SUMMARY REPORT: Findings Snapshot

Children & Young People’s Housing Disadvantage: Childhood exposure to unaffordable private rental (2003–4 – 2013-14)

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Context: Family life in an unaffordable housing system

Recent evidence suggests households exposed to unaffordable housing include children, young people and their families. We know remarkably little, however, about the magnitude of this problem, and are only beginning to understand some of the ways these trends affect the childhoods and teen years of Australia’s children and their likely impact on children’s futures.

This Report is one of the first of its type in Australia. Focusing on national change over time in children’s housing experience, as well as a more detailed investigation of how these changes have manifested spatially in the state of Victoria, the Report presents evidence about numbers of children and young people affected by affordability disadvantage in Australia’s fastest housing tenure: private rental.

Aims of this research

The broad aims of this Report and the research underpinning it are four-fold:

- To enumerate numbers of children and young people affected by housing disadvantage within mainstream housing contexts, particularly exposure to rental affordability stress, and contribute to an emerging body of evidence in support of responses to children and young people’s housing needs;
- To examine change over time in incidence and risk factors associated with childhood exposure to housing disadvantage, particularly rental affordability stress;
- To map the spatial distribution of children and young people’s exposure to rental affordability stress, including differences between metropolitan and regional areas and change over time;
- To highlight the ways in which changing family opportunities across the housing system, including spatially, are affecting next generation Australians and Victorians.

This Report contributes to the emerging evidence base that focuses explicitly on children’s housing: effective policy to address children and young people’s housing disadvantage cannot be made without child and young people-focused evidence.
Data and Method

- Rental affordability stress is measured using standard rent to income ratio measures, whereby households in the lowest 40 per cent of national income distribution who are paying more than 30 per cent of their income on rent, are considered to have inadequate income to make ends meet.
- Child-focused methods are used to enumerate numbers of children at ages 0 – 14 and 15 – 18 living in rental affordability stress and identify key risk factors, nationally.
- Focusing on Victoria, spatial analysis of the locational distribution of children and young people exposed to rental affordability stress is presented, including changes over time.

Summary of Key Findings

**Low income families in an unaffordable housing system**

- Over a thirty-year period, Australia has experienced a wide-reaching tenure restructuring. Australia’s fastest growth tenure is private rental: a housing tenure that grew by 4.5 percentage change points between 2003-4 and 2013-14;
- Low income family housing options are contracting with fewer families with lower incomes able to afford home purchase, and a decline in social housing accessibility for many;
- In 2013-14 the private rental sector was home to 1,037,802 family households that included dependent children or young people.
- Between 2003-4 and 2013-14 the percentage of lower income *couple headed* families with dependent children living private rental that were paying unaffordable rent levels, measured using a 30:40 equivalised disposable income affordability ratio, increased from 40 to 46 per cent nationally – a total of 113,900 additional households;
- Among lower income *one parent headed* families living in private rental, the proportion paying unaffordable rent levels and living in financial rental stress, using the same measure, increased from 63 to 67 per cent – a total of 104,900 households.

**46% of lower income couples and 67% of one parent families with dependent children living in private rental housing are paying unaffordable levels of rent.**
**Children and young people’s increasing exposure to rental affordability stress**

*Using a child-focused method* to enumerate numbers and proportions of children exposed to unaffordable private rental in the 2003-4 and 2013-14 periods, key findings include:

- 42 per cent of lower income children aged 0 – 14 years living in couple headed families residing in private rental dwellings are in housing affordability stress, using an income to rent ratio measure;
- The percentage of 0 – 14 year olds with couple headed families living in rental affordability stress has increased over time, from 37 per cent a decade earlier;
- In sum total there has been close to a -5 percentage point change in the likelihood of this population of children living in affordable rental between 2003-4 and 2013-14.

**Nationally, 183,500 or approximately 2 in 5 children aged 0-14 years in lower income couple headed families living in private rental paying unaffordable rent levels.**

**Risk factors affecting children and young people’s increasing exposure to rental affordability stress**

*Family structure* is associated with private rental affordability exposure during childhood:

Living with one rather than two parents in lower income families in private rental exposes children to far greater risk of living with rental affordability stress:

- 67 per cent of lower income children living in one parent headed families residing in private rental dwellings are in rental affordability stress;
- The percentage of 0 – 14 year olds with one parent headed families living in rental affordability stress has increased over time, from 64 per cent a decade earlier;
- In sum there has been close to a -3 percentage point change in the likelihood of this population of children living in affordable rental between 2003-4 and 2013-14.

**158,300, or 2 in 3 of all Australian children living in lower income one parent headed families residing in private rental are living with housing affordability stress.**

*Children’s age* is a risk factor for exposure to rental affordability stress, reflecting life stage and early career employment stages of their parents:

- Younger children aged 0 – 14 years are at greater risk of living with rental affordability stress than older (15 – 18 years) young people;
29 per cent of 15 – 18 year old young people living in lower income couple parent headed families and 40 per cent in one person headed families residing in private rental dwellings are in housing affordability stress.

Children aged 0 – 14 years are at higher risk of living in rental affordability stress than older children and young people.

Country of birth of an adult reference person in a child or young persons’ family also affects risk of exposure to private rental affordability stress during childhood:

48 per cent of children aged 0 – 14 years living in lower income families residing in private rental dwellings in which the household adult reference person is born in Australia are in housing affordability stress; 51 per cent of children aged 0 – 14 years living in lower income families residing in private rental dwellings in which the household adult reference person is born overseas and arrived in Australia recently (since 2006); and 60 per cent of those arriving before 2006 are in housing affordability stress.

Children living with adult parent/s who were born overseas are at increased risk of living in private rental affordability stress.

Where children live affects risk of exposure to living in unaffordable rental housing among children and young people living in lower income families. Census data from 2006 and 2011 are used to map the spatial distribution of numbers and percentages of children aged 0 – 14 years living in families paying unaffordable private rental costs. Incidence is examined separately for children living in families the lowest 20% of incomes (quintile 1) and the next lowest 20% (quintile 2).

In Victoria:
For lowest income children aged 0 – 14 years (quintile 1) in Metropolitan Melbourne:

- A threshold of unaffordable private rental appears to have been met across Metropolitan Melbourne, whereby only one in ten children aged 0 – 14 years living in the lowest income families in private rental dwellings are living with affordable rents;
- In 2011, proportions of lowest income 0 – 14 year old children living in private rental and exposed to rental affordability stress range from a best scenario of 89 per cent in Western and Inner regions of Metropolitan Melbourne, to a worst scenario of 92 per cent in Outer Western and Outer South East regions.

1 in 10 children aged 0 – 14 years living in lowest income families in Metropolitan Melbourne are living with affordable rent levels: 9 in 10 are not.
For low income children aged 0 – 14 years (quintile 2) in Metropolitan Melbourne:

- Proportions of children aged 0 – 14 years living in families with quintile 2 incomes and paying unaffordable private rent range from a best scenario of 30 per cent in Outer Western suburbs of the Melbourne Metropolitan area, to a worst scenario of 70 per cent in the inner Eastern area;
- Outer Metropolitan areas that appeared relatively affordable based on the proportion of children exposed to unaffordable rents in these areas in 2006 no longer provide the same degree of rent relief they appear to have done in 2006 for low income families.

Affordability outcomes for 0 – 14 year old children living in low income families (income quintile 2) in Metropolitan Melbourne deteriorated markedly between 2006 – 2011.

For lowest income children aged 0 – 14 years (quintile 1) in regional Victoria:

- Relative to Metropolitan Melbourne, above, proportions of children living in the lowest income families (quintile 1) are more likely to live in affordable private rental in regional Victoria;
- Proportions of 0 – 14 year olds living in lowest income families exposed to private rental affordability stress vary quite markedly between regional areas, ranging from best (lowest) scenario of 49 per cent of children in North West Victoria to worst (highest) scenario of 85 per cent of children living in unaffordable private rental in Geelong;
- There have been substantial increases in numbers of children in lowest income families (quintile 1) living in unaffordable private rental in regional Victoria between 2006 and 2011;
- Regional areas showing most growth in exposure to unaffordable rental for children aged 0 – 14 years in lowest income families between 2006 and 2011 are LaTrobe Gippsland to the east of Melbourne (26% increase) and Hume, to the north east (18% increase).

3 in 10 children aged 0 – 14 years living in lowest income families in regional Victoria are living with affordable rent levels: 7 in 10 are not.

For low income children aged 0 – 14 years (quintile 2) in regional Victoria:

Numbers of children aged 0 – 14 years living in families in income quintile 2 in unaffordable private rental in regional Victoria in 2006 and 2011 are small overall. In future years it is likely that affordability problems for children and young people in families with low incomes (income quintile 2) living in regional areas of Victoria will more closely reflect the situation found for lowest income (income quintile 1) children and families in 2006 – 2011, as affordability of both home purchase and rental has declined in regional Victoria in the 2011 – 2016 period.
Implications of Key Findings

Findings presented in this Report are stark and show that private rental policy settings are not set for children, young people or their families, particularly among those living with low income. Four types of policy implications arise (details are in the full Report):

- Children, young people and families need to be explicitly valued in broad social policy settings including housing policy;
- Delivery of new housing supply of affordable and appropriate housing and access to appropriate rental dwellings for children, young people and their families need to be addressed via national and state and territory policy settings;
- Legislative reform to change the experience of living in private rental dwellings in Australia is warranted – Victoria and NSW tenancy reviews underway present opportunities for positive family-oriented reform; and
- Evaluation of the supports needed to enhance the lives of the most disadvantaged children, young people and families living in private rental housing is needed.

Finally, these findings imply that no single solution will resolve the extent of rental affordability stress facing Australia’s children, young people and families. A coordinated, child-focused housing and public policy response is required.

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The full report on which this Summary is based is: