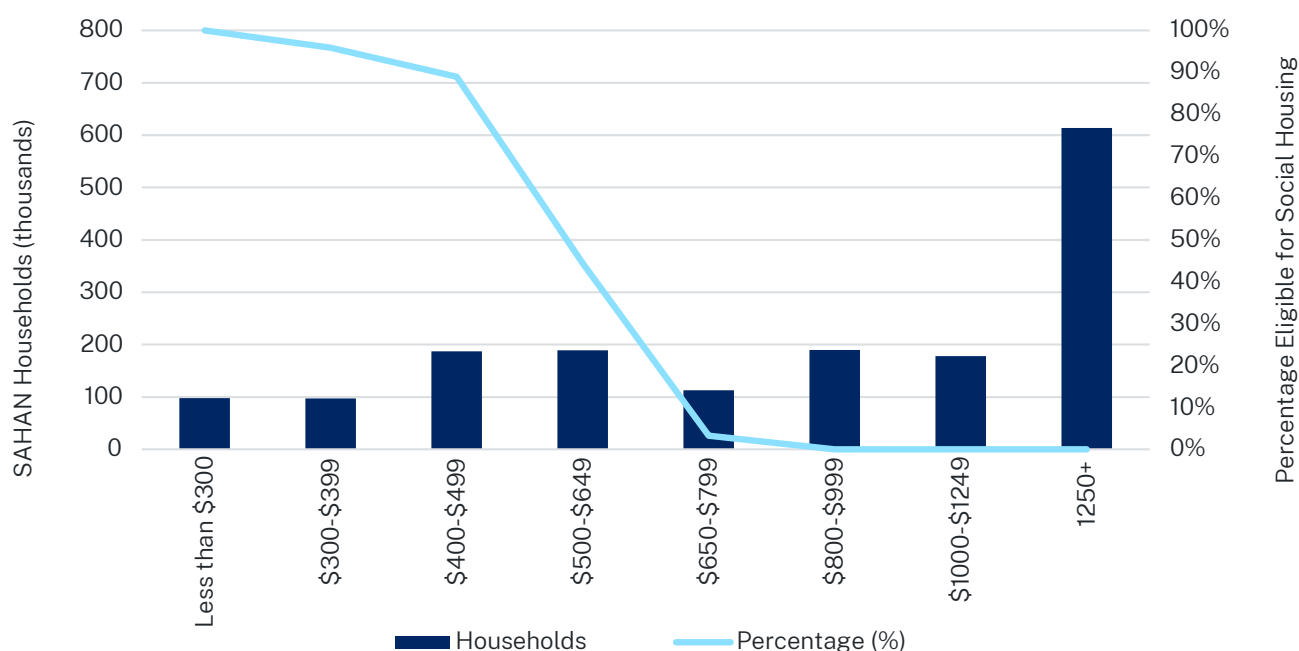
Figure 2: Number and percentage growth in households eligible for social housing (SH) by DCJ districts[6] - 2031 versus 2016

Source: 2016 Small Housing Assistance Need model

Equivalised[7] household income generally provides a useful indicator of economic wellbeing. SAHAN uses the equivalised household income to classify households into very low, low, moderate and high income households. In 2016, a high proportion of very low income households with a weekly equivalised household income below $500 per week were eligible for social housing (Figure 3.). A sharp reduction in eligibility for social housing can be observed as income increases. Compared to very low income households, a much smaller proportion of low income households with an equivalised household income between $500 and $800 per week were eligible for social housing. Households with an equivalised household income above $800 per week are either moderate or high income households and very few of these households were eligible for social housing under the income eligibility criteria.

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Figure 3: Social housing eligibility by weekly equivalised household income, 2016

Source: 2016 Small Housing Assistance Need model

What's next for the SAHAN?

As in the past, the SAHAN will continue to inform DCJ's housing policy initiatives[8]. Further, a number of proposals to enhance the current SAHAN model are being investigated.

These include:

- Additional flexibility in the SAHAN by projecting the count of social housing eligible households under different indexations to social housing income eligibility limits. The current SAHAN projections are under the assumption that the social housing income eligibility limits are in line with the increase in average household income.

- Additional information in the SAHAN to identify the expressed demand among social housing eligible households. Expressed demand includes those who have applied and are already in social housing as well as those who have applied and are waiting to be housed in social housing. It should be noted that not all social housing eligible households apply for social housing.

- The next update of the SAHAN scheduled to occur in 2023, following the release of the 2021 ABS Census data.

As shown, the SAHAN projects that the number of households eligible for social housing will increase highlighting the growing demand for social housing assistance in NSW. Note that not all households identified in the SAHAN will apply or meet all the non-income related criteria for social housing assistance. However, the projections on the number, distribution and configuration of households that may be eligible into the future will assist service providers to assess whether social housing assistance is appropriately distributed.

DCJ provides a number of different services and programs and undertakes reform initiatives to best support those who need assistance with housing and homelessness. To learn more about these please visit:

- Homelessness assistance

  Assistance to people who are homeless or at risk of homelessness through services such as Link2home, 24 hour statewide information and referral telephone service including linking people to crisis, supported and temporary accommodation.

- Social housing assistance

  Providing secure and affordable social housing tenancies to people most in need including in public, community and Aboriginal housing.

- Help with renting in the private market

  Help with establishing and sustaining a private rental tenancy as well as brokerage for people with complex needs, advice on accessing the private rental market, interest-free loans to pay for rental bonds and assistance with rent arrears.

- Access a private rental subsidy through Rent Choice

  Rent Choice, a tapered private rental subsidy for up to three years, providing access to safe and affordable housing to people with the capacity to sustain their tenancy in private rental accommodation.

- Initiatives and reforms

  Key initiatives and programs transforming the NSW social housing system.

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Endnotes

[1] SAHAN cohorts include renters (private and social housing), purchasers (currently paying the mortgage) and homeless households. The SAHAN does not include households who own their home.

[2] An Allocation Zone is a group of areas or towns where Social Housing is available. When applying for Social Housing assistance the applicant indicates which of the 245 Allocation Zones they are willing to be housed in.

[3] There are 15 DCJ (ex FACS) districts that have boundaries aligned to the 15 Local Health Districts.

[4] Some characteristics such as tenure type, bedrooms in, housing cost and household income are only relevant to the base year (2016) and not applicable for the projection years of 2021, 2026 and 2031.

[5] SAHAN includes ABS homelessness categories 'Persons living in boarding houses', 'Persons staying temporarily with other households & in other temporary lodgings', 'Persons living in improvised dwellings, tents, or sleeping out' and 'Persons in supported accommodation for the homeless'. In SAHAN ABS homelessness category 'Persons living in 'severely' crowded dwellings' is captured in all non-homelessness tenures.

[6] The DCJ districts are based on year 2016 boundaries. The most substantive difference between the 2016 and the current boundaries is that Hunter New England District has been split into Hunter District and New England District.

[7] Total household income adjusted by the application of an equivalence scale to facilitate comparison of income levels between households of differing size and composition, reflecting the requirement of a larger household to have a higher level of income to achieve the same standard of living as a smaller household (Source: ABS).

[8] More information about DCJ's key initiatives and programs for transforming NSW social housing is available at https://www.facs.nsw.gov.au/about/reforms.

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