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## **Housing and unemployment: the role of housing and housing assistance in making decisions about employment**

**By**

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### **Abstract**

Housing assistance policy in Australia has developed in relative isolation from fundamental changes in labour markets and significant changes to income support programs. The Report of the Reference Group on Welfare Reform in 2000 recognised the potential importance of housing in the overall structure of welfare and tax reform but did not address this issue in any depth. This lack of focus on the role of housing is also reflected in the research literature: while there is a growing literature in social policy and labour market studies generally on work disincentives, none has explicitly assessed the role housing assistance as a potential disincentive for unemployed people to take paid work.

The paper aims to fill a part of this gap. It will report on the findings of AHURI funded research on the financial and behavioural impacts of private and public rental housing assistance programs, including the locational outcomes of these different forms of assistance, on the capacity and willingness of unemployed tenants to take work or increase working hours. These findings will be based on a sample survey of 400 unemployed people in Sydney and Melbourne. The paper will draw implications for housing assistance policy and practice from this research.

### **About the authors**

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## 1. Introduction

This paper reports on research conducted for the Australian Housing and Urban Research Institute which examines whether, and to what extent, housing cost structures together with the current housing assistance framework in Australia encourage or discourage renters from participation in paid employment

The focus of the research is on people who are currently unemployed and seeking work, such as those in receipt of Newstart and Youth Allowance payments from Centrelink. The research is also relevant to other groups such as sole parents and people with disabilities, traditionally regarded as being out of the labour force due to parenting responsibilities and incapacity to work, but who are increasingly expected to move towards participation in at least some paid work as part of the Commonwealth's 'welfare reform' strategy.

The research involved an extensive review of available evidence on this issue, detailed modelling of the financial impact of moving into work by researchers from the National Centre for Social and Economic Modelling (NATSEM) and a survey of unemployed renters in Melbourne and Sydney involving detailed face-to-face interviews with 400 people. This paper reports mainly on the findings of the survey.

The specific objectives of the paper are to:

- Identify different types of housing-related work disincentives that unemployed renters may face;
- Examine the nature and importance of behavioural factors in making decisions about paid work;
- Explore to what extent, unemployed renters consider that aspects of housing and housing assistance affect their ability to enter paid work compared to a range of other factors.

## 2. Policy Context

Housing policies and programs have traditionally been assessed in terms of housing outcomes such as affordability, appropriateness and adequacy of housing and security of tenure. More recently, there has been increasing recognition that housing policies and programs can also affect other aspects of individual and community well-being, so called 'non shelter outcomes', such as participation in paid employment, health status, education levels, and community cohesion (Bridge et al 2003). There has been most interest at a policy level in the linkages between housing assistance and participation in paid employment, driven largely by the Commonwealth's 'welfare reform' strategy.

A major stimulus for increased attention to the role of housing costs and housing assistance in creating work disincentives has been the observation that rates of participation in the labour force for public tenants are lower than for any other tenure group. Three in ten public tenants are in the labour force, comprising 22 per cent in work and 8 per cent who are unemployed and actively seeking work. More than four in ten (43

per cent) of public tenants are of workforce age but not in the labour force (Hulse et al 2003, Figure 1). These observations raise many questions. Does the design of public housing assistance, such as setting rents based on a percentage of income, contribute to disincentives to work? Do other aspects of public housing management create difficulties for tenants in accessing work, such limited mobility due to transfer policies or restrictions on home working? Does the location of public housing make it difficult for tenants to undertake paid work? Has the targeting of public housing to those with the highest support needs meant that public tenants are increasingly the most marginalised and face the greatest difficulties in terms of the labour market?

Until recently, policy settings only recognised in the most general terms the linkages between housing, housing assistance and potential disincentives to work. One of the guiding principles of the 1999 Commonwealth-State Housing Agreement (CSHA) was that housing assistance should 'be designed to minimise work disincentives' (Commonwealth of Australia 1999: 1(1)(e)(ii)). Similarly, the Reference Group on Welfare Reform (2000b: 15) reported that: 'It is important that housing is not a barrier to social and economic participation and that housing policies, both public and private, support people's ability to find, access and take-up paid work'. Neither the CSHA nor the Commonwealth's 'welfare reform' strategy, however, indicated the nature of the linkages between housing, housing assistance and participation in paid employment nor which policy levers or changes in housing programs might be expected to improve employment outcomes.

The new 2003 Commonwealth-State Housing Agreement (CSHA) reiterates that one of its guiding principles is 'to ensure that housing assistance supports access to employment and promotes social and economic participation' (Commonwealth of Australia 2003: 1 (1) 7). However, it goes much further than its predecessor in detailing a number of strategies that states and territories may pursue to reduce the workforce disincentives associated with housing assistance under the Agreement. These include improving the location of social housing relative to employment markets, improving access to services and transport for social housing tenants, public housing estate renewal, enabling transfers within social housing, and reviewing rent setting methods. There will be a financial penalty for states and territories that do not meet performance targets in reducing workforce disincentives (Commonwealth of Australia 2003: Schedule 1).

Not surprisingly, policy makers are looking for means of changing housing assistance policies and practices to achieve demonstrable improvements in rates of participation in paid employment by those in receipt of assistance provided under the CSHA. The focus has been mainly on employment outcomes for public and community housing tenants as the CSHA only covers some types of housing assistance. Relatively little attention has been paid to the employment outcomes of other types of housing assistance such as the First Home Owners' Grant and Commonwealth Rent Assistance.

Despite the flurry of activity by housing policy makers in trying to come up with measures to improve employment participation by public and community housing tenants, the interrelationship between housing, housing assistance and work disincentives is not well understood in the Australian context, as an extensive literature review conducted as part of the research confirmed (see Hulse et al 2003).

Research outside Australia has, however, highlighted the critical role that housing assistance plays in the decisions that unemployed people make when offered work (Hirsch 1994; Randolph 1994; Giles et al. 1996; Ford, Kempson and England 1996; Wilcox and Sutherland 1997). This research suggests that decisions about moving into paid employment typically involve trade offs between the financial, personal and family benefits expected from participation in paid employment relative to costs in terms of loss of income support payments and impact on personal and family well being. In particular, these studies have pointed to the complex interactions between incomes from paid employment and government benefits, including the combined effect of withdrawal of government benefits and housing assistance, the type and nature of housing costs, and the behaviour of those seeking employment.

This research sought to examine these issues and trade-offs in the Australian context.

### **3. Housing-related work disincentives**

There are many possible explanations for the differences in labour force participation rates and unemployment rates between groups of people including restructuring of the labour market, the skill levels of particular groups, and mismatches between the skill levels of those not in paid work and the types of jobs available in proximity to where they live. There have been substantial changes in labour markets in Australia over almost two decades that have impacted in different ways not only on types of households but also on local and regional areas (Borland, Gregory and Sheehan 2001). Low cost housing is found increasingly in areas with limited job opportunities so that households who live in, or move to, such areas to obtain cheaper housing may experience more difficulty in finding work. Conversely, those living in, or moving to, areas with better job opportunities are often faced with high housing costs.

Consideration of all the complex interactions between housing tenure and local labour markets is beyond the scope of this research. The particular focus of this project is on one key element; 'work disincentives' that people may face in taking up paid work. While there is a growing literature in social policy and labour market studies looking at work disincentives more generally (e.g. Keating and Lambert 1998; Redmond 1999), none has explicitly taken a housing focus. Nevertheless, housing costs are the single most important financial outlay for most households and have long been recognised as a key element in studies of poverty and household wellbeing. Various types of housing assistance, including public housing, community housing and Commonwealth Rent Assistance (RA), attempt to address the problem of high housing costs faced by low-income households, but little is known about their effect on work incentives and disincentives.

In conceptualising work disincentives, there is a basic distinction between those disincentives seen as resulting primarily from *structural* factors in which individual decision making about work is shaped by a combination of market forces and government policy settings (such as the interactions between income from work and the tax and income support systems) and a view that *behavioural* factors such as individuals' skills, capacities, attitudes and motivation are highly significant as barriers to participating in paid work. Views differ on the relative importance of these two sets of factors reflecting 'diverse theoretical and ideological assumptions and biases about such themes as the nature of the individual, the roles and responsibilities of the housing and

welfare system, and the wider social and economic structures' (Burke and Wulff 1993: 4-5). Some types of work disincentives have also received more explicit attention than others and lie at the *core* of the welfare reform debate whereas others can be regarded as *underlying* issues that have generally received less explicit attention.

Using this framework, the research identified a number of possible housing-related work disincentives, as outlined in Figure 1.

**Figure 1: Elements of housing and housing assistance that may impact on work disincentives**

	<b>Structural</b>	<b>Behavioural</b>
<b>Core</b>	<p><i>Tax, income support and concessional charges</i></p> <ul style="list-style-type: none"> <li>• Contribution of Rent Assistance to high effective tax rates as people move into work;</li> <li>• Effect of withdrawal of concessional charges (rent rebates) as income from paid work increases.</li> </ul>	<p><i>Individual characteristics</i></p> <ul style="list-style-type: none"> <li>• Lack of information about housing and housing assistance;</li> <li>• Individuals' skills and capacities in obtaining a workable combination of employment and housing.</li> </ul>
<b>Underlying</b>	<p><i>Market issues and broader government policies</i></p> <ul style="list-style-type: none"> <li>• Lack of affordable housing in areas with good jobs opportunities and transport;</li> <li>• Disadvantaged communities with low cost housing but limited job opportunities;</li> <li>• Additional costs of working such as transport due to location of housing relative to jobs;</li> <li>• Barriers to moving to areas with better work opportunities (eg effectiveness of Rent Assistance in high rent areas, public housing transfer policies, role of private rent assistance schemes, residential tenancies legislation).</li> </ul>	<p><i>Social values and expectations</i></p> <ul style="list-style-type: none"> <li>• Ideas about security of housing;</li> <li>• Predictability in housing costs to facilitate budgeting</li> <li>• Appropriateness of housing in view of parenting and caring responsibilities, health status, disability and age.</li> <li>• Ability to work at home or near to home to manage balance between work and other commitments</li> <li>• Strong attachment to housing and/or community</li> </ul>

The significance of each of these different types of work disincentives was explored in various stages of the research through methods such as modelling of the effect on disposable income of moving into work and earning additional income, interviews with policy-makers, and a survey of unemployed renters (see Hulse et al 2003).

#### **4. Behavioural factors**

Much of the debate about housing related work disincentives has centred on financial disincentives to working, in particular, the contribution of particular forms of housing assistance to high effective tax rates, both average and marginal rates. Whilst the financial implications of moving into work can be modelled, little is known about whether and to what extent factors such as high marginal tax rates actually influence people's decisions and behaviours in deciding to enter the labour force or to work additional hours. People may not be aware of high effective tax rates generated by (additional) income from wages, or they may not have calculated the impact of working on their disposable income (Millar, Webb and Kemp 1997). They may have done these calculations but decide to work anyway for other non-financial reasons, such as self-

esteem or pride. For example, one small-scale qualitative study in the United Kingdom found that a quarter of people were working for less money than they could have received in benefits, about a half had done the calculations and acted accordingly, whilst the remaining quarter had not calculated the financial implications of working (Ford, Kempson and England 1996). People may accept adverse financial outcomes in the short term in the expectation of wages increasing in the medium term. People may also decide not to work because they consider other priorities to be important, such as providing a stable and caring environment for their children or stabilising their health and personal circumstances.

There is increasing recognition of the complex reasons that underlie individual decisions about work, with one leading Canadian social policy analyst asserting that:

These decisions [regarding paid work] cannot simply be taken as given according to the usual simplistic assumptions of traditional economic theory. Issues such as social expectations, opportunities, transportation, childcare, workplace policies and many other factors fit into the equation. It is not clear, nor does economic theory suggest, that the effective marginal tax rate is the most important of these variables (Battle 2001: 48).

The Reference Group on Welfare Reform in Australia also considered that the research into the behavioural aspects of work incentives and disincentives in general was 'in its infancy in Australia' (Reference Group on Welfare Reform 2000a: 48). In this context, the survey of 400 unemployed renters conducted as part of this research is an important contribution to understanding people's perceptions, attitudes and behaviours in relation to taking on paid work. The research from the UK referred to above was generally based on considerably smaller sample sizes. Details of the survey are given in Appendix 1.

In this paper, it is only possible to focus on *selected* key findings from the survey. The full set of findings will be available in the Final Report of the project which is expected to be available on the AHURI web site by the end of December 2003.

## **5. Characteristics of unemployed renters that may affect perceptions of work disincentives**

Three types of rental arrangements were identified for the analysis: social renters who pay rent to a state housing agency or a non-profit organisation (14 per cent of the sample), private renters who pay rent to a private landlord or real estate agent or for profit organisation (73 per cent), and sharers who pay rent to a relative or non-relative who lives with them (13 per cent). This section examines the characteristics of unemployed people in these three different rental arrangements that might affect their views on work and work disincentives.

### **5.1. Brief profile of unemployed renters in the survey**

Almost two thirds of unemployed renters interviewed were male (64 per cent). Social renters were more likely to be female than the other two groups whilst sharers were predominantly male (70 per cent). Whilst all the renters were of workforce age, social renters tended to be older and sharers younger, with private renters having a more even spread of ages.

Almost four in ten of the unemployed renters speak a language other than English (LOTE) at home. There was little difference between social and private renters on this dimension but the percentage of LOTE speakers amongst sharers was lower than for the other two groups.

Private renters had higher levels of education than either social renters or sharers, as shown in Table 1. Across all renter types, those with speaking a language other than English at home have significantly higher levels of education than those who do not.

**Table 1: Level of education by type of renter**

Level of education	Social renter	Private renter	Sharer	All
Didn't finish year 10	26	10	20	14
Finished year 10	23	30	28	28
Finished year 12	14	18	20	18
Apprenticeship or TAFE	23	21	22	22
University degree	14	21	10	19
	100	100	100	101

The unemployed renters in the survey have very low rates of car ownership. Overall, 61 per cent of those interviewed did not own a car (67 per cent of social renters, 57 per cent of private renters and 74 per cent of sharers). Rates of car ownership in Sydney were quite uniform across areas with just under two thirds not owning a car. Rates varied considerably in Melbourne with 70 per cent not owning a car in inner Melbourne but higher rates in middle and outer Melbourne (46 and 55 per cent respectively did not own a car).

Subsequent analysis examined whether key factors such as level of education, gender and car ownership might contribute to different perceptions of workforce disincentives.

## **5.2. Income support and work status**

Most respondents (87 per cent) said that they were not currently doing any paid work at all. Of the 13 per cent of respondents who were currently in paid work, most were doing casual work (70 per cent), a pattern that applied across those in different rental arrangements. Doing casual work made only a modest difference to nett weekly income from all sources after tax and other deductions, as shown in Table 2. The reported median nett weekly income for sharers who did some work was less than for those who did no work at all.

**Table 2: Current employment status by median weekly income after tax and other deductions**

Current employment status	Social renter	Private renter	Sharer
Doing some paid work	\$225	\$270	\$193
Not working	\$174	\$204	\$200
Difference	\$52	\$66	-\$7

Overall, 85 per cent of respondents were in receipt of Centrelink payments with most respondents in receipt of Newstart or Youth Allowance (76 per cent of all respondents). There were some small variations between the different types of renters reflecting different household types eg more recipients of Parenting Payment in social housing.

Social renters had been in receipt of their Centrelink payment for a longer period with 55 per cent having received payment for a year or more, reflecting in part that some of these payments covered children as well. 40 per cent of sharers had been receiving a Centrelink payment for less than three months, compared to 13 per cent for social renters and 23 per cent for private renters.

15 per cent of respondents were not in receipt of Centrelink payment. Of these, only a minority were currently doing any paid work, with 12 per cent of all respondents stating that they were neither in receipt of Centrelink payments nor doing any paid work. The analysis indicated that these were primarily people who had been unemployed for less than three months suggesting a number of possible explanations including living off previous wages, sharing expenses with others and waiting for Centrelink payments.

Of those who were not currently doing any paid work (87 per cent of respondents), private renters and sharers had been out of paid work for the shortest time - a third of private renters and sharers (32 per cent in each case) had been out of paid work for less than three months. Social renters tended to have a different pattern with 56 per cent not having done paid work for more than a year compared to 31 per cent of private renters and 36 per cent of sharers, as indicated in Table 3.

**Table 3: Length of time since last did any paid work by type of renter**

Length of time since last did any paid work	Social renter	Private renter	Sharer	All
Less than 3 months	17	32	32	30
3 and less than 6 months	13	19	15	17
6 and less than 12 months	15	18	17	17
1 to 2 years	27	14	15	16
2 to 5 years	4	10	15	10
5+ years	21	7	6	9
Never worked	4	0	0	1
All	100	100	100	100

For those who were not currently doing any paid work, 39 per cent said that their last job was full-time with the remainder having had casual work (46 per cent) part time work or other arrangements (15 per cent). Previous employment was concentrated in a few job

types largely on a gendered basis; men employed as labourers, factory/process workers, and in service areas such as cleaners, drivers and security personnel, whilst women had been last employed in hospitality, administration, retail sales and as factory/process workers. The major reasons for the last job finishing was that the person was no longer required or the employer went out of business.

The analysis explored whether factors such as experience of previous work and length of time since respondents last worked were important in shaping perceptions of work and work disincentives.

### 5.3. Living and housing circumstances

Social renters were more likely than the other groups to live with other family members with 57 per cent living with some combination of partner, children or other relatives, compared to 38 per cent of private renters and 40 per cent of sharers, as shown in Table 4.

**Table 4: Living arrangement by renter type**

Living arrangement	Social renters	Private renters	Sharers	All
Living alone	37	33	4	30
Living with family member(s)	57	38	40	41
Group household with non-relatives	7	29	56	29
Total	100	100	100	100

Note: Family members refers to the following living arrangements: couple only, sole parent with dependent children, couple and dependent children, parent(s) and non-dependent children, and living with a relative other than a parent.

Social renters were also more likely to have lived longer in their current home than either private renters or sharers. More than a half of social renters (54 per cent) had lived in their current home for 2 years or more (and 35 per cent for 5 or more years) compared to 25 per cent of private renters and 18 per cent of sharers. Only 23 per cent of social renters had lived in their current home for less than 6 months but 42 per cent of private renters and 50 per cent of sharers.

Social renters and sharers paid less per week in rent than private renters, as shown in Table 5. Almost three quarter (73 per cent) of private renters paid \$100 a week or more compared to 27 per cent of social renters and 22 per cent of sharers. For most social renters this represented the whole rent of the property. In contrast 40 per cent of private renters reported that they shared the rent payment with other residents. Sharers, by definition, paid rent to someone who lived with them, with 44 per cent paying rent to a relative, 54 per cent to a non-relative.

**Table 5: Total rent paid per week by respondent by renter type (personal rent payment)**

Personal rent payment	Social renter	Private renter	Sharer	All
Mean	\$78	\$134	\$75	\$119
Median	\$69	\$125	\$75	\$105

Just over half of respondents (53 per cent) said that they were experiencing difficulties with their rent payment whilst unemployed, with a third (31 per cent) experiencing moderate or major problems paying the rent. Social renters and sharers were less likely to experience moderate or major problems with rent payment (13 and 14 per cent respectively) compared to private renters (37 per cent). Of those experiencing difficulties in payment, about a half of said that they had fallen behind with their rent payments whilst unemployed (35 per cent of social renters, 49 per cent of private renters and 47 per cent of sharers).

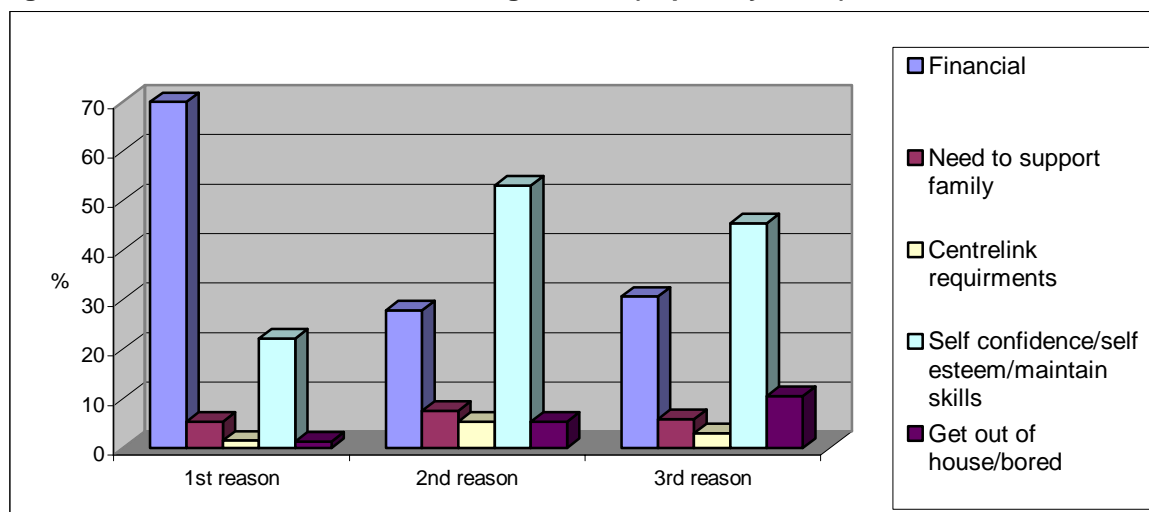
The analysis examined whether factors such as living arrangement and length of time living in current home affected perceptions of work and workforce disincentives.

## 6. Factors in making decisions about work

### 6.1. Attitudes to work and job seeking

Respondents were asked to nominate their three main reasons in order of priority for wanting to get a job or work more hours. 70 per cent of respondents gave 'getting ahead financially' as their most important reason with more than 20 per cent nominating self-confidence/maintaining skill levels as the most important reason. The single most important second and third reasons given were also to do with self-confidence/maintaining skill levels, as seen in Figure 2.

**Figure 2: Three main reasons for wanting to work (in priority order) – all renters**

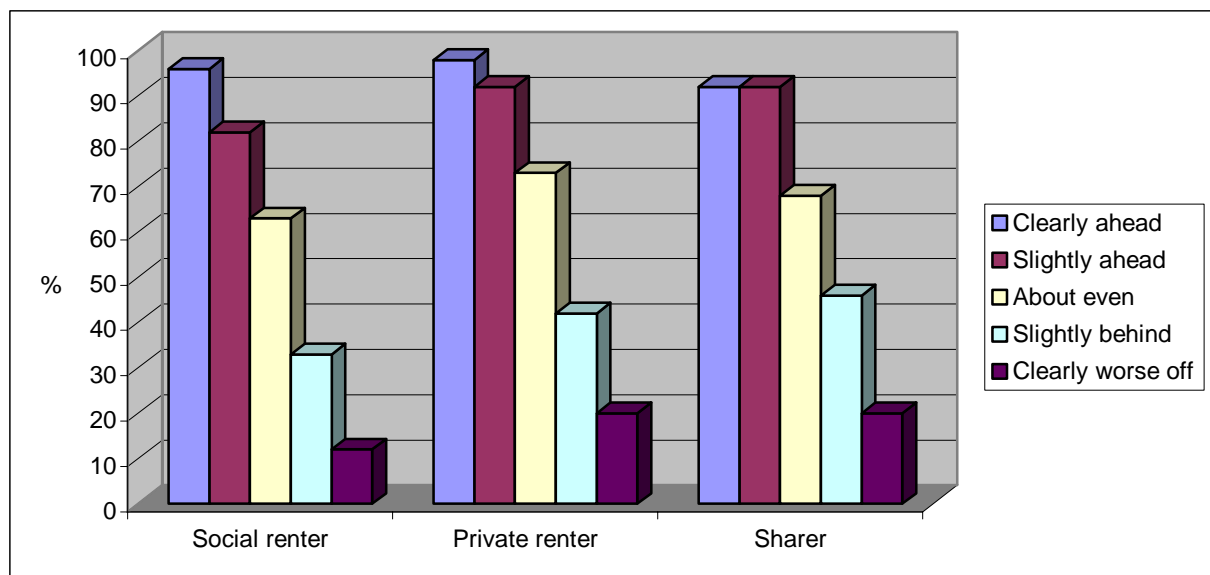


Very few people nominated that they wanted paid work to help pay the rent or to meet Centrelink requirements. In other words, whilst respondents do want a job to get ahead financially, there are also other important reasons why they want to do paid

work. Responses were remarkably similar for social renters, private renters and sharers. Length of time out of work did make some differences to responses. Four in ten of those who had been out of paid work for two years or more gave self-confidence/maintaining skills as their first priority reason for wanting to work and five in ten of this group cited wanting to get ahead financially.

A UK study, discussed above found that a quarter of people interviewed were working for less than they could have got in income support payments (Ford, Kempson and England 1996). As shown in Figure 3, respondents in the survey said that they would take a job if it meant that they were clearly ahead financially (97 per cent), slightly ahead (91 per cent), or about even (71 per cent). Four in ten people (41 per cent) said that they would take a job even if they were slightly behind financially compared to Centrelink payments. At the most extreme, almost one in five (19 per cent) said that they would take a job even if clearly worse off compared to living on Centrelink payments.

**Figure 3: Percentages of respondents who would take a job comparing the pay to their Centrelink entitlement**



The analysis showed some difference between renter types with higher percentages of private renters and sharers than social renters being willing to take job even if this meant that they were worse off in terms of money than now. Those who had been unemployed for a short term, particularly if this was less than three months, and those who had been unemployed for two years or more were more likely to say that they would take on a job even if they were financially about the same or worse off than those who had been unemployed for periods between three months and two years. Those who were currently doing some work were least likely to say that they would accept a job paying less than Centrelink.

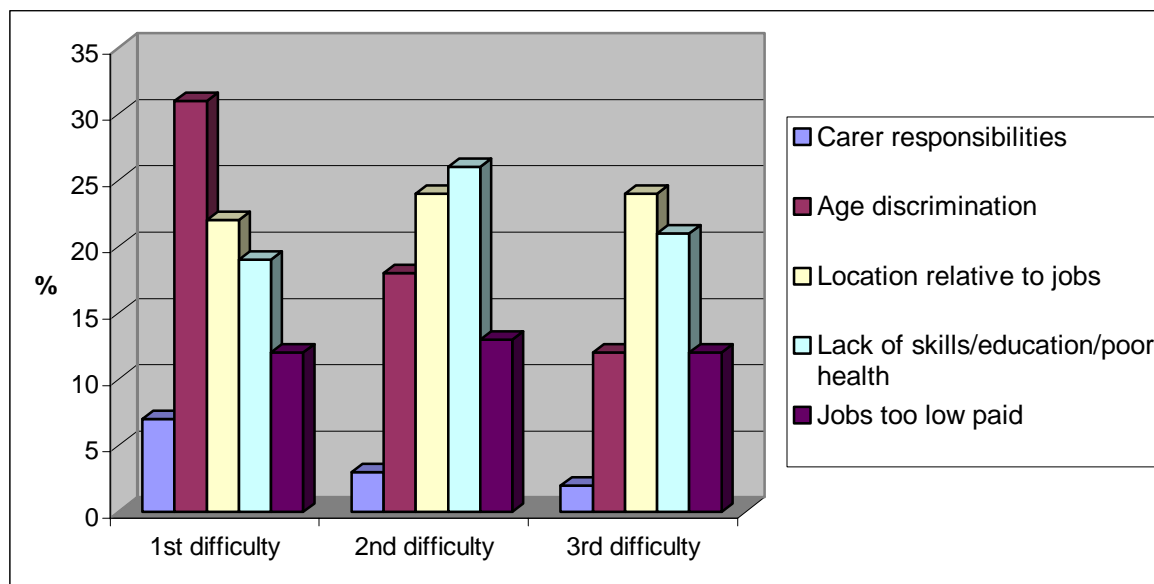
Of those who said that they would accept a job paying less than Centrelink payments, the main reasons were: negative views about Centrelink, better self-esteem when working, need to get work experience, desire for weekly wages not fortnightly benefits, and ineligibility for Centrelink payments. Those who said that they would not accept a job

paying less than Centrelink payments said strongly that they would not be able to survive on less money than now and that there wouldn't be enough money to pay rent, food and bills. Most respondents (more than three quarters) said that they were looking for over \$100 nett a week more than they are getting now to make working worthwhile, although many said that they would take less than this if necessary.

## 6.2 Difficulties in getting a job

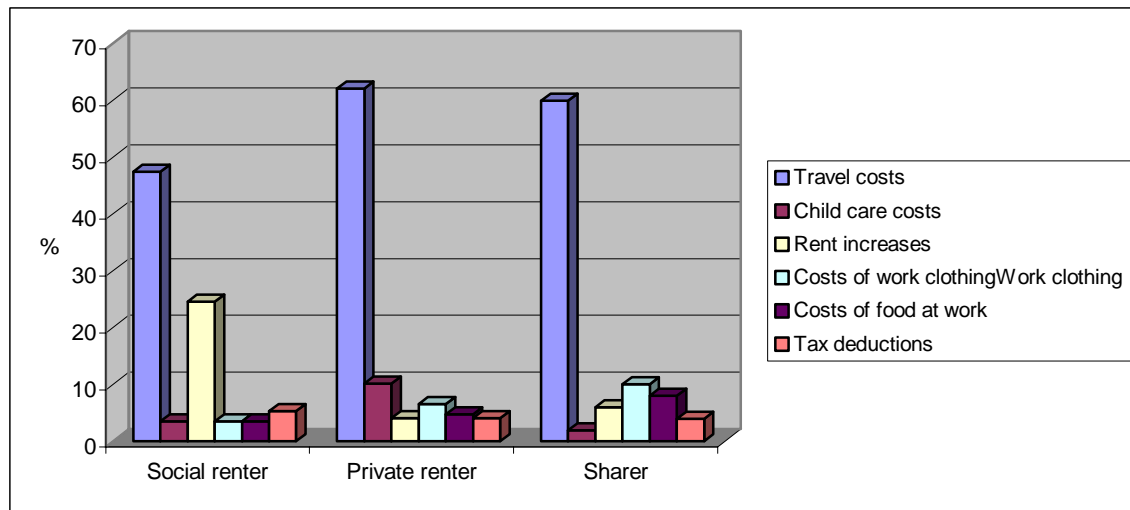
The main obstacles that respondents saw to getting a job were age discrimination by employers (either because they were too young and too old), locational disadvantage, and personal difficulties in getting a job (low level of skills, low educational levels, and poor health). Other factors such as problems moving on and off Centrelink issues were not considered to be important. Figure 4 shows the main obstacles identified by respondents in the survey to getting a job in priority order (three reasons). The longer that people had been unemployed, the more likely they were to nominate lack of skills, lack of self-confidence or poor health status as a difficulty in getting a job. From a housing policy perspective, the major work disincentive identified by respondents is location; not enough jobs in the areas where unemployed renters live, living too far away from places where there are jobs, and employers being reluctant to take on people who live in particular areas.

**Figure 4: Three main difficulties in getting a job (in priority order)**



The importance of location is illustrated when respondents asked to nominate the additional costs they thought that they would face when in work, again three types of cost in order of importance. 60 per cent of the unemployed renters gave travel costs, as the most important additional cost associated with working, as shown in Figure 5

**Figure 5: Most important additional cost associated with working**



Travel costs were slightly more important for those who did not own a car, although they were also the most important costs associated with working by more than half of those who own a car. Those who were currently doing some work were also more likely to nominate the costs of travel to a job as the most important work-related cost.

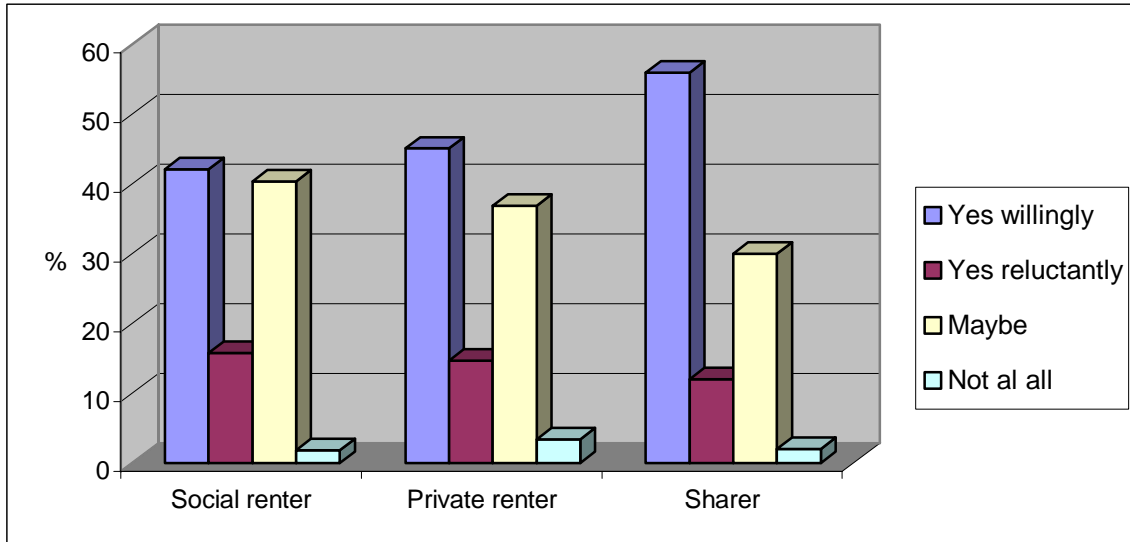
A quarter of social housing tenants also nominated rent increases at the most important additional cost associated with working. Rent increases and loss of Rent Assistance were not important factors for private renters or sharers.

### 6.3 Trade offs between living in an area and getting a job

People living in areas where they consider that there is a lack of jobs face a dilemma: they can stay in their community in affordable housing, they can stay in their housing and travel to work in another area with commensurate transport costs and inconvenience, or they can move to an area where there are jobs but face much higher housing costs which may negate much of the benefits of additional income from work.

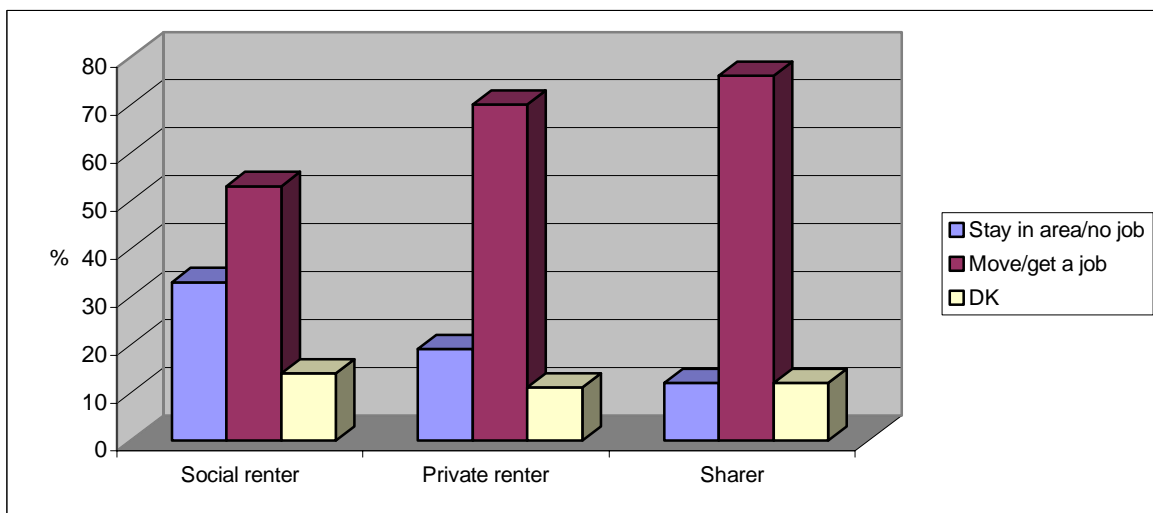
When asked if they were willing to move to another area to get a suitable job, almost half of respondents (46 per cent) said that they would do so willingly with a further 15 per cent saying that they would do so reluctantly, as indicated in Figure 6. One in four respondents said 'maybe' or 'not at all' (37 per cent and 3 per cent respectively). Sharers indicated that they would move more willingly than private renters or social renters. Further analysis showed that the two most important factors associated with willingness to move to get a job were age and length of residence in current accommodation. Younger people and those who had only lived in their current home for only a short time were much more willing to move than older people and those who had lived in their home for some years. Single people were also more likely to say that they would move than those living with a partner and/or children. Sole parents were the least willing to move to find work.

**Figure 6: Willingness to move to another area to get a suitable job**



Detailed analysis of the reasons for these responses showed that those who were willing to move either did not like the area they lived in or did not mind moving around if necessary to get work. Many respondents mentioned that they would only move for a job that was 'suitable', full-time, 'decent', or 'the right job'. Those who indicated that they would move reluctantly or 'maybe' indicated in their detailed comments that they did not really want to move, the main reasons being: they liked living in their current area, they have family and community ties, they are settled in the area, they would have to pay more rent if they moved, the costs of moving were too high and they had already moved too many times.

**Figure 7: Choice of living in own area with no job or moving and getting a job, by renter type**



When presented with a choice between remaining in their own area with the prospect of no job or moving to get a job, a higher percentage of social renters said that they would

prefer to remain in their own area than for those who were private renters and sharers, as shown in Figure 7. This is not surprising since social renters were older, more likely to live with family members and had lived in their current accommodation for longer, all factors which were found to lessen willingness to move to get a job.

## 7. Views on housing assistance and getting a job

### 7.1. Understanding the impact of getting a job on housing assistance

The survey findings indicated that people who are currently in receipt of housing assistance are aware of the impact on their housing assistance if their income goes up because they get a job. Four in five social renters (79 per cent) expected their rent to increase when they get a job compared to 9 per cent of private renters and 28 per cent of sharers. Social renters expected their rent to go up by a median \$65 a week when they get a job and were aware that the increase was paid on a percentage of their income; many expected the rent to increase to market rent.

The other major form of assistance, Rent Assistance, was received by two thirds of private renters in the survey (65 per cent) and just over a third of sharers (36 per cent). Those in receipt of Rent Assistance expected that the payment would decrease or finish when they get a job, with 84 per cent of private renters on Rent Assistance expecting this to happen and only 9 per cent not expecting this.

### 7.2. Perceptions of rent setting and work disincentives

Most social renters (81 per cent) said that they understand how their rent is calculated, as indicated in Table 6. Half (49 per cent) agreed that if they earned (more) from paid work and their rent went up they would be better off, although a third disagreed with this view, whether this question was phrased in a positive or negative way to reduce bias.

**Table 6: Perceptions of rent setting and work disincentives in social housing**

	Agree (%)	Neither agree nor disagree (%)	Disagree (%)	Total (%)
I understand how my rent is calculated	81	5	14	100
There's no point in getting a job or working more hours if my rent goes up	35	19	46	100
If I get a job or work more hours and my rent goes up, I'd still be better off	49	16	35	100

Just under two thirds of social renters (63 per cent) thought that 'it is fair that people pay more rent when they earn more' with one in five (21 per cent) disagreeing with this proposition, as indicated in Table 7. A majority of social renters (60 per cent) also agree that 'it is easy and straightforward to get my rent adjusted when my income changes. However, just over half (53 per cent) also agreed that 'it is too much trouble dealing with the Department as well as Centrelink every time my income changes'. It is unclear why there is agreement with both these statements.

**Table 7: Social housing renters' perceptions of rent setting design**

	Agree (%)	Neither agree nor disagree (%)	Disagree (%)	Total (%)
It is fair that people pay more rent when they earn more	63	15	21	100
It is too much trouble dealing with the Department as well as Centrelink every time my income changes	53	18	30	100
It is easy and straightforward to get my rent adjusted when my income changes	60	23	18	100
I don't agree with the Department increasing my rent if my children get work	33	49	18	100

More than a third of all social renters supported the statement 'I don't agree with the Department increasing my rent if my children get work'. Amongst social renters with children, however, there was very strong support for this view. This finding supports the findings of previous research (Burke and Wulff 1993).

Overall, the vast majority of private renters and sharers were not concerned about the impact on their rents of getting a job or working more hours, as shown in Table 8. More than four in ten social renters (44 per cent) were also not concerned about the effect of getting a job but a quarter indicated that they were 'somewhat concerned' about this.

**Table 8: 'If you get a job or work more hours, how concerned are you about the effect this might have on your rent?' by renter type**

	Social renter (%)	Private renter (%)	Sharer (%)
Very concerned	2	1	0
Somewhat concerned	25	7	2
Slightly concerned	30	11	10
Not concerned	44	81	88
All	100	100	100

### 7.3. Other elements of housing assistance

Rent setting is, of course, not the only element of housing assistance that can contribute to work disincentives. Depending on the person and their circumstances, security and stability of housing can help in the search for work or, alternatively, flexibility and the ability to move can help job search. In terms of security, sharers (66 per cent) and social renters (51 per cent) were more likely to agree that the security associated with their rental arrangement helped them in looking for work than private renters (39 per cent), as indicated in Table 8.

On the other hand, a higher percentage of social renters agreed that their type of renting makes it difficult to move to areas with more work (60 per cent) compared to either private renters (28 per cent) or sharers (22 per cent). A number of social renters in response to other questions said that it was difficult to get a transfer within social housing to an area with more jobs.

**Table 9: Perceptions of the link type of renting and job search**

	Agree (%)	Neither agree nor disagree (%)	Disagree (%)
<i>This type of rental has helped me look for work by giving me a sense of security</i>			
Social renters	51	23	26
Private renters	38	27	34
Sharers	66	18	16
All	44	26	31
<i>This type of rental makes it difficult to move to areas with more work</i>			
Social renters	60	18	23
Private renters	28	27	45
Sharers	22	20	58
All	32	25	44

## 8. Conclusion

The paper has reported on the perceptions of unemployed renters about the links between rental arrangements, housing assistance and work disincentives. Detailed analysis indicates that housing and housing assistance can contribute to work disincentives in a number of ways of which the most significant is location, as indicated by the percentage of unemployed people citing locational reasons for difficulties in finding work and their focus on travel and travel costs as a major barrier to finding work.

In terms of housing assistance, there are two main ways of dealing with the perceived difficulty of finding jobs in some locations that have affordable housing. The first is strategies for community renewal and community building, including job creation, in areas where there are concentrations of unemployed people but affordable housing. The states and territories are already engaged in projects of different types in an attempt to address the problems of some of these economically and socially disadvantaged areas. Such area-based approaches are likely to require ‘whole of government’ approaches if they are to stimulate job growth and improve the skills of job seekers in addition to improvements to housing and other physical improvements. They also recognise that some people have strong ties to their local community, particularly if they are older, have family connections or have lived in the area a long time.

The second approach is to develop housing assistance that enables people to move to areas with better employment prospects. This would require quite significant changes in the administration of social housing, such as protocols for transfers between jurisdictions and changes to transfer policies to enable people to transfer with state/territory housing systems. It would also require changes to Rent Assistance to enable people to afford to rent private housing in areas where jobs are available. In both cases, it would be possible to develop more individualised ‘packages’ of housing and employment assistance for unemployed people who wish to find a paid work. Assistance with bond, rent in advance and relocation expenses, and housing information and referral services currently provided, or funded by, state/territory housing authorities could also be a part of such packages.

## Appendix 1: The survey of unemployed renters

The purpose of the survey was to collect primary data on the housing circumstances of unemployed people and the impacts, if any, of the characteristics of different housing tenures and types of housing assistance on incentives or disincentives to people taking up paid work. The survey involved detailed, face-to-face interviews in Sydney and Melbourne. It was originally intended to include unemployed home owners/purchasers but, after discussion with AHURI National Office, it was decided that the sample size for each group would be so low that it would be preferable to concentrate on unemployed renters since this was the group of most concern to policy makers in the current climate.

The research team negotiated agreements with Mission Australia in Sydney and Salvation Army Employment Plus in Melbourne for recruitment of interviewees in their Job Network site offices. The project could not have been undertaken without the cooperation and support of these two agencies. The researchers wish to thank these two organisations and, in particular, the staff in selected offices.

The target was to complete 20 face-to-face interviews with unemployed renters in 10 Mission Australia Job Network offices in Sydney and 10 in Salvation Army Employment Plus offices in Melbourne to achieve a final sample of 400. Sites were selected which were located in areas with high rates of unemployment and high rates of rental according to 2001 Census and other data. Particular care was taken to select some sites in areas with a concentration of public renters. Selection of sites was intended to cover inner, middle and outer suburban locations within the constraints of the location of offices operated by the two Job Network providers.

Interviews were conducted between March and May 2003 by Surveys Australia, and the research team spent considerable time in ensuring that Job Network staff were aware of the project and trouble-shooting any problems. Interviews were conducted with those job seekers who rented social housing, rented private housing or lived in share arrangements. Interviewers were briefed to screen out home owners/purchasers and people living at home with their parents or in-laws.

A final sample of 400 unemployed renters was achieved, with 208 completed interviews in Melbourne and 192 in Sydney. Despite considerable effort it proved impossible to recruit as many social renters as originally intended and almost three quarters of the final sample were private renters, with the remainder being either social renters or sharers, as shown in Table A.1.

**Table A.1: Final sample by renter type**

Renter type	Number	%
Social renter	57	14.3
Private renter	293	73.3
Sharer	50	13.5
Total	400	100.0

The research team wished to Dr Rob Lee and Ms Liss Ralston for their work on the survey and data analysis respectively.

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