

WHAT IS DRIVING HOMELESSNESS IN AUSTRALIA?

THERE ARE LARGE DIFFERENCES IN RATES OF HOMELESSNESS ACROSS AUSTRALIAN REGIONS. EFFECTIVE POLICY RESPONSES AND INTERVENTIONS NEED TO ADDRESS THE DISTINCTIVE GEOGRAPHY OF HOMELESSNESS IN AUSTRALIA.

KEY POINTS

- Homelessness is spatially concentrated with 42 per cent of homeless persons found in just 10 per cent of the regions across Australia. Rates of homelessness were highest in remote regions and in small pockets of most major cities, including growth corridors.
- The key determining factor is demographic. Regions with a higher proportion of men, sole parents and Indigenous persons had higher homelessness rates. Greater income inequality and high density dwellings were also statistically associated with high homelessness rates.
- Despite higher service capacity in regions with higher rates of homelessness, there is still a mismatch between the location of specialist homeless services and concentrations of homelessness.
- Regional rates of homelessness were not statistically linked to shortages of affordable housing or high unemployment rates, though segmented housing and labour markets may still play a role.

*This bulletin is based on research conducted by **Professor Gavin Wood** and **Dr Melek Cigdem** at the AHURI Research Centre—RMIT University, and **Ms Deb Batterham** and **Professor Shelley Mallett** at Hanover Welfare Services. The research examined, for the first time, the geography of homelessness in Australia and its relationship to potential structural drivers of homelessness (specifically housing and labour markets).*

- Risks of homelessness can be greater in low unemployment areas since house prices and rents are typically high, requiring the need for affordable housing in these locations. Furthermore, if those vulnerable to homelessness gravitate to where employment is buoyant, homelessness will increase in these regions.
- National homelessness rates increased in the last half of the decade (2006–11). However, this is in large part due to structural factors like demographic change. In its absence, homelessness rates would have likely declined over the last decade.

CONTEXT

Homelessness has been linked to the circumstances, personal characteristics and practices of people who experience it. But homelessness might also be a ‘structural issue’ with, for example, expensive housing markets and weak labour markets both affecting rates of homelessness.

Key policy documents¹ argue that homelessness is, in part, a housing problem and that employment is critical in building pathways out of homelessness. However, there has been little research to back this up. This project aimed to fill this knowledge gap by examining whether spatial variations in homelessness are linked to differences in labour and housing market conditions.

RESEARCH METHOD

The project used descriptive analyses and statistical modelling techniques to understand the structural drivers of homelessness over three Census periods (2001, 2006 and 2011). The project used regional data from the ABS Census of Population and Housing, the Specialist Homelessness Service Collection from the Australian Institute of Health and Welfare, and other relevant data. ABS measures of

homelessness were used. In order to estimate those persons experiencing homelessness in the census, the ABS has operationalised this definition by flagging six key operational groups based on living situation:

- persons who are in improvised dwellings, tents or sleepers out
- persons in supported accommodation for the homeless
- persons staying temporarily with other households
- persons staying in boarding houses
- persons in other temporary lodging
- persons living in ‘severely’ overcrowded dwellings.

A range of possible influences shaping the spatial distribution of homelessness across Australia were explored, including housing and labour market conditions, income inequality, climate and demographic profiles.

KEY FINDINGS

Homelessness is spatially concentrated though becoming less so

Homelessness is spatially concentrated in Australia. In 2011, 42 per cent of the nation’s homeless population could be found in just 33 of the 328 local regions (i.e. 10% of all local regions). Hotspots were found in the Northern Territory, the northern-most parts of Western Australia and Queensland, as well as in inner city areas or growth corridors of state capitals. However, homelessness is becoming less concentrated over time—it is declining in areas where it has been relatively high (regional and remote Australia), and increasing where it has been relatively low (coastal fringe and urban mainland capital cities).

¹. Department of Human Services 2010, *A Better Place: Victorian Homelessness 2020 Strategy—new directions to reduce homelessness in Victoria, Melbourne, and Commonwealth of Australia 2008, The Road Home: A National Approach to Reducing Homelessness (The White Paper)*, Canberra.

Demographics explains geographical variations in homelessness

Demographic factors proved to be the best predictors of geographic variations in rates of homelessness. Regions with higher shares of males, Indigenous persons and sole parents had elevated rates of homelessness. Incidence of Indigenous persons was especially important in explaining homelessness in regional and remote areas of Australia. Regions with younger demographic profiles (15–34 years) often have higher rates of homelessness, but this is mainly an urban phenomenon.

Regions with higher income inequality also had higher rates of homelessness. This is because regions with relatively unequal income distributions have a larger pool of very low income households, which intensifies the competition for low cost housing.

Particular states and territories—including Victoria and the Northern Territory—appeared to have higher rates of homelessness after adjusting for other factors (including demographic profiles). These differences in adjusted rates of homelessness tended to disappear in a sample of urban-only regions. However, Victoria was an exception as adjusted rates were higher, even in the urban only regions sample.

Homelessness services not affecting local rates of homelessness

While there is higher service capacity in areas with higher rates of homelessness, it is insufficient compared to demand in these areas. While there have been reductions in the spatial mismatch between supply of services and demand, in 2011 the top 10 per cent of local regions accounted for 42 per cent of all homelessness, but only 34 per cent of specialist homeless service capacity.

Service capacity may not be an important influence on the location of homelessness—in fact, regions with less service capacity per 10 000 persons in 2001 were more likely to experience growth in homelessness over the subsequent decade. While we found no evidence of a magnet effect, further research which takes account of

people's mobility is required to conclusively rule out such an effect.

Homelessness not linked with local affordable housing shortages or unemployment

There is no evidence that homelessness is linked with a shortage of affordable housing. Rather the opposite appeared to be true; areas with higher homelessness tended to have a larger supply of affordable housing relative to the demand. Furthermore, and contrary to expectations, some stronger labour markets (i.e. with lower unemployment) were associated with *higher* per capita rates of homelessness. A possible explanation for these seemingly counterintuitive outcomes is that regions with high unemployment and lower incomes (and therefore lower rents) tend to have a larger pool of people *at-risk* of homelessness so that even if only a small fraction become homeless, they will be more numerous despite a relatively abundant supply of affordable housing. By contrast, regions with low unemployment tend to have a smaller at-risk population, but they are more likely to become homeless because high rents aggravate shortages of affordable private rental housing. This is consistent with our descriptive analysis of the relationship between unemployment rates and the supply of affordable housing.

Another possibility is that *at-risk* people relocate to regions with low unemployment, though further research is required to confirm this. If the mobile at-risk group was to gravitate to regions with stronger labour markets, they could be exposed to a greater threat of homelessness because of the shortage of affordable housing options in these regions.

Homelessness outcomes have improved after taking into account structural factors like demographic change

Nationally, homelessness rates declined between 2001 and 2006 before rebounding in 2011. However, modelling work suggests an underlying decline in Australian homelessness over the decade, once structural factors like demographic

profiles are taken into account. Further analysis focusing only on urban regions demonstrated an underlying decline in the first half of the decade between 2001 and 2006, but a subsequent increase back to 2001 levels in the second half of the decade.

POLICY IMPLICATIONS

There is a need to respond to the changing spatial distribution of homelessness. For example, increases in service capacity should be targeted to locations of high demand, and especially regions with relatively high proportions of those at high risk including males, sole parents, Indigenous and young people.

The research suggests that the impact of other structural factors like housing and labour market conditions is absent, or masked by interrelationships between rents and prices in housing markets on the one hand, and unemployment rates in labour markets on the other hand. Furthermore, moves by those vulnerable to homelessness could be an important explanation for the apparent absence of a relationship with structural variables, especially if at-risk persons gravitate to regions with a greater supply of relatively affordable housing.

Although many homeless people presently live in areas of relatively abundant private rental accommodation, many may still need assistance to access this accommodation,

such as through brokerage or private rental support programs. Policy-makers might also look at increasing the supply of affordable rental housing, especially if those prone to homelessness are attracted into regions with strong labour markets and tight housing markets. We clearly need a better understanding of the role that mobility plays in the geography of homelessness.

FURTHER INFORMATION

This bulletin is based on AHURI project 53027, *The structural drivers of homelessness in Australia 2001–11*.

Reports from this project can be found on the AHURI website: www.ahuri.edu.au or by contacting AHURI Limited on +61 3 9660 2300.

www.ahuri.edu.au



ADDRESS Level 1, 114 Flinders Street Melbourne Victoria 3000 Australia
TELEPHONE +61 3 9660 2300 EMAIL information@ahuri.edu.au WEB www.ahuri.edu.au

ACKNOWLEDGMENTS This material was produced with funding from the Australian Government and state and territory governments. AHURI Limited acknowledges the financial and other support it has received from the Australian, state and territory governments, without which this work would not have been possible.

DISCLAIMER The opinions in this publication reflect the results of a research study and do not necessarily reflect the views of AHURI Limited, its Board or its funding organisations. No responsibility is accepted by AHURI Limited, its Board or its funders for the accuracy or omission of any statement, opinion, advice or information in this publication.