



**EXECUTIVE SUMMARY**

# Social housing exit points, outcomes and future pathways: an administrative data analysis

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# Executive summary

## Key points

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- The research provides new national evidence on social housing pathways using longitudinal and linked national data.
  - The ‘success’ of a social housing pathway should be judged on relative, rather than definitive terms.
  - Most Australian social housing pathways are stable or involve entry into social housing with subsequent stability.
  - Some pathways are considered transitory, involving multiple moves and changes between tenures.
  - Transitory pathways are associated with more time in receipt of income support and more residential instability. Correspondingly, people with stable social housing pathways spent less time in receipt of income assistance (and were more residentially stable).
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## Key findings

The research provides new national evidence on social housing pathways to assist our understanding of patterns of entry and exit, as well as housing and non-housing outcomes. The analysis is based on two powerful, longitudinal datasets; the Household Income Labour Dynamics in Australia survey (HILDA) and Priority Investment Approach (PIA) datasets. Together, these datasets provide new and valuable insight into: people’s housing pathways through and within social housing tenancies; and residents’ characteristics, experiences and housing pathway outcomes.

The social rented sector (incorporating both public and community housing) plays a pivotal role in meeting the housing needs of people who are retired, disabled, too sick to work, caring for others on a full-time basis, unemployed, or working but with such a low income that accessing market provided housing is not a realistic option. Social housing has variously been described as a ‘springboard’ (Wulff and Newton 1995), ‘a stepping-stone’ (Whelan 2009), and a ‘safety net’ (Powell et al. 2019). Implicit in these conceptualisations is the role of social housing as part of people’s broader housing pathways. While people may move in and out of different tenures, the pattern over time can be regarded as their housing ‘pathway’ (as compellingly described by Clapham 2005).

Much policy and research discussion implicitly characterises social housing pathways as either ‘successful’ or ‘unsuccessful’. Successful social housing pathways are often assumed to involve both an exit from social housing, and subsequent stability in either the private rental sector or home ownership. Correspondingly, unsuccessful social housing pathways may be conceived to involve either no exit from social housing, or an exit to another tenure, but a later return to social housing. Because so little is known about the social housing pathways that Australians follow, or the outcomes of those pathways, these characterisations of ‘successful’ and ‘unsuccessful’ pathways are contestable, and thus need to be re-examined.

Like all tenures, people move into and out of Australian social housing over time in response to changes in their housing requirements, household factors, employment, income, and needs. The most common tenure pathway to social housing is from private rental, but a number of social housing tenants also become home owners and enter other tenure types (such as employer provided housing). Correspondingly, a sizeable proportion of social housing tenants leave the tenure each year, to be housed in private rental, owner occupation, and other tenures. Reasons for moving data also suggests that regardless of tenure, lower income Australians move for remarkably similar reasons.

The success of the pathway should be judged not simply in terms of the pattern of housing occupancy, but in terms of the degree to which it meets the individual needs of the person housed. For many people, an unstable pathway may be a successful outcome. It can indicate that the safety net of social housing is no longer required (such as when a person enters full-time employment or secures home ownership). Similarly, a stable social housing pathway may be protective, providing affordable and secure housing to people unable to maintain a traditional tenancy.

Over 15 years, and for an estimated 10 million Australians, the PIA dataset allows us to define seven major entry and exit typologies for people who spent some time in social housing (and a comparison group of people who spent no time in social housing). The seven typologies are:

- The *Stable social tenant* cohort represented the most common pathway. This group had a notably higher average age than any other pathway cohort.
- The *Leavers* cohort was, on average, 10 years younger (mean age 50 years) than the *Stable social tenant* cohort, and Indigenous people were over-represented in this cohort.
- The *New tenant* cohort was, on average, younger than both the *Stable social tenant* cohort and the *Leavers* cohort (mean age 48 years). Compared to almost every pathway type, the *New tenant* cohort had high comparative proportions of refugees, and people born overseas.
- The majority of the *Brief leaver* cohort was born in Australia (77%). A relatively small proportion of the cohort was refugees (2%), and Indigenous people were over-represented (accounting for almost 24% of the cohort).
- The *Brief entrants* cohort was, on average, the youngest, with a mean age of 40 years. It was also the most gender balanced cohort, with 48 per cent being male.
- The two cohorts classified as Transitional—*Transitional leavers* and *Transitional entrants*—were noticeably similar. Both shared a dominance of Australian born people (87% in both cohorts), and a relative under-representation of refugees.

Compared to people who spent no time in social housing, people who were in stable social housing over the entire period spent, on average, 53 per cent more time in receipt of welfare benefits. The stability of the social housing trajectory that people experienced was also important. On average, more transitional pathways were associated with longer periods of welfare receipt.

The ability provided by linked administrative and longitudinal datasets to following people over time, and in different housing situations, is valuable. Our analysis highlights the relative stability of many social housing renters. Those who do move however, generally move to tenures associated with less residential security—the private rented sector and informal renting. A very small proportion transition to home ownership. The findings also highlight substantial differences between tenants on different pathway types, suggesting that some tenant characteristics (such as labour force participation, disability, or Indigenous status) predispose people to more or less stability within and outside of the sector. In examining the characteristics of ‘successful’ social housing pathways, the analyses contained in this research highlight both

considerable state and territory variation, as well as a relationship between transitory pathways and longer time in receipt of welfare benefits.

## **Policy priorities in the light of a pathways approach**

Looking at social housing pathways over time adds to the complexity of understanding and provides much deeper insight into successful and unsuccessful outcomes. Conceptually and operationally, a focus on housing pathways provides a challenge to policy development, necessitating a 'long view' from people's past to their future. This 'long view' has, to date, been difficult to both capture and assemble evidence on. This research has occurred at a time of (and partially as a consequence of) enhanced data access and methodological advance, which enable this 'long view' to be straightforwardly captured. Continued improvements to data access, especially to large, linked administrative data will no doubt drive policy based on 'long view' analysis.

The policy impetus to understand social housing pathways in greater depth reflects the escalating pressures on the sector. Given that very few social rented dwelling completions occur each year in Australia, turnover of the existing stock represents the only realistic mechanism for ensuring that this scarce resource is appropriately and efficiently allocated to individuals, and their households, with the greatest need.

The gradual move towards fixed-term tenancies, and stricter, more frequent checks on income eligibility, can be seen as preliminary policy steps in a new direction. Under this direction, social tenancies increasingly become a stricter safety net for shorter periods of eligibility, sufficient for tenants to springboard into alternative housing arrangements. Such policy options are likely to involve greater scrutiny on engagement in training, education and labour market programs.

Thus, from a policy perspective, an alternative set of inter-linked questions to the four research questions pursued in this study might be posed:

- Under what circumstances can early exits from social renting be safely encouraged, and for which individuals and their households?
- What is the potential for freeing up scarce social rented housing opportunities by taking this approach?
- Do the economic costs and benefits from such a policy justify it, and for which groups of individuals is this true?
- For which groups of individuals is it more cost effective (in the sense of 'economic' rather than 'financial' cost) to avoid early exits from social rented housing?

This set of policy research questions reflects the reality that not all exits (let alone early exits) from social rented housing end in positive outcomes for individuals, their households, or the public purse. The research presented in this report reveals some preliminary insights pertinent to these questions.

From a policy perspective, the social housing sector is undergoing rapid change in the wake of a shortage of housing stock to meet demand, rapid population growth in Australia (particularly in our cities), and the increased cost of renting in the private market or purchasing a home. However, the evidence on which to best respond to these challenges is inconsistent, difficult to generalise across jurisdictions, and sometimes non-existent. Social housing exits may be beneficial for some people. However, as research has not kept pace with policy change, we lack sufficient robust evidence on which to frame successful exits, as well as position tenants for successful longer-term pathways that may include stable social housing. In response to this, we have focussed this research on nationally applicable, longitudinal, and administrative datasets

that can provide timely evidence and allow us to look at both transitions (short run) and pathways (long run) over time.

## About the research

This research was conducted as a stand-alone project, *Social Housing Exits, Outcomes and Future Pathways: an administrative data analysis*. The research aimed to provide a new national evidence-base on social housing pathways to assist our understanding of patterns of entry and exit, and housing and non-housing outcomes. This work was motivated by an acknowledgement of generational change in the provision of social housing and broader welfare reform across Australian jurisdictions.

Social housing provision is changing in Australia. It is increasingly targeted at people with high needs; lifetime tenure is no longer an expectation of providers or tenants, and very low-income households are increasingly likely to be housed in the private rental sector (with assistance). At the same time, our nation's homelessness problem is creating an urgent need for policy reform across the sector. A recent Productivity Commission Inquiry into reforms of Human Services highlighted social housing tenants as a key potential beneficiary of "well-designed reforms, underpinned by strong government stewardship" (Productivity Commission 2016, p. 2). These reforms require a solid base of new evidence.

This analysis aims to contribute new knowledge of contemporary pathways into, within, and out of social housing tenancies. To develop this evidence in a timely way, this study is based upon two powerful, longitudinal datasets; the Household Income Labour Dynamics in Australia (HILDA) survey, and Priority Investment Approach (PIA) datasets.

Together, these datasets provide new and valuable insight into: people's housing pathways through, and within, social housing tenancies; and residents' characteristics, experiences, and their housing pathway outcomes. Using the HILDA and PIA datasets, the first analytical chapter identifies key pathway cohorts, their characteristics, exit experiences and welfare outcomes. The nationally representative HILDA dataset collects information on the economic, wellbeing, labour market, and family life conditions of approximately 17,000 Australian households annually. The PIA administrative dataset contains quarterly information on the interactions of approximately 10 million Australians with Government services.

An additional component of the research assesses the access, potential, and use of large linked administrative data across state and territory boundaries, and between governments, for housing and urban research. This is reported in a separate AHURI Discussion Paper.

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