

## Appendix 1 - Building approval definitions

The ABS Building Approvals series (catalogue no. 8731.0) uses the following classifications:

### Type of building

A dwelling unit is a self-contained suite of rooms, including cooking and bathing facilities and intended for long-term residential use. Units within buildings offering institutional care (e.g. hospitals) or temporary accommodation (e.g. motels, hostels and holiday apartments) are not defined as dwelling units, but as non-residential buildings. Dwelling units can be created through new work; through alteration/addition to an existing residential building; through either new or alteration/addition work on non-residential building or through conversion of a non-residential building to a residential.

A residential building is a building consisting of one or more dwelling units. Residential buildings can be either houses or other residential buildings. Residential building work under \$10,000 is excluded. A house is a detached building primarily used for long term residential purposes. It consists of one dwelling unit. Detached 'granny flats' and detached dwelling units (e.g. caretaker's residences) associated with a non-residential building are defined as houses, as are 'cottages', 'bungalows' and rectories. An other residential building is a building other than a house primarily used for long-term residential purposes, with more than one dwelling unit. Other residential buildings are classified as: semi-detached, row or terrace house or townhouse with one storey; semi-detached, row or terrace house or townhouse with two or more storeys; flat, unit or apartment in a building of one or two storeys; flat, unit or apartment in a building of three storeys; flat, unit or apartment in a building of four or more storeys; flat, unit or apartment attached to a house; other/number of storeys unknown. Note that numbers of other residential units for an area or time can be inflated by one development approval which creates a number of units.

### Type of work

New building is building activity to create a building which previously did not exist. Alterations and additions are work carried out on existing residential buildings, which may result in the creation of new dwelling units.

## Appendix 2 - DHS report on affordable rental supply

The series on page 3.17 shows the number of properties in a Local Government Area that were affordable to households dependent on Centrelink income assistance, by the number of bedrooms, and the proportion of that municipality's stock of those properties. For example, if there are 100 one bedroom properties deemed to be affordable in Port Phillip, and there are 1,000 one bedroom properties leased during that quarter, then the percentage of affordable one bedroom properties in Port Phillip during the quarter will be 10%.

The assessment of affordable supply is based on the number of properties with rents within 30% of a low income household's income, including rent assistance. The rental thresholds are based on estimated Centrelink incomes of households for whom that number of bedrooms is a minimum. They have been rounded up to the nearest \$5 increment.

To assess the affordability of one-bedroom properties, the income of a single person on Newstart allowance is used as an indicative income. For two bedroom properties, the income of a single parent pensioner with one child aged under five is used. For three bedroom properties the income of a couple on Newstart allowance with two children is used and for four bedroom properties, the income of a couple on Newstart with four children is used.

The calculations assume rent assistance is fully offset against weekly rent by subtracting rent assistance from the rent and calculating the resulting rent as a proportion of Centrelink income. This net-rent method treats rent assistance as housing payment, not an income supplement.

Further information on the methodology can be found in page 8 of the DHS Housing Report, December 2005.

## Appendix 3 - NATSEM housing stress estimates

The 2005 synthetic small-area estimates of the percentage of households in housing stress (page 3.16) use ABS ASGC Statistical Local Area boundaries for 2001. Housing stress has been defined as households in the bottom two quintiles (40%) of equivalent [1] disposable household income distribution (in Victoria) with a housing cost (rent plus mortgage paid minus rent assistance received) of 30% of disposable income (minus rent assistance). This is a measure of net housing affordability [2].

The estimates are produced using NATSEM's spatial microsimulation to meld ABS 1998/99 Household Expenditure Survey data ('aged' to 2001) and ABS 2001 Census data. National household weights from the HES Survey are converted into household weights for small areas (one set per SLA) then linked with NATSEM's STINMOD model to create small-area estimates. Reweighting produces 'artificial' households (one set per SLA) resembling selected characteristics of households living in the SLAs. The 2005 synthetic small-area housing stress estimates are based on the synthetic 2001 households' weights (for SLAs), adjusted to 2005 using population growth of SLAs. While national private incomes and housing costs have been updated to 2005 levels, data are not available to update specific Victorian SLAs to 2005 levels. French Island, Melbourne (C) - Inner, and Melbourne (C) - S'bank-D'lands are omitted as their populations are atypical.

Further information is available from two papers on the NATSEM website ([www.natsem.canberra.edu.au](http://www.natsem.canberra.edu.au)). They are: S F Chin, A Harding, R Lloyd, J McNamara, B Phillips and Q Vu, "Spatial Microsimulation Using Synthetic Small Area Estimates of Income, Tax and Social Security Benefits", ANZRSI 2005 Conference Paper, Auckland NZ; and SF Chin and A Harding, 2006, 'Housing Stress Today: Estimates for Statistical Local Areas in 2005'.

[1] Equivalent income is calculated using the modified OECD equivalence scale. It divides the total disposable household income (including transfer incomes) by an equivalence factor to take account of household size and composition by giving a value of one to the first adult, 0.5 to other adults, and 0.3 to each dependent child (0 - 14 years).

[2] See J Landt and R Bray, 1997, 'Alternative Approaches to Measuring Rental Housing Affordability in Australia', Discussion Paper 16, NATSEM, University of Canberra, p. 11