

Child support can help to secure housing for resident parents and their children after relationship breakdown

THE RECEIPT OF MORE THAN \$75 PER WEEK IN CHILD SUPPORT ASSISTED RESIDENT PARENTS LIVING APART TO SECURE BETTER QUALITY HOUSING FOR THEMSELVES AND THEIR CHILDREN. FOR NON-RESIDENT PARENTS LIVING APART, THE PAYMENT OF CHILD SUPPORT APPEARED TO HAVE NO MEASURABLE EFFECT UPON THE STANDARD OF THEIR HOUSING. THE ONGOING OBLIGATION TO PAY CHILD SUPPORT WAS NEVERTHELESS IDENTIFIED BY NON-RESIDENT PARENTS LIVING APART AS AN ADDITIONAL FINANCIAL STRESS THAT SHAPED THEIR HOUSING CIRCUMSTANCES, SUCH AS PREVENTING THE PURCHASE OF A NEW HOME.

KEY POINTS

- Separated parents (i.e. resident and non-resident parents living apart) were more likely to live in small dwellings, rate their home as being in poor or average condition, and report experiencing housing affordability problems than parents who lived together. Resident parents had the poorest housing outcomes of all.
- Parents apart who receive no child support are more likely to report difficulties in paying their rent or mortgage on time; the receipt of more than \$75 per week in child support is associated with better housing outcomes for resident parents and the children in their care.
- Resident parents on low incomes described consistency in the quantum of support paid and regularity of child support payment as having a direct impact on their housing circumstances.
- The payment of child support was not significantly associated with poorer housing outcomes for non-resident parents and the children when in their care.
- The qualitative findings nevertheless suggest that non-resident parents experience difficulties in meeting their new post-separation housing costs out of a budget that is reduced by the payment of child support. For example, it makes saving for and purchasing a home more difficult.

*This bulletin is based on research by **Dr Kristin Natalier** and **Dr Maggie Walter** (of the AHURI Southern Research Centre), **Associate Professor Maryann Wulff** and **Ms Margaret Reynolds** (of the AHURI Swinburne-Monash Research Centre), and **Dr Belinda Hewitt** (of the AHURI Queensland Research Centre). The research investigated the links between the payment and receipt of child support and housing outcomes for separated and divorced parents living apart and their children. The study was based on an empirical analysis of data from the Household, Income and Labour Dynamics in Australia panel survey and qualitative interviews with separated parents.*



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Definition: The term 'resident parent' denotes the parent with whom the children live for the majority of time.

CONTEXT

Parenting apart requires the establishment and maintenance of two separate households that can accommodate their children. The housing circumstances of these parents apart are shaped by the needs of their dependent children and the time they spend with each of their parents. These parenting arrangements are, in turn, linked to the payment and receipt of child support. While there is clear recognition and support in Australian social policy for the importance of child support as payment for the costs of raising children apart, there is limited research in Australia that explores the links between these payments and the quality and security of housing for separated parents and their children. This study was designed to fill this gap in knowledge.

METHODOLOGY

The quantitative component of the study used data from wave 4 of the Household, Income and Labour Dynamics in Australia Survey (HILDA) which was collected between August 2004 and February 2005. HILDA is a nationally representative household-based panel study that began with a sample of 7,682 households and 19,914 adolescent and adult respondents. The data was analysed to identify associations between a range of housing outcomes and the payment and receipt of financial support for children by 673 resident parents and 389 non-resident parents.

The particular housing outcomes under investigation included tenure, dwelling type and size and dwelling condition. A composite measure of these four variables was also created, with high scores for this 'Housing Index' indicative of better housing outcomes. Separated parents' satisfaction with their housing situation was also assessed, along with any problems they reported having in meeting mortgage or rent payments, and housing stress (i.e. the payment of more than 30 per cent of household income on rent or mortgage). Child support (as the term was used in the study) refers to the transfer of monies for the purpose of contributing to the costs of raising children. It included payment and receipt of monies under the Child Support Scheme as administered by the Child Support Agency, as well as any transfers made privately or informally without reference to the scheme.

The qualitative data was generated through in-depth interviews with parents living apart which explored the attitudes, meanings and processes associated with the payment and receipt of child support, and its perceived impact on the housing circumstances of these parents.

Interviews were conducted with 33 resident parents and 27 non-resident parents living in Brisbane and Tasmania.

KEY FINDINGS

Differences exist between resident parents and non-resident parents in their housing outcomes, and the subjective experience of their housing circumstances, which relate to the payment and receipt of child support. These differences are interpreted in the context of poor housing outcomes for separated and divorced parents generally when compared to parents who lived together.

The housing circumstances of separated parents

The HILDA data was used to compare the housing circumstances of parents living together with resident and non-resident parents living apart. The analysis revealed that separated parents (i.e. resident and non-resident parents) were more likely to live in small dwellings, rate their home as being in poor or average condition, and report low levels of housing satisfaction than parents who lived together. Parents living apart were also more likely to report experiencing housing affordability problems, that is, they had greater difficulty in meeting rent or mortgage payments on time and report higher levels of housing stress than parents who live together. Resident parents had the poorest housing outcomes of all.

The receipt of child support and housing outcomes

The receipt of child support was associated with better housing outcomes for resident parents. Resident parents who reported receiving in excess of \$75 per week of child support were rated more highly on the Housing Index, compared to those who received no child support and those who received below the median rate of support. This association was verified while statistically controlling for a range of demographic and socio-economic variables including gender, household income, labour force participation, education and current relationship status.

The qualitative findings shed further light on this association between child support and housing outcomes for resident parents apart and their children. Resident parents reported difficulties in meeting their rental and mortgage payments and other living costs. Those who were purchasing their homes reported experiencing difficulties in keeping up with housing

payments on their low incomes. For some, this housing stress was exacerbated by additional costs associated with agreed or court-ordered transfers of property and cash payments that formed part of the property settlement. Those who were renting reported difficulties in securing affordable and child-appropriate housing in competitive rental markets. Given these circumstances, it is perhaps not surprising that the child support received contributed, either directly or indirectly, to securing or retaining housing for these parents and the children in their care.

The qualitative findings further demonstrate that the regularity and consistency of child support payments, along with their size relative to other income earned, influenced the degree to which they were used directly for housing. Resident parents reported prioritising the payment of rent or mortgage obligations over other living expenses (e.g. heating, telephone and utilities), and endeavoured to make payment to secure their housing first and foremost. Child support that was paid regularly (e.g. every week or fortnight), and where the quantum of support provided was consistent over time, could be relied on to cover housing costs. Informal agreements for the payment of child support could be irregular or paid at a lower level than the amount assessed by the Child Support Agency formula. The interviewees who described child support as most useful in relation to housing were on low incomes and received regular payments. Many resident parents nevertheless reported trying to spend child support on child-specific expenses where they could (e.g. clothing, schooling, sporting expenses).

The payment of child support and housing outcomes

The payment of child support was not statistically related to housing outcomes for non-resident parents. This finding was generated from an analysis where a range of demographic and socio-economic variables were controlled for statistically, including gender, household income, labour force participation, education and current relationship status.

The qualitative findings suggest that non-resident parents' experiences of housing post-separation are related to the payment of child support, albeit in different ways to that described by resident parents. Those non-resident parents who retained ownership of the family home reported experiencing difficulties in meeting increased mortgage payments on a reduced household income. Those who rented on low incomes reported finding it

particularly difficult to cover their rent payments and save for a deposit, whilst also meeting their child support obligations. The payment of child support appeared to hinder re/entry into owner-purchaser status, even for those who reported high incomes.

POLICY IMPLICATIONS

Previous home ownership, the former couple's property settlement, level of income (including the levels of payment and receipt of child support) and availability of affordable accommodation that can accommodate children all contribute to separated parents' ability to attain and retain housing post-separation and divorce.

The findings highlight the importance of acknowledging housing as a legitimate expense associated with caring for children post-separation and divorce, and one to which resident parents can and should direct their child support payments. Literature provided by the Child Support Agency and website assistance could be amended to explicitly acknowledge housing as a direct cost associated with the care of children.

Consistency of value and regularity in the payment of child support were particularly important to low income resident parents who relied on this money to pay their rent or mortgage on time. Developing ways in which collection arrangements can be supported to increase the consistency and regularity of payments could enhance the capacity of these payments to support resident parents in meeting costs of housing children without changing the quantum of support provided.

The difficulties faced by resident and non-resident parents in attaining and retaining housing post-separation and divorce provide support for the need to develop new programs, and extend current programs, to help low income separated parents meet their housing needs, and those of their children, in the years immediately following separation. This could include:

- Broadening eligibility criteria for separated parents to qualify for Commonwealth Rent Assistance in the first few years post-separation;
- Adopting the Housing Lifeline proposal (Gans and King 2003) which takes the form of a loan offered to home owners facing short-term difficulties in meeting their mortgage payments, repayable through the tax system on an income-contingent basis;

- Implementing schemes modelled on the Western Australian Sole Parents Family Home Loan Assistance scheme (AIHW 2007) to other jurisdictions. This scheme facilitates ongoing residence and ownership of the family home post-separation through the state/territory government purchase of a share of the equity in the home;
- Making available to separated parents small, low interest loans or grants for a set period following separation to be used to meet costs associated with home ownership (e.g. rates payments);
- Making available to separated parents small, low interest loans or grants to cover the costs of moving, bond and payment of rent in advance within the private rental market, in a scheme similar to existing private rental support programs (see Jacobs et al. 2005).

The impact of the receipt and payment of child support on housing outcomes is different for resident and non-resident parents apart. It is most obviously and directly evident in the case of resident parents apart. In the case of non-resident parents apart, the qualitative data suggests effects that are not evident through the statistical analysis but are meaningful issues at the level of lived experience. Child support is most effectively conceptualised as one of a set of financial and market factors.

The HILDA data was collected prior to the introduction of the *Family Law Amendment (Shared Parental Responsibility) Act 2006* (Cth) and the *Child Support Legislation Amendment (Reform of the Child Support Scheme—New Formula and Other Measures) Act 2006* (Cth). These legislative reforms seek to encourage equal time shared parenting arrangements post-separation and divorce, and change the basis upon which child support payments are calculated by taking into account the actual costs of raising children, the income of both parents, and the costs involved for both parents in caring for and having substantial time with children. Together these reforms have the potential to reduce the quantum of child support paid to resident parents and to increase the costs to the non-resident parent of housing themselves and

their children (Fehlberg and Behrens 2007). Further research on child support and housing is needed to monitor future patterns.

FURTHER INFORMATION

AIHW (2007) *Home Purchase Assistance 2005-2006: Commonwealth State Housing Agreement National Data Reports*, Housing Assistance Data Development Series, Cat. No. 166, Australian Institute of Health and Welfare, Canberra.

Fehlberg, B. and Behrens, J. (2007) 'Child Support: The Politics of Competing Interests', *Australian Family Law: The Contemporary Context*, Oxford University Press, Melbourne, pp. 369-450.

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The bulletin is based on AHURI project 40320, *Child support and housing outcomes*. 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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