

# Better understanding entries and exits from homelessness

USING NEW DATA AND MODELLING ENTRY AND EXITS INTO HOMELESSNESS BEGINS TO EXPLAIN HOW INDIVIDUAL EXPERIENCES AND STRUCTURAL FACTORS LEAD TO HOMELESSNESS IN AUSTRALIA.

## KEY POINTS

- Of key importance for this project is its research methodology as it is the first to combine housing and labour market data with Journey's Home survey data. It developed three models to examine the probability of entry into and exits from homelessness.
- Men are prone to higher rates of homelessness. They are more likely to become homeless and less likely to exit homelessness.
- Individuals who are married or in a de facto relationship are less likely to enter homelessness but if they do, there is a significantly lower likelihood of escape. Long-term ill-health issues do not affect people's likelihood of entering homelessness. People diagnosed with mental health issues have lower risk of entering homelessness and higher chance of exiting homelessness.
- Drinking and drug taking at risky levels, and recent incarceration raises the chances of entering homelessness, as does a previous spell of homelessness. These personal characteristics correlate with a higher risk of becoming and remaining homeless irrespective of the condition of local housing and labour markets.

*This bulletin is based on research conducted by Associate Professor Guy Johnson and Professor Gavin Wood at the AHURI Research Centre—RMIT University, and Dr Rosanna Scutella and Dr Yi-Ping Tseng at Melbourne Institute of Applied Economic and Social Research. This project examined the structural and individual risk factors in explaining homelessness—including its dynamics (entry into and exit from homelessness).*

- The risk of becoming and remaining homeless is more closely tied to the condition of local housing and labour markets for those who have not engaged in risky behaviours. Their chances of becoming homeless are greater in regions with higher median rents and slack labour markets.
- Exiting homelessness is much more likely for some groups than others, such as those with a recent connection to the labour market and younger people.

## CONTEXT

Two perspectives that feature strongly in the homelessness literature are structural explanations (whereby homelessness is attributed to wider structural features, e.g. labour and housing markets) and individual theories (that emphasise the role of individual characteristics, e.g. mental illness).

Past empirical studies have used units of analysis such as areas (primarily cities) or micro-level (individual) data with widely varying results: studies using area-level observations suggest structural factors are the main contributors to homelessness, while micro-level data studies suggest individual characteristics are more important predictors of homelessness.

This study is the first of its kind to combine micro-level longitudinal data with area-level observations through a suitable large-scale longitudinal panel data to tackle this impasse.

## RESEARCH METHOD

The primary data source for the study is Journeys Home, an interviewer-administered survey that followed a large sample of Australian income support recipients exposed to homelessness or housing insecurity over time. In total, 1682 individuals, drawn from 36 distinct locations covering all states and territories, participated in a baseline interview. Five follow up interviews at six-monthly intervals throughout 2011–13 were undertaken, with retention rates of over 80 per cent throughout the study.

To measure housing market conditions, the study uses area-level data for private median rental prices for occupied private dwellings from the 2011 Census. Because rents generally reflect housing demand relative to its supply in an area, they are a good indicator of the tightness of housing markets. To measure local labour market conditions, the study uses the regional unemployment rate sourced from the ABS monthly *Regional Labour Force Statistics*.

To undertake the empirical analysis, three econometric models are developed. The first model (the static model) examines the probability of being homeless at any wave in the Journeys Home study; the second examines the probability of entry into homelessness; and the third the probability of exiting homelessness.

It is important to note that the sample from Journeys Home is designed to be representative of those living in insecure housing circumstances. Therefore the analysis only considers whether individuals are at higher or lower risk of homelessness compared to others living in insecure housing circumstances and not the general population.

## KEY FINDINGS

***Among disadvantaged Australians the risk of homelessness is higher among people with low levels of education, the unemployed, and those with recent experience of violence or incarceration***

Previous experience of primary homelessness leaves individuals at greater risk of homelessness. Individuals with relatively low levels of schooling are also more likely to become homeless. An absence of parenting or involvement in the child protection system was not significantly associated with the likelihood of being homeless compared with people whose other characteristics were similar.

Those recently incarcerated were less likely to exit homelessness, but not significantly so. This also appears to be the case with those who were engaging in risky behaviours.

### ***Men are more likely to enter homelessness and less likely to exit***

Men are less likely to sustain secure housing than women and hence are at greater risk of entering homelessness. They are prone to higher rates of homelessness because they are less likely to exit.

### ***Older people have higher rates of homelessness due to low rates of exit***

While older and younger people are equally likely to enter homelessness, exiting homelessness is much more difficult for older persons: those aged 45 and over are 36 per cent less likely to exit homelessness compared to 15–21-year olds.

### ***Relationships prevent homelessness but might hinder exit from homelessness***

Relationships and social support are important in reducing the risk of homelessness: people who were married, had resident children or better social support were less likely to be associated with homelessness. However, if individuals (married or in a de facto relationship) fall out of secure housing, there is a significantly lower likelihood of escape when compared to singles or families.

### ***Health and homelessness***

The effects of ill health on entries into homelessness are mixed. While a long-term health condition has no significant effect on homelessness entries, having a diagnosed bipolar or schizophrenia condition decreases the probability of slipping out of secure housing and into homelessness. This may be due to people with diagnosed mental health issues being a key target group for support agencies who can then direct people into the health system.

### ***High rents raise the risk of entering homelessness***

Housing markets do have a significant impact, with median market rents positively correlated with entry into homelessness. An increase in the median market rent of \$100 (which is a 30% increase at the national median weekly rent), lifts the risk of entry by 1.6 percentage points, or from a sample mean of 8 per cent to 9.6 per cent

(a 20% increase in risk). So the impact is both statistically significant and sizeable. However, median rents are not associated with exits from homelessness.

### ***Labour market links to homelessness***

Not participating in the labour force is associated with homelessness. Local labour market conditions are also a significant cause of entries into homelessness, with a one percentage point increase in the unemployment rate raising the likelihood of homelessness entry by one percentage point.

### ***Risky behavior increases the risk of entering into homelessness***

Risky behaviours such as regular use of drugs significantly increase the risk of homelessness entry. However, the effect of risky behaviours on the likelihood of exiting homelessness is inconclusive.

### ***Housing and labour market factors are more important for some than others***

The risk of becoming and remaining homeless for individuals who do not have existing contact with health or other support services or who have an Aboriginal and Torres Strait Islander background is tied to the condition of local housing and labour markets. The chances of becoming homeless are greater in regions with higher median rents and slack labour markets. However, those who are not employed, are in poor physical health, as well as those with biographies marked by acute disadvantage (e.g., less educated, less connection to the labour market), are less sensitive to the condition of local housing and labour markets.

## **POLICY IMPLICATIONS**

This study shows that for those with risky behaviours, programs that directly address these behaviours are the optimal approach to reduce entries into homelessness. Older people, especially men, will need particular assistance to break the cycle of chronic or entrenched

homelessness. The research also highlights the importance of diagnosis of mental illnesses and the impact that this and social support can have on reducing homelessness.

On the other hand, persons vulnerable to homelessness, but who have no contact with the service system, could benefit from living closer to job and affordable housing opportunities. Efforts to improve affordable housing and job opportunities in regions with unaffordable housing or weak labour markets will help prevent homelessness among these groups.

Understanding how housing and labour market conditions interact with individual characteristics to influence the risk of becoming homeless and the probability of exiting homelessness is critical information if policy-makers are to design and locate appropriate program responses.

## FURTHER INFORMATION

This bulletin is based on AHURI project 53042, *The inter-relationship between structural factors and individual risk factors in explaining homelessness*.

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

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ADDRESS Level 1, 114 Flinders Street Melbourne Victoria 3000 TELEPHONE +61 3 9660 2300  
EMAIL [information@ahuri.edu.au](mailto:information@ahuri.edu.au) WEB [www.ahuri.edu.au](http://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.

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