

RENT ASSISTANCE AND YOUNG PEOPLE'S HOUSING CHOICES

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**Our Homes, Our Communities, Our Future
National Housing Conference 2001
Brisbane**

This study is about young people's housing choices and the role of Rent Assistance in these choices. Based on analysis of Australian Bureau of Statistics secondary data and a sample survey of young people in receipt of Youth Allowance and Rent Assistance, the research concludes that, while most young people are moving into independent living at an older age, the process does not appear as fraught and problematic as perhaps many parents fear. Many young people do confront a range of problems in the early years of independent living including high housing costs, lack of availability and discrimination, but these appear to be worked through and most are very satisfied with their housing conditions in the early years of independence. Rent Assistance is an important program, not only in addressing affordability problems of young people, but also in meeting other policy goals such as participation in education. However, there is room for policy fine-tuning.

KEY FINDINGS

- In 2000, just on one-third of all young people aged 15-24 were in independent living, and by 24 years of age 70 per cent had left home.
- Compared to two decades ago, young people are leaving home later. In 2000, 12 per cent of 15-19 year olds were in independent living, compared to 15.5 per cent in 1981.
- 75 per cent of tertiary students undertaking full-time studies live at home. With the huge growth in tertiary education, this is one of the major reasons why young people are staying at home longer.
- Independent young people disproportionately live in group arrangements (38.8 per cent in 2000). While some of this is a constrained decision (to improve affordability), it was stated by a sizeable number to be the preferred arrangement. Nevertheless, there are problems of perceived incompatibility, privacy and lack of quietness attached to this form of living.
- Young people experience quite severe affordability problems. 35 per cent in group living arrangements pay more than 25 per cent of their income on housing costs, while for those living alone it is 66 per cent. The differences reveal the importance of group living as a strategy to help reduce housing costs.
- Despite a sizeable minority of young people in receipt of Rent Assistance experiencing a range of housing problems in their early years of independent living, a remarkably high proportion (over 90 per cent) are satisfied with their housing.
- The single biggest problem faced by young people is high rents and affordability.
- As one would expect with any financial support, young people in receipt of Rent Assistance valued this, although not to the degree one may have thought. Only 50 per cent agreed that it had helped improve their housing situation.

CONTEXT

For young people, the transition to independent living is one of the most important and probably exciting, difficult and emotionally charged decisions they will make in their lives. For most, it means severing links with their parents, their home and much that they have always been familiar with. For a minority, it may represent a break from a fraught family situation where domestic violence or abuse was part and parcel of their lives. Whatever the context, it requires a process of searching for, establishing and maintaining a new home while, in many cases, doing this in parallel with seeking employment or undertaking tertiary studies for the first time.

This study is about young people who have made the transition into independent living and, as a result of that, are receiving Rent Assistance. In 2000 some 81,569 young people were in receipt of Rent Assistance, out of an estimated 846,000 young people in independent living. We know little about the difficulties confronting young people in the early years of independent living, the role of housing in affecting other decisions (e.g. whether to study) and to what degree Rent Assistance actually helps them. Providing information about these issues is the reason for this study being undertaken by the Swinburne/Monash centre of the Australian Housing and Urban Research Institute (AHURI).

The study has two broad objectives:

- To provide greater knowledge about the housing decision making processes and arrangements of young people in Australia;
- To examine the role of Rent Assistance, for those young people who are eligible, in improving their housing situation as well as related education prospects.

The latter has two components: first, an assessment of Rent Assistance in the context of the changed eligibility criteria brought about by the introduction of the Youth Allowance in 1998; and second, a broader assessment of the role of Rent Assistance in shaping recipients' perceptions of the accommodation and life choices open to them. The study thus explores the influence of Rent Assistance on:

- Young people's preferences and decisions about housing and living arrangements;
- Young people's decision making about education, and the role of housing in this decision;
- Students' choice of course and study institution and the effects, if any, of housing.

Two sources of data were used for the study: ABS Confidentialised Unit Record Files (CURFs) on the housing arrangements of young people, and a mail-out survey of 2,500 young people in receipt of Youth Allowance and Rent Assistance. These 2,500 were broken down into different categories of Rent Assistance recipients and a small control group of non-recipients who lived at home. The support and cooperation of DFACS and AHURI in facilitating this research is greatly acknowledged. This brief report can only report on key aspects of the research. More detail is available from AHURI in the full report.

LEAVING HOME

72 per cent of young people have left home by the age of 24. Anecdotal evidence, particularly from parents, suggest young people are staying at home longer, and the data over the long term confirms this. 12 per cent of 15-19 year olds were in independent living in 2000, compared to 15.5 per cent in 1981.

Table 1 Young persons living independently and living at home by age group, 1981, 1991 and 2000

Age	1981			1991			2000		
	15-19	20-24	15-24	15-19	20-24	15-24	15-19	20-24	15-24
Living at Home	1,072	482	1,554	1,111	611	1,722	1,098	580	1,678
Percentage	85%	38.3%	61.5%	88.8%	47.1%	67.6%	88.0%	45.5%	66.5%
Independent Living	196	778	974	140	685	825	150	696	846
Percentage	15.5%	61.7%	38.5%	11.2%	52.9%	32.4%	12.0%	54.5%	33.5%
Total	1,268	1,260	2,528	1,251	1,296	2,547	1,248	1,276	2,524

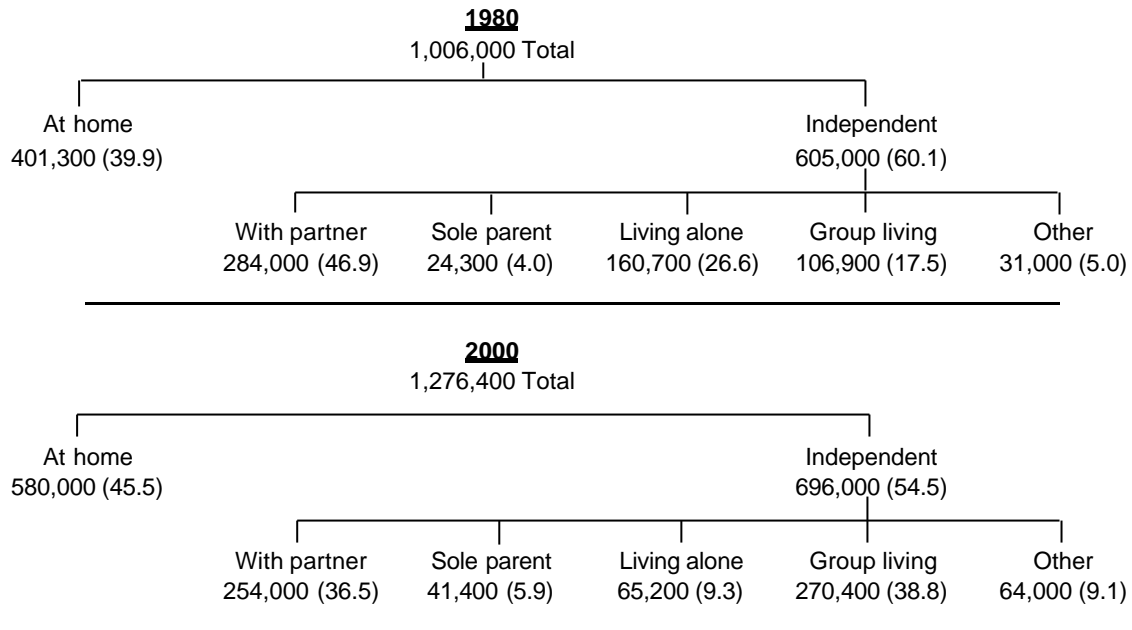
Source: ABS, Labour Force Statistics and Other Characteristics of Families, Cat. no. 6224.0

Leaving home signals a period of instability for many, with almost a third making two or three moves in the first year of independent living. This may explain a trend for those in the older age groups (23 and 24 years) to experience continued contraction in the rate of independent living. Many who have faced some of the problems of independent living are returning home at an older age.

Why do young people leave home and/or continue to move? The explanation is multifaceted, with the survey revealing no dominant reason. However, the reasons typically reduced to issues of living in inconvenient areas in terms of either employment or education (the reason for most regional moves), the desire to be independent of parents or people they were incompatible with, the low quality of previous dwellings (reflecting the trade-off young people have to make to get an affordable property) and high housing costs. The problem of compatibility that was mentioned by many of those surveyed no doubt related to the high proportions in group living and their lack of experience with its demands and compromises. For the control group still living at home, the most important family problem for almost a quarter was family conflict, perhaps suggesting that living at home was less a choice than a constraint imposed by virtue of the problems in independent living, particularly if there is no financial support.

The form of independent living has changed markedly over the last twenty years. As Figure 1 shows, of the 60.1 per cent of 20-24 year olds in independent living in 1980, only 17.5 per cent were in group living, with the largest proportion (46.9 per cent) living with a partner (married or de facto) and 26.6 per cent living alone. By 2000 group living was now the dominant housing arrangement (38.8 per cent); living with a partner had fallen to second, recording a drop of 10 percentage points. Living alone had fallen dramatically to only 9.3 per cent. These changes probably reflect interrelationships between housing market changes and wider social and economic trends. The rental sector, notably in inner urban areas where the young have traditionally gravitated to, has become much more expensive. The deferring of marriage to a much later age has no doubt affected the numbers living with partners, while the higher numbers of young people unemployed or in full-time study (and therefore on low incomes) creates pressures towards sharing rather than independent living.

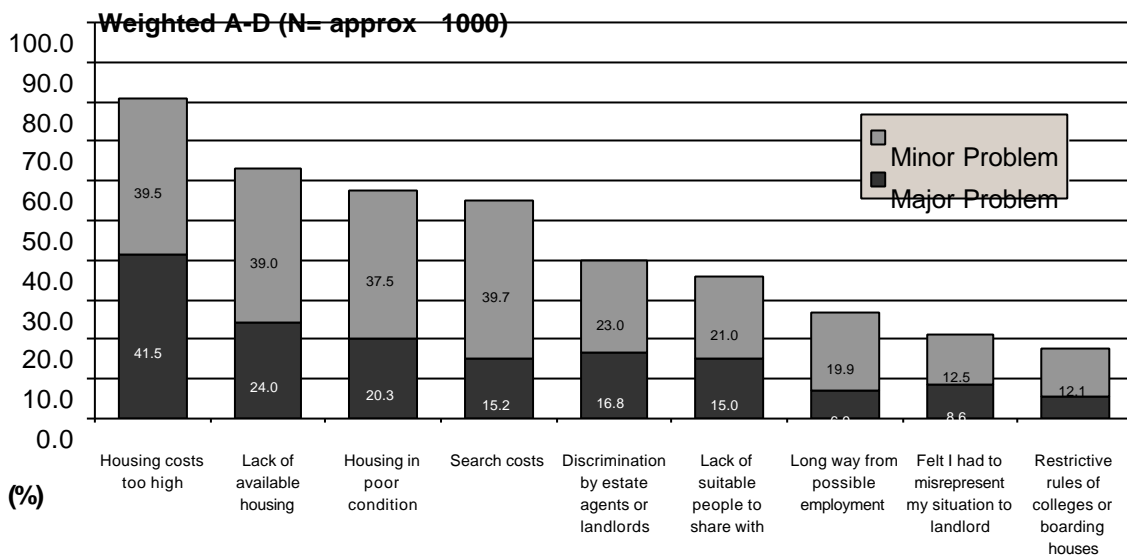
Figure 1 Household arrangements, 20-24 year olds, 1980 and 2000



Source: ABS, Labour Force Statistics and Other Characteristics of Families, Cat. no. 6224.0

Once having left home, a young person confronts a number of potential hurdles in finding a dwelling that they can call home. Figure 2 shows the major problems identified by young people and the degree to which they experienced this problem. Most important was 'housing costs too high', with almost 80 per cent nominating this reason. Next was the lack of availability of housing, perhaps related to the gentrification of inner suburbs. Housing in poor condition, often a function of the need to trade off price for quality, and search costs were the other two most dominant problems.

Figure 2 Difficulties encountered in most recent search for accommodation *by* customer group (weighted A-D those moving in the last year)



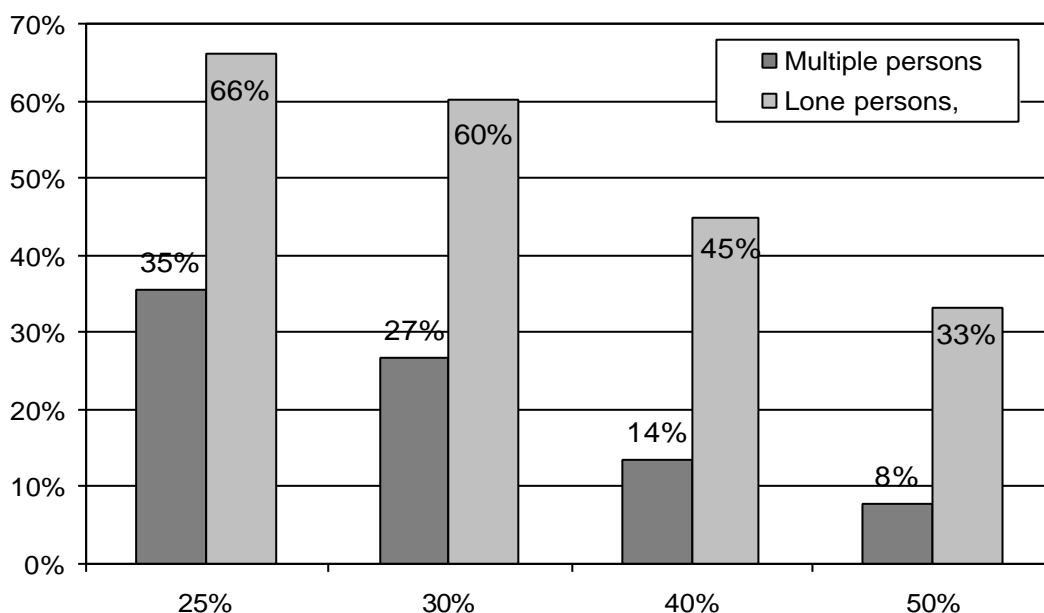
Despite these problems, the young still found accommodation and expressed a surprisingly high 90 per cent satisfaction with it. This is probably because most view their dwelling as a transitional arrangement and as a just a backdrop for their current lifecycle stage. They therefore have a higher tolerance for housing problems than households in a later lifecycle stage. Significantly, older young people (21 plus) expressed lower satisfaction levels.

High degrees of satisfaction were also seen in the proportions expressing concerns with the specific attributes of their current dwellings. No single problem recorded more than 20 per cent dissatisfaction, and this was for lack of quietness, again reflecting the trade-off problems associated with group living. The next most important were security of the individual dwelling and of the area, with women expressing much greater concern than men.

AFFORDABILITY

High rents and high housing costs were a recurring theme in a number of the answers about search problems and living circumstances. This is not surprising, given the low incomes of most young people and the need to rent in areas close to work or where they study. As Figure 3 shows, 35 per cent in group living pay more than 25 per cent of their income on housing costs, while for those living alone it is 66 per cent. At the 40 per cent benchmark, the respective figures are 14 per cent and 45 per cent. The advantages of – indeed, need for – group living are demonstrated by the difference. The poor affordability situation of many young people is not only a concern in terms of day to day living, but to the extent it may be restricting capacity to become home owners.

Figure 3 Rental affordability for young persons living independently by household type, 1996



Source: ABS, 1996 CURFs

RENT ASSISTANCE

Just on one half of all recipients agreed that Rent Assistance helped with their housing situation. One might expect that a financial payment would elicit a much higher positive response. There are two explanations for this. One is that Rent Assistance operates as an income support program, not an explicit housing program; clients can use the money for rent, but they can also choose to use it on any other good or service. Thus many young people may not see it in terms of improving their housing outcomes, but of improving their general living standard. Given that 71 per cent of students, on being asked how does Rent Assistance help them, answered 'afford other living costs' and another 53 per cent said 'improve my standard of living', it appears that it is actually seen and used by most young people as an income support rather than housing program (see Table 2). Secondly, many students receive only small amounts of Rent Assistance, and many respondents actually took the trouble to write on the survey form that Rent Assistance was 'not enough', 'makes no difference' or 'is only a drop in the bucket'. These observations were most intense in the high rent areas of Sydney and inner Melbourne.

RENT ASSISTANCE, HOUSING AND EDUCATION

The emergence of a 'whole of government' approach as a new way of viewing public policy has created a greater awareness of the connections between issues. Thus housing is not *just* about housing – it can also be about employment or education if it acts as a mechanism to enhance or impede outcomes in either of these areas. The study explicitly asked questions about the role of housing and Rent Assistance in educational decision making.

One handle on this is to ask those who opted for employment or employment search, rather than education – 'Why not study?'. Housing constraints were not a major factor, although a substantial minority (around 18 per cent) did say it was important. Rent Assistance is a policy tool for helping those eligible into tertiary education. In fact, one of the stated objectives for restructuring the pre-1998 benefits available to young persons into a common Youth Allowance was to remove any disincentives to study. In these terms, the program is very successful, with 70 per cent of recipients saying Rent Assistance had been a factor in their decision to study. It was seen as particularly important by two groups: those from remote or rural centres with 40 per cent reporting it as a major factor; and secondary students in independent living, with over half claiming it was of major significance. As this is one group that is at risk of homelessness if they fall out of education, the role of Rent Assistance for these very young students is important.

Table 2 How does Rent Assistance help you? by student/jobseeker Rent Assistance recipients (weighted A-D)

	Students (tertiary and secondary)							Jobseekers (includes activity agreement)						
	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Not relevant to me	TOTAL	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Not relevant to me	TOTAL
Makes my rent more affordable ♦	39.3	39.6	8.8	8.5	3.0	0.8	100.0 (1,303)	32.5	36.0	15.3	13.3	2.5	0.5	100.1 (203)
Afford other essential costs of living ♦	37.0	34.2	10.5	9.9	6.3	2.0	99.9 (1,312)	29.6	32.0	14.3	16.7	6.9	0.5	100.0 (203)
Continue with my studies †	36.1	39.0	14.0	7.3	2.7	0.8	99.9 (1,317)	1.5	7.7	13.8	8.7	4.1	64.1	99.9 (195)
Live near my study institution †	25.2	30.9	24.6	8.5	4.5	6.4	100.1 (1,312)	1.6	8.9	13.0	4.7	1.6	70.3	100.1 (192)
Live independently from my parents ♦	25.1	36.6	14.5	9.9	5.3	8.5	99.9 (1,313)	19.6	30.2	17.6	11.6	6.5	14.6	100.1 (199)
Reduce part-time work hours †	20.8	21.0	13.6	13.5	9.0	22.1	100.0 (1,330)	3.2	2.6	14.7	10.0	3.7	65.8	100.0 (190)
Improve my standard of living ♦	19.9	33.2	25.2	12.9	4.4	4.5	100.1 (1,315)	20.6	27.9	31.4	12.3	7.4	0.5	100.1 (204)
Improve my housing situation	19.5	29.1	28.7	12.0	5.1	5.6	100.0 (1,314)	18.5	29.5	30.0	12.0	6.5	3.5	100.0 (200)
Reduce family or household conflict †	10.8	13.5	29.2	8.3	2.9	35.3	100.0 (1,301)	15.9	30.6	15.9	6.4	5.1	26.1	100.0 (157)
Change my place of study †	4.3	8.7	23.3	9.7	4.1	49.9	100.0 (1,315)	0.5	4.1	12.4	7.8	2.1	73.1	100.0 (193)
Search for a job †	3.0	11.2	33.1	14.0	6.9	31.8	100.0 (1,316)	20.2	29.6	24.1	17.7	3.4	4.9	99.9 (203)

POLICY

- Rent Assistance is vitally important in helping young people in independent living. However, there is little doubt that, for young people in high rent housing markets (where, unfortunately, many tertiary institutions are located), it offers only limited assistance. This problem is no doubt shared by other groups on very low incomes, e.g. sole parents. Consideration should be given to ways of increasing financial support in high rent areas.
- As currently structured, Rent Assistance operates as both an income support (giving clients a choice of how they spend the money) and a housing payment (it is called Rent Assistance). This raises important policy issues. If it is an income support, the ability to have payments differentiated by housing markets is limited by the social security legislation, unless some form of high cost area allowance can be added on. If made into an explicit housing program where expenditure is linked to actual housing payments, it might facilitate greater ability to achieve affordability outcomes, but then create the problem that the money cannot be used for other purposes, e.g. education.
- Housing quality was a concern of a substantial minority of young people. In any policy consideration of reform of Rent Assistance, thought should be given to whether payment should be linked with certain quality outcomes, i.e. it cannot be used for accommodation that does not meet some minimum standards.
- The problems of young people in the early years of independence often derive from the group living situation. Many expressed concerns about incompatibility, privacy and lack of quietness – all issues that are likely to arise when you combine group living with lack of experience in the skills required. Consideration should be given to a small kit or brochure available from Centrelink, landlords, estate agents and tenancy advice services on how to deal with the problems of group living.
- Housing availability is a major problem for the young, particularly for tertiary students. Tertiary institutions (particularly in high cost locations) should be encouraged and facilitated to provide more purpose-built affordable student accommodation, whether by head leasing or construction.