

Young people and housing

*For young people, more than any other household type, decisions about housing are closely linked to access to employment and education. We therefore need to know whether the housing market is working in a way that encourages, or at least helps make it possible, for young people to continue their education or to gain work after commencing independent living. In Australia, the major programmes to assist young people in independent living are the Commonwealth's Youth Allowance (YA) and Rent Assistance (CRA). This study, by **Terry Burke, Sarah Pinkney and Scott Ewing** of the AHURI Swinburne-Monash Research Centre, examines the role of CRA in particular, and its effect on young people's decisions about education, employment and housing.*

KEY POINTS

- CRA is a key to young people continuing their education. Nearly a quarter of students receiving CRA who responded to a mail-out survey said categorically that they would not have been able to undertake or continue studying without this form of assistance.
- Almost 70% of those who responded to a survey felt that the availability of CRA had been a factor in their decision to study.
- Over half of **secondary** school students surveyed who received CRA said the availability of the payment was of major significance to them in continuing their education.
- Students in the survey who had moved from a remote area since changes to CRA eligibility were introduced were considerably more likely than others to identify CRA as critical to their decision to study.
- The single biggest housing-related problem identified by young people was high rents and affordability. Almost 80% of respondents nominated 'housing costs too high' as their most important problem.

BACKGROUND

Where and how young people live can have a major bearing on the rest of their lives. A decision not to pursue education, at least to the end of secondary school, is likely to place serious limitations on a young person's life chances, including the opportunity to become involved in a preferred occupation and to secure long-term employment. Evidence in this report shows how housing choices and the effect of CRA can influence the decisions they make about continuing their education. Housing policy for young people is as much about educational policy as it is about the transition to independent living.

The growth in youth homelessness in recent decades is in part a reflection of the difficulties of some young people in making the transition to independent living. This may be because of inadequate personal skills and an associated lack of support; or it could be due to the constraints of the housing system, lack of income or a combination of all of these.

This study is about young people aged 15 to 24 who have made the transition into independent living and, as a result, are receiving CRA. Because CRA eligibility is dependent on, among other things, individual and parental income, not all young people who make the transition to independent living receive it. In 2000 some 81,569 young people were in receipt of CRA, out of an estimated 846,000 young people in independent living.

The study sets out to provide greater knowledge about the housing arrangements of young people in Australia and to examine the role of CRA, for those young people who are eligible for it, in improving their housing situation and related education prospects.

The Department of Family and Community Services introduced YA on 1 July 1998 as a means tested payment replacing a range of existing allowances for young people. At the same time, as part of an alignment of entitlements between students and jobseekers, CRA became widely available to full-time students under the age of 25 who were renting privately.

CRA provides a non-taxable payment to low income earners who rent privately. It is paid as a supplement to other income support payments. The definition of private rental includes boarding schools and halls of residence type accommodation. Young people living at home with their parents (even if they are paying rent) are not eligible for CRA. The maximum benefit payable for a single person without children as of June 2001 is \$88 a fortnight, depending on the amount of rent paid.

Two sources of data were used for this study: Australian Bureau of Statistics Confidentialised Unit Record Files (CURFs) on the housing arrangements of young people, and a mail-out survey of 2,500 young people in receipt of YA and CRA. These 2,500 were broken down into different categories (customer groups) of rent assistance recipients (Groups A-D), with a small control group of non-recipients who lived at home (Group E).

FINDINGS

GENERAL

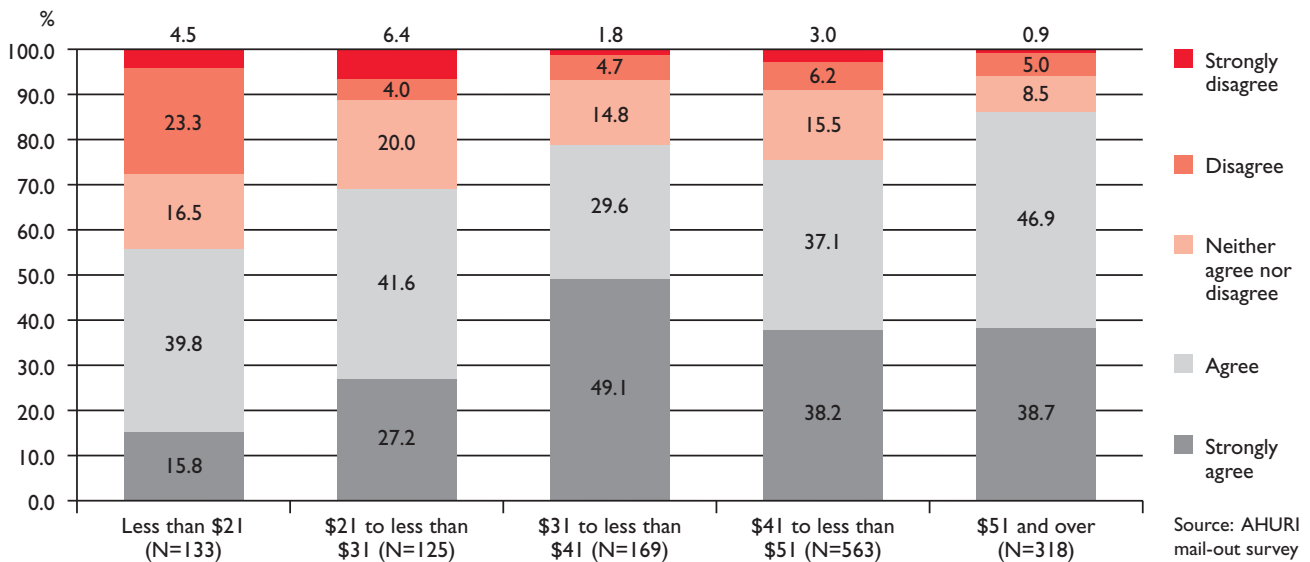
- Compared to two decades ago, young people are leaving home later. Whilst there was a slight increase (from 11.2% to 12.0%) between 1991 and 2000 in the proportion of 15-19 year olds who were in independent living, these levels are considerably less than the 15.5% recorded in 1981.

YOUNG PERSONS LIVING INDEPENDENTLY AND LIVING AT HOME BY AGE GROUP, 1981, 1991 AND 2000 (000'S)

Age	1981			1991			2000		
	15-19	20-24	15-24	15-19	20-24	15-24	15-19	20-24	15-24
Living at Home	1,072	482	1,554	1,111	611	1,722	1,098	580	1,678
Percentage	85%	38.3%	61.5%	88.8%	47.1%	67.6%	88.0%	45.5%	66.5%
Independent Living	196	778	974	140	685	825	150	696	846
Percentage	15.5%	61.7%	38.5%	11.2%	52.9%	32.4%	12.0%	54.5%	33.5%
Total	1,268	1,260	2,528	1,251	1,296	2,547	1,248	1,276	2,524

Source: ABS, Labour Force Statistics and Other Characteristics of Families, cat. no. 6224.0

CRA HELPS ME CONTINUE WITH MY STUDIES BY FORTNIGHTLY AMOUNT OF CRA
(WEIGHTED A-D, STUDENTS ONLY)



Those respondents who were unsure whether they were receiving CRA, or who said they were not, have been excluded from these calculations.

- Seventy-five per cent of tertiary students undertaking full-time studies live at home.
- In 2000, just on one-third of all young people aged 15-24 were in independent living. By age 24, 70% had left home.

STUDENTS AND JOB SEEKERS

CURF data shows that young people living independently tend to live disproportionately in group households. CRA recipients are no different, with by far the most common household situation reported in our survey being sharing with friends (56.7%).

This was particularly prominent among students (58.7%), but also accounted for the greatest number of jobseekers (45.2%). It was not unusual for young people to live alone, though less common for students (14.1%, compared with 27.2% of jobseekers).

Proximity to possible work or to the educational institution where they are studying is a key factor in young people's decisions about where to live. For students, 58.2% nominated the time taken to get to their place of study as a key factor in deciding where to live. Similarly, proximity to possible work was identified as a key factor by 45.3% of jobseekers.

RENT ASSISTANCE AND EDUCATION

Overall, among survey respondents, there was a high level of awareness about their status as recipients of rent assistance, even though some were receiving

as little as a dollar a week in CRA. Only 3.3% were unsure whether or not they received the benefit.

Students currently receiving CRA were asked how much this payment influenced their decision to study. A substantial 29% of these students reported that it had been a major consideration; while the largest proportion (39.3%) felt it had been of minor importance. Just over one-fifth of the students reported that the payment had no impact on their choice to study. In total, this means that almost 70% felt that the availability of CRA had been a factor (to a greater or lesser degree) in their decision to study.

Respondents were asked a direct question about whether or not they would have been able to study had CRA not been available to them as students – in other words, to what extent could it be seen as the critical factor? Just under one quarter (23.3%) of students receiving CRA said categorically that they would not have been able to undertake or continue studying without the additional income support. This rises to 31.2% of those who became students after CRA had been made accessible to students.

Significantly, as the table above shows, a substantial number felt that the assistance received was **not** useful in keeping them in education. This is not surprising, considering some young people were receiving as little as \$1 a week in assistance!

Many took the trouble to write that rent assistance was 'not enough' or 'is only a drop in the bucket'. Young people in high rent areas of Sydney or inner Melbourne were more likely to have these sentiments.

SECONDARY VERSUS TERTIARY STUDENTS

A large majority (75.7%) of student recipients felt CRA helped, at least to some extent, with males tending both to be more strongly positive than females.

Age and level of study (secondary or tertiary) were important in the extent to which CRA was nominated as a factor in the decision to study. Rent assistance emerges as particularly important for younger students and those trying to complete secondary school.

Over half (51.5%) of the secondary students said the availability of the payment was of 'major' significance, compared with only 27.7% of tertiary students.

In fact, only 10.3% of secondary students surveyed felt sufficiently confident to report they would have been able to study without the additional income. This compares with 36% of tertiary students.

The under-18s were also more likely to see the availability of CRA as a key determinant of the options open to them. A total of 37.7% of this group said they would not have been able to study without it, compared with 23% of those aged between 18 and 20 years.

These youngest students were once again most likely to be positive in their feelings about the role of CRA in

supporting study. A total of 87.7% overall either agreed or strongly agreed that CRA had helped, compared with 76.8% of those over 18 and under 21.

The under-18s were also far **less** likely to say CRA was 'not important at all' in their choice.

Secondary students, although mostly also part of the under-18s group, attributed a high importance to CRA, regardless of age.

For tertiary students, the age difference remained, with younger students more likely to attribute a more important role to CRA in their decision-making.

Another factor is where the students lived prior to independent living. Those who had moved from a remote area since the changes to CRA eligibility were introduced were considerably more likely to identify CRA as critical (38.5% saying they wouldn't have been able to study without it, compared with only 21.5% of others who had moved house during that period). Males were more inclined than females to attribute a critical role to CRA in enabling study, with 29.5% saying they couldn't have managed otherwise.

AFFORDABILITY

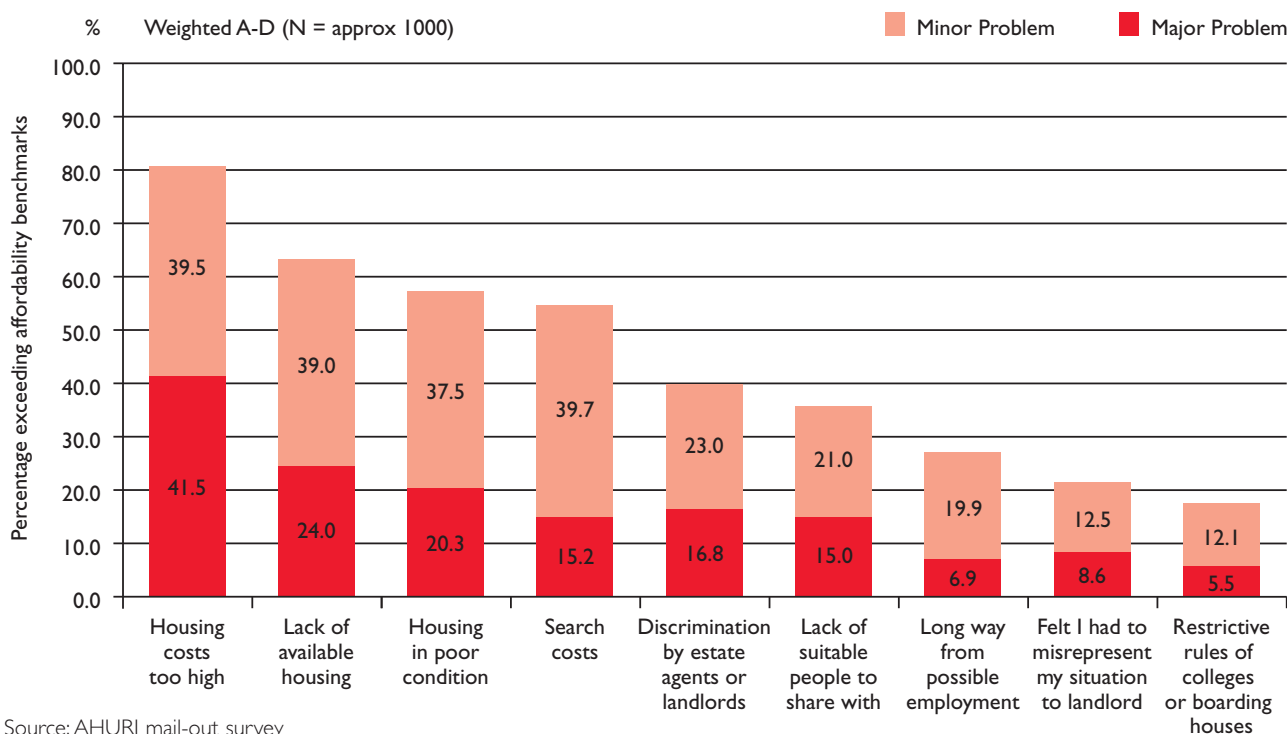
High housing costs emerge as the single biggest problem cited by young people in relation to housing. Because of their stage in life and trends in education and employment, young people tend to have low incomes.

RENTAL AFFORDABILITY FOR YOUNG PERSONS LIVING INDEPENDENTLY BY HOUSEHOLD TYPE, 1996



Those respondents who were unsure whether they were receiving CRA, or who said they were not, have been excluded from these calculations

DIFFICULTIES ENCOUNTERED IN MOST RECENT SEARCH FOR ACCOMMODATION BY CUSTOMER GROUP
(WEIGHTED A-D THOSE MOVING IN THE LAST YEAR)



Source: AHURI mail-out survey

The survey found that:

- A substantial number of young people living independently spent more than 30% of their income on housing. (The 30% income level is a benchmark used to measure housing affordability.)
- Young people living alone typically spend more than 30% of their income on housing costs, compared to those living in shared households, where housing costs amount to a quarter of their income.
- For one third of young people living alone, housing costs account for half or more than half of their total income.
- For students, there is a lack of affordable rental housing near tertiary institutions in the inner suburbs, no doubt related to the gentrification of these suburbs.
- The high cost of housing was consistently cited as one of a number of reasons accounting for young people's decision to move house. But the expense of finding and establishing new accommodation was highlighted by over 80% of all those surveyed, as either a major or minor problem. Difficulties included paying up-front costs, particularly in finding money for the bond or rent in advance and paying reconnection fees for essential services in the new place.

POLICY IMPLICATIONS

This report highlights the links between housing policy and education policy. Clearly housing policy for young people needs to support the goals of education policy. The extension of eligibility for CRA to students has demonstrably succeeded in assisting many young people to continue their studies.

- It may be useful to formalise the links between the two policy areas as an explicit goal of housing policy for young people, for example to:
 - assist young people to complete their secondary education;
 - encourage young people to enter tertiary education.
- Since affordability issues are a major concern for young people, consideration could be given to ways of increasing financial support to students receiving CRA in high rent areas – typically expensive inner suburbs of major cities where tertiary institutions tend to be located.
- Any reforms to CRA should pay particular attention to young people living alone, as this group spends

- a disproportionate amount on housing costs, as compared to those living in shared households.
- Secondary students receiving CRA need to be considered as a particularly disadvantaged group of people who are likely to have restricted opportunities for gaining paid work and are unlikely (almost by definition) to receive any financial support from parents. While rent assistance is clearly helping, ways to encourage links with relevant support services for this group could be explored.
 - Given the importance of keeping this group of young people (secondary students, many probably from problematic backgrounds) in education, consideration could be given to the creation of a special payment for this target group.
 - The availability of affordable housing close to tertiary institutions is a significant issue for young students. Tertiary institutions could be encouraged to provide (particularly in high cost locations) more purpose-built, affordable student accommodation.

- CRA is both an income support (giving rent assistance clients choice in how they spend the money) and a housing payment. Should payments in high cost housing areas be linked directly to levels of housing payments?
- Could the payment of CRA be used to encourage rental accommodation to meet some minimum standard?

FURTHER INFORMATION

For more information about this research project, the following paper is available:

- Final Report

See www.ahuri.edu.au

Or contact AHURI National Office on +61 3 9613 5400



Australian Housing and Urban Research Institute

Level 7, 20 Queen Street, Melbourne Victoria 3000

PHONE +61 3 9613 5400 FAX +61 3 9629 8536 EMAIL information@ahuri.edu.au WEB www.ahuri.edu.au

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