

SOLE PARENTS, SOCIAL WELLBEING AND HOUSING ASSISTANCE

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ABSTRACT

This paper reports on an AHURI funded research project that compares sole parents in public housing *and* sole parents in receipt of rent assistance living in the private rental sector. The study aims to develop an understanding of sole parents' housing tenure and housing assistance choices, and the impact of these choices on levels of satisfaction with housing and non-housing outcomes such as employment, childcare and education. It also explores perceived levels of social capital of sole parents in both types of housing in terms of factors such as quality of local and friendship networks and feelings of trust and confidence. At the time of writing, data analysis was still underway, and this paper reports on the study objectives and methodology with an outline of some preliminary findings and policy implications.

INTRODUCTION: AIMS AND OBJECTIVES

This paper reports on a comparative research study of sole parents living in public housing *and* sole parents in receipt of rent assistance (RA) living in the private rental sector. The broad objective of the study is to compare the impact of public housing and RA on the wellbeing of sole parents.

The research has a number of layers and cuts across a number of core conceptual and policy issues. At one level it is about issues of gender and feminisation of poverty. It is also about different tenure arrangements and related models of housing assistance, and about generating new information in order to evaluate the effects of these two forms of assistance on housing outcomes and general wellbeing. Another layer is concerned with locality and issues such as localism, community, spatial exclusion, social mix and neighbourhood. Finally, the study is concerned with general wellbeing, including issues of health and employment, and social capital, including sole parents' support from and contribution to local communities.

More specifically, the study aims to:

- Understand sole parents' housing tenure and housing assistance choices;
- Identify sole parents' perceptions as to the attributes of the different forms of tenure and related assistance;
- Identify the degree to which there are differences in shelter outcomes – and, where possible, non-shelter outcomes – for sole parents receiving different forms of assistance; and
- Identify for the two forms of assistance what factors explain differences in wellbeing or circumstances (if any).

This study had two methodological components: analysis of ABS census data on sole parents and – the more substantive part – a survey of 1,000 sole parents in public housing and 700 sole parents in receipt of RA. The former provided data on sole parents in public and private rental nationally and at the state level, while the latter provided the qualitative and quantitative information to give a human dimension to the raw statistics, particularly at a local level.

A positioning paper that discusses relevant literature and key concepts, and a progress paper that reports on the secondary data analysis, are available on the AHURI website. This paper largely concentrates on the survey, which was conducted across seven different geographical areas representative of different housing markets and local economies in Queensland, Victoria and Tasmania.

HOUSING ASSISTANCE AND HOUSING TENURE

The study is about housing assistance in public and private rental, although there is some analysis of ownership as context in the secondary data analysis. One objective is to assess whether housing and wellbeing outcomes differ for recipients of the two forms of assistance. Such differences could derive from different attributes of the two forms of assistance and of the housing that is assisted. These include degrees of choice (RA in principle offers more choice than public housing), different levels of financial assistance (RA provides a lower level of subsidy in most locations), lower or higher levels of security of tenure (private rental lower, public housing higher), quality of stock, location of stock, attributes of neighbours and quality of management.

Sole parents in public housing have to meet certain eligibility criteria which are essentially the same as those for Centrelink benefits. Once accepted, they go onto a wait or priority list and are allocated via a system which can vary from jurisdiction to jurisdiction. Allocation to a specific property is within an area which the tenant nominates at the time of application. Eligible public tenants pay income related rents.

RA is paid to private renters who receive a pension, get more than the base rate of family tax benefit if they have dependent children, or receive an allowance or benefit if they do not have dependent children and are over 25. They must also be paying more than a certain amount for rent (other than public housing), lodging or fees for a caravan site or other accommodation that is the principal home. As of June 2001 the maximum RA payment was \$103.04 per fortnight for a sole parent with one or two children, and \$116.48 per fortnight for three or more children. This was only paid if the fortnightly rent was more than \$240.01 for a sole parent with one or two children and \$257.93 for three or more children. No RA was payable if rent was less than \$102.62 per fortnight. Above this threshold it was paid at a rate of 75 cents for each dollar of rent paid per fortnight up to the maximum payment. These conditions mean there is no variation for different housing market circumstances, thus responses to questions on affordability in the surveys may differ depending on the conditions in the seven housing markets surveyed.

THE SURVEY

Housing Departments in three states (Victoria, Queensland and Tasmania) randomly choose 500 names and addresses of sole parent households in public housing in each of the seven selected regions. This provided a sample frame of 3,500 households; using a mail-out method, we received 1,018 usable responses, that is, a response rate of just on 30%.

The same postcodes were the basis for DFACS to provide addresses of sole parent income units receiving RA. A mail-out from a survey frame of 3,000 addresses yielded 670 responses at a response rate of 22%. Overall this meant 1,688 completed surveys and a 26% response rate.

The questionnaire was designed in consultation with a reference group made up of representatives of the participating agencies and with tenant feedback provided by the Victorian Sole Parents Association (for private renters) and the Richmond Public Housing Tenant Association. Two workshops were held with tenants around a draft questionnaire which was suitably altered.

The questionnaire was designed to elicit sole parents' responses around four areas:

- Housing decision making;
- Housing satisfaction;
- Social capital; and
- Workforce and educational opportunities.

Confidentialised unit record files from the 1991 and 1996 censuses supplemented the survey findings. These particularly focused on employment and education participation differences (if any) between public and private tenants. Only the survey results are reported in this paper, and then only limited findings, as work is still in progress.

PRELIMINARY SURVEY FINDINGS

Profile of Sole Parents

RA recipients overall are younger than the public housing tenants, more highly educated, and have fewer children to support, with more than four in ten having only one child. They also have higher incomes and are more likely to receive child support, and at higher levels, from the non-custodial parent. Just under two-thirds of public housing tenants did not receive child support from the non-custodial parent. This difference in income is significant as it was found that there was little difference in available income after receipt of the housing cost subsidy between public and private tenants, despite the much higher subsidy of the public housing rebate. The major reasons were that the custodial payment for many sole parents on RA compensated for the lower level of housing assistance. There were no significant differences between the two groups in terms of indigenous status or marital status. Sole parents in public housing were more likely to have been born overseas (just under a quarter of respondents) than RA recipients.

Most sole parents had not undertaken any paid work in the week prior to the survey (78% of public tenants and 63% of RA recipients). Less than 10% of both groups were working full-time, with more RA recipients working part-time than public tenants. In both groups, there was a high dependence on income security payments.

The Search Process

Many public tenants and RA recipients reported that they did not search for housing in the other tenure sector when they made their last move. Almost half (48.5%) of public tenants did not look at private rental, despite having a high awareness (92%) of RA. Two-thirds of RA recipients (67.4%) did not attempt to get into public housing although most (75%) were aware of their potential eligibility.

Both public tenants and RA recipients were asked about their perceptions of problems encountered when searching for accommodation in both public and private rental sectors. Firstly, in terms of searching for *private rental housing*, most public tenants (94%) and RA recipients (83%) saw its cost as either a major or minor problem, although public tenants (80%) were more likely to see this as a major problem compared to RA recipients (56%). Almost 90% of public tenants saw lack of private rental as a major or minor problem, compared to 70% of RA recipients. More than two-thirds of both groups saw the poor condition of private rental housing as a major or minor problem. Public tenants were more likely to see discrimination by landlords and/or agents as a major or minor problem (63.6%) than RA recipients (40%). Similarly, they were more likely to see search costs for private rental, and the need to misrepresent their circumstances to landlords and/or agents, as a problem.

Secondly, in terms of searching for *public rental housing*, RA recipients (75%) were much more likely than public tenants (40%) to see the lack of available housing as a major problem. Overall almost 90% of RA recipients saw the lack of public housing as a minor or major problem, suggesting that many rent privately because they can see little chance of getting into public housing. RA recipients (30%) were more likely than public tenants (17%) to see the condition of public housing as a major problem, and were also more likely to see search costs for public housing as a problem (37%) compared to public tenants (28%). Both groups were less likely to perceive discrimination by housing officials in public housing to be a problem, compared to perceived discrimination by both groups from landlords and/or agents in private housing, although RA recipients (29%) were more likely than public tenants (18%) to see this type of discrimination from housing officials as a problem. It is not known from the responses what perceived discrimination means in the context of public housing, as it could refer to eligibility and allocation systems or to the exercise of discretion by officials.

In summary, overall problems with the search process were higher for private rental than public housing. Public tenants see high housing costs, lack of housing, housing in poor condition and discrimination by landlords and/or agents as the main problems in accessing private rental housing. RA recipients also perceive these as problems, but not to the same extent. They see the lack of available housing as by far the biggest hurdle to obtaining public housing, and then the poor condition of housing. Public tenants are concerned about these two factors as well, but not to the same extent.

Finally, if given the choice of a similar condition home at the same rent in the private or public sector, fewer than one in five public tenants (19%) said that that they would rather rent privately and over half (55%) said that they would not. When faced with the same choice, just over one-third of RA recipients (35.4%) said that they would rather rent public housing and a similar percentage (34%) said that they would not.

Housing Satisfaction and Housing Problems

The questions on housing satisfaction are concerned with drawing out overall levels of satisfaction with the two tenure sectors and the specific factors that create or diminish satisfaction, whether they are the attributes of the dwelling, the location or the management of the stock. Overall, levels of satisfaction in both sectors were relatively high, with just under three-quarters of both public tenants and RA recipients expressing satisfaction with their current accommodation and just over three-quarters of both groups expressing satisfaction with the location of their housing. These results confirm high rates of satisfaction found in other surveys.

However, when sole parents were asked to rate their satisfaction on specific features of their accommodation, although most were satisfied, higher percentages of public tenants said that they were dissatisfied compared to RA recipients. In order of concern, problems were the security of the dwelling, adequacy in terms of space, kitchen facilities, bathroom facilities and security of neighbourhood. It is not known whether this reflects the ability of RA recipients to choose a property tailored to their needs and/or a stock of public housing that is ageing and may not meet current expectations. This finding may point to measures to improve choice and tailoring of accommodation to meet needs in public housing, as well as highlighting priorities for stock upgrading and estate renewal.

There were few differences between the two groups in terms of attitudes to the area in which they lived. Those in public housing were less likely to agree that people feel safe and secure. Whilst most in both groups agreed that people look after their properties, the rate of agreement was higher for RA recipients than for public tenants.

Affordability and Wellbeing

The data suggests that neither RA nor rent rebates in public housing can prevent many sole parents not having enough to live on after paying for their housing. More than 40% of both groups had insufficient money left after paying for rent to pay for other expenses, and a similar percentage had fallen behind in their rent in the last year. The main reasons given for falling behind with rent for both groups were general cost of living, high utility charges (gas, electricity and water) debt repayment and car repairs.

In general, sole parents in both groups had gone without and had experienced hardship. Few could afford a holiday in the last year (78% of public tenants and 71% of RA recipients), and most had gone without adequate food during the previous four weeks (79% of both groups) or had been unable to afford school excursion fees (72% of public tenants and 84% of RA recipients). Almost half (45%) of both public tenants and RA recipients were unable to adequately heat their homes. This raises fundamental policy questions about poverty amongst women and children and about the role of both income support and housing assistance programs in Australia.

A sizeable minority expressed views consistent with a poverty trap. Just over 40% of both groups were concerned that if they worked more hours they would lose their benefits. However, one-third of public housing tenants said they would not take a full-time job if it meant losing their public housing. This compared to only 14% of RA

recipients who would not take a full-time job if it meant loss of RA. The differences in the degree of subsidy may be important here.

Social Capital

The social capital questions are those that draw out the perceived quality of social relationships of the tenants and the communities in which they are resident. They are concerned with the quality of local and friendship networks, of trust and confidence, and of reciprocity, that is, participation in local support groups or agencies.

Social capital as measured by participation in local clubs, doing voluntary work or going to local church or temple was low for both tenure groups (typically less than 10%), although it varies by area. For example, Inala in Brisbane had much higher rates of social capital than inner Melbourne, perhaps reflecting the effects of a community renewal project. Analysis of the social capital data from the survey is currently underway.

POLICY IMPLICATIONS

As the data analysis has not been completed at the time of writing, it is difficult to assess the policy implications of the findings. Some issues have emerged which require more detailed data analysis, for example:

- There may be a case for extending RA in some cases to sole parents who are home purchasers to prevent them dropping out of ownership and into rental (9% of RA recipients were previously living in ownership arrangements). A quarter of both groups said that their next move would most likely be to own or buy.
- There is a high rate of mobility for sole parents in receipt of RA and renting privately, with 43% having lived in their current housing for less than a year, compared to 10% of public tenants. More than two-thirds (68.6%) of RA recipients had changed their address twice or more in the previous three years. What are the implications of this mobility in terms of factors such as relocation costs and children's education?
- There appears to be 'churning' amongst RA recipients. Almost half (46%) had previously received RA. It is not known the extent to which this relates to changing household circumstances, marginal employment or administrative factors such as breaching and removal of payment for non-contact.
- RA appears to be used as both income support and rental assistance. 85% of recipients said that it helped make the rent more affordable, and 75% said that it helped them afford other essentials of living. 61% said that RA helped improve their general standard of living and 57% said that it helped improve the quality of housing. Future policy debate may need to consider both these elements.
- Whilst more analysis is required on affordability outcomes, the data confirms that RA recipients pay significantly greater percentages of income on rent than public tenants. 42% pay more than 30% of their income in rent when RA is deducted from gross rent (that is, treated as a housing allowance). This raises policy issues about the impact of RA on affordability and about strategies to achieve better affordability outcomes.