

What are the housing tenure pathways of income support recipients over time?

MOST INCOME SUPPORT RECIPIENTS HAVE HIGH LEVELS OF TENURE STABILITY. LESS THAN 20 PER CENT EXPERIENCE MULTIPLE AND COMPLEX TENURE TRANSITIONS. CHANGES IN TENURE OVER TIME ARE DRIVEN BY A RANGE OF FACTORS, WITH CHANGE OF INCOME LEVEL BEING ONLY A MINOR OR SECONDARY CONSIDERATION IN MANY CASES.

KEY POINTS

- Income support recipients (ISRs) are spread out across all tenure types including outright home ownership (the largest single tenure for recipients). Thirty per cent of ISRs have informal rental or other arrangements, a much higher rate than in the general population.
- There is a high level of stability within the tenure patterns of ISRs: 57 per cent did not move while on income support, and 22 per cent underwent only one tenure change. Less than 20 per cent experienced multiple tenure transitions where more complex patterns of housing pathways were observed.
- However, there is also significant diversity of tenure pathways. In the case of those with multiple and complex tenure transitions, the private rental market is important as a 'gateway tenure', becoming the central bridge between other tenures in the housing pathway.
- For some households, predominantly those who are on income support for long periods of time, there is a problem with a 'revolving door' syndrome, where there are repeated moves into and out of public housing. Of all those who exited public housing but remained on income support of some type, 30 per cent subsequently re-entered public housing.

*This bulletin is based on research led by **Dr Tim Seelig**, and involving **Dr Jung Hoon Han, Mr Martin O'Flaherty, Dr Michele Haynes, Professor Mark Western, Dr Trisch Short, Associate Professor Scott Baum, and Associate Professor Andrew Jones** of the AHURI Queensland Research Centre. The research explored the housing arrangements and circumstances of income support recipients over time, and how the relationships and arrangements between housing and other factors vary between discrete groups of income support recipients.*

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BACKGROUND

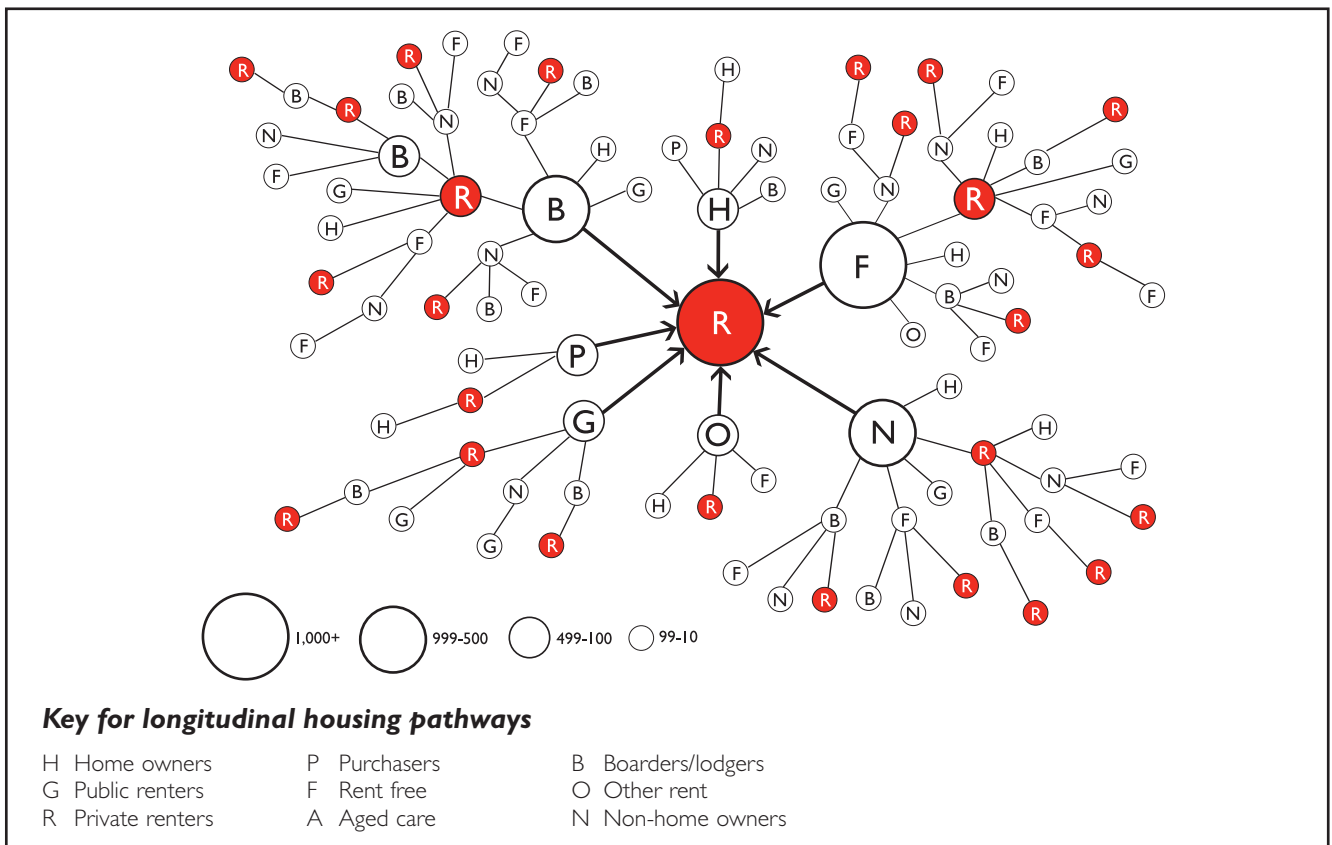
Historically, Australians have viewed housing tenure pathways as an upward trajectory – from childhood family home, through private renting (as a temporary option), to a first home purchase and eventually to a fully owned home, mortgage free. Such transitions have traditionally been linked to life-course events such as entry to the workforce, marriage and having children, and incremental rises in income. Recently, this account has been questioned

by analysts who argue that tenure patterns in Australia are now less closely tied to key life-course events than they have been in the past, and that many households are finding it increasingly difficult to attain home ownership, at least until later in life. Concurrently, research in both the fields of housing and poverty studies has documented the impact of housing costs on low-income households, and provided clear evidence that a linear model of (upward) housing mobility and security in home

TABLE 1: BREAKDOWN OF IS TYPES WITHIN DISCRETE HOUSING TENURES

IS type/tenure	Unemployment (%)	Age pension (%)	Disability (%)	Partner (%)	Sole parent (%)	Student (%)	Other (%)	Total (%)
Homeowner	12.4	56.0	9.7	11.9	3.9	0.4	5.7	100
Purchaser	36.7	4.2	6.0	28.2	16.3	1.8	6.6	100
Private renter	47.8	8.6	7.3	9.7	13.7	18.9	3.4	100
Rent-free	48.1	13.9	23.1	3.2	5.2	0.8	6.0	100
Public renter	16.0	29.4	12.6	7.4	17.3	7.3	4.4	100
Boarder/lodger	53.3	14.7	3.7	1.3	6.7	41.1	1.8	100
Non-homeowner	41.2	8.4	3.3	2.1	1.8	0.0	0.3	100
Aged care	0.0	96.2	11.2	0.1	0.1	0.5	3.6	100
Other rent	18.0	60.0	9.2	4.8	1.9	7.8	4.6	100
Total	32.0	29.9	9.2	8.7	7.8	7.8	4.6	100

FIGURE 1: MAPPING LONGITUDINAL ORIGINS OF PRIVATE RENTAL ENTRIES



ownership does not adequately describe the experience of low-income households, especially those disengaged from economic activity through unemployment or family household disruption.

This study was established to examine the housing arrangements and circumstances of income support recipients (ISRs) over time, including the identification of some of the dynamic housing tenure pathways of different groups of ISRs over time. It was also aimed at examining whether tenure and tenure change, generally and specifically concerning public housing, is associated with changes in earnings or other factors.

METHODOLOGY

The research is based on longitudinal and other analysis of the Australian Government's Longitudinal Data Set (LDS) one per cent sample. This large administrative data set contains non-personal information about a sample of individual income support recipients in Australia over time. Running between 1995 and 2003, this sample consisted of some 89,000 individuals and more than 11 million observations over 226 discrete time points. The main content of the LDS is derived from detailed questions about a range of issues such as income support histories, housing arrangements, household composition, and income.

The nature of the data also allowed for 'true' longitudinal research approaches which are based on analysis of repeated observation data across a number of variables of interest, for the same individuals at different points in time. A mix of methods has been employed to interrogate the data, including: a range of longitudinal descriptive analysis to identify tenure origin and destination, and typical housing pathways; longitudinal analysis of earnings; proportional hazard modeling; and linear mixed and logistic regression models with random intercepts. Summary income support type and tenure type categories were created to facilitate the analysis.

KEY FINDINGS

Housing tenures of income support recipients

Private rental and home ownership rates among ISRs were close to whole-of-population rates, whereas rates of home purchase among ISRs were much lower and informal rental and other arrangements much higher. Tenure type differs significantly between ISRs on the basis of their income support stream – for example, more than

half of all ISRs in outright home ownership receive an age pension. Those on unemployment-related income support make up a third of all home purchasers on income support, and almost one half each of all private renters, boarders, and those living rent free on income support. ISRs in public housing have a more mixed profile: around a third receive age pensions, a quarter receive disability-related payments, and about equal proportions receive sole parent (17.3 per cent) or unemployment-related payments (16 per cent).

Housing pathways among income support recipients

The study revealed a high level of stability within the tenure patterns of ISRs: more than half did not move while on income support. Contrary to common perceptions, ISRs are not congregated in just one or two tenures; rather, they are spread across a number of tenure types including outright home ownership (the largest single tenure for ISRs).

However, the study also illustrates the diversity of housing pathways, and the highly complex history of multiple transitions that some ISRs undergo. Importantly, the private rental market plays a critical role as a 'gateway tenure', acting as a central bridge between other tenures in the housing pathways of ISRs (see Figure 1).

Movements into and out of public housing

The study indicated that for some ISRs there is a problem with a 'revolving door' syndrome, that is, repeated moves into and out of public housing. Of all those who exited public housing but remained on income support of some type, 30 per cent subsequently re-entered public housing. Indeed the longer the time spent on income support, the more likely it is that people will re-enter public housing at some point. In contrast, factors linked to reduced propensity to re-enter public housing included increased earnings, rising age, and being from an English-speaking background.

Perhaps most significantly, there was some evidence of differences in income before and after moves into and out of public housing to/from private rental. In moves from private rental to public housing, almost no increase in earnings was seen prior to exit from private rental, and there were modest increases following entry to public housing. However, for moves from public housing to private rental, significant increases in income were observed both prior to and following exit from public housing.

Average earnings: moves from public housing to private rental

- Real fortnightly earned income increased from an average of \$31.69 during tenancy in public housing to an average of \$71.40 in private rental (i.e. earnings doubled over this tenure transition).
- Real earnings actually increased significantly prior to exit from public housing (rising from an average of \$36.45 at first observation to \$79.09 at last observation).
- After entry into private rental housing from public housing, earnings then continued to increase significantly to an average of \$138.06. Of all the tenure transitions observed, this represented the second-highest shift in average earnings.

POLICY IMPLICATIONS

The relevance of this research lies in its capacity to directly provide information about the housing tenure pathways of ISRs, and to contribute materially to contemporary debates about housing policy and broader social policy.

The study reveals empirically how ISRs navigate the housing system whilst on income support, and how tenure arrangements and changes can vary according to income support type and other factors. This provides important information about tenure pathways for policy makers and housing providers, and indicates that traditional assumptions about linear tenure movements need to give way to a more nuanced appreciation of the diversity of 'housing pathways'.

The evidence on mobility indicates that a diversity of policy responses is required to meet the needs of different groups – those who want or need greater stability within their housing tenure, and those for whom mobility is more important or desirable. Levers of government policy could include enhanced tenancy support programs, and additional early interventions to promote tenure stability (such as additional payments to prevent people falling out of private rental).

Another set of implications lies in the opportunity to view how tenure and tenure changes are associated with incomes and income changes. Critically, it would seem that the relationships between tenure moves and changes in incomes are not strong and that other factors may be more important in driving changes in tenure.

Finally, the closer analysis of public housing occupancy, associated pathways, and factors associated with exit from or re-entry to public housing potentially allows public housing authorities to better understand the characteristics of their present and prospective tenants, and some of the factors connected to movements into and out of public housing. Again, the relationships between tenure moves and changes in incomes are mixed, but it does appear that for some ISRs who move from public housing to private rental and vice versa, incomes rise rather than fall. This is particularly so in the case of moves out of public housing, and raises important questions about the impact of public housing as a stabilising tenure.

FURTHER INFORMATION

This bulletin is based on AHURI project 20257, *Housing consumption patterns and earnings behaviour of income support recipients over time*.

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

The following documents are available:

- Positioning Paper
- Final Report

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



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