Housing affordability
Keeping a home on a low-income

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Making the connections between lower incomes, housing and wellbeing

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Overview

Focus on two aspects of the relationship between lower incomes, housing and wellbeing:

→ Underemployment as a source of lower/more insecure income and the implications for housing security and affordability

→ Whether the wellbeing of lower income renters is adversely affected by the type area and dwelling they live in
The findings presented are from two AHURI reports:


Research question

What is the relationship between underemployment and housing insecurity?
Why underemployment matters

- Underemployment—working less than 35 hours & prefer to work more
- Underemployment is especially important in Australia:
  - Affects large numbers of the workforce, more than 900,000 (ABS 2014)
  - Concentrated amongst younger persons, women and in particular industries such as retail
  - It is linked to lower wages
  - It is linked to irregular hours and incomes
  - It can occur suddenly without notice or compensation (see Inquiry into Insecure Work)
  - It can persist. Around a third of underemployed workers in any one year remain underemployed one year later
Trends in unemployment and underemployment

Unemployed and underemployed persons  Australia 1994-2013

Source: ABS 2014
Adequacy of household employment

Household employment from a sample of adults
(i.e. excluding all dependent students and all non-dependent children)

- Adequately employed
  - Multiple earning
  - Single earning

- Inadequately employed
  - Underemployed multiple earning
  - Underemployed single earning
  - Unemployed with other earners
  - Unemployed without other earners

- Unattached
  - No members in the labour force
Underemployed households

Types

- 3 per cent of responsible adults live in a single underemployed household
- 6 per cent live in a multiple earning underemployed household
- These two underemployed households differ in profile and in housing risk
Underemployed households

Single

- Typically lone persons (48%) or lone parents with dependent children (23%), quarter live in couple or group households
- Typically women (62%) compared to half (51%) of single adequately employed
- Have an average disposable household income that is 39 per cent lower than single adequately employed
- Typically rely on their income from casual employment
- Are more highly concentrated in the private rental market
Underemployed households

Multiple earner

- Typically couples with dependent children (47%) and couples without dependent children (34%)
- Have an average disposable income that is 23 per cent lower than multiple earning adequately employed
- Tend to live in purchased housing
### Median proportion of housing costs to disposable equivalent income household employment

#### Household employment composition

<table>
<thead>
<tr>
<th>Adequately employed</th>
<th>Inadequately employed</th>
<th>Unattached</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Underemployed</td>
<td>Unemployed</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No members in the labour force</td>
</tr>
<tr>
<td>Total</td>
<td>Purchasers</td>
<td>Renters</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Multi. earners</th>
<th>Single earner</th>
<th>Multi. earners</th>
<th>Single earner</th>
<th>With other earners</th>
<th>Unemployed without other earners</th>
<th>No members in the labour force</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchasers</td>
<td>35.7</td>
<td>34.4</td>
<td>35.3</td>
<td>35.9</td>
<td>34.3</td>
<td>37.8</td>
</tr>
<tr>
<td>Renters</td>
<td>27.7</td>
<td>28.9</td>
<td>33.6</td>
<td>37.4</td>
<td>33.9</td>
<td>40.7</td>
</tr>
</tbody>
</table>

**Source:** HILDA averaged unweighted pooled HOUSEHOLD episodes 2001–09
Random effects logistic regression
rental and mortgage payment arrears, responsible adults

<table>
<thead>
<tr>
<th></th>
<th>Rental arrears</th>
<th></th>
<th>Mortgage arrears</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Odds Ratio</td>
<td></td>
<td>Odds Ratio</td>
<td></td>
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<tr>
<td>Adequate multiple (omitted)</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Underemployed multiple</td>
<td>2.04 [.243]</td>
<td>***</td>
<td>2.07 [.269]</td>
<td>***</td>
</tr>
<tr>
<td>Adequate single</td>
<td>1.33 [.140]</td>
<td>**</td>
<td>1.51 [.168]</td>
<td>***</td>
</tr>
<tr>
<td>Underemployed single</td>
<td>2.70 [.387]</td>
<td>***</td>
<td>4.37 [.967]</td>
<td>***</td>
</tr>
<tr>
<td>Unemployed with others</td>
<td>2.00 [.322]</td>
<td>***</td>
<td>2.35 [.493]</td>
<td>***</td>
</tr>
<tr>
<td>Unemployed no others</td>
<td>1.85 [.293]</td>
<td>***</td>
<td>9.69 [.3.14]</td>
<td>***</td>
</tr>
<tr>
<td>All unattached</td>
<td>1.35 [.196]</td>
<td>*</td>
<td>2.55 [.521]</td>
<td>***</td>
</tr>
</tbody>
</table>

1. *p <0.05, ** p <0.01, *** p<0.001. Standard errors shown in parenthesis.
2. Controls added in for family type, receives income support, tenure type, income to housing costs, age, major city, education, volatility of income.

Source: HILDA averaged unweighted pooled HOUSEHOLD episodes 2001–09
Research question

Is the social quality of life of lower income renters better in areas with high tenure diversity and concentrations of social housing from those that are less diverse and with lower concentrations of social housing?
Wellbeing as a multilevel concept


- Social quality framework views wellbeing as being conditional on four interrelated factors socio economic security, social cohesion, social inclusion, and social empowerment (Beck et al 2012)
Data construction and measures

- The area data are merged with the in-confidence HILDA dataset
- Statistical Local Area (SLA), 2001, 2006, 2011 Census data
- Linear interpolation between Census years
- Pooled dataset of 10 years of HILDA data on a sample of approx 117,000
- Lower income renters = Social renters, private renters in receipt of IS, and or below 40% household equiv income
Data construction and measures

- Three main area tenure measures—density of the dwelling, concentration of public housing, tenure mix defined by entropy score
- Other measures of area—median household income, unemployment rate, urban/rural balance, SEIFAS
- Exposure—transitions into an out of areas between years and long term exposure in areas with high concentration of public housing and disadvantage
Area tenure diversity
Melbourne 2001

Source: Authors’ calculations from the 2001 and 2011 Census
Area tenure diversity
Melbourne 2011

Source: Authors’ calculations from the 2001 and 2011 Census
Area tenure diversity
Adelaide 2001

Source: Authors’ calculations from the 2001 and 2011 Census
Area tenure diversity
Adelaide 2011

Source: Authors’ calculations from the 2001 and 2011 Census
Median area household income
By area tenure measures ($/week)

Source: Authors’ calculations from HILDA, Release 10
Multilevel analysis

- Descriptive analysis of wellbeing outcomes of different rental groups living in areas of higher and lower tenure mix
- Controls for within personal variation with cluster means
- 3 level multilevel model

```
Level 3
  Area1
    Fred
    Barney

Level 2
  Area2
    Ned
    Homer

Level 1
  t1  t2  t3  t1  t2  t3  t1  t2  t3
```
Summary findings

- We find evidence of area-level effects from the diversity of tenure and concentration of social housing on wellbeing outcomes once statistically controlling for individual, household, and area disadvantage level characteristics.

- Links between tenure area diversity and concentration of social housing and wellbeing outcomes differ across tenure groups.
Differences amongst renter groups

Lower income renters

- Less happy, satisfied with their safety and neighbourhood in areas that are more diverse and with high concentrations of social housing
- Less likely to be employed in the areas with the highest concentrations of social housing
Differences amongst renter groups

Social renters

- Happiest, more satisfied with their safety and neighbourhoods, as well as their chances of being employed in moderately mixed areas

- Significantly less happy and satisfied with their safety and neighbourhoods when they live in higher density dwellings compared with medium density and detached dwellings
Differences amongst renter groups

Moderate to higher income private renters

- ‘Happier’ and more likely to be employed in the more mixed areas but less satisfied with their safety and neighbourhood

- Higher income private renters’ happiness declines in areas with the very highest concentrations of social housing and they are less satisfied with their safety and neighbourhoods
Mental wellbeing (SF36)  
Interaction renter group and dwelling type, adjusted selection effects

<table>
<thead>
<tr>
<th>Interactions density of the dwelling</th>
<th>Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social renters* medium density</td>
<td>-.007 (.012)</td>
</tr>
<tr>
<td>Social renters* high density</td>
<td>-.077 (.033)*</td>
</tr>
<tr>
<td>Lower income private renters* medium density</td>
<td>.003 (.009)</td>
</tr>
<tr>
<td>Lower income private renters* high density</td>
<td>-.012 (.027)</td>
</tr>
<tr>
<td>Higher income private renters* medium density</td>
<td>-.001 (.008)</td>
</tr>
<tr>
<td>Higher income private renters* high density</td>
<td>-.010 (.018)</td>
</tr>
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*p <0.05   ** p <0.01   *** p<0.001    Standard errors shown in parenthesis.
Interaction renter group and area concentration public housing, adjusted selection effects

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<thead>
<tr>
<th>Interactions concentration with public housing</th>
<th>Coefficient</th>
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<tbody>
<tr>
<td>Social renters* public housing moderately low</td>
<td>-0.017 (0.022)</td>
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<td>Social renters* public housing moderately high</td>
<td>-0.014 (0.021)</td>
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<tr>
<td>Social renters* public housing high</td>
<td>-0.022 (0.021)</td>
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<tr>
<td>Social renters* public housing very high</td>
<td>-0.018 (0.022)</td>
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<tr>
<td>Lower income renters* public housing moderately low</td>
<td>-0.011 (0.011)</td>
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<tr>
<td>Lower income renters* public housing moderately high</td>
<td>-0.001 (0.011)</td>
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<tr>
<td>Lower income renters* public housing high</td>
<td>-0.014 (0.011)</td>
</tr>
<tr>
<td>Lower income renters* public housing very high</td>
<td>-0.040 (0.013)***</td>
</tr>
<tr>
<td>Higher income private renters* public housing moderately low</td>
<td>0.017 (0.008)*</td>
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<tr>
<td>Higher income private renters* public housing moderately high</td>
<td>0.005 (0.009)</td>
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<tr>
<td>Higher income private renters* public housing high</td>
<td>0.012 (0.008)</td>
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<tr>
<td>Higher income private renters* public housing very high</td>
<td>-0.002 (0.011)</td>
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### Interaction renter group and area tenure diversity, adjusted selection effects

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<td>Social renters* tenure diversity high</td>
<td>-.017 (.018)</td>
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<tr>
<td>Social renters* tenure diversity very high</td>
<td>-.032 (.020)</td>
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<td>Lower income renters* tenure diversity moderately low</td>
<td>.001 (.011)</td>
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<tr>
<td>Lower income renters* tenure diversity moderately high</td>
<td>-.019 (.011)+</td>
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<tr>
<td>Lower income renters* tenure diversity high</td>
<td>-.021 (.011)*</td>
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<tr>
<td>Lower income renters* tenure diversity very high</td>
<td>-.020 (.011)+</td>
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<td>.003 (.010)</td>
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# Predicted probabilities of being employed, area concentration of public housing

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<th>Predicted probabilities</th>
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<tbody>
<tr>
<td>Social renters* public housing moderately low</td>
<td>0.410</td>
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<tr>
<td>Social renters* public housing moderately high</td>
<td>0.356</td>
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<td>Social renters* public housing high</td>
<td>0.376</td>
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<td>Social renters* public housing very high</td>
<td>0.360</td>
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<td>Lower income renters* public housing moderately low</td>
<td>0.497</td>
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<tr>
<td>Lower income renters* public housing moderately high</td>
<td>0.420*</td>
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<tr>
<td>Lower income renters* public housing high</td>
<td>0.423+</td>
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<tr>
<td>Lower income renters* public housing very high</td>
<td>0.380*</td>
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<tr>
<td>Higher income private renters* public housing moderately low</td>
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<td>Higher income private renters* public housing moderately high</td>
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<td>Higher income private renters* public housing high</td>
<td>0.909</td>
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<tr>
<td>Higher income private renters* public housing very high</td>
<td>0.917</td>
</tr>
</tbody>
</table>
Some other key findings

Lowers wellbeing
- Living in major metropolitan areas
- Financial stress
- Separation
- English as a second language

Increases wellbeing
- Duration in residence
- Social support and being members of social clubs
- Getting older

- Individual ‘supply’ side factors important for employment—education, marital status, presence of a health condition
Policy implications

Underemployment & housing insecurity

- Reducing the impact of underemployment involves reforms on both labour and housing sides
- Housing assistance—gap in the safety net for rental assistance, private rental support programs, and mortgage relief
- Labour market—Inquiry into Insecure Work advocated minimum standards for casual workers, employment insurance protection
Future research

Underemployment & housing insecurity

- Qualitative studies on the process of becoming insecure in housing among the underemployed
- Extend to underemployed non-dependent children as well as the ‘hidden unemployed’
- Longer-term consequences of those who churn between different employment states
- The role that the housing market has on part-time workers wanting to work more hours
Policy implications

Area based wellbeing

- Both individual and place-based policies are important for lifting wellbeing
- Need to consider improving the social quality of the total living environment including the mix
- Lower income private renters neglected in place based policies
- Some degree of mixing desirable but need to be mindful of overall community mix
- Areas with higher density dwellings for social housing should be the sites for more immediate intervention
Future research

Area based wellbeing

- Longitudinal quantitative research at a smaller scale of social mix
- Qualitative research to compare lower income renters living across areas of higher and lower diversity
- Investigation into spatial mismatch of lower income renters
References


ABS 2011a, Census of population and housing basic community profile—Australia, cat. no. 2001.0 (Table B32)


