How does security of tenure impact on public housing tenants?

SECURITY OF TENURE GIVES PEOPLE A SENSE OF AUTONOMY, IDENTITY AND CONTROL OVER THEIR LIVING ENVIRONMENT RESULTING IN INCREASED RESIDENTIAL STABILITY AND REDUCED STRESS. THIS IN TURN BENEFITS CHILDREN’S EDUCATION AND NEIGHBOURHOOD SOCIAL COHESION, AND IN SOME CONTEXTS ENABLES WORKFORCE PARTICIPATION.

KEY POINTS

• The main mechanisms by which security of tenure contributes to improved health and wellbeing are by one: enabling people to have a secure home, thus allowing some degree of ‘ontological security’; and two: by reducing stress associated with insecure housing and frequent moves.

• Family stability is assisted by security of tenure by reducing residential mobility, which reduces stress levels in parents and children, allowing parents and children to focus on longer-term goals such as personal relationships and education.

• Security of tenure contributes to social cohesion through increasing levels of residential stability and length of residence.

• Security of tenure in public housing both assists and inhibits workforce participation. It assists workforce participation by raising self-esteem, stabilising residency, and reducing stress and housing concerns. This allows tenants to focus on career development. Security of tenure also inhibits workforce participation because it is too valuable a subsidy to give up, especially where labour markets are insecure, or earned incomes low or insufficient to cover the costs of living.

POLICY CONTEXT

Over the last decade public housing has become highly targeted to very disadvantaged people. Investment in public housing has decreased and supply has not kept up with demand. Private rental and home ownership have become less affordable resulting in a greater demand...
on public housing. De-institutionalisation has also increased demand on public housing. The net results are increased wait lists and reduced exits from public housing. Housing authorities are interested in increasing exits from public housing, especially for public housing tenants who are now ‘doing well’, as a means of increasing the availability of public housing. A variety of measures are being examined, including deposit assistance, shared equity and home ownership assistance products, but also the possibility of ending tenure for life.

Security of tenure or ‘tenure for life’ has been regarded as a ‘right’ in public housing. Queensland and NSW have already changed their tenure policies. All tenancies commencing after 1st January 2006 or 1st July 2006 in Queensland and NSW respectively will be placed on fixed-term leases. The length of the lease is determined by tenant needs at the time of allocation. At the conclusion of the lease, if the tenant is still eligible and has priority, a new fixed-term lease will be offered. Thus tenancies commenced in Queensland and NSW prior to the policy change will continue to enjoy tenure for life while new tenants will not.

The impact of fixed-term leases on outcomes for public housing tenants is unknown in Australia. Reviewing the evidence of the outcomes of security of tenure for public housing tenants may assist in making decisions as to whether retaining ‘tenure for life’ is worthwhile.

WHAT IS SECURITY OF TENURE?

When allocated public housing all tenants sign a lease agreement with a housing authority that is a legally binding contract. Under the terms of the agreement both parties have obligations. The housing authority must maintain the property. The tenant must pay rent, not damage the property or cause serious annoyance to others. Failure to do so is a breach of the agreement and the tenant may be evicted. If tenants meet their obligations, this has meant in all states that the tenant has tenure for life in a public housing dwelling.

The security enjoyed by public housing tenants stem from property rights underpinned by property and tenancy laws. These rights ensure a high level of control, including:

- Use of the dwelling for continuous occupation for any legitimate purpose; and
- Control over key aspects of the dwelling; such as the right to control entry by others, household size, use of the dwelling for employment purposes, to modify fittings and some fixtures, although housing authority policies will circumscribe what sort of employment or modifications to fixtures can be undertaken.

However, tenants do not have rights to dispose (sell) or sub-let the property.

Once in public housing a tenant may remain regardless of employment status or income level, (except for new tenants in Queensland and NSW). Tenants are not required to conduct their lives in any prescribed way, for example: undertaking training or entering the work force.

WHY MIGHT SECURITY OF TENURE BE IMPORTANT?

Security of tenure has the potential to give tenants control, certainty, and a high level of autonomy and freedom over their immediate living environment. In a national survey of public housing and private renters people regarded affordability and security as extremely important, 77% and 57% respectively. When asked explicitly how important they rated security of tenure, 96% responded that it was either very important (77.3%) or important (18.3%). Public housing tenants have stated that they would rate security of tenure above dwelling security or safety while others “…would be prepared to pay market rents” because they saw security of tenure as the main benefit of their [public] housing.

Ones home is an important source of ‘ontological security’, that is, it is a source of an individuals sense of identity, security, independence and control. While home ownership has been found to give the greatest sense of ‘ontological security’, public housing tenants also can gain such a sense from their homes. It is this feeling of independence, control, and identity that may be a key mechanism in alleviating stress levels, raising self-esteem and motivating people to act.

The ways in which security of tenure can be important are complex and may be influenced by many factors including the attributes of the individual and the resources available in a particular locale. Figure 1 adapted from Phibbs (2005) illustrates some pathways between security of tenure and tenant outcomes.

Isolating the effect security of tenure, per se, has on public housing tenants within this framework is difficult, as there are many intervening variables which may also be contributing to tenant outcomes. In addition, security of tenure is not usually the specific focus of research, with the exception of Adkins et al study of private renters in Queensland. There are however, research findings that do shed light on the impact security of tenure has on public housing tenants and how and why these outcomes occur.

* The sample included 12,600 people from public housing wait lists and a sample of 12,000 people in private rental and in receipt of Commonwealth Rent Allowance (CRA) from each state and territory. There were a total of 2,326 (20.3%) valid responses received from people on public housing wait lists and 2,493 (21.2%) from private rentals in receipt of CRA.
HEALTH AND WELLBEING

Lack of control over one's living environment has been identified as a potentially ‘chronic’ source of stress. People who are homeless without a stable residence or who spend a lot of time in a dwelling inappropriate to their needs, are vulnerable to such stress as they are constantly aware of their inability to control an important domain in their life.

A longitudinal study of people entering public housing found that respondents reported improved health and wellbeing, which was attributed to a number of factors including “Reduced stress due to security of tenure and more income.” Respondents “…reported positive changes in their life stemming from reductions in stress as a result of (a) the security of tenure and (b) the control over environment that they were now experiencing. Many reported improved emotional wellbeing, and a reduction in depression levels, to be the most significant changes resulting from their move” into public housing.

Amongst heroin addicts, the residential stability due to security of tenure in public housing improved users’ health and wellbeing. “In respect of their ‘social capacity’, the stability provided by secure housing allows heroin users to look beyond their immediate survival to the consideration of longer term issues such as employment, education, health and relationships. In this respect, stable housing enhances the individual’s capacity to access basic life opportunities that should be available to all.”

Security of tenure reduces residential mobility, enabling people to ‘stay put’ which assists them to develop supportive relationships with others including professional service providers such as GPs. High levels of residential mobility compromise such relationships and in turn can reduce levels of health and wellbeing.

FAMILY STABILITY

Security of tenure assists family stability. This evidence comes from studies of home ownership and of public housing tenants. The main mechanism by which security of tenure impacts positively on family stability is through reduction in residential mobility and increased residential stability. Residential stability enables people to feel more in control, settled, less stressed, and gives people the ‘mental room’ to focus on longer term goals such as family relationships and children’s education.

High levels of residential mobility are associated with poor educational performance and reduced completion of high school. Private renters, especially those on low incomes, experience high levels of mobility resulting in frequent changes of schools for children.

In a study of public housing entrants in Melbourne and Brisbane, 36% of the children had attended one school in the previous two years, 28% had attended two to four schools and 16% had attended five or more schools over the previous two years. High levels of child and parental stress can be expected with such disrupted living arrangements.

Security of tenure improves a household’s child rearing capacity. Public housing tenants report that as a result of their public housing they are: “…feeling…more settled” (76.8%), and “children [are] feeling more settled” (62.1%). These improvements in children’s education outcomes can come about in relatively short periods of time as a result of stabilised housing.

SOCIAL COHESION

To date there is no direct evidence that security of tenure in public housing improves overall social cohesion, in its many different guises. There is partial and indirect evidence, however, from research that examines social cohesion, the housing system and neighbourhood issues.
The concept of social cohesion is complex, multi-dimensional and is used to discuss macro societal issues and micro neighbourhood level issues. A variety of definitions exist, each emphasising different aspects of social relations, but none are widely accepted. Social cohesion can be conceptualised as covering a number of dimensions:

- Inequality;
- Social connectedness;
- Cultural values (eg. norms underlying common values, shared understandings about behaviours and identity); and
- Place based attachment and identity.

Variables associated with housing and housing assistance thought to be important for developing and maintaining social cohesion are: residential stability, length of residence, attachment to neighbourhood, and housing and neighbourhood satisfaction. Studies of the impact housing assistance has on individuals and families have also identified mechanisms associated with social cohesion. For example, stable tenures, which are a feature of homeownership and public housing, are more likely to lead to the development of personal bonds and networks at the neighbourhood level and a greater willingness to participate in the community. Residential stability and length of residence are associated with having stronger neighbourhood ties and support, engagement with neighbours and participation in civic activities.

The presence of strong communities in public housing areas may be the result of people developing social networks in order to ‘get by’, “…strong communities may be a product of disadvantage since this has the effect of concentrating life within the local area.” In such cases security of tenure and resultant residential stability may assist in the development of a stronger sense of community attachment and development of social support networks.

Lack of social cohesion

Insecure housing and homelessness can be seen as an extreme consequence of lack of social cohesion at a societal level. Housing assistance is a key mechanism by which such disparities in living circumstances may be addressed. Security of tenure in public housing is likely to assist in the reintegration of people and increase social cohesion. However, positive outcomes for tenants will be mitigated by people’s personal attributes, their level of satisfaction and positive attitude towards the neighbourhood and the attributes of the neighbourhood, particularly the presence of support services.

An important issue for policy and housing managers is the allocation of new tenants to public housing areas. Tight targeting in allocations of extremely disadvantaged people may result in a reduction of residential stability as long-term residents, home owners or public housing tenants, move out resulting in negative impacts on neighbourhood social cohesion. Similarly, high levels of turnover in residents are also likely to reduce levels of stability, social engagement, sense of belonging and levels of neighbourhood social cohesion.

WORKFORCE PARTICIPATION

Research findings into the effects security of tenure has on the workforce participation of public housing tenants are equivocal. International and Australian studies have found consistent evidence that security of tenure in public housing inhibits workforce participation: upon entry into public housing, tenants are less likely to exit income support, less likely to be employed, more likely to reduce hours of work, more likely to give up employment if long commutes are required, and less likely to move out of public housing to seek or take up employment. Other Australian research has shown security of tenure to assist workforce participation through enabling residential stability, reduced mobility and increased ‘ontological security’ improving self esteem and the motivation to work.

Public housing tenant labour market skills

Attributes of tenants that impact on workforce participation are levels of education, work history, skill levels, gender, family responsibilities, health and disability status and attitudes and motivations to employment. Societal level mechanisms found to impact on workforce participation include: the tax and income support system, housing authority rent and transfer policies, location of public housing, security of tenure, employer attitudes to public housing tenants and prevailing labour markets.

Labour market conditions and the skill profile and work history of public housing tenants are important considerations when assessing reasons for low workforce participation. The allocation criteria for public housing have meant that only the most disadvantaged people are housed. Compared to the general population, public housing tenants tend to have more disabilities, poorer health, lower levels of education, lower incomes and poorer work histories and labour market skills. As a result where public housing tenants have been employed, it is usually in less skilled, less well paid and more insecure jobs. The competitiveness of many public housing tenants in the current labour market is not high and this is important in explaining differences in labour market outcomes for public housing tenants.
Effective Marginal Tax Rates (EMTRs)

Another major factor explaining lower workforce participation for public housing tenants is the combined impact of tax, income support and rent policies. Major barriers and disincentives have been found to result from the combined impact of the federal tax and income support systems and state and territory rent policies. The financial gains of employment are reduced for most tenants by the combined effect of reduced or total loss of pensions and benefits, increased tax payments and increases in public housing rent. These are known as ‘effective marginal tax rates’ (EMTRs). EMTRs can be so high that employment may result in no or even a reduced income for public housing tenants.

Location of public housing

Another explanation for lower workforce participation is the location of public housing in economically depressed areas resulting in long travel times and high transport costs – an important consideration if the financial rewards of employment are low. Addressing these difficulties while remaining in the public housing system is difficult. First, there is often a lack of public housing in economically buoyant areas, and second, most housing authority transfer policies give priority to medical or family violence over employment reasons. If forced to choose employment over housing, public tenants have shown a reluctance to give up their secure housing to move to seek or take up employment.

Employment

Despite considerable barriers and disincentives, public housing tenants do participate in the work force. Security of tenure in public housing has been found to assist people to ‘work on their careers’ and take up training or employment. Further, security of tenure and the possible residential stability can also make it easier to remain employed. In a study of work disincentives and housing assistance, 51% of public housing tenants agreed that security of tenure had assisted them to look for employment.

Public housing represents a very valuable indirect subsidy, which is not portable. Those able to access public housing are some of the most disadvantaged people in society and obtaining a similar standard of accommodation that is as secure and affordable would be extremely difficult. It is, therefore, not surprising given the low rewards and barriers to participating in paid work that people will forgo employment to remain in public housing.

GAPS IN THE RESEARCH

The focused review of the literature available for this synthesis project revealed only one research project dealing directly with security of tenure, specifically with the experience and perceptions of security of tenure of different private renters in Queensland. The impact of security of tenure on public housing tenants requires a more focused examination that differentiates between household types. For workforce age individuals or families, an improvement in health, social and economic functioning can be expected outcomes of security of tenure. For the elderly, improvements in health and social functioning can be expected outcomes of security of tenure. Specific issues requiring closer examination include the following:

- Is there an optimal time period by which most tenants will have gained the maximum benefit from public housing?
- What is the impact of fixed term tenure on tenant health, social and economic outcomes, and neighbourhood outcomes, and why is this the case?
- How important is security of ‘ontological security’, i.e. a sense of security, identity and control over ones living environment to health, social and economic outcomes. Are people’s motivations to improve their health (eg. adhere to health, fitness or medical regimes); improve social networks, or skills, or employment status impacted by a sense of ‘ontological security’?
- Does security of tenure in public housing contribute positively in the regeneration of neighbourhoods or are other factors more important?
- Does security of tenure act as a stronger mechanism to inhibit workforce participation or are EMTR’s, insecure labour markets or low paid employment stronger inhibitors?
- What is the length of time between entry into public housing and entry into the workforce? Is this likely to change given current targeted allocation policies?
- Are labour market conditions, especially the availability of full time permanent jobs, the key predictor to workforce participation by public housing tenants rather than security of tenure, or fixed-term leases?

IMPLICATIONS FOR POLICY MAKERS

Security of tenure is regarded as a key aspect of social housing by many academics and policy makers, while others regard it as a possible source of problems. Here is not enough evidence to identify whether households benefit more by security of tenure – tenure for life – or from fixed term tenures. A clear understanding of the impact that fixed or non-fixed term tenure in public housing has on tenants is necessary before changing key policies.

The evidence gleaned from this research synthesis indicates that security of tenure does benefit: health and wellbeing; family stability, as it relates to improving
children's education; and possibly social cohesion. But security of tenure may undermine other possible outcomes for public tenants, for example it may result in unwillingness to give up security of tenure to seek or take up employment, although the barriers and disincentives to workforce participation are already significant. A number of policy and program implications are apparent:

- If it is the case that security of tenure, by contributing to ‘ontological security’, is the key to inspiring motivations to self-care and improvement then changes to tenure policy need to be carefully weighed up against possible consequences.

- It is clear that children's education improves with security of tenure due to residential stability. Given this, allocation policies need to consider children's educational outcomes and ensure that neighbourhoods are as appropriate as possible and schools accessible.

- If it is the case that security of tenure has a positive impact on social cohesion then allocation policies need to be sufficiently flexible to allow housing managers to consider neighbourhood factors when allocating public housing to maximise the fit between tenants and the neighbourhood.

NOTES

This bulletin synthesises evidence from the following publications:


ACKNOWLEDGMENTS This material was produced with funding from Australian Government and the Australian States and Territories. AHURI Ltd acknowledges the financial and other support it has received from the Australian, State and Territory Governments, without which this work would not have been possible.

DISCLAIMER The opinions in this publication reflect the results of a research study and do not necessarily reflect the views of AHURI Ltd, its Board or its funding organisations. No responsibility is accepted by AHURI Ltd or its Board or its funders for the accuracy or omission of any statement, opinion, advice or information in this publication.