



Housing affordability and mental health: Does the relationship differ for renters and home purchasers?☆



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ABSTRACT

There is increasing evidence of a direct association between unaffordable housing and poor mental health, over and above the effects of general financial hardship. Type of housing tenure may be an important factor in determining how individuals experience and respond to housing affordability problems. This study investigated whether a relationship exists between unaffordable housing and mental health that differs for home purchasers and private renters among low-income households. Data from 2001 to 2010 of the longitudinal Household, Income and Labour Dynamics in Australia (HILDA) survey were analysed using fixed-effects linear regression to examine change in the SF-36 Mental Component Summary (MCS) score of individuals aged 25–64 years, associated with changes in housing affordability, testing for an interaction with housing tenure type. After adjusting for age, survey year and household income, among individuals living in households in the lower 40% of the national income distribution, private renters in unaffordable housing experienced somewhat poorer in mental health than when their housing was affordable (difference in MCS = -1.18 or about 20% of one S.D. of the MCS score; 95% CI: $-1.95, -0.41$; $p = 0.003$) while home purchasers experienced no difference on average. The statistical evidence for housing tenure modifying the association between unaffordable housing and mental health was moderate ($p = 0.058$). When alternatives to 40% were considered as income cut-offs for inclusion in the sample, evidence of a difference between renters and home purchasers was stronger amongst households in the lowest 50% of the income distribution ($p = 0.020$), and between the 30th and 50th percentile ($p = 0.045$), with renters consistently experiencing a decline in mental health while mean MCS scores of home purchasers did not change. In this study, private renters appeared to be more vulnerable than home purchasers to mental health effects of unaffordable housing. Such a modified effect suggests that tenure-differentiated policy responses to poor housing affordability may be appropriate.

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Introduction

Housing is an important social determinant of health, and the link between housing and health is widely acknowledged

☆ The data used in this paper were extracted using the Add-On package PanelWhiz for Stata®. PanelWhiz (<http://www.PanelWhiz.eu>) was written by Dr. John P. Haisken-DeNew (john@PanelWhiz.eu). See Haisken-DeNew and Hahn (2006) for details. The PanelWhiz generated DO file to retrieve the data used here is available from the authors upon request. Any data or computational errors in this paper are the authors.

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(Braubach, 2011; Commission on Social Determinants of Health, 2008). Until recently, much of the housing and health research has focussed on links between physical characteristics of housing (e.g. exposure to toxins, cold, damp) and physical health (Evans et al., 2000; Free et al., 2010; Lloyd et al., 2008). In Australia, however, where most of the housing stock is relatively new and typically of good quality, and where most of the population lives around the more climatically mild coast (Australian Bureau of Statistics, 2001), physical aspects of housing and their effects on health may be less important than the affordability of housing, especially with regard to mental health. In this vein, it has been suggested that in Australia, housing may be a “health promoting resource accessed through income” (Waters, 2001, 12). Housing affordability is therefore a potentially important and

under-recognised mechanism for influencing health, in the Australian context at least.

There is strong empirical evidence that poor housing affordability is related to poor mental health. A robust longitudinal analysis of the British Household Panel Survey found that anxiety could be directly attributed to the inability to meet ongoing housing costs (Pevalin et al., 2008). Similarly, in an Australian study it was found that lower-income individuals whose housing became unaffordable experienced, on average, a small but highly statistically significant decline in their mental health even after contemporaneous changes in income were accounted for (Bentley et al., 2011). Importantly, both of these papers indicate that poor housing affordability appears to have an effect on mental health over and above the effects of general financial hardship.

There is also a growing evidence base that relates unaffordable housing to more indirect “trade-offs that may harm health” (Pollack et al., 2010, 515). Kirkpartrick and Tarasuk (2011), for example, found a positive association between unaffordable housing and food insecurity. Housing costs are the largest average expenditure item for Australian households (Australian Bureau of Statistics, 2010) and are often paid before other household expenses. Higher housing costs can therefore result in difficulty affording non-shelter necessities, such as food, transport, or medical care. This primacy of housing costs in household budgets is central to debates about housing affordability and is well documented (Jewkes & Delgado, 2010; Stone, 2006).

In this paper the effect of poor housing affordability on the mental health of individuals is considered, with particular attention paid to whether the relationship between housing affordability and mental health might be modified by a second housing-related determinant – tenure. There is a substantial evidence base on the association between type of housing tenure and health (e.g. Gibson et al., 2011; Macintyre et al., 2003) and social welfare policies commonly focus on tenure-based assistance (for example by providing social rented housing, or private market rent assistance to households unable to access home ownership). On the other hand, our recently published analysis of the relationship between housing tenure and mental health in Australia found that although mental health differences were observed between tenure types, these differences are most likely attributable to confounding by unobserved characteristics of people in different tenure types rather than a causal effect of tenure (Baker et al., 2013). In that study, we concluded that, unlike poor housing affordability, tenure does not have an intrinsic effect on mental health in Australia. What remains unclear, however, is how affordability and tenure might be interacting to influence health outcomes. While a recent cross-sectional study from the U.S. looked at this intersection in relation to various health outcomes (Pollack et al., 2010), our study is the first that we know of to use longitudinal data to explore this relationship, and is the first to examine the relationship in an Australian setting.

In Australia, a perceived tenure hierarchy exists. Home ownership is most highly sought, private rental is widely regarded as a tenure of transition towards home ownership, and social housing is seen as welfare housing for those unable to own or rent in the private market (Beer et al., 2011). Average mental health differs clearly across the three main tenure types in Australia, and these differences align with the hierarchy described above (Baker et al., 2013). We suggest that tenure may be an important factor in determining how individuals experience and respond to housing affordability problems. For example, increased housing costs could be more detrimental to the mental health of renters than home purchasers, because, unlike mortgage payments, rental payments aren't an investment in an asset. On the other hand, many private renters may find it easier to relocate to a less expensive residence if

their situation changes, while owners and purchasers have less flexibility to move. Differences such as these might be masked when associations are investigated at the level of the broader population only, and when interactions between affordability and tenure are not examined.

In this paper, data from a longitudinal Australian study are used to examine whether there is a relationship between changing housing affordability and changing mental health that differs according to tenure type. Specifically, we investigate whether home purchasers and private renters experienced different mental health effects when their housing became unaffordable. Such repeated measures studies, in the absence of randomised trials, provide a strong study design for causal inference of short-run mechanisms. As the same people are followed over time to observe within-individual change in mental health following change in housing affordability, all time-invariant confounding factors (e.g. sex, early life socioeconomic position, personality, ethnicity) drop out of the analysis.

Methods

Data

This study uses data from the Household, Income and Labour Dynamics in Australia (HILDA) survey (Summerfield et al., 2011). HILDA is an ongoing panel survey of Australian households and individuals, based upon a nation-wide probability sample and focussed on income, employment, health and wellbeing. HILDA has been conducted annually since 2001. Information is collected from household members aged 15 years and over using face-to-face interviews and self-completion questionnaires. All annual waves from 2001 to 2010 were included in these analyses.

The analyses described in this paper are based upon responses of HILDA participants aged between 25 and 64 years who experienced both affordable and unaffordable housing at some time during the study period. We selected for participants aged between 25 and 64 years so as to focus on working-age people and exclude younger adults who may still be living with parents and not directly responsible for housing costs. In the primary analyses, the sample was restricted to people living in lower income households, because higher income households have greater capacity to absorb high housing costs, and any mental health effect of unaffordable housing was expected, on the basis on previous work (Bentley et al., 2011), to be observed only in low income households. Low income households are often defined in housing research as those with an average equivalised disposable income in the lowest 40% of the national distribution (using the national average 40th percentile over the 10 years as the cutoff), and a commonly used measure of housing affordability (the ‘30/40’ rule, described below) employs this definition. In addition to this policy relevant 40% cut-off, we explored several alternative definitions of low income (the lowest 30% and lowest 50%) and we examined households with an income between the 30th and 50th percentile of the national distribution (which we refer to as the mid-low income stratum). The various subsamples used for each analysis were identical in all respects other than the income cut-offs. The sample was also restricted to individuals living in households servicing a mortgage (herein referred to as home purchasers), and individuals in private renter households (herein referred to as private renters). Tenure type was free to vary over time. Although we recognise the importance of social renters as a group, only around 4% of Australian households live in this tenure type (Australian Bureau of Statistics, 2011a), meaning there were too few in this dataset to look at in further detail. Home owners without a mortgage were excluded because their housing is, by definition, affordable.

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