

Celebrating Judy Yates

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Judy Yates (1943-2022) was undoubtedly Australia's predominant housing economist of her generation, with an unmatched domestic and international standing built over more than forty years. Yet, like so many others of our cohort, housing studies was not her first choice. Judy did her undergraduate degree at the Australian National University in mainstream economics, with an emphasis on mathematical techniques, and her PhD at the University of Amsterdam on control theory and the stability of systems of equations. Her first academic job at the University of Sydney was in mathematical economics.

Christine first met Judy at the government-sponsored National Housing Economics Conference held at Macquarie University, Sydney in 1978 when Judy's interest in housing and policy was only starting to develop. That interest was strengthened by a visit to Britain the following year where she met the growing group of academics and government officials working on housing and public policy. She was then asked to work with the Australian Financial System Inquiry (1980-81) specifically on the deregulation of the Australian mortgage market. This was to be the first of her many advisory roles for national government agencies, the Reserve Bank of Australia and numerous state government and civil society organisations.

Having met in 1971 as young mothers through their first-born daughters' childcare, from the mid-1980s Vivienne and Judy built a close professional relationship around their shared engagement with housing policy development in Australia - Judy as the academic and Vivienne as the policymaker. They learned from each other in many ways - with Judy developing her policy acumen and Vivienne returning to academia in 1999, initially to complete her PhD in comparative housing systems at Utrecht University, co-supervised by Judy. Their collaboration culminated in the publication of *Housing Policy in Australia*, with Hal Pawson, in 2020.

An important element in Judy's housing career was her involvement in the expanding network of international researchers which was extraordinarily vibrant in the 1980s – with the *Housing Studies* journal set up in 1986 and the European Network of Housing Researchers established in 1988. The latter ran regular conferences across Europe but also working group meetings on specific topics including housing economics and finance where Judy played a major role. Over this period, she made regular visits to Britain, often linked with conference attendance and collaborations with academic research groups, notably in Cambridge and Glasgow. Her statistical analyses on changing patterns of housing demand and their finance and policy impacts enhanced our understanding not just of Australian housing issues but also of the value of inter-country comparisons.

Christine joined the *Housing Studies* Editorial Board in the late 1980s and was extremely pleased when Judy also joined in 1992. Their interests in housing economics and finance were very similar and they complemented each other with their mix of technical skills and experience of government policymaking. Judy remained on the editorial board until 2007 and then joined the international advisory group – always playing an active role.

Judy published regularly in *Housing Studies* as well as other high status national and international journals. Many of these outputs reflect her commitment to generating a more strategic and equitable approach to housing for all. Her interests in housing economics and finance as means of influencing housing policy with a strong emphasis on distributional implications continued to the day she died.

The 2023 special virtual issue of Housing Studies brings together a selection of her Housing Studies papers to celebrate the range of Judy's interests as well as the quality and relevance of her academic work across the decades. We are grateful for the opportunity to pay tribute to our close friend and colleague in this editorial for the virtual issue which will also be published in volume 38 issue 3 2023.

The six chosen articles

[‘Housing subsidies and income distribution’ \(1989\)](#)

This paper, Judy's first publication in Housing Studies (with Joe Flood) was arguably one of her most influential. In the underlying study (Flood and Yates 1987) that led to this summary article, she and Flood established a methodology for enumerating the value and distribution of all housing subsidies in Australia – including budget outlays, tax expenditures and market regulation – using contrasting measures (primarily the net expenditure and service flow methods). Given the poor state of data in this area at the time, this necessitated painstaking work, which drew on Judy's econometric skills and meticulous attention to detail, both hallmarks of her lifelong contribution. This ambitious approach to housing subsidy analysis, which they pioneered, continues to be used – in, for example, Kelly et al. (2013). And unmasking housing inequality and its economic and social consequences, which emerged from the findings, became a long-term passion for Judy.

Applying their methods to housing expenditure data for Australia in the 1970s and 1980s, Flood and Yates illuminated the large discrepancies in subsidies by tenure and in the targeting of subsidies by income and household type. While they found that direct housing assistance was being increasingly well targeted to low-income public tenants, home purchasers – and, particularly, a rapidly expanding cohort of homeowners – were beneficiaries of far more generous and poorly targeted subsidies. These arose largely from tax exemptions (especially at that time the absence of an imputed rent tax) that applied to their home and its use. Private tenants were shown to receive very few direct or indirect housing subsidies and were clearly the most disadvantaged. As a result, substantial numbers of lower income renters were being pushed into after-housing poverty (Bradbury et al. 1986) particularly because of rising rent levels associated with house price inflation, which itself was attributable in part to the investment advantages bestowed on owner occupiers.

The empirical research showcased in this article highlighted the discrepancy between national housing policy objectives that were formally couched in terms of tenure neutrality, and their outcomes, especially by revealing the grossly unequal, even if partly unintended, distributional impacts of different policy approaches to owning and renting. It accurately predicted that these inequalities would intensify unless and until a more genuinely tenure neutral approach to housing policy was adopted. As the Australian Government in 2022 once again grapples with an ambition to develop a National Housing and Homelessness Plan in the face of severe housing inequality, this message from the 1989 paper resonates strongly: Australia needs ‘a national housing policy which integrates taxation, income security and housing programmes ... in order to ensure that measures taken by different bureaucracies and decision makers do not conflict with each other.’ (p. 197).

[‘Shared ownership: the socialisation or privatisation of housing?’ \(1992\)](#)

Our second chosen article addresses issues of efficiency and equity between owner-occupation and social housing arising from both direct and indirect government subsidies specifically in the context of shared ownership (or ‘shared equity’) initiatives – a relatively new approach in Australia at that time. Here Judy argues that the emergence of support for shared ownership can be variously interpreted as a desire to prop up homeownership, in an environment where it was becoming increasingly difficult for lower income new entrants; a means of reducing public expenditure on

housing; and/or as a means of targeting support more efficiently on those with less capacity to pay. Using a particular shared ownership programme introduced by the state government of Victoria in 1990 as an example, she argues that the specific forms of financing and subsidisation help determine whether the model should be seen as an extension of privatisation or as a means of better socialising housing.

The core of the article is the development of a framework to assess whether forms of shared ownership can meet the objective of concentrating assistance on those most in need while also promoting home ownership and protecting public housing. It takes as given that reducing indirect assistance for owner-occupiers is not on the political agenda. This is realistic but limits what is achievable to helping those who want and can pay more to enter owner-occupation, enabling direct subsidies to be more concentrated on the rental housing sector.

The paper starts by examining financial instruments that could better help those who could support homeownership over their lifetime – based on indexation so that inflationary costs are spread over the length of the mortgage and initial costs are therefore much lower than with traditional mortgages. This makes it possible for far more people to buy without the need for any direct subsidy. This in turn leaves more support available for non-profit organisations with the capacity to provide more housing for lower income households. In this way shared ownership can act as an unsubsidised path to home ownership for those who can, with efficient financial instruments, afford it, while concentrating help on those in the greatest need. Whether this is a realistic approach is unclear - certainly the Victoria example discussed does not meet the necessary criteria; nor do other examples across the world. But importantly the article places the emphasis on the potential for socialising housing – a topic that, in the intervening years, has unhappily rarely been at the forefront of housing policy.

[‘Changing directions in Australian Housing Policies: The end of muddling through?’ \(1997\)](#)

The third selected article, a policy review, showcases Judy’s policy analysis skills. Writing at a time when Australia was on the brink of a watershed reform of its housing assistance system – essentially to move towards providing demand-side assistance for both private and public tenants (in lieu of ‘bricks and mortar’ subsidies for the latter) – the article analyses that direction of change, notably the likelihood that it would better address the needs of low-income households. In undertaking this policy critique, Judy drew on her extensive investigation of housing market operations and housing subsidies that is recorded in detail both in the other articles reviewed here and many others published elsewhere. Also important in underpinning her critique, was Judy’s recognition of the rapidly changing economic and social context in which these new policies were being floated – including increasing price/interest rate volatility and the financialization of housing; labour market restructuring affecting job security; and rising wealth and income inequality.

Judy identified two major ‘in principle’ issues with the policy reforms proposed at this time. First, the case for equalising subsidies for public and private tenants – essentially putting public housing provision on a quasi-market footing – took insufficient account of the different benefits of those two housing tenures. Importantly, public housing, she argued, could in principle be configured to provide benefits similar to home ownership such as security of tenure, control of one’s housing environment and reduced costs over time. It could be allocated according to need (i.e. via administrative, not market, mechanisms) and thus was responsive to the requirements of those with special housing needs. None of these benefits could be provided via private renting especially for lower income households, so Judy’s core concern was with the risk inherent in the proposal of the privatisation of public housing and/or its demise in higher rent/higher subsidy cost areas.

Judy's second main critique was that the policy proposal's focus on equalising subsidies for renters was, at the same time, silent about the much greater (untaxed) benefits that homeowners receive. Under this policy direction, she rightly foresaw deepening housing inequality and inadequacy as lower income households lost their traditional access to public housing and were increasingly unlikely to ever access home ownership.

The question mark that Judy placed at the end of the paper's title proved to be prophetic. These inadequate proposals were not implemented. Australia since has, indeed, continued to muddle through with the result that housing affordability and housing inequality have both deteriorated (Pawson et al. 2020).

'In Defence of Greater Agnosticism: A Response to Galster's 'Comparing Demand-side and Supply-side Housing Policies' (1998)

Our fourth choice was jointly authored with Christine and published as part of a long running discussion between American analysts, who tend to emphasise the benefits of market-based approaches, and those from Europe and Australasia who often favour a mixed housing economy. Much of this paper was written jointly in Christine's kitchen during one of Judy's extended European visits.

In 1997 Housing Studies had published an article by George Galster which, after a more general analysis of how demand and supply side subsidies might operate across sub-markets, stated that "with the typical context, the demand-side approach is superior to the supply-side approach" (Galster 1997 p561). This was the starting point for the joint paper which argued that this was a narrowly based and overstated conclusion relevant mainly to a US style economy where most housing is provided by the market. This, however, is not the case in many other advanced economies where significant proportions of the housing stock are supported by supply-side subsidies and indeed often owned by the public sector or by other non-profit oriented organisations. Rather, the question should be addressed much less in terms of subsidy allocated to market providers or consumers (as Galster implicitly assumes) but more in terms of market versus administrative failures. Equally, there should be greater emphasis on distributional outcomes rather than simply on supply and price.

Galster identified four general areas by which policies should be assessed – the impact on non-recipient households, the budgetary costs of recipients receiving a given amount of housing, the effect on upgrading, and that on the deterioration or abandonment of housing stock. In response, the Yates and Whitehead paper suggests that any assessment should be much more widely based on how the subsidies are delivered – e.g. by administrative, rather than market, allocation which can result in very different impacts. It should also take account of a wider range of objectives, including the benefits to the recipients themselves such as security of tenure and improved work incentives as well as benefits to communities, such as those arising from reducing social segregation. Further, supply-side subsidies increasing housing investment can be used counter-cyclically to improve macro-economic stability, while demand-side subsidies have been argued to reinforce market volatility.

This is not to suggest that mixed systems are inherently better than market-based solutions. But it is to argue that the debate would be more productive if it examined the strengths and weaknesses of each approach in relation to the fundamental objectives of housing policy.

'Cyclical versus structural sustainability of home ownership: Is counter-cyclical intervention in housing markets enough?' (2011)

Our penultimate choice of article is one of Judy's most prescient. It reflects on Australia's long experience of owner-occupation as the desired objective; the reasons why owner-occupation has become increasingly unaffordable for lower income households across much of the developed world; and the structural instabilities that need to be addressed.

The paper draws on Judy's earlier statistical analysis of how home ownership rates had started to fall among younger households (those in their 20s) as early as the mid-1970s, yet average rates of owner-occupation have so far remained constant at around 70%. The paper looks in detail at how real house price increases became uncoupled from growth in real incomes as existing owners with very significant equity in their primary home as well as considerable borrowing capacity incentivised by government taxation policy, were able both to move up-market and to become major private rental investors. At the same time there were worsening supply constraints while demand arising from both population and income growth was rising rapidly. This has resulted in the increasing concentration of both wealth and indebtedness among older owner-occupiers while younger generations rent from these investor landlords rather than being able to buy their own homes. The benefit is that debt is held mainly by those who can afford it, providing macro-stability. The cost is that house prices are beyond the reach of lower income households without the help of Mum and Dad.

After the Global Financial Crisis, the Australian Government, unlike many others, successfully offset some of the downward economic pressures by not only reducing interest rates but also directly incentivising first time buyers to enter the market and, in particular, to buy newly built homes. This, along with a major stimulus to social house building (Milligan and Pinnegar 2010), helped avoid a crisis in housing production and enabled first home buyers to enter the market without reductions in house prices. These counter cyclical measures however did little to change the underlying structural issues – the rise in first home buyers was short lived and both renters and future first home buyers have almost certainly ended up paying more. The longer-term prediction must be that current owner-occupation rates may be unsustainable while renters face a worsening affordability crisis.

The paper further analyses how the UK housing market has shown similar patterns, except that the pressures started somewhat later and declines in average owner-occupation rates, not just among younger households, have already been observed. The current body of research across developed countries shows similar patterns but concentrates more on the role of financialisation in generating worsening conditions both for tenants and first-time buyers. The impact of the increasing market power among existing owners deserves similar analysis.

['A private rental sector paradox: unpacking the effects of urban restructuring on housing market dynamics'](#) (2017)

The final article, written with Kath Hulse, is a culmination of 15 years of work on the size and composition of the private rental market using Australia as a case study. The paper's core empirical analysis is based on a method pioneered by Judy to match up household incomes (by quintile) and affordable (private) rent segments over 5 yearly intervals between 1996 and 2011 using customised census data.

The paradox revealed by the longitudinal analysis is a growing misalignment between demand for private rental housing across the household income distribution and its supply at different rent levels. Thus, the authors found there was a consistent disparity across Australian metropolitan and non-metropolitan areas between the incomes of private renter households, with both more high- and low-income renter households, but an increased concentration of supply bunched at mid-

market rent levels. This has occurred within the context of strong growth in the private rental sector as a share of all housing. A significant spatial aspect of restructuring is also revealed, especially within the major cities of Sydney and Melbourne: growing disparities in renter incomes between inner and outer areas. This is associated with the growth in quality jobs concentrated in inner areas matched to higher income renter demand there, while lower income renters are being displaced to more affordable but less economically endowed outer areas. These developments are characterised by the authors as representing, among other things, a failure of housing market ‘filtering’.

To explain these findings, the authors focus first on the changing market for rental housing: increased demand from low income households no longer served by a declining social housing sector, but also from middle and higher income households either choosing to rent or, especially in the case of newly forming households, unable to afford to buy but able to rent in high cost areas. Increasing land values, and the associated decline in low rent housing together with a concentration of small landlord investment in middle value (less risky) properties with capital gains potential, are identified as among factors leading to worsening supply mismatch.

One of the main policy-relevant findings is the overall decline in private rental housing affordable and available to low-income renters at a time when the policy discourse has largely been about placing increasing reliance of the private rental market to meet housing needs (see article 3 above). Another is the mounting significance of private renting for middle and higher income households.

Overall, the paper showcases the thorough quality of analysis for which Judy was renowned, as well as the importance of interpreting this in the context of a dynamic housing system and an understanding of wider economic and urbanisation restructuring processes.

Judy’s contribution

The articles we have chosen reflect the consistent, committed and cumulative nature of Judy’s lifelong housing research effort. One of her most obvious strengths was her strong technical base – coming from her scientific training – but tempered by her down to earth understanding of the nature of housing and its central role in people’s lives as well as the challenges policymakers face in implementing coherent reforms. Judy recognised the importance of high quality data and fought a continuing battle to ensure that appropriate statistics were made available and were used to support the development of coherent policy.

A theme that ran throughout Judy’s career was her concern about the political emphasis on home ownership – sometimes to the exclusion of more fundamental objectives of adequate and secure affordable housing for all. In this context, the articles chosen point to her careful codification and comparison of the characteristics and benefits of the main housing tenures; her understanding of the interrelations between the tenures; and, particularly, her abiding interest in distributional questions (unlike most economists).

What these articles do not reveal are other aspects of Judy’s amazing career: her work for governments and the Reserve Bank of Australia which significantly impacted on policy; her generous and rigorous approach to teaching and mentoring students and public officials; her support for community housing and social service organisations; and, indeed, her political commitment to adequate, affordable housing for all. In recognition of all her outstanding contributions - to housing research, to economics teaching and academic leadership, and to policy development - Judy was honoured with the award of an AM (Member of the Order of Australia) in June 2021.

Many academics with Judy's training tend to concentrate on technically complex analyses of often quite narrow issues. Judy took the other path always using her analytic skills to consider realistic policy options and to make the case for those with the best potential to improve housing outcomes – especially through fairer taxes on housing wealth, more public investment in social housing and improved rent assistance. Judy's chosen research path may not have been optimal for her formal academic career – but she was entirely unworried by this as long as she felt she was contributing to the wider debate on how to improve housing outcomes. Her dignified, calm and reasoned style of advocacy as well as her generosity to colleagues will be hugely missed.

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