How does housing assistance affect employment, health and social cohesion?

INTERNATIONAL EVIDENCE SHOWS THAT HOUSING ASSISTANCE PROVIDES POSITIVE ‘NON-SHELTER’ BENEFITS THROUGH AFFECTING AFFORDABILITY, TENURE TYPE, SECURITY OF TENURE, LOCATION AND DWELLING QUALITY, BUT KEY GAPS REMAIN IN THE AUSTRALIAN EVIDENCE BASE.

KEY POINTS

• Housing assistance improves both affordability and other ‘non-shelter’ well-being outcomes in poverty, health, education and social cohesion. The effects are more mixed for employment, security and wealth distribution.

• Key aspects of housing in assisting well-being outcomes are affordability, tenure, security of tenure, location and dwelling quality.

• Housing assistance reduces after-housing poverty in Australia. However, it also increases rents and house prices, making housing less affordable for low-income households not in receipt of housing assistance.

• By increasing security of tenure, housing assistance reduces residential mobility. Overseas, this is associated with improved social cohesion and worsened employment outcomes. In Australia the story is more mixed: the impact of home ownership on employment is negligible, but public housing waiting periods have significant negative effects on labour market participation.

Based on research by Dr Catherine Bridge, Paul Flatau, Dr Stephen Whelan, Professor Gavin Wood and Associate Professor Judith Yates. The research, undertaken at AHURI's Western Australian and Sydney Research Centres, systematically reviews the state of the evidence base on the well-being outcomes of housing and highlighting key knowledge gaps.
**KEY POINTS**

- Changing the location of public housing tenants in the US has had mixed effects on employment, social capital and education, but positive effects on child health.
- The quality and appropriateness of housing have a significant impact on health, especially for young, aged and disabled groups.
- Key gaps remain in the Australian evidence on the links between housing assistance and most well-being outcomes.

**CONTEXT**

Housing assistance programs in Australia vary in their methods of delivery, groups targeted and facets of housing addressed. For example, transitional and public housing may provide shelter to those who would otherwise be homeless. Commonwealth Rent Assistance (CRA) enables recipients to achieve better-quality housing than they might otherwise be able to afford. Other assistance measures enable recipients to more easily make the transition to home ownership. In community renewal, housing assistance is aimed at improving the physical appearance of, and social outcomes for, a particular neighbourhood.

These programs also affect broader well-being outcomes, including the employability, health and social connectedness of households that receive assistance. They may do so by improving housing outcomes (e.g. improved dwelling quality leads to lower morbidity) or other related outcomes (e.g. improved health may improve labour market participation).

This study reviewed international and Australian evidence for links between housing and broader well-being outcomes. It also sought to identify the pathways by which these links might occur, including those relating to characteristics of housing (Table 1), as well as the circumstances in which they occurred.

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**METHODOLOGY**

This systematic review adapted the Campbell Systematic Review (CSR) Protocol. The protocol was established to guide the review and synthesis of evidence of the effects of interventions and public policy, primarily in the fields of social welfare, education and criminal justice.

In a systematic review, a systematic attempt is made to locate all relevant literature and provide an explicit description of studies included, to limit selection bias by the reviewer. A systematic approach is used to examine methods employed and to identify potential biases and sources of heterogeneity between studies. Conclusions are based on studies that are most methodologically sound.

International studies (mainly from the US and the UK) and Australian studies were examined. No Australian study met the high-level inclusion criteria initially identified as defining a methodologically robust study. This reflected many of the problems associated with social science research, and led to the inclusion of lower-level evidence (including case studies and expert literature reviews). While all studies included in the analysis sought to control for other potential confounding (e.g. demographic and socioeconomic) factors, it was not always possible to discount some unmeasurable variables or to be sure about directions of causality.

The findings consider the outcomes of housing assistance where particular features of housing (affordability, tenure type, security of tenure, location etc) played an important role.

**FINDINGS**

**Affordability**

Housing assistance might be expected to improve the affordability of housing, especially for those on low incomes, and thereby improve outcomes in terms of poverty, income and wealth distribution. However, its influence on other outcomes such as employment is ambiguous, as increased income might provide opportunities to purchase training or may reduce incentives to take up work.

**Poverty:** Rates of after-housing poverty among public and private tenants in Australia are higher than among Australians generally. Nevertheless, housing assistance for public renters significantly reduces rates of after-housing poverty for households. In the US, consumption of goods other than housing increases with receipt of housing assistance. There is evidence in both Australia and the US of poverty persisting from one generation to another, and concerns have been raised in Australia as to the role of housing policy in creating locations of inter-generational welfare dependence. However, there is no firm evidence internationally that housing assistance reduces or increases the transfer of poverty from one generation to another.

**Employment:** Evidence from the US suggests that housing subsidies (whether through public or private rental) have a significant negative effect on labour force participation and on hours of work. This was also the case in Australia, for both public rental and CRA recipients, though the effect was not significant for hours of work. This suggests that affordability in both types of housing assistance plays a role in reducing incentives to work. Qualitative evidence also suggests that improved affordability has generally negative employment outcomes for tenants by facilitating reduced participation, especially for those with parenting responsibilities in public housing.

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Tenure type and security of tenure

By influencing a household’s choice of tenure type (e.g. by increasing access to home ownership or by providing public housing), housing assistance can affect a household’s well-being outcomes. Key distinguishing features of tenure type are: degree of security of tenure; and access to other benefits (e.g. asset accumulation). For example, housing assistance to home buyers might lead to wealth accumulation and security of tenure, which in turn might alleviate poverty and improve social capital (by improving neighbourhood stability and civic involvement). Provision of public housing might also affect access to security of tenure, which could affect employment by stabilising a person’s housing situation.

Poverty and wealth distribution: In Australia, after-housing poverty for home owners is low compared to that for other tenures, and so policies aimed at improving access to home ownership are usually associated with reducing poverty among the aged. In the US, home ownership rates are higher than they would be without taxation assistance, which suggests that this assistance is critical in broadening access to wealth creation from home ownership. However, in Australia and the US, housing assistance is associated with higher house prices. This aids wealth accumulation for those who own or are purchasing, but hinders access for aspiring first home buyers. Wealth distribution in Australia has become less equal since the 1990s, due partly to the worsening affordability of housing. The Commonwealth First Home Owners Grant has not markedly increased access to home ownership for households that would not have accessed it later anyway. Housing assistance targeting marginal or low-income first home buyers provides access to the taxation benefits of ownership, but there is no adequate empirical evidence that home ownership is always financially beneficial for these households (e.g. asset growth may not be assured in the areas in which they locate).  

Social capital and cohesion: In the US, differences in social capital between home owners and renters (after controlling for demographic factors) are largely explained by the relative immobility of home owners, and only very marginally by the effects of wealth accumulation associated with home ownership. There is a strong inverse relationship between housing assistance and mobility – in the UK, the three forms of housing policies (public housing, rent controls and tax relief loans for home buyers) all constrained inter-regional mobility, and public tenants were less likely to move than owner-occupiers and private renters. In this sense, housing assistance promotes neighbourhood stability and civic involvement. However, housing policies can also have different effects on different groups, leading to adverse effects on social cohesion. There is some evidence, for example, that privatisation of public housing in the UK increased the ‘social distance’ between low-income tenants remaining in social housing and their better-off neighbours.

Employment: Because the security of tenure offered by home ownership has been associated with greater residential immobility, some analysts have speculated that home ownership might also have a significant impact on employment outcomes by hindering movement towards job opportunities. This is the case in the US, but the recent evidence from Australia is that home ownership has a positive impact on employment outcomes.

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UK, there is some evidence that public housing inhibits mobility, which undermines employment outcomes and increases unemployment.\textsuperscript{20} In Australia, public renters are more likely to be unemployed than other tenures and are likely to stay unemployed for longer. This suggests that public housing inhibits labour market participation, though precisely how is unclear.\textsuperscript{21} There is some evidence from both the US and Australia that waiting for public housing has a negative effect on labour market participation – it is possible that short waiting periods induce people to delay entering the workforce for the sake of preserving their entitlement to public housing. This agrees with other evidence that employment outcomes improve significantly after entry to public housing.\textsuperscript{22}

Health: International evidence on the effect of housing tenure on health appears to be neutral or mixed. Although home owners have lower morbidity than renters, this effect appears to be primarily socioeconomic in nature and is linked to better locale and capacity of home owners to maintain their homes over time.\textsuperscript{23} Health benefits for home owners also depend on access to secure finance and suitable property, however, mortgage indebtedness reduces well-being and increases GP visits, especially for men.\textsuperscript{24}

Rental subsidy in Australia helps prevent homelessness and by so doing produces health savings.\textsuperscript{25} Tenants in ‘enhanced shelter projects’ in the UK experienced enhanced well-being – this was associated with having more choice and control.\textsuperscript{26} Social housing (including medical priority housing) can also have an impact on reducing homelessness and institutionalisation, curing disease and health service savings.\textsuperscript{27} However, in both social housing and medical priority housing, health outcomes can be undermined by problems in finding a suitable quality or choice of accommodation, and delays in receiving benefits (for social renters).

Education: Children of home owners in the US are less likely to drop out of school and have higher high school graduation rates than children of renters, especially those on low incomes.\textsuperscript{28} In the US and Australia, home ownership is associated with higher educational attainment for children and higher earnings once they become adults, though in the US this appears to be related to the impact of housing wealth, which can be used as a source of funding for secondary and higher education fees.\textsuperscript{29} The relatively poor educational outcomes for those in public housing are largely explained by disadvantaged family background – housing status alone has no effect on educational outcomes.\textsuperscript{30} However, in the UK, living in public housing as a child improves labour market outcomes as an adult.\textsuperscript{31}

Location

Social exclusion or poor employment outcomes might occur if social housing applicants are allocated to estates with poor connection to labour markets.

Social cohesion and social capital: A significant concern in the US is socioeconomic segregation of households between depressed inner city and economically vibrant suburban areas. The Moving to Opportunity programs in the US relocated disadvantaged households to suburban areas. However, changing location has mixed effects on

\textsuperscript{23} See for example Ellaway A, Macintyre S (1998) Does housing tenure predict health in the UK because it exposes people to different levels of housing related hazards in the home or its surroundings? Health and Place 4(2):141–50
\textsuperscript{25} Department of Health and Family Services (1996) Connecting Aged Care and Housing: An Evaluation of the Assistance with Care and Housing for the Aged Program (ACHA). DHFS, Aged and Community Care Division, Canberra
\textsuperscript{26} Oldham C (2000) Is Enhanced Sheltered Housing an Effective Replacement for Residential Care for Older People? (Findings) York, UK Joseph Rowntree Foundation
\textsuperscript{27} See for example Bachel C, Bachel H, Page D (1999) Housing the foundation for community care, Health, Society and Community Care 7(6):492–501
social capital. Relocation under the program appeared to have no impact on receiving social support from new households (mainly because movers maintained links with other movers moving to similar areas). However, they experienced improved outcomes in terms of parenting by protecting their children from bad influences such as crime or drugs.\textsuperscript{32} The congregation of public housing in one location might need to be reconsidered in light of concerns such as crime. In the UK, for example, public housing allocation processes have, over time, established communities in which criminal activity is accepted as a part of life.\textsuperscript{33}

\textbf{Employment:} In the early 1990s, economic trends away from manufacturing and towards service industries severely undercut opportunities for public tenants, who tended to be located in estates near declining manufacturing centres.\textsuperscript{34} Spatial mismatch between housing and employment opportunities has been particularly evident in some US cities. This has been a key argument behind the Moving to Opportunity programs. However, the labour market outcomes of such programs have been mixed, suggesting that location may be less significant than community relationships.\textsuperscript{35}

\textbf{Education:} Education outcomes are thought to be affected by location of housing, through access to good schools, and peer group effects at the neighbourhood level. Identifying the effects of housing assistance on educational outcomes is difficult, due to the difficulty of controlling for other influences on education, such as the health of children. The international evidence in favour of programs which actively target location (such as Moving to Opportunity) is mixed: although forced relocation from distressed neighbourhoods to wealthier suburbs often improves educational outcomes for children, voluntary moves (which had a better chance of overall success) were often to locations where schools were of no better quality.\textsuperscript{36}

\textbf{Health:} Location-based factors that affect health include severity of natural environment (e.g. humidity), proximity to services and neighbourhood deprivation. Gains in self-rated health have been associated with moves to preferred locations.\textsuperscript{37} The Moving to Opportunity Program in the US was linked with significant improvements in child and adult health.\textsuperscript{38}

\textbf{Dwelling design, adequacy and appropriateness}

Health: Housing assistance directed at improving dwelling design or ensuring a better fit between design and the needs of the household (such as occurs in retrofit programs in some public housing estates) should improve health outcomes. Poor design and construction of housing can have both direct and indirect health effects.\textsuperscript{39} Particular groups at risk include infants and older people. Housing renewal programs (including repair and retrofit grants and home safety initiatives) are generally associated with positive physical and mental effects.\textsuperscript{40} Retrofit programs enable acute hospital discharge and provide indirect benefits such as confidence and independence, but will not substitute for care for the most disabled.\textsuperscript{41} Australian studies of aged and older population outcomes show that environmental modification in homes (such as

38 See for example Ambrose P (1997) Better housing as preventative medicine, Housing Review 46(3):57–9
39 Ambrose (2001) Some way short of holism: United Kingdom urban regeneration and non housing outcomes, occasional paper no. 8, Housing Policy and Research, Queensland Department of Housing.
provided through Home and Community Care programs) can maintain well-being and reduce morbidity.\textsuperscript{43} However, it also has the potential for negative outcomes if it undermines the individual’s sense of control over their environment.\textsuperscript{44} Control over one's physical environment is an important factor in mental health, and renewal that does not involve consultation can increase stress for residents.

Adequacy of dwelling, especially indoor air quality, is very important.\textsuperscript{45} Poor health outcomes (including morbidity, mortality and mental ill health) stem from a range of problems related to poor heating, insulation, ventilation and plumbing.

Suitability of dwelling type is also important – overcrowding increases the spread of infectious disease\textsuperscript{46} as well as anxiety and negative mental health effects.\textsuperscript{47} Experiencing overcrowding as a child has also been linked to ill health as an adult.\textsuperscript{48} Outcomes for mentally impaired subgroups hinge on the form of medical priority housing and rental subsidy in combination with support, training and dwelling design.

Security: International evidence linking housing assistance and criminal activity is mixed and is generally focused on concerns over the built environment in public housing estates. The Australian evidence shows no systematic relationship between criminological patterns and design of public housing estates.\textsuperscript{49} Offences are more likely to be reported when surveillance opportunities are greater; however, there were no differences between low- and high-rise housing in rates of offences.\textsuperscript{50} Attempts to renew some Radburn-style public housing estates in Sydney have met with mixed success in reducing the incidence or perception of criminal behaviour.\textsuperscript{51}

\textbf{POLICY IMPLICATIONS}

Housing assistance in general provides benefits in health, social capital, poverty reduction and education. Outcomes are more mixed in relation to personal security, wealth distribution and employment.

Housing assistance makes a key contribution to reducing poverty by improving affordability, but undermines incentives to enter employment. It also reduces residential mobility, which can help improve social capital. This works against good employment outcomes overseas, but not in Australia. Benefits are also apparent in children’s education, possibly because assistance gives households access to increased resources, improved location, more appropriate dwelling and improved security of tenure. Health outcomes are improved mainly through improvements in the quality, location and appropriateness of housing.

With the possible exception of studies linking housing assistance and poverty, and recent evidence on employment, there is a dearth of evidence in Australia linking housing assistance to 'non-shelter' well-being outcomes. There is also a lack of rigorous evaluation studies that go beyond cost-benefit and program evaluation. There is scope to undertake further research following in the footsteps of the more extensive evidence base in the US and the UK, which use natural experiment and other more rigorous methodologies.

AHURI is currently undertaking a significant contribution to this research through the National Research Venture \textit{Housing assistance and economic participation} to find out more about how housing assistance might affect employment outcomes in Australia.

\textsuperscript{43} For example Mann WC, Ottenbacher KJ, Fraas L, Tomita M, Granger CV (1999) Effectiveness of assistive technology and environmental interventions in maintaining independence and reducing home care costs for the frail elderly: a randomized control trial. Archives of Family Medicine 8(3):210–17
\textsuperscript{44} Allen T (2000) Housing renewal – doesn’t it make you sick? Housing Studies 15(3):443–61
\textsuperscript{50} Mawby RI (1977) Defensible space: a theoretical and empirical appraisal, Urban Studies 14:169–179
FURTHER INFORMATION

This bulletin is based on AHURI project 80188, Housing Assistance and Non-shelter Outcomes.

Since its publication, AHURI has commenced other research through the National Research Venture Housing Assistance and Economic Participation.

Reports from this project can be found on the AHURI website: www.ahuri.edu.au

Or contact the AHURI National Office on +61 3 9660 2300.