



Housing affordability and residential mobility as drivers of locational inequality



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ABSTRACT

This paper applies established methods from population geography to assess the impact of Australia's emerging housing affordability crisis in shaping the distribution of Australia's population into more or less advantaged places. Using a whole of population measure of locational advantage/disadvantage, we analyse the characteristics of movers, their reasons for moving, and their pre and post move residential outcomes. We find evidence at the population level of a 'two-speed' process, where - on average - Australians are moving to slightly more advantageous locations, but more vulnerable groups undertake more frequent, multi-step moves to disadvantaged areas. Housing affordability is found to be the key driver of the selective migration of some Australians into less advantaged places. The paper highlights the dynamic character of places, the increasing importance of housing affordability as a determinant of population distribution, and signals a need to look beyond simple place-based interventions.

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1. People move selectively

'Why Families Move' has been a topic of international and national interest since the early work of Rossi (1955). Understanding why people move is of substantial contemporary importance because the outcomes of residential mobility shape the living environment – its healthiness, walkability, affordability, and relative access to economic resources, employment, and social connections. Importantly, residential mobility is selective, which results in the capacity to reinforce locational and social inequality by actively concentrating vulnerable people into less advantaged places. Mobility is therefore one of the most dynamic drivers of population change and locational advantage in our cities and regions.

Though the process of 'selective migration' (Tunstall, Mitchell, Pearce & Shortt, 2014) is well established and understood amongst researchers as a substantial force shaping (and actively reshaping) our cities, we propose that it is insufficiently

acknowledged in broader conceptualisations of urban and regional processes. Accounts of urban change that draw upon structuralist (Harvey, 2005) and post-structuralist (Farias & Bender, 2010) theorisations pay little attention to inter and intra-urban population movement. Understanding the process of 'selective migration' has never been more important. In the current climate of ongoing housing affordability 'crisis' (Bentley, Baker, & Mason, 2012; Gilbert, 2011; Jacobs, 2015) and highly localised house price differentiation, an increasing number of Australians are forced to move through the housing market because of the unaffordability of their accommodation. In this paper we examine the problem of poor housing affordability from a population geography perspective. We test the proposition that housing affordability problems are concentrating some at-risk households into less advantaged areas. If housing affordability is found to be driving the selective migration of Australians into less advantaged places, it will have implications for the priorities of housing assistance interventions, but also for approaches to tackling place-based disadvantage.

2. Residential mobility, housing affordability and the geography of disadvantage in Australia

Residential mobility decision-making can be seen as a complex interplay between needs, desires, obligations and wealth

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(Baker, 2008). It can be conceptualised as a rational, 'utility maximisation' process (Ritsila & Ovaskainen, 2001; McHugh, 1984; DeJong 1994), where the costs and benefits of moving are shaped by wealth and housing affordability (Maher, 1994), the requirements of lifecycle stage (for example, marriage, divorce, death) and health (for example, disability); the desire for increased residential satisfaction; or the meeting of goals, such as career advancement (Green, 1997; McHugh, 1984). Alternatively, residential mobility or immobility is regarded as a consequence of housing equilibrium/disequilibrium (as discussed in Clark & Deurloo 2006; Quigley & Weinburg 1977), where throughout the life course households adjust their housing in response to household and life course 'triggers' (Clark & Dieleman, 1996), such as marriage, retirement, or the death of a spouse. The recent study by Clark (2013) reinforces this earlier work in a longitudinal analysis of the Australian population, showing residential mobility to be a life course influenced strategy used by households, to adjust their housing, employment, and location. From the perspective of either utility maximisation or equilibrium/disequilibrium, the capacity of households to make choices is shaped by the resources they control (Clark & Onaka, 1983). Those with a considerable wealth or income are able to minimise the social and economic cost of housing change, choose a residence and location that best meets their needs, and secure a healthy residential environment with maximum amenity. People and families with fewer resources may have few, if any, choices available to them. There is solid evidence across many national studies that housing affordability is a key factor influencing both the decision to move and where to relocate to (Clark & Rivers, 2013; Coulton, Theodos, & Turner, 2012; Smith & Oлару, 2013). The potential importance of housing affordability in driving social inequalities in Australia has been compounded in recent times by escalating housing costs in many parts of the nation. Australia now has some of the most unaffordable housing markets in the world (Phillips, 2011). Common with many post-industrial nations, housing affordability problems affect a substantial (and increasing) proportion of the Australian population, but the effects are unequal (Baker, Mason & Bentley, 2015). Estimates place about 10% of Australian households in unaffordable housing (Rahman and Harding, 2014)), and there is a strong correlation between being in unaffordable housing and other socio-economic or health disadvantage. A growing body of work suggests that unaffordable housing may result in poor health (e.g. Bentley, Baker, Mason, Subramanian, and Kavanagh (2011) describe how mental health worsens when people's housing becomes unaffordable and their household is in the bottom 40% of the income distribution), and that poor health may select people into more disadvantaged areas (Green, Subramanian, Vickers, & Dorling, 2015). Building upon this work, we suggest that unaffordable housing may be a substantial and reinforcing driver of the spatial patterning of disadvantage in our cities and regions. These processes have compounding impacts, acting to further concentrate and 'polarise' (Green et al. 2015) disadvantage over time.

In common with many other neo-liberal nations, Australian governments offer limited housing affordability related assistance which is targeted to disadvantaged households (Beer et al., 2016; Bentley et al., 2016). Historically housing costs in Australia were maintained at a low level through programs that encouraged the construction of affordable housing on the urban fringe, and through the provision of government-managed housing to low income households (Beer & Paris, 2005). The National Housing Strategy (1992) ushered in a new era in Australian housing policy, focussed on the provision of rental subsidies to private tenants (Yates 1997) and an implicit – but often poorly directed – indirect

subsidy in the form of 'negative gearing', a form of favourable tax treatment for landlords (see Beer, 1999; Wood, 1999). At the same time, investment in socially provided housing has fallen in real terms, with much of this now aged and declining stock now sold to private buyers.¹ The net impact of these policy measures has been growth in the private rental sector with respect to both number and percentage of the housing stock. Significantly, around 42 per cent of all renter households are in receipt of either rent assistance or socially provided housing (ABS, 2011). The Australian Government provides Commonwealth Rent Assistance (CRA) to around 1 million (ABS, 2011) low income private rental households. A limited volume of social housing (around 400,000 dwellings) is provided mainly by government agencies although non-government providers have expanded significantly over the past two decades. There are also a number of government initiatives that constitute substantial outlays or revenue foregone by Australian Governments but which deliver questionable benefits to low income households. These schemes include Australian and state government first home ownership schemes, favourable tax treatment of capital gains received by landlords, and the capacity of landlords to offset their losses on rental properties against other income (Productivity Commission, 2015; G33). Many of these measures have been argued to have regressive impacts across Australian households (Berry, 2000; Fane & Richardson, 2005).

There is a long tradition in Australia (Badcock, 1994; Beer, 1994; Maher, 1994) and overseas (Dorling, Shaw, & Brimblecombe, 2000) of conceptualising disadvantage as spread unevenly across our cities and regions. Randolph & Holloway (2005, citing Badcock, 1997) suggest that our cities have "always been spatially divided and polarised to some extent" (p. 175), and there is ample evidence for this proposition (Hunter & Gregory, 1996; Randolph & Freestone, 2012). The spatial concentration of disadvantage is an area of renewed research interest in Australia, and a number of recent studies have contributed across a breath of quantitative and qualitative studies. A recent analysis by Pawson, Hulse, & Cheshire (2015) provides evidence of an increase in the spatial concentration of socio-economic disadvantage in three of Australia's major cities between 2006 and 2011, while Hulse & Pinnegar (2015) directly link growing spatial inequality to the outcomes of contemporary housing policy, and Cheshire, Pawson, Easthope, & Stone (2014) provide a characterisation of disadvantaged places.

The geography of disadvantage within Australia's cities is not static, as economic, demography and social shifts reconfigure urban spaces resulting in new concentrations both of affluence and poverty. Writing in the early 1990s, Maher (1994) identified three areas in Australia's cities commonly associated with locational disadvantage: outer urban areas marked by concentrations of low cost housing, much of which was previously social housing; inner urban areas with a remnant stock of low quality, degraded rental housing; and, older industrial areas with a heritage of mixed residential and industrial development and a population of unskilled labour. He noted that of these, the outer areas were both the most common and accommodated the largest number of low-income households. More recent research has highlighted how patterns of disadvantage have changed with Randolph and Freestone noting "a more complexly patterned polyglot residential mosaic has since

¹ This fall in government funding for social housing was reversed briefly following the economic shocks of 2008 and 2009 when the Australian Government invested substantial sums in new building activity in order to stimulate the economy.

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