

Housing and Work Disincentives

Kath Hulse

Swinburne University, Melbourne

Bill Randolph

University of Western, Sydney

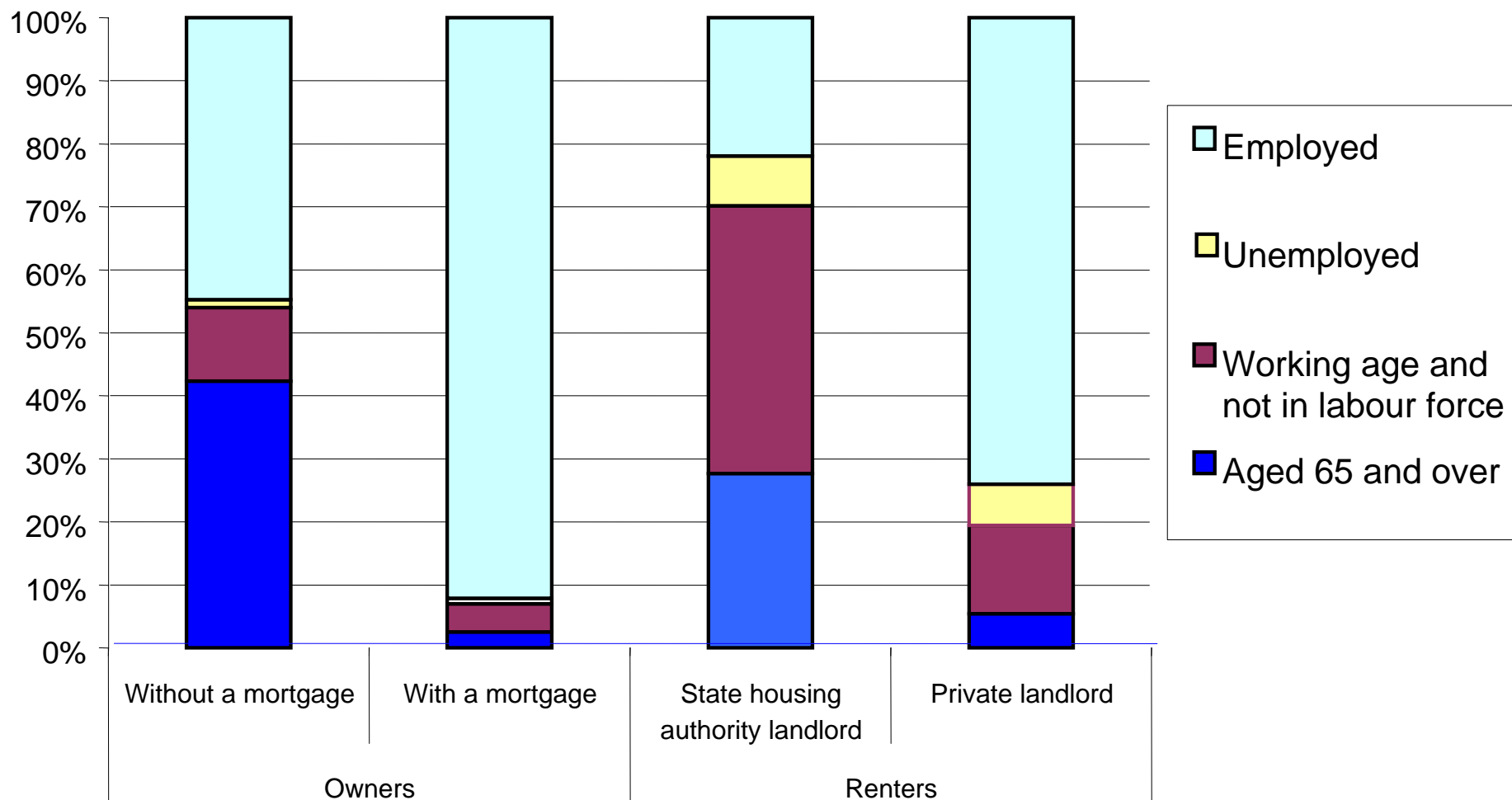
Outline

- Policy context: housing and welfare reform;
- Housing-related work disincentives for renters;
- Research findings – renters;
- Research findings – rental housing assistance;
- Issues and discussion.

Policy Context

- Housing and the Australian welfare reform agenda;
- ‘Non-shelter’ outcomes of housing assistance;
- Labour force participation and tenure;
- New Commonwealth State Housing Agreement.

Tenure and labour force participation



Housing-related work disincentives (renting)

- Why differences in labour force participation?
- Role of work disincentives;
- Structural factors;
- Behavioural factors;
- Government policy drivers;
- Focus on people who are unemployed and seeking work.

Housing-related work disincentives

Structural

- Effective tax rates
- Loss of concessions/benefits
- Additional costs of working whilst in current housing
- Availability of jobs in area of current housing
- Barriers to moving to job rich areas

Behavioural

- Individual reasons for wanting work
- Perceptions of security
- Housing need in face of parenting, caring, etc
- Logistics of everyday living
- Attachment to housing and/or community

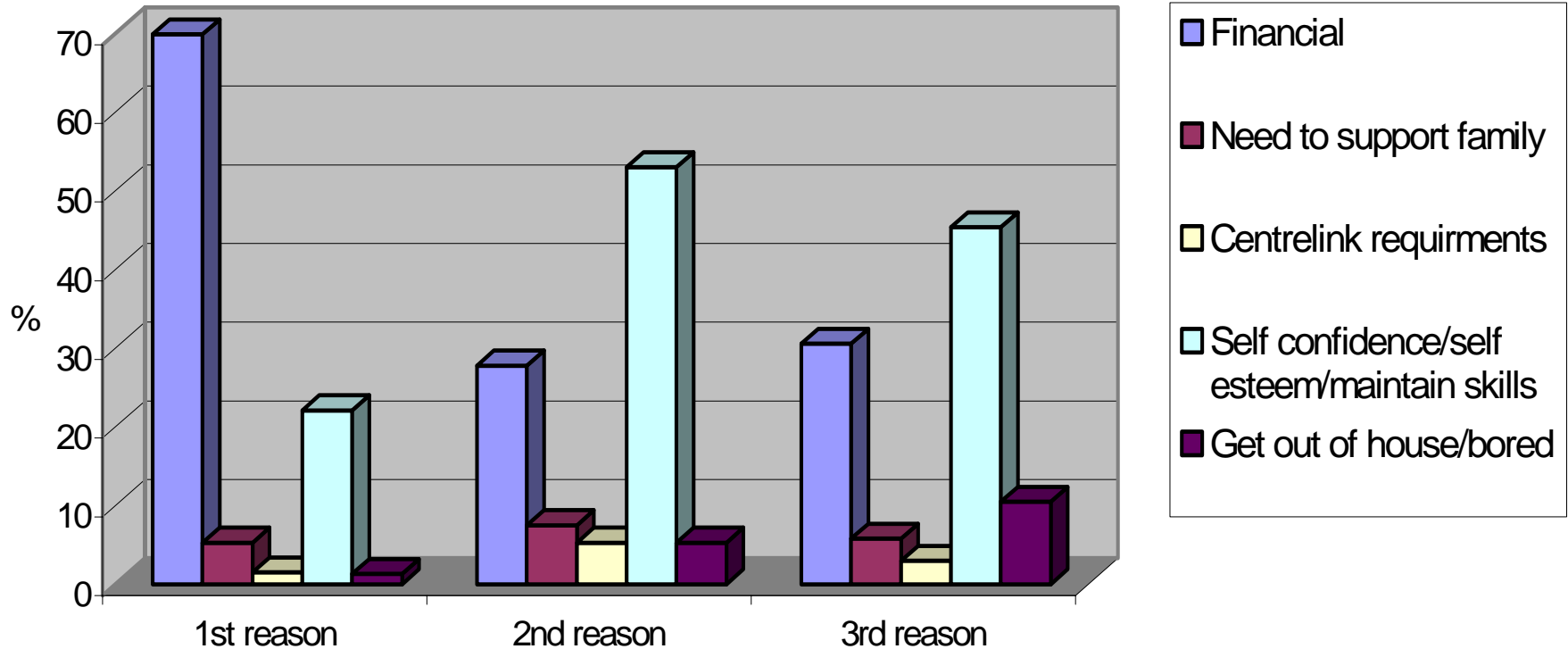
The Research

- Literature review;
- Modelling of poverty traps for Rent Assistance recipients (NATSEM);
- Policy review (interviews);
- **Survey of 400 unemployed renters in Sydney and Melbourne - interviews in 20 Mission Australia and Salvation Army Job Network offices**

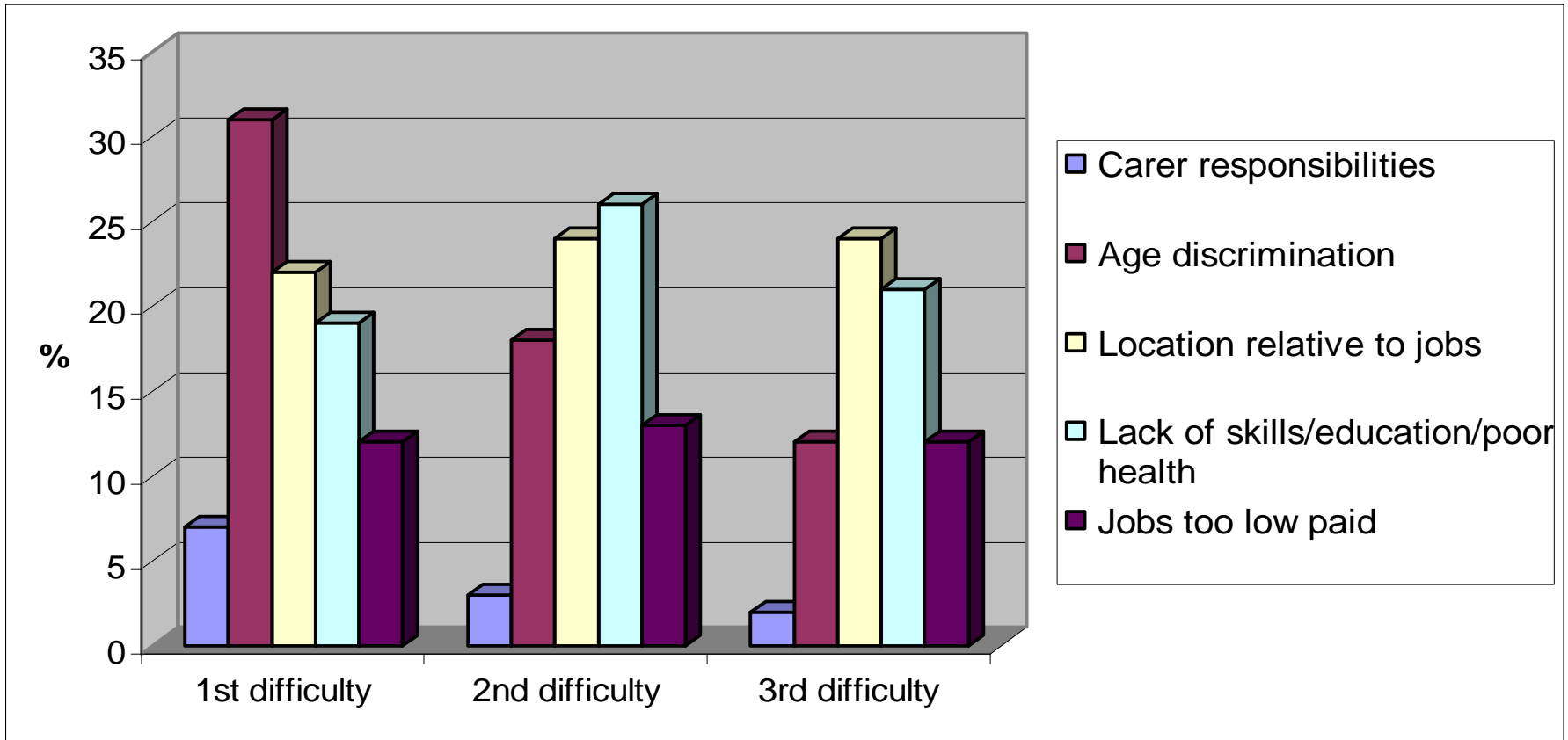
Findings: renters and unemployment

- Pattern of marginal employment;
- Differences between renters: social housing tenants, private renters;
- Attitudes to work and job-seeking;
- Difficulties in getting a job – location;
- Trade-offs between location and getting a job.

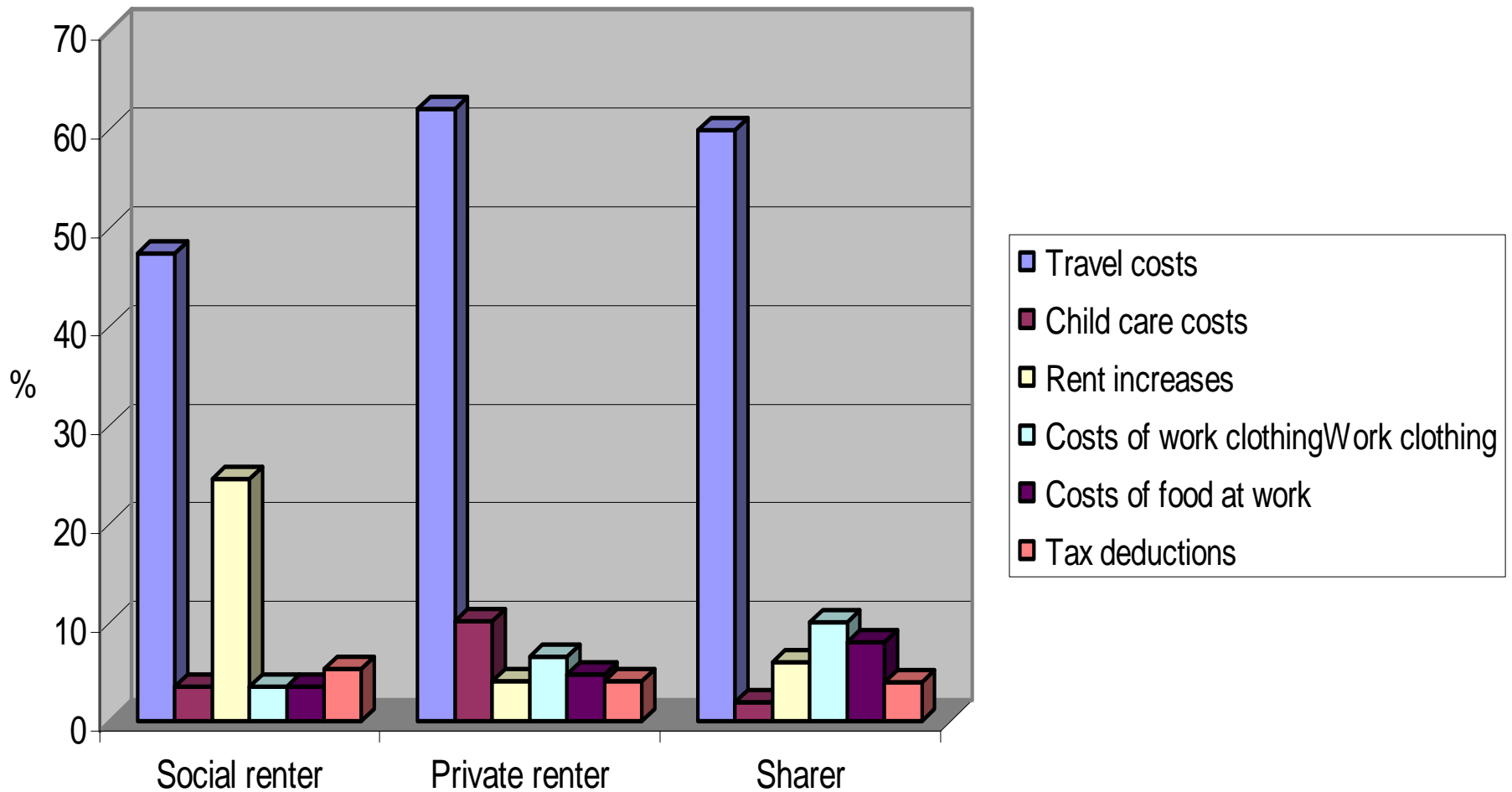
Three main reasons for wanting to work (in priority order)



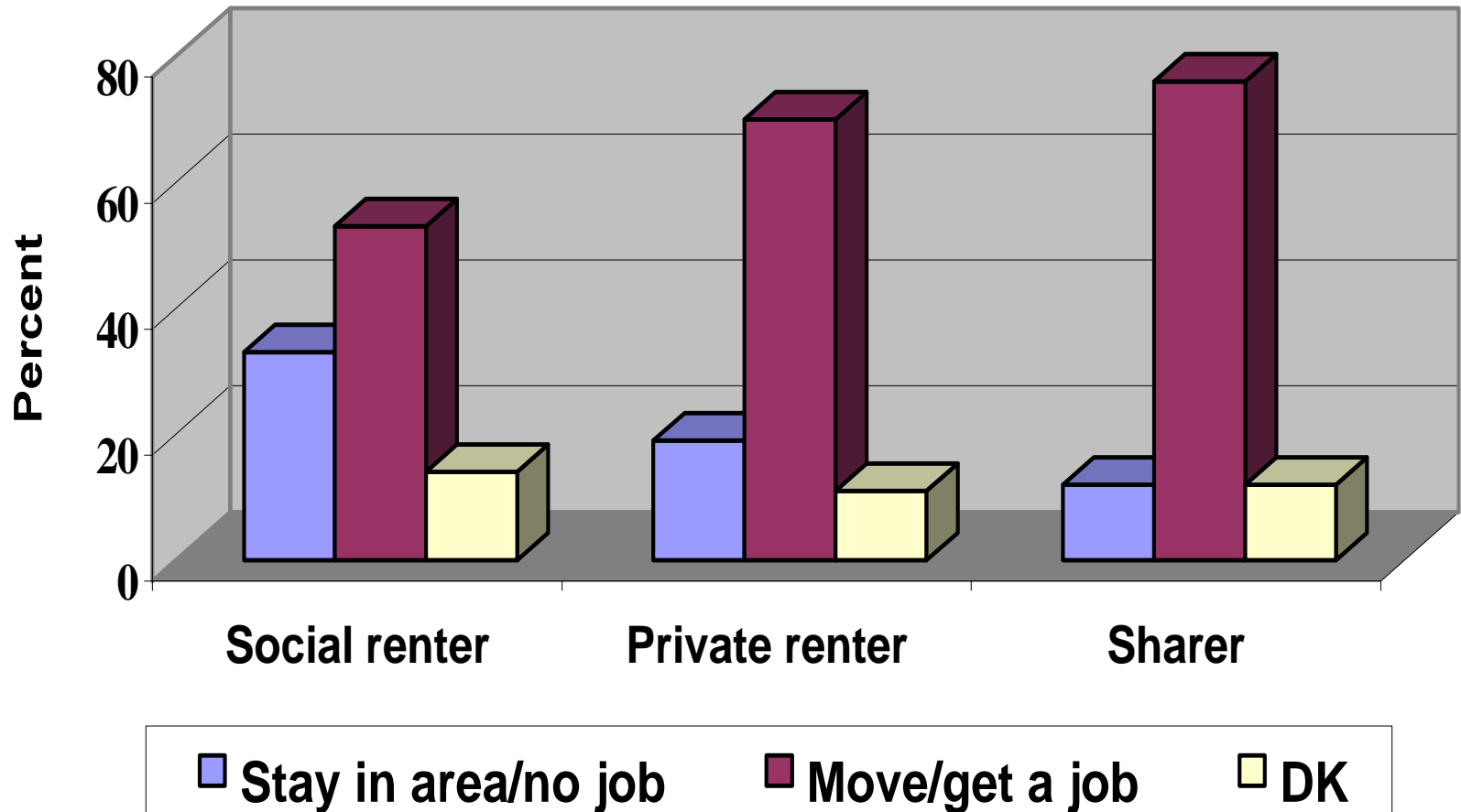
Three main difficulties in getting a job (in priority order)



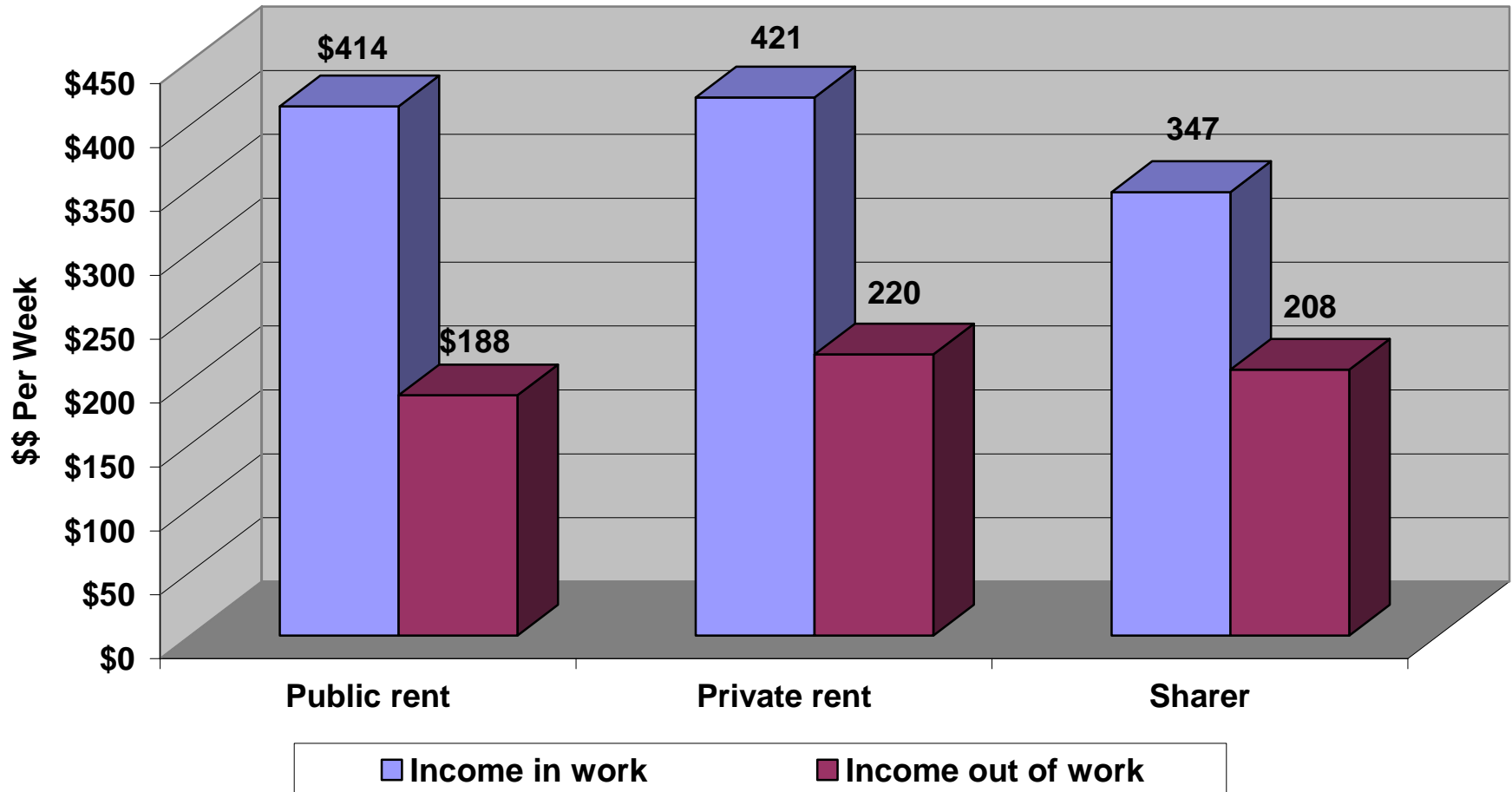
Most important additional costs of working



Choice of living in own area with no job or moving and getting a job



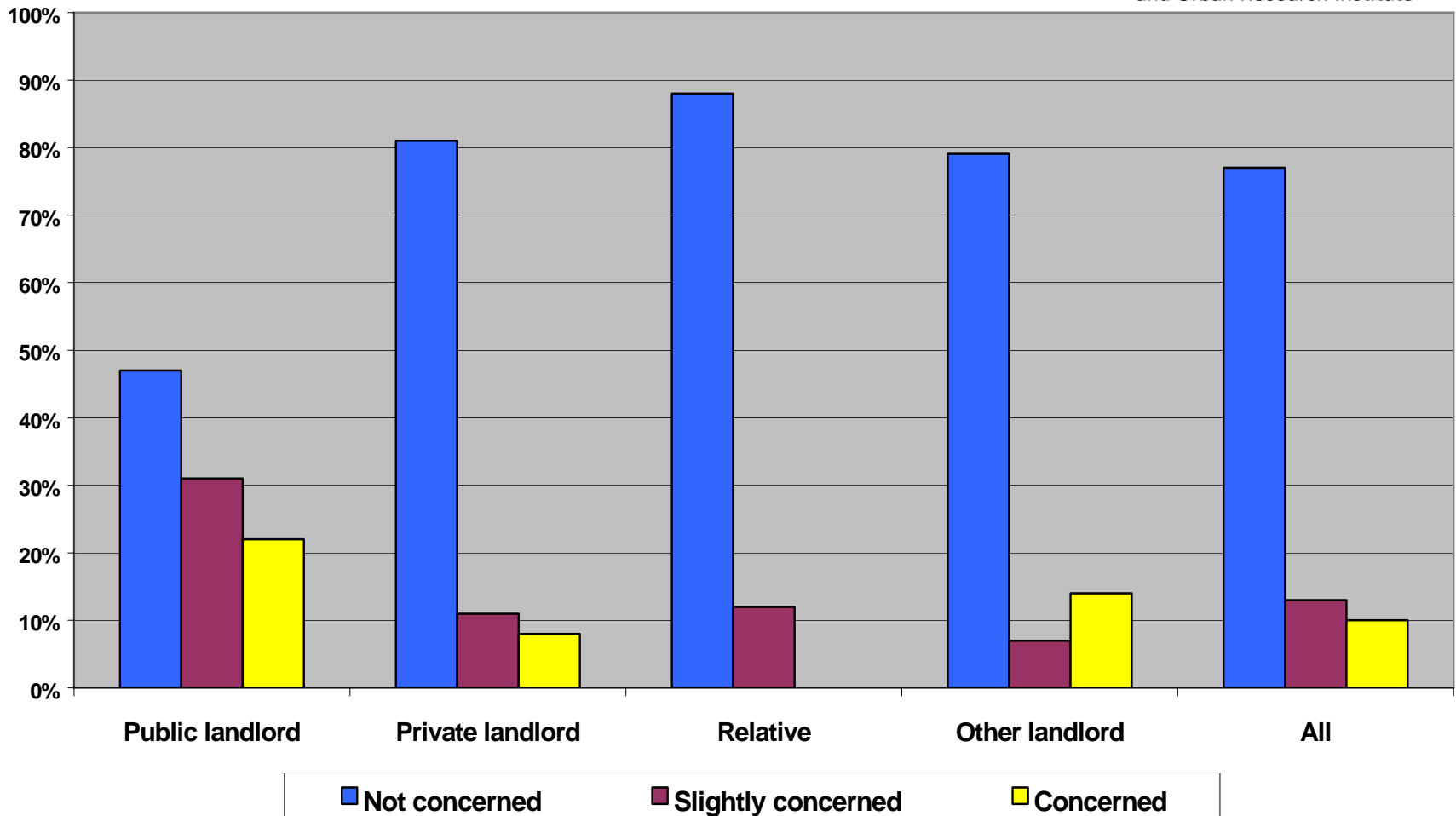
Income in and out of work



Findings: Rental Housing Assistance

- High effective tax rates generally – RA only a minor contributor;
- Income related rents add to already high effective tax rates;
- Unemployment trap –nett financial benefits of working are low;
- Perceptions of rent-setting and work disincentives;
- Security and stability of housing vs flexibility and mobility.

Concern over effect a job would have on rent



Issues

- **Study focused on unemployed renters actively seeking work;**
- **Many non housing-related barriers to working;**
- **Housing-related work disincentives much broader than rent-setting – location and access to jobs;**
- **Rent setting important to some social housing tenants;**
- **Many unemployed renters say that they are willing to move if “suitable” jobs are available – does current housing assistance facilitate this?;**
- **Potential significance of other aspects of housing management (e.g. transfer policy) for social housing tenants.**

Policy Implications



Australian Housing
and Urban Research Institute

Need for integrated approaches:

- i. Employment generation and job skills/training in job-poor locations – via community renewal;**
- ii. Assistance with transport costs (via rent holidays or transitional assistance?) and transport availability;**
- iii. Strategies to enable unemployed renters to move to job-rich locations – more flexible transfers; incentives to free up vacancies in job rich areas; improved Rent Assistance in areas with jobs; housing assistance ‘packages’ for people seeking work in job-rich areas;**
- iv. Re-configure social housing - to job-rich locations**

More information

Contact the authors:

khulse@swin.edu.au or

B.Randolph@uws.edu.au

Conference paper on the NHC web site

<http://www.plevin.com.au/housing2003>

Paper(s) on the AHURI web site

<http://www.ahuri.edu.au>