

Understanding the relationship between precarious housing and wellbeing



Based on AHURI Final Report No. 373: Precarious housing and wellbeing: a multi-dimensional investigation

What this research is about

This research examines how the bi-directional relationship between housing precariousness and wellbeing varies across population subgroups and over time; sheds light on the dimensions of housing precariousness that affect wellbeing, and vice versa; and considers policy interventions to minimise negative impacts of precarious housing on wellbeing.

The context of this research

Wellbeing is a critical and internationally recognised yardstick of societal progress and policy impact. Policy makers have increasingly sought to measure whether citizens' quality of life is improving over time as a result of policy interventions, something that traditional economic metrics fail to assess. Indeed, policy intervention in the area of housing has increasingly been viewed as a wellbeing issue, as well as an economic issue. Measuring the wellbeing impacts of policy rather than simply measuring economic growth puts individuals at the centre of evaluation.

Wellbeing refers to the ability of people to 'lead fulfilling lives with purpose, balance and meaning'—in other words, their quality of life. Wellbeing encompasses physical and mental health, as well as satisfaction with various domains of life including satisfaction with finances, employment opportunities and feeling part of one's community.

Precarious housing includes both household-based precarious housing conditions (including forced moves and living in unaffordable housing or overcrowded housing) and area-based precarious housing conditions (such as living in an ABS Socio-Economic Indexes for Areas (SEIFA) area of relative socio-economic disadvantage; in a higher crime area etc.). The precariously housed are defined as those with a high precarious housing index. The index is in turn constructed by incorporating each of the household-based and area-based conditions to provide a holistic examination of wellbeing.

The key findings

Changes in precarious housing and wellbeing from 2002 to 2018

The gap in wellbeing between the precariously housed and the non-precariously housed has widened. Unaffordable housing—ranging from an average incidence of 6 per cent to 8 per cent over the study timeframe—is a more common form of housing precariousness than forced moves and overcrowding. Average neighbourhood crime scores have been on a downward trend over time.

Which groups are most vulnerable to experiencing lower wellbeing when precariously housed?

On average those experiencing housing precariousness report lower wellbeing scores than those not experiencing housing precariousness. The gap in wellbeing between those in precariousness versus those not in precariousness is most obvious in the domain of satisfaction with finances. This applies to the following precariousness domains—forced moves, unaffordable housing, overcrowding and high-crime neighbourhood.

Singles, households with no children, low-income households, private renters and residents of major cities have lower wellbeing when precariously housed compared to when they are not precariously housed. These groups are likely to be the most financially constrained; sole parents and singles do not enjoy the economies of scale in consumption that larger households do, while low-income and public-housing households are obviously financially disadvantaged groups.

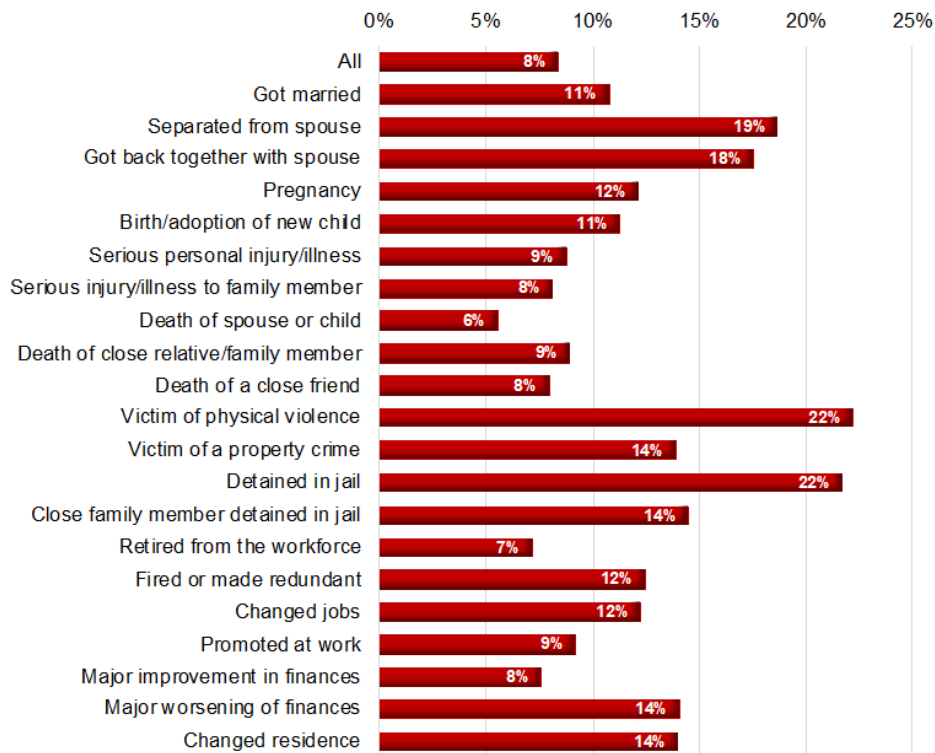
People who experience forced moves and unaffordability record the most obvious detrimental impact on wellbeing. Forced moves result in a decline of 1.6 per cent in the wellbeing index, while unaffordability depresses the wellbeing index by 0.8 per cent. Satisfaction with finances is negatively impacted by forced moves (3.4% decline) and unaffordable housing (2% decline). Forced moves and unaffordability also depress the mental health score by 1.7 per cent and 0.5 per cent, respectively.

Satisfaction with one’s community is negatively impacted by neighbourhood hostility, with a 0.7 per cent decline for each unit increase in the hostility score.

Who is more likely to fall into precarious housing?

Young people are more likely to fall into or remain in precarious housing than older people. Among the 25–34-years age band, 19 per cent fall into precarious housing and 24 per cent stay in precarious housing from year to year. On the other hand, only 4 per cent of the 65+ years age group fall into precarious housing and just 12 per cent stay in precarious housing from year to year.

Figure 1: Share of those not previously precariously housed who fall into precarious housing and experience a major life event, 2002–2008



Source: HILDA survey 2002–2018

The experience of physical violence is a key driver that precipitates a fall into precarious housing or extends a spell of precarious housing. Twenty-two per cent of those who suffered physical violence while not precariously housed in the past year fall into precarious housing in the following year. A similar proportion who were detained in jail at some point fall into precarious housing in the following year. Three-quarters of victims of physical violence who were in precarious housing in the past year find themselves unable to escape into stable housing by the following year.

Changes in marital status are also key precipitators of transitions into precarious housing. Among those who either separated or got back together with their spouse in the past year, just under 20 per cent fall into precarious housing by the following year. Other important major life events that precipitate a shift from stable housing into precarious housing are a major worsening of finances, a change in residence, experiencing a property crime and having a close family member detained in jail.

Housing assistance

The receipt of housing assistance does not have a statistically significant impact on the wellbeing of precariously housed renters. This finding is robust across alternative definitions of housing precariousness and is consistent across housing assistance types.

What this research means for policy makers

There is significant scope to better target housing policy measures towards the most vulnerable in the Australian population. The majority of people vulnerable to precarity reside in the rental sector—hence the importance of reform in this sector to provide better housing security, quality and affordability for tenants. It is also clear that precarious housing is associated with poorer wellbeing outcomes—particularly in the case of forced moves and unaffordable housing.

The experience of physical violence is a key driver that precipitates a fall into precarious housing or extends a spell of precarious housing. Other important drivers appear to be property crime and jail detention of oneself or a close family member. The findings suggest the need for a better integration of housing policy measures with non-housing measures, so as to offer an integrated approach to assisting those suffering from housing precariousness due to non-housing-related factors.

There is significant potential for housing assistance programs—both Commonwealth Rent Assistance (CRA) and public housing—to be reformed to increase their effectiveness in improving the wellbeing of precariously housed housing-assistance recipients.

Better targeting of housing assistance towards low-income singles with no children

Financially constrained singles are most exposed to poor wellbeing outcomes when precariously housed. Various studies have suggested that households with children receive more generous welfare assistance than single households without children. Single private renters are most likely to be in housing stress and yet not receive CRA, while households with children are most likely to receive CRA while not being in housing stress. Similarly, single private renters face the greatest affordability problem, but the scale of the problem diminishes as the number of children increases. This suggests a need to consider both housing assistance and other forms of welfare, to ensure that they offer assistance in an equitable manner across different household types.

Tenure security needs of low-income private renters and public renters

The findings point to poor wellbeing scores among precariously housed public renters. They also suggest that when private renters fall into precarious housing, their wellbeing scores fall by a greater extent than other housing tenures. Related to this, forced moves are a key depressant of wellbeing. The scope for improving tenure security in the rental sector is therefore significant. The private rental sector in Australia is currently lightly regulated regarding lease terms and rent levels.

A renter's tenure security could be improved if they had the ability to exercise choice over tenancy length. Tighter rent regulation or rent price control—as in countries such as Spain, Belgium and Germany—can also offer greater protection by preventing landlords from trying to 'price out' tenants in an attempt to force them out of a tenancy. Abolishing 'without grounds' tenancy termination will also have the effect of improving tenure security. The public housing sector offers greater tenure security. However, a key challenge remains in the long public-housing waiting lists because of a shortage of supply relative to demand. There is therefore scope for diverting government expenditure towards reducing long waiting lists by expanding the supply of social housing in Australia.

Reforming the current CRA structure

The current CRA structure cannot effectively improve the wellbeing of precariously housed private renters. The real value of CRA has fallen well behind rent inflation and there remains scope for improved targeting so that CRA entitlements more closely match the needs of different population cohorts. While over two-thirds of low-income private renters are assisted by CRA, one-third of low-income CRA recipients remain in moderate to very severe housing stress after CRA is deducted from their rents.

Changing CRA eligibility rules to better align with housing need would offer the greatest benefits by reducing the numbers of low-income rental tenants in housing stress by 44 per cent while generating fiscal savings of \$1.2 billion per year.

Better integration of housing and non-housing policy measures

Vulnerability to precarious housing is greatest:

- in earlier stages of the life course
- when a victim to physical violence
- when facing jail detention.

On their own, neither CRA nor public-housing assistance are effective for improving the wellbeing of the precariously housed. Therefore, there is a need for better integration of housing policy measures with non-housing measures, so as to offer an integrated approach to assisting those suffering from housing precariousness due to non-housing-related factors. This may include whole-of-sector support for youths who are at risk of homelessness or facing prolonged unemployment, including assistance with job search and labour-market training, coupled with access to shelter.

Stronger protections against domestic violence that package both housing and non-housing-support measures are needed. The needs of victims leaving violence are diverse, and while the crisis system offers important support for many, more investment into a range of affordable housing options that are safe, secure and supportive is needed. There is need for better integration between domestic and family violence response and the wider housing system so those leaving violent relationships can access long-term, safe and appropriate housing. In addition, each prisoner should be offered the assistance of trained caseworkers for housing, personal and advocacy support both before and after release from prison.

Methodology

This research reviewed HILDA longitudinal survey data, which tracks a nationally representative sample of individuals and households over time, from 2002 to 2018.

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