

HOUSING *Inequality*

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Housing inequality is a fact of life in Australia, and many other countries. Since the 1980s, house prices have outpaced incomes. There has also been a decline in publicly-funded housing leading to more use of the private rental market for low-income earners.

Housing insecurity is associated with other forms of insecurity such as unemployment, mental illness, the loss of a partner (especially for women) and aging.

A HOUSE OR A HOME?

Housing inequality is harder to interpret than income inequality because a house is both a provider of housing services and an asset that can be held for the prospect of a future sale. That said, the value of houses is unequally distributed in Australia, though not as much as in the US. In Australia (and the UK) the top 40% of wealth holders own 85% of the value of housing, while in the US the top 40% of wealth holders own 96% of the value of housing.

A house is more than an economic object. For many people a house is the location of their striving for 'home' – close connection with friends or relatives, often across generations. Thus, housing impacts on the sense of 'home'. Housing insecurity can lead to a lack of privacy, a lack of belonging, a lack of physical comfort and feelings of insecurity, none of which contribute to a sense of 'home'.

HOUSING HAS BECOME LESS AFFORDABLE

Housing affordability has deteriorated markedly in Australia, as measured in Figure 1 (following page) by the house price, as a share of income. The 2020–22 Covid house price boom has seen this ratio rise further but the biggest change occurred after the 1980s.

FOR MANY PEOPLE
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IN AUSTRALIA (AND THE UK)

40%

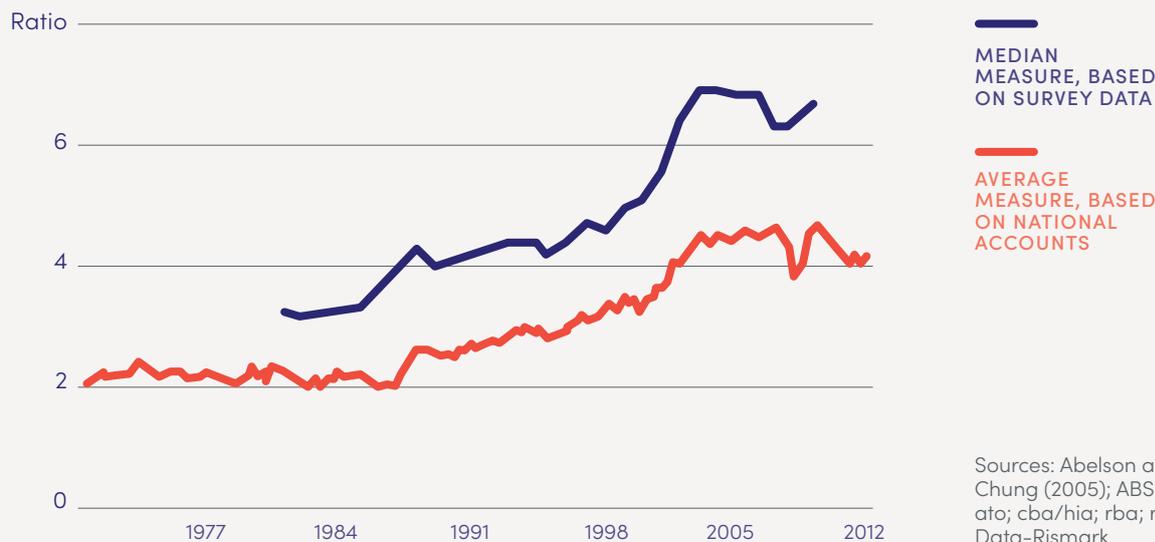
OF WEALTH
HOLDERS OWN

85%

OF THE VALUE
OF HOUSING



FIGURE 1: DWELLING PRICE-TO-INCOME RATIO



PUBLIC HOUSING

In some Western countries, such as Australia, New Zealand, the UK and the US, the late 20th century saw a reversal in the policy commitment to provide widespread public housing. Instead, needy people have been given subsidies which they can spend in a largely unregulated rental market. This preference for private provision, the use of unregulated markets, and a desire to provide welfare at the lowest possible cost is sometimes called ‘neo-liberalism’. It looks at society from an individual basis

(rather than on a group or family basis) and values freedom of choice very highly. A smaller stock of public housing has meant that those who might have been eligible for it have tended to live on the outskirts of capital cities, where the rent is more affordable. These residents rely more on pensions and rental assistance than they do on salaries. They are also more likely to be unemployed, as Table 1 shows for a sample of Sydney and Melbourne residents.

TABLE 1: SOURCES OF HOUSEHOLD INCOME BY LOCATION

	LOW RENT (N=200)	MEDIUM & HIGH RENT (N=399)
Wages or salaries as main source of income	56%	83%
State pensions or benefits (including age pension) as main source of income	33%	7%
Households with at least one member unemployed and looking for work	28%	8%
Receive Commonwealth Rent Assistance	62%	21%

Source: private renters are doing it tough... the Conversation. Alan Morris et al. www.theconversation.com/private-renters-are-doing-it-tough-in-outer-suburbs-of-sydney-and-melbourne-120427

Although rent is cheaper on the outskirts of Australia’s capital cities, it is still high enough that the ‘after rent’ income takes some residents into areas of deprivation, evidenced by trouble paying basic bills (like water and electricity), and the need to borrow from friends or family. In Table 2, a range of these indicators are described for the same sample of Sydney and Melbourne residents.

With regards to public housing, residualisation (an increase in the concentration of the most disadvantaged households in public housing) has been quite acute in Australian public housing.

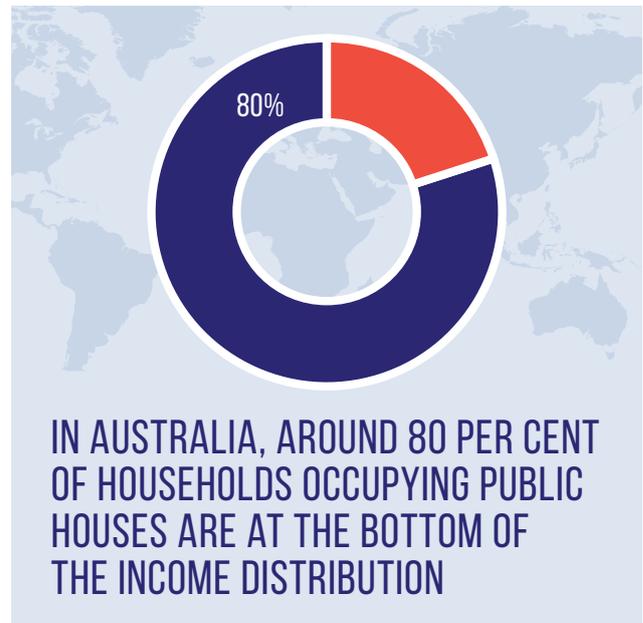


TABLE 2: FINANCIAL STRESS INDICATORS BY RENT AREA

	LOW RENT (N=200)	MEDIUM & HIGH RENT (N=399)
Trouble paying utility bills on time	37%	10%
Sought financial help from friends or family	34%	16%
Sought help fom community/welfare organisations	23%	8%
Trouble paying car registration or insurance on time	20%	9%
Unable to cool home adequately	16%	11%
Unable to heat home adequately	16%	7%
Pawned or sold something	16%	5%
Went without meals	15%	4%

Source: private renters are doing it tough... the Conversation. Alan Morris et al. www.theconversation.com/private-renters-are-doing-it-tough-in-outer-suburbs-of-sydney-and-melbourne-120427

SOME RESIDENT-GROUPS OF CONCERN

There is evidence that people suffering mental illness can benefit greatly from secure housing. A study from New York showed that, when given secure housing, people with serious mental illness often made substantial progress. Australian work finds effects on mental health of housing insecurity too (Bentley et al., 2019). The decline in the provision of public housing is especially concerning

for the mentally ill, because their ability to negotiate a neoliberal system, by using subsidies effectively and making other sound choices, is limited by their illness.

Some Australians on the pension face limited accommodation options. Fortunately, the majority of pensioners own their home outright, which buttresses their financial well-being.

However, the proportion of private renters on the pension is rising.

Another 'at risk' group are older women who have experienced the loss of a partner and who have taken low-pay part-time work while child-rearing. Sometimes these women invest in higher education to raise their earning capacity, but the investment comes too late in their lives to prepare them for retirement (Sharman, 2017).

A feature of the neoliberal housing welfare system in Australia is that there is little legal protections given to tenants in their relationship with landlords. This leads to a large power imbalance where the most common form of housing insecurity is simply the fact that the tenant can be asked to leave on short notice. This is called *de jure* (in the law) insecurity. Fortunately, many people do experience long tenancies and so do not experience *de facto* (in fact) insecurity. However, this is not universal. Residents with a range of complex social, medical and economic problems, who would normally be candidates for a better-funded public housing system, experience extra stress in their lives through *de facto* housing insecurity.

RESIDENTS MAY MISS OUT ON OPPORTUNITIES THAT MIGHT OTHERWISE BENEFIT THEM. THIS IS A FORM OF SOCIAL EXCLUSION.

FREE TO CHOOSE?

The movement of poor renters to the outskirts of big cities is a result of the choices they make about how to spend their government subsidies, and so it accords with neoliberal emphasis on freedom. Nevertheless, these choices can be severely restricted by income and any mental health issues. Renters may receive welfare at a lower cost to the government if they choose to live in accommodation that is more poorly maintained than public housing, but that is only desirable for society if cost-minimization is the sole criterion to judge the success of welfare.

Life on the edges of cities is also associated with a lack of access to some services and potentially long commutes to workplaces. These residents may miss out on opportunities (including income-generating ones) that might otherwise benefit them.

This is a form of social exclusion.

If problematic housing circumstances erode a sense of 'home' then it erodes what is sometimes called social capital – the nexus of goodwill relationships within society that is essential for the flourishing of its members.

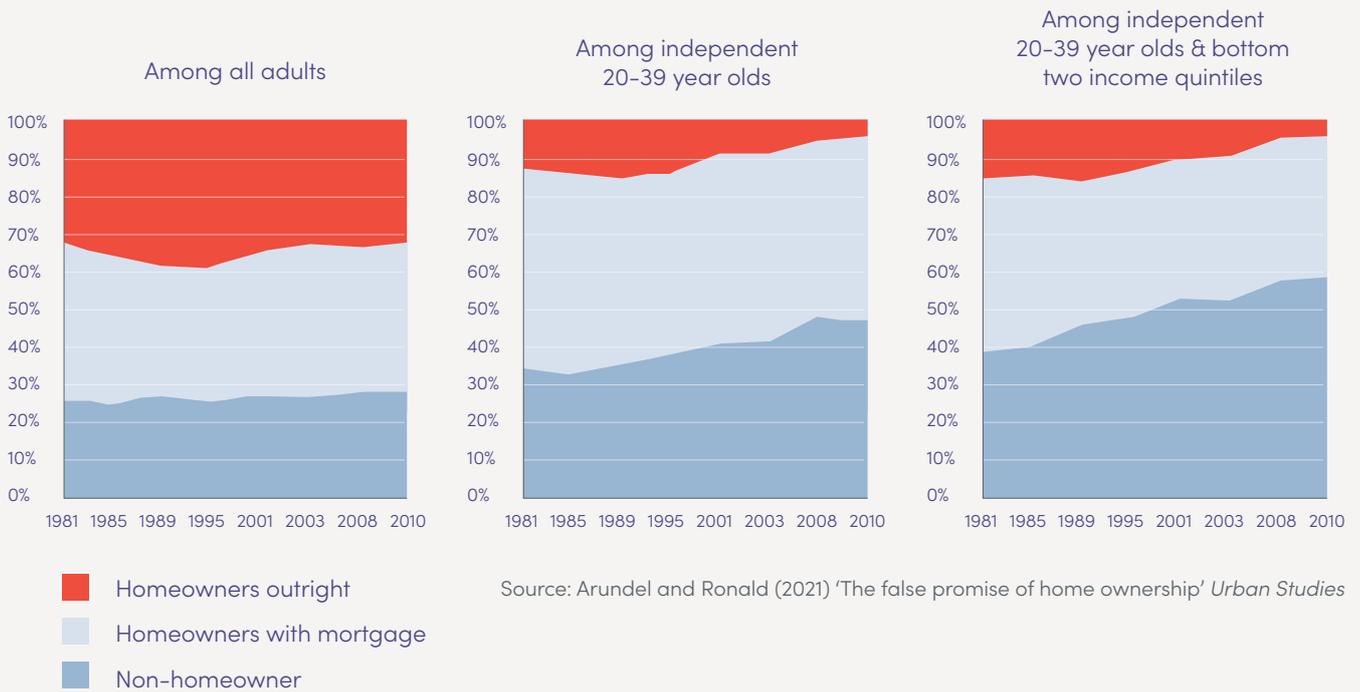


AN ONGOING ISSUE

Housing inequality is set to be an ongoing issue in Australia. The rise in house prices relative to incomes (Figure 1) has resulted in declining rates of home ownership among the young, particularly in the lower income groups, as shown in Figure 2. As these groups move through their working lives and into retirement, their need for rental accommodation or public housing will determine the shape of future housing inequality in Australia.



FIGURE 2: HOMEOWNERSHIP RATES IN AUSTRALIA



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