

Wellbeing in public housing vs. private rentals: Quality and security make the difference

29 September 2023

Arthur Grimes



Summary

More than 24 thousand households in Aotearoa NZ are assessed as being in serious housing need. Many of these households include children whose current and future wellbeing is likely to be impaired by living in precarious housing conditions.

This Briefing summarises recent evidence that provision of public housing can improve the wellbeing of people currently in private tenancies. Public housing is, on average, of better quality than are private rentals, and security of tenure is higher. The evidence indicates that secure tenure is a factor in explaining why wellbeing of tenants is higher in public housing than in private housing. This benefit comes in addition to the beneficial wellbeing effects of living in better quality housing.

Public housing in Aotearoa New Zealand (NZ) is provided by several agencies, including Community Housing Providers, local government and central government (via Kāinga Ora - Homes and Communities). This Briefing summarises evidence that tenants in public housing have higher subjective wellbeing than do tenants in private rentals. The higher level of wellbeing in public housing is despite the often-severe hardships people face before securing their place in public housing.

Prior evidence

Previous studies in NZ show that tenants who moved from private to public housing gained in terms of housing quality and wellbeing. For instance, using GSS data, Anastasiadis et al¹ show that after public housing placement, tenants experienced a significant reduction in experiences of mouldy housing, crowded housing, and housing in poor condition. They also found that an overall measure of life satisfaction (a key subjective wellbeing indicator) was higher for those placed in public housing than for those who remained in private rentals.

In the UK, Fujiwara,² using British Household Panel Survey data, found that neighbour noise, dampness, poor lighting, no garden, condensation, rot and local vandalism contributed negatively to life satisfaction. For those in London, living in a Housing Association (HA) tenancy (akin to a Community Housing Provider in NZ) was estimated to increase life satisfaction relative to being in a private rental. Fujiwara conjectured that this result may be due to lower rents in HA accommodation and/or to “a sense of stability offered by HA homes”. Other studies internationally show that public housing tenants often have a strong sense of place, exhibiting pride in their local community.³ Factors that determine this positive sense of place include residential satisfaction and housing conditions, social ties, a sense of safety, neighbourhood amenities, estate design, and length of residence.

New NZ evidence

An ongoing MBIE-funded Endeavour research programme, *Public Housing and Urban Regeneration: Maximising Wellbeing*, is analysing several aspects that relate to public housing. Recently published research from this programme, based on a specially commissioned survey, investigates how tenure status and housing and neighbourhood quality affect the wellbeing of tenants in public and private rentals.⁴

Survey responses were received from residents in multiple cities, with analysis confined to respondents from within the Wellington urban area (specifically Wellington and Porirua Cities) to ensure that results are not affected by inter-city differences.

The research addresses three main questions: First, is public housing associated with higher tenant wellbeing relative to private rental? Second, does the relationship between tenant wellbeing and the type of housing tenure differ by tenant characteristics? Third, which aspects of the house and of the neighbourhood are most strongly associated with the wellbeing of tenants, particularly for those in public housing? Discussion in this Briefing focuses on wellbeing outcomes according to two measures of subjective wellbeing: the WHO-5 mental wellbeing scale and an evaluative measure of life satisfaction. Most survey questions are drawn from Stats NZ surveys to ensure comparability with data obtainable from official surveys.

Four major findings

The first major finding of the study is that, despite many public housing tenants having

faced considerable life challenges prior to entering public housing, public housing tenants have higher wellbeing, on average, than do private tenants. This result holds despite household incomes being much lower for public housing tenants than for private tenants. Some public housing providers offer income-related rents, while some are not eligible to do so. The wellbeing advantages of public housing still hold for providers who are not eligible for the income-related rent subsidy.

Second, as length of tenure increases, the divergence in wellbeing between public and private renters diminishes. Wellbeing declines gradually as public housing tenants increase their length of tenure, potentially reflecting an initial upward bump in wellbeing when they first move into their new house. By contrast, wellbeing increases for private tenants as their length of tenure increases, consistent with a positive wellbeing payoff for increased security of tenure. This finding implies that laws which increase security of tenure for private tenants (as exist in many jurisdictions in Europe) may have an important positive wellbeing impact for private tenants.

Third, house and neighbourhood suitability are both strongly associated with residents' wellbeing. Relevant factors affecting perceived house suitability and quality include dwelling condition, cold, and dampness. Perceived neighbourhood suitability is strongly associated with neighbourhood safety and with the presence of high social capital, exhibited through features such as strong local networks. Furthermore, the evidence shows that housing quality is, on average, higher in public than in private rentals.

Fourth, the importance for wellbeing of certain factors (especially dwelling condition) varies across population groups. We find that good dwelling condition is particularly important for Māori tenants, reflecting the cultural importance placed by Māori on hospitality and their visitors being comfortable in the host's home.

What's new in this Briefing?

- There is clear evidence that subjective wellbeing is higher for public housing tenants than for private renters, despite lower incomes and often added hardships faced by public housing tenants.
- Private renters who have had long-term tenure in their current house have similar wellbeing to public renters, indicating that security of tenure is an important contributor to tenant wellbeing.
- Housing quality is, on average, higher in public than in private rentals.

Implications for public health

- There are wellbeing benefits to the provision of public housing, whether provided by Community Housing Providers or by central or local government.
- The wellbeing results add to comprehensive evidence from prior NZ studies that there are physical health benefits of good quality housing.
- The beneficial wellbeing and health outcomes are important given the large number of households currently residing in poor quality housing and/or who are deemed in serious housing need in NZ.

Author details

Arthur Grimes is a Senior Fellow at Motu Research, and Professor of Wellbeing and Public Policy in the School of Government at Victoria University of Wellington.

References

1. Anastasiadis S, Anwar N, Benny V, Lee W, MacCormick C, Smith C, Vandenbroucke B. 2018. Measuring the wellbeing impacts of public policy: social housing. Using linked administrative and survey data to evaluate the wellbeing impacts of receiving social housing. *Social Investment Agency Working Paper SIA-2018-0105*.
2. Fujiwara D. 2013. *The social impact of housing providers*. UK, Housing Associations Charitable Trust (HACT).
3. Chisholm E, Olin C, Randal E, Witten K, Howden-Chapman P. 2023. Placemaking and public housing: the state of knowledge and research priorities, *Housing Studies*. DOI:10.1080/02673037.2023.2206799.
4. Grimes A, Smith C, O'Sullivan K, Howden-Chapman P, Le Gros L, Dohig RK. 2023. Micro-geography and public housing tenant wellbeing. Working Paper 23-08, Motu Economic and Public Policy Research. doi.org/10.29310/WP.2023.08



Source URL:

<https://www.phcc.org.nz/briefing/wellbeing-public-housing-vs-private-rentals-quality-and-security-make-difference>