

A Life-Cycle Approach to Housing: Challenges for Policy Makers

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Introduction

The interrelationship between housing and a wide range of social and economic outcomes, including childhood development, family cohesion, labour market and community participation outcomes, is widely recognised. Most families and individuals are doing well, with sustained high levels of home ownership overall.

However, the absence of safe and affordable housing can impact negatively on educational retention and attainment, the ability to actively seek and maintain work, and on family relationships. At worst, difficulty in accessing secure and affordable housing increases family and individual vulnerability to housing stress and may lead to homelessness. In addition, there may be tensions between the types of housing assistance best suited for the achievement of early childhood and family outcomes and housing assistance that best encourages workforce participation.

Demographic changes, including an increase in single person households, the ageing of the population and a focus on workforce participation, impact on housing needs and outcomes. Key positive life events that influence housing needs include: leaving home, marriage and partnering, having children and entry to home ownership. Negative life events such as the loss of employment, divorce and death of a spouse also impact on the housing choices available to individuals and families.

Why consider a life-cycle approach to housing

A life-cycle approach recognises that housing needs may change as people move through different periods in their lives. This approach seeks to: understand the transition points where individuals and families may be at risk of experiencing housing stress and/or homelessness; strengthen pathways in and out of different tenure types; and place housing within a broader policy and programme framework to consider the relationship with other non housing outcomes, such as childhood development, employment and social engagement.

Developing a life-cycle approach to housing provides challenges for housing and non-housing policy makers. The paper suggests it is timely to examine the challenges to developing a life-cycle approach to housing policy that links the achievement of non-housing objectives and meets the housing needs of a changing Australia.

Historical context

The current housing system is a product of many different factors. A range of Government policies also impact directly and indirectly on housing outcomes, with the Government policies that have impacted most significantly including:

- Taxation and regulatory arrangements
- Home ownership schemes for low income people
- Public housing programmes (including those funded through the Commonwealth State Housing Agreement (CSHA))
- Rent Assistance (RA) with its impact on the private rental market
- Assistance for the homeless through the Supported Accommodation Assistance Programme (SAAP).

While these policies reflect the housing situation at the time of development, they also reflect non-housing related conditions, such as global and national events, changes in population and in community and social attitudes. They also reflect the changes in individuals' housing needs and circumstances over time. The following examples highlight the different ways in which housing policy responded to a "life cycle" of need.

- **End of the Second World War: 1945 – 1956**

The 1945 CSHA was introduced to address the **housing shortage produced by the depression and World War II**. Funding was provided as loans to states and territories for the construction of new dwellings for rental to households who demonstrated a need for proper housing, at least 50 per cent of which were to be to **current or former service personnel**. There was no eligibility limit set, as a general lack of investment in the rental sector affected people across all income ranges. Reduced rents were available for low income households (mostly families) and were based on the cost of providing and operating the dwelling.

Assistance was also provided for home ownership under the **War Service Homes Scheme** during this period.

- **The Post-War Population Boom Continues and Assistance for Singles: 1956 – 1973**

In the 1956, 1961 and 1966 CSAs the main emphasis changed from providing state rental accommodation to encouraging home ownership through allowing states to sell dwellings to tenants at concessional rates and providing funding for loans to home buyers. Funding for rental housing was still restricted to new constructions only and was still **mainly directed at families**.

In 1958 **cash assistance was introduced for single, age invalid and widowed pensioners** to assist with rent payments. This would evolve into the Australian Government's Rent Assistance programme by the 1980s, by which time it had gradually been extended to married pensioners, the unemployed, sickness beneficiaries and low income families.

The Australian Government also introduced grants to states outside of the CSHA to provide housing for single aged pensioners to enable states to provide dwellings with affordable rents, as pensioners were generally not eligible for public rental housing at this time. In addition, the Australian Government introduced the Home Savings Grant scheme to encourage young home seekers to raise sufficient funds for a deposit.

- **Social Change and Increasing Welfare Dependency: 1973 – 1989**

The economic and social changes that took place in the 1970s led to an **increase** in the numbers of **single parent families and the unemployed** and resulted in a shift of emphasis back to the provision of rental housing to low income households. Eligibility criteria were specified for both rental and home purchase assistance. Rental rebates became more common as most states moved from cost rents to market rents. CSHA funds could also be used for purchase of existing dwellings and for upgrades and redevelopments. Development projects were also funded outside of the CSHA.

The **Homeless Person's Assistance Program** was also introduced in this period to assist organisations providing temporary accommodation and personal services for **homeless men and women and the children of lone parents**.

Separate programmes were introduced to meet the needs of **Aboriginal people** and to give mortgage and rent relief and crisis accommodation assistance. These programmes were also absorbed into the CSHA by 1984. Specific funding for **community housing was also introduced** in 1984.

From 1978 funding became a combination of grant funding for **rental assistance** to low income households and **special needs groups** (eg pensioners and Aboriginals), with concessional loans for home purchase assistance activities. Funding could be used for leasing, joint ventures and subsidies to tenants in private rental housing. Matching requirements were also introduced in this period.

From the early 1980s Rent Assistance was made available to a wider range of pensioners and beneficiaries, including the **unemployed and low income families**. Maximum amounts of assistance were also progressively increased, so that total expenditure on Rent Assistance exceeded Australian Government expenditure under the CSHA from 1992 onwards.

The **Supported Accommodation Assistance Program (SAAP)** was introduced in 1985 to consolidate a number of Australian Government and state programmes that provide supported accommodation services to men, women, young people and their dependants who were permanently or temporarily homeless as a result of crisis. The main aim of the programme was to provide assistance for SAAP users **to move towards independent living**, where possible and appropriate, or to provide other appropriate options. SAAP aimed to provide improved and more equitable funding of approved services, generally run by non-government community organisations and local government authorities, and to provide funding for new services in areas of high need and the achievement of improved wages and conditions for workers. The original SAAP was in place for four years.

Outcomes – What Did Past Policies Achieve? Example – CSHA

From a historical perspective, the housing assistance provided by government has worked. For example, the CSHA was introduced as a means of addressing the housing shortage after the depression and the Second World War and it has been successful, both in meeting the needs of individuals and families and in achieving government aims to increase the stock of low cost housing. Indeed, the major success of the CSHA since 1945 has been the building up of a stock of public rental housing of around 400,000 dwellings to provide affordable housing to low income renters in Australia.

The Australian Government influence on the CSHA has resulted in:

- the use of CSHA funds since 1956 to provide loans to home purchasers
- housing of aged pensioners from 1969 or single non-pensioners from 1984 by the states and territories
- the introduction of specific programmes outside the CSHA for crisis accommodation and mortgage and rent relief (these were incorporated into the CSHA in 1984 along with a specific programme for community housing)
- a higher stock of public rental housing than would otherwise have occurred.

The Australian Government involvement has also influenced state and territory provision in areas such as the groups of people assisted, the types of assistance and the number of dwellings sold. This has reflected changes in society and family needs, including introduction of policy responses in recognition of the short term/transitional needs of homeless men, women and children following negative life events such as separation and divorce.

Today's situation

So, what are the challenges for today's housing policy makers?

- **An Ageing Australia**

Like many other countries, Australia's population is ageing. The *Intergenerational Report*, presented by the Treasurer as part of the 2002-03 Federal Budget has assessed the Australian Government's fiscal outlook and long term sustainability over the next forty years to identify emerging trends and issues associated with an ageing population. Subsequently, the Productivity Commission in 2005 released its report, *Economic Implications of an Ageing Australia*, which confirmed that the ageing of Australia's population presents significant policy challenges.

Over the course of the 20th century, the proportion of Australia's population aged over 65 years tripled from four per cent in 1901 to 12 per cent in 2001. Furthermore, the proportion of people aged over 65 is expected to grow to around one quarter of Australia's population by 2044-45, approximately doubling the current population¹. By 2042, Australia's population is projected to increase by around 30 per cent, to over 25 million people. The number of people aged 55 and over will grow faster than the number aged under 55 years.²

Although a slight increase in the number of births per woman is projected from the current level of about 1.75 to 1.8 by 2013 and then staying constant, an increasing proportion of the population will be in the older age groups.³ Mortality rates are projected to fall over the next four decades, leading to significant gains in life expectancy. In 2042, life expectancy at birth for men is projected to be 82.5 years, which is 5.3 years longer than their life expectancy at birth in 2002. In 2042, life expectancy at birth for women is projected to be 87.5 years, which is 4.9 years longer than their life expectancy at birth in 2002.⁴

In general, future older Australians will be healthier than their counterparts today, with new health technologies and a decrease in more dangerous occupations contributing to the improvements in health. With older people living longer and enjoying better health, leading in turn to changes in the mix of care (that is, residential and community care), there may be an impact on future housing needs to support more older Australians to "age in place".⁵

- **Indigenous Australians**

While the overall population is ageing, recent statistics illustrate a different trend within the Indigenous Australian population. It is estimated that almost 40 per cent of Indigenous Australians are under the age of 15. The median age of the Indigenous population in 2001 was 20.5 years compared to 36.1 years for the non Indigenous population.⁶

There may be specific barriers facing Indigenous people in accessing housing, for instance, Indigenous people may encounter direct racial discrimination in applying for rental housing. At the same time, it is known that Indigenous people tend to experience higher levels of unemployment than non Indigenous people, and that their incomes generally are significantly lower⁷. Both of these factors can function as barriers to affordable and appropriate housing.

¹ Productivity Commission Research Report, *Economic Implications of an Ageing Australia*, 24 March 2005.

² *Intergenerational Report: 2002-03 Budget Paper No 5*, Commonwealth of Australia.

³ Productivity Commission Research Report, *Economic Implications of an Ageing Australia*, 24 March 2005.

⁴ *Intergenerational Report: 2002-03 Budget Paper No 5*, Commonwealth of Australia.

⁵ Productivity Commission Research Report, *Economic Implications of an Ageing Australia*, 24 March 2005.

⁶ ABS, 2005, Cat No 1301.0, *Year Book Australia 2005*, ABS, Canberra.

⁷ ABS, 2005, Cat No 1301.0, *Year Book Australia 2005*, ABS, Canberra.

The following table shows the Indigenous population by household tenure type. In 2001, most Indigenous people were either in state or territory government housing (public housing), or in housing managed by an Indigenous Housing Organisation or another type of community housing. Most markedly, in remote areas almost 75 per cent of renters lived in community housing.

Table 1. Indigenous population by household tenure type⁸

	Remote (%)	Non remote (%)
State or Territory Housing Authority	13.2	25.4
Indigenous Housing Organisation/Community housing	63.9	9.3
Other landlord types	8.5	28.9
Total renters	85.6	63.7

While nationally 18.9 per cent of people living in Indigenous households were overcrowded, this varied significantly by state and territory and geographic region. Indigenous overcrowding rates were much higher in the Northern Territory (55.1 per cent) than in Tasmania (5.7 per cent). In very remote areas 58.3 per cent of people in Indigenous households were overcrowded, compared to 9.7 per cent in both major cities and inner regional areas. Overcrowding in non Indigenous households ranged from 1.8 per cent in Western Australia to 4.5 per cent in New South Wales⁹.

There may be cultural factors contributing to the rates of overcrowding in Indigenous households. For instance, Indigenous households were five times more likely to be multiple family households, which were much more likely to be overcrowded¹⁰. In addition to economic factors, this may reflect cultural differences in relation to extended familial care obligations.

- **Changes in Family and Household Structure**

Emerging policy issues include the impact of the ageing of the population and later family formation on household structure and housing needs. More people are having children later in life, which is leading to an increase in the number of families with caring responsibility for both elderly parents and young children. There is also an increase in the number of sole person households, including people who do not marry or partner.

These changes in family structure could be influencing the housing market, including increasing the number of dwellings demanded and changing the tenure demanded. They could also be impacting on the affordability of housing for particular family types, including those that experience a drop in household income following a relationship breakdown or the death of a spouse.

Growing numbers of young people are delaying moving away from the parental home and entering marriage and partnering and home ownership. In 2001, 59 per cent of young people were living with their parents, either as dependent students or non-dependent children, which is more common than it was in the 1980s. The proportion of young adults living in the parental home has increased particularly in the 20 to 24 age group, which may be attributed in part to young people now staying at home until they have either completed their study, married or achieved financial independence.¹¹

⁸ 2001 data taken from National Aboriginal and Torres Strait Islander Social Survey 2002, Cat. No. 4714.0.55.001

⁹ SCRGSP (Steering Committee for the Review of Government Service Provision) 2003, *Overcoming Indigenous Disadvantage: Key Indicators 2003*, Productivity Commission, Canberra.

¹⁰ Ibid.

¹¹ ABS, 2004a, Cat No 2059.0, 'Census of Population and Housing: Australia's Youth', ABS, Canberra

Women, particularly those from low income backgrounds, can experience further life-cycle events in addition to divorce, death of spouse, and loss of employment that affect their housing needs. This includes, for example, women who live in a threatening domestic situation and have no alternative housing options.

It can be argued that there is also a link between housing and women's income that suggests that women are more susceptible to discrimination in the housing market. Firstly, women's earned income is disproportionately lower than their male counterpart's; in November 2003, women's seasonally adjusted full-time earnings were 84.3 per cent of men's earnings. Type of employment is also a factor, as there are a greater number of women in part-time and casual employment than men, which in turn affects income levels. Finally, women's financial literacy, including superannuation and capacity to save, also places women at risk of inequity in the housing realm.

Indigenous women are uniquely vulnerable to the barriers to housing and the resultant social and economic outcomes that are experienced by other women, as they are also confronted by systemic discrimination particular to their status as Indigenous women, as well as the factors mentioned above.

Increasing Participation Requirements

Increasingly, governments are focussing on participation as part of the response to the ageing of Australia and to limit demands on the future welfare system. Paid employment is considered the key to escaping the welfare trap and increasing household income, leaving more after-housing income to spend on other items such as health, education and leisure activities. Australian Government policies to address these issues include the welfare to work reforms announced in the 2005 Budget and a priority on education and skills development over the life course.

Outcomes – Today's Assistance. Example – Rent Assistance

The Australian Government housing investment is currently providing assistance to over 350,000 households through the CSHA and around 1.4 million individuals each year through RA. In themselves, programmes such as the CSHA and RA have achieved good outcomes for both tenants and the Australian Government.

RA is making a significant contribution to housing affordability in the private rental market for a number of groups. For example, at any point in time, RA currently assists around 970,000 individuals and families with the costs of private rental, with around 1.4 million individuals assisted each year. The turnover of customer numbers reflects the transitional needs of many individuals and families on income support payments, who may be experiencing a point in time "crisis" and therefore require assistance for a short period.

One of the main advantages of the RA programme is the ability to fit in with a customer's need to move from one property to another. This is important in situations where a customer has to move to gain access to the paid workforce.

Challenges – Future Housing Policy in a Life Cycle Context

The interaction between the different forms of housing assistance and other policies and priorities is disjointed at best, with the result challenging the idea of flexible housing assistance that meets the needs of consumers at particular points in their lives. For example, there are perceptions that public housing creates stronger work disincentives than RA, as public housing rents are based on a percentage of income. Tenants may also fear losing their public housing or their place on the waiting list if income increases too much.

Meeting the housing needs of families with dependent children is complicated by whether there are other “life events” that need to be taken into account. For example, whether the adults in the household need to move to another area for work, which may then have impact on the type of housing assistance most suited to that household – balancing what is “best for the child” with what is best for the employment prospects, and therefore income, of the parent.

Increasingly, parents are entering into shared care arrangements following separation and divorce, leading to demands for more housing and better flexibility in the type of housing assistance available. For example, a parent with part caring responsibilities for a child will still require housing with additional bedrooms notwithstanding that they do not have full time care of the child, and may also need housing close to the child’s school and other parent.

There will need to be further exploration of the links between housing and workforce participation, such as the affect of joblessness on housing choice and the relationship between different types of housing assistance and workforce participation. For example, FaCS’ customer data shows that social security customers who are homeowners or purchasers are more likely to have earned income and at higher levels than those in public housing or paid RA.

The location, configuration and condition of some older, large-scale housing estates can represent significant barriers to economic and social participation for residents. In recognition of this, urban regeneration and community renewal projects are seen as contributing to employment opportunities by improving amenity, reducing stigma and, in conjunction with local governments, assisting with access to infrastructure.

The growth of the sole person household has the potential to impact on both the supply and demand sides of housing. Challenges for those involved in social housing include:

- Designing and building appropriate models of social housing in locations accessible to both work and services to meet an increasing demand by sole person households
- Managing stock and allocations following life events such as separation, children leaving the family home, increasing frailty with age, and the death of a spouse
- Balancing the level of demand subsidies to encourage households to obtain housing appropriate to their needs, including a suitable size for sole person households, while at the same time delivering affordable housing outcomes for these tenants.

As Australia’s population ages, there will be other challenges for policy makers. There are benefits to supporting people to “age in place”, for example, through the ongoing attachment to community and social networks. One challenge is to meet the changing needs of older Australians, particularly through the transition from relatively good health for individuals in early retirement through to the “frail aged”.

Current programmes such as those provided through the Australian Government Department of Health and Ageing seek to provide in-home support to the frail aged and those with increasing caring needs. However, the ability to support older Australians in their existing communities will also depend on the responsiveness of housing policy makers in areas such as incentives to reduce housing size, modification and maintenance issues, and joint approaches to housing and infrastructure planning and development.

For older Australians, there is an increased risk of homelessness due to reduced income, declining health, lack of safe, appropriate and affordable housing, social isolation and increased vulnerability.¹² Meeting the needs of homeless people will continue to challenge policy makers, including linking housing policy to other service needs. For example, homeless persons tend to age prematurely with homeless people often having physical disabilities and health problems comparable to the general population 10 to 20 years older.

The housing needs of Indigenous people within a life cycle and whole of government context will continue to challenge policy makers, however there are new levers which will increasingly encourage cross portfolio and government approaches. This includes the development of Shared Responsibility Agreements (SRAs) with Indigenous communities, with a significant number identifying housing as a key to community and individual development. Housing policy makers will need to capture a flexible approach to address local Indigenous needs.

Conclusion

Policy makers still have an enormous challenge in better aligning housing policy with the life cycle, including demonstrating through a sound evidence-base that housing issues are important for the achievement of non housing related outcomes. While the housing assistance available today is achieving good outcomes for many tenants, the challenge of meeting their future needs will need to met by all levels of government, the non government sector, business and individuals.

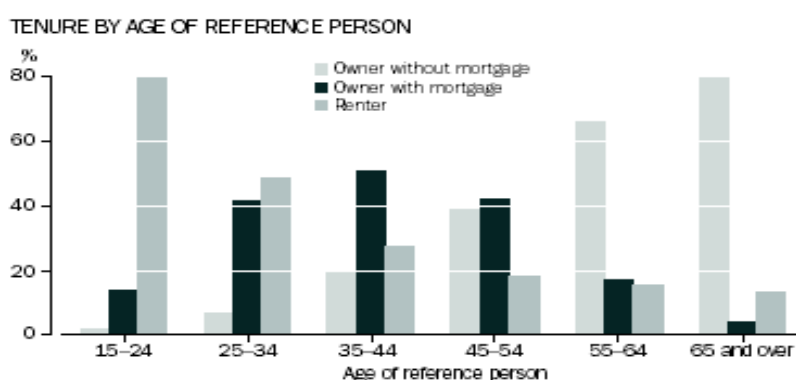
¹² FaCS, Working Towards a National Homelessness Strategy – Response to Consultations. Commonwealth Advisory Committee on Homelessness. Commonwealth of Australia 2003.

Social and Environmental Context

1. Families and household structure

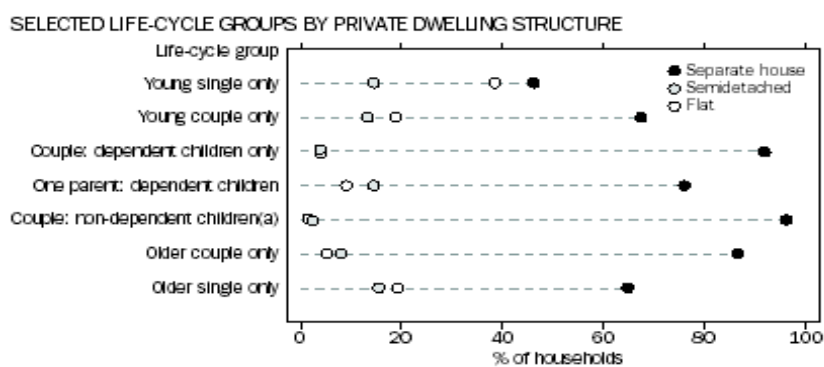
The likelihood of a household owning their home increases with age. In 1999, the majority (80 per cent) of households where the reference person was aged between 15–24 years were renters. 80 per cent of households where the reference person was aged 65 years or more were owners without a mortgage, while a further four per cent were owners with a mortgage.

Table 1:¹



The relationship between tenure and age is associated with the strong relationship between tenure and the household life cycle. Generally, this cycle (or housing career) follows a pattern of renting in early adulthood, moving to home purchase and mortgages as individuals form relationships and raise a family, and owning the home without any mortgage in older age.

Table 2²



Family structure and numbers have been changing over time. In 2003, there were 7.6 million households, of which 71 per cent (or 5.4 million) were family households. This proportion is slightly higher than in 1997 (70 per cent) but lower than in 1992 (74 per cent). The average size of a family household in both 1997 and 2003 was 3.1 persons, down from 3.3 persons in 1992.³

¹ABS 4182.0 – Australian Housing Survey, 1999.

²ABS 4182.0 – Australian Housing Survey, 1999.

³ABS4442.0 – Family Characteristics Survey 2003

Of all families in 2003:

- 84 per cent (4.6 million) were couple families
- 14 per cent (799,800) were one parent families
- 2 per cent (98,900) were other families
- families with children made up 60 per cent of all families.⁴

Emerging policy issues include the impact of the ageing of the population and later family formation on household structure and housing needs. More people are having children later in life, which is leading to an increase in the number of families with caring responsibility for both elderly parents and young children. There is also an increase in the number of sole person households, including people who do not marry or partner.

These changes in family structure could be influencing the housing market, including increasing the number of dwellings demanded. They could also be impacting on the affordability of housing for particular family types, including those that experience a drop in household income following a relationship breakdown or the death of a spouse.

2. Children and childhood development

Housing needs change over a life cycle, with more people entering into home purchase once they start families and have children. Housing choices, however, may be limited by family circumstances, including income and structure. Research has identified strong links between housing and child development.

Canadian studies identify three housing standards that impact on children:

- adequacy, or need of repair;
- suitability, or how crowded the dwelling is; and
- affordability, where housing and living costs require less than 30 per cent of the family's income.⁵

Researchers have found evidence of negative outcomes for children living in housing that fails to meet any one of these standards.⁶ Australia's proxy occupancy standard, the number of bedrooms required for various family sizes, is used to measure housing suitability. At the same time, the Canadian National Occupancy Standard is used by the ABS to assess housing appropriateness. This takes into account household size, composition and the gender and ages of the children, and deems households failing to meet this standard to be overcrowded.⁷

A 1999 assessment of housing appropriateness in Australia found that of the 7.2 million households, only five per cent required one or more additional bedrooms.⁸ While 30 per cent of Australian households include resident children, they make up over 46 per cent of households requiring one more bedroom, and well over a quarter of households requiring two or more extra bedrooms. This study demonstrates that for the majority of Australians overcrowding is not a concern, however children make up a large proportion of those living in housing requiring two or more extra bedrooms. Overcrowding presents a more significant issue for Indigenous households, with impacts

⁴ Ibid

⁵(Watt, J. (2003). *Adequate and affordable housing: a child health issue*. Child and Youth Health Network for Eastern Ontario, Winter/Spring 2003) (Cooper, M. (2001). *Housing Affordability: A Children's Issue*. Canadian Policy Research Networks Discussion Paper No. F | 11)

⁶(Watt, 2003) (United States General Accounting Office, 1994. *Elementary School Children, Many Change Schools Frequently, Harming Their Education*. Report to the Honorable Marcy Kaptur, House of Representatives. GAO/HEHS-94-45) (Phibbs, P., and Young, P. (2004). *Housing Assistance and Non-Shelter Outcomes*. Australian Housing and Urban Research Institute, Sydney Research Centre) (University of Minnesota (2001). *Affordable Housing and Family Well-Being*. Public Policy Brief, Children, Youth and Family Consortium).

⁷ABS (1999). *Australian Housing Survey – Housing Characteristics, Costs and Conditions – 4182.0*.

⁸Ibid.

on educational outcomes (for example, through lack of space or privacy for study) and health (by contributing to high infection rate in Indigenous children).

The association between housing and childhood outcomes is complex. Studies of the interaction of these factors recognise that a child's development is influenced by numerous environmental variables, of which housing is but one.⁹ Improvements to a family's housing situation have been shown to have little association with improved outcomes when they are merely upgrading from a good situation to a better one¹⁰, while for low income families in poor housing, improvements in their living standards (such as better quality housing and neighbourhood) lead to improved health, educational and social outcomes for children¹¹. Here, housing has been demonstrated to be an important aspect of improving early childhood outcomes.

However, financial assistance alone is often inadequate in improving children's outcomes across these factors, and similarly, housing assistance alone is not enough. While housing has a direct impact on many aspects of children's welfare, and housing assistance contributes to improvements for families under hardship, it is not enough in and of itself, but a step towards optimising the outcomes of children in need.¹²

3. Young people and transitions to independence

In June 2001, over 2.7 million people living in Australia were aged between 15 and 24 years. This equates to 14.2 per cent of the total population, with 3 per cent of all youth identifying as Indigenous and 17 per cent born overseas. Since the 1970s, the proportion of 15 to 24 year olds in the population has fallen and will continue to fall until at least the middle of this century.

Youth is generally a period of transitions and it can also be a period of significant emotional, physical and intellectual change.¹³ The nature and timing of an individual's transitions will vary greatly, and are affected by a range of factors. There is a range of youth pathways, each with key transitions. Young people may move from school to work, from dependent to independent status, from the parental home to independent living, or from homelessness or crisis housing to independent living.

Young people are most likely to be in private rent. According to the ABS in 2002-03, in households living independently with a reference person (loosely identified as "head of the household") aged 15 to 24 years, 70.4 per cent were renting from a private landlord. The proportion decreases with age, with only 6.8 per cent of households with a reference person 65 and over recorded as renting from a private landlord.¹⁴ However, young people may have more difficulty accessing rental housing, as they are less likely for instance to have an established rental history and could face more direct discrimination.

ABS data indicates that young people are one of the most mobile population groups, with many moving to larger towns and cities at 18 to 19 years. Around half of those aged 15 to 24 years move residence at least once in five years. The mobility rate for young people living in the parental home was 11 per cent, compared with 74 per cent for young people in group households.¹⁵

⁹(Ross, D.P., and Roberts, P. (1999). *Income and child well-being: a new perspective on the poverty debate*. Canadian Council on Social Development.)

¹⁰(McDonald, P., and Merlo, R. (2002). *Housing and its association with other life outcomes*. AHURI, ANU Research Centre).

¹¹(University of Minnesota, 2001) (Children's Defense Fund (2002). *Affordable Housing: A Quiet Crisis for Families with Children*).

¹²(Ross et al, 1999)(Hertzman, C. (2002). *Leave no child behind! Social Exclusion and Child Development*. Laidlaw Foundation, Working Paper Series)(Mullins, P., and Western, J. (2001). *Examining the links between housing and nine key socio cultural factors*. AHURI, Queensland Research Centre).

¹³AIHW, 2003, *Australia's Young People: Their Health and Wellbeing 2003*, AIHW, Canberra.

¹⁴ABS 2002-03, Cat No 4130.0.55.001, 'Housing Occupancy and Costs, Australia,' ABS, Canberra. It should be noted that in ABS Table 9, a small percentage were listed as 'renters' not with a private landlord and not in public housing (ABS, 2002-03).

¹⁵ABS, 2004a, Cat No 2059.0, 'Census of Population and Housing: Australia's Youth,' ABS, Canberra

Most young people are making successful transitions to independence, although growing numbers of young people are delaying moving away from the parental home and delaying entering marriage and partnering and home ownership. In 2001, 59 per cent of young people were living with their parents, either as dependent students or non-dependent children, which is more common than it was in the 1980s. The proportion of young adults living in the parental home has increased particularly in the 20 to 24 age group, which may be attributed in part to young people now staying at home until they have either completed their study, married or achieved financial independence.¹⁶

Based on Census data over the past two decades, a fall in rates of home ownership has been observed among Australians aged less than 35 years. While housing affordability does have an impact on home ownership, family formation is one of the largest drivers of home purchase. Therefore, the observed decline in home ownership amongst younger people also reflects the decline in family formation amongst the same group. This then means the period in which young people are living in rented accommodation is being extended.

Some young people are not able to make effective transitions to independent living. If they choose or are forced to leave the family home prior to obtaining an independent income, for instance, they may become homeless. Young people in state and foster care may require additional support in transitions to independence generally, and independent housing in particular. Young people with mental illnesses may also require targeted support, as many have difficulty accessing and/or maintaining secure and affordable housing.

Income support is targeted to young people from low-income families and to those receiving little or no financial support from their families, that is, young people who need more support in their transitions. Income support is paid to around 25 per cent of young people aged 16 to 24.¹⁷ Over 200,000 young people aged 15 to 24 rely on income support payments because they are vulnerable or at risk.

4. Participation and housing

The decision to enter into study has an impact on housing choices, both in terms of affordability of housing and location of housing to the educational institute. Foregoing full time employment for study has an impact on income, and therefore may limit the choice of accommodation. Housing located close to the place of study may be desirable, particularly for students with course loads that require a high number of contact hours.

A Youth Allowance (YA) and RA survey commissioned by FaCS in 1999 assessed the impact of the extension of RA to full time students on young people's decisions about study, job search and housing arrangements. The results indicated that YA customers regarded RA positively, and that many viewed it as a means of helping to meet basic living expenses, increasing the affordability of rent, improving their housing situation and/or facilitating study or job search activities.¹⁸

Over three quarters of survey respondents who had moved from rural and remote areas nominated RA as either a major (39.8 per cent) or minor (37 per cent) factor in their decision to study. RA was also noted to be of particular assistance to younger students. 41.2 per cent of secondary students and 37.7 per cent of students under 18 reported that they would not have been able to study without RA, compared to 23 per cent of students over 18.

¹⁶Ibid.

¹⁷Prime Minister's Youth Pathways Action Plan Taskforce (PMYPAPT), 2001, *Footprints to the Future: Report from Prime Minister's Youth Pathways Action Plan Taskforce*, Department of Education, Training and Youth Affairs, Canberra.

¹⁸FaCS, 1999, 'Youth Allowance and RA Survey,' FaCS, Canberra.

Similarly, there are links between housing and workforce participation, such as the affect of joblessness on housing choice and the relationship between different types of housing assistance and workforce participation. For example, FaCS’ customer data shows that social security customers who are homeowners or purchasers are more likely to have earned income and at higher levels than those in public housing or paid RA.

Table 3 – Non housing outcomes for social security customers¹⁹

Home Owners		Purchasers		Public Housing		Paid RA		Other	
% earned income	Av wkly earning	% earned income	Av wkly earning	% earned income	Av wkly earning	% earned income	Av wkly earning	% earned income	Av wkly earning
37%	\$469	55%	\$521	12%	\$369	20%	\$304	37%	\$487

The flexibility provided by housing programmes such as RA can be seen as promoting workforce participation, for example, by allowing customers the choice of moving to areas of high employment.

¹⁹Unpublished FaCS’ data, current at December 2004.