

# Private Rental Affordability Bulletin Melbourne (June Quarter 2011)



## Key findings

Low income households continue to face unaffordable rents in most parts of Melbourne. Many households experience rental stress as median rents consume more than a third of total household income. Analysis for the June Quarter 2011 shows that rental markets in suburbs as diverse as Balwyn, Brunswick, and St Kilda East are unaffordable for all household types modelled in the Affordability Bulletin. Meanwhile, a sample of suburbs including Broadmeadows, Dandenong, Frankston, Preston, Ringwood and Sunshine are also unaffordable for most household types.

While rents have remained relatively stable across Melbourne, some low income household types continue to suffer punishing rent levels.

Single parents, jobseekers and students face unaffordable rents in all markets, with the median rents for one and two bed room flats consuming virtually all income. These household types generally rent at levels below the median rent, lower quality stock and in the marginal tenure of rooming and boarding houses as a result of high mainstream rents.

Families dependent on a single minimum wage income face median rents which consume more than 30 percent of total household income in formerly affordable suburbs such as Broadmeadows, Dandenong, Preston and Ringwood. Families dependent on higher average weekly earnings also face the prospect of rental stress in Balwyn, Brunswick, Preston and St Kilda East.

## Methodology

Affordable housing can be measured in several ways. The TUV Private Rental Affordability Bulletin draws on two standards:

- **30% of Total Income:** For low income households (defined as being in the lowest 40% of income distribution), spending 30% or more of household income on rent is considered an indicator of housing stress.<sup>i</sup>
- **After Housing Poverty Line (AHPL):** Poverty lines are income levels derived for various household types against which poverty can be measured. If a household's income is less than the poverty line applicable to it, then that household is considered to be in poverty.<sup>ii</sup> The AHPL refers to a poverty line with housing costs removed. The figures below show how far above or below the poverty line a household is after paying rent at the median level in dollar terms.

'Min Wage' refers to minimum wages workers and 'AWE' refers to Average Weekly Earnings. Examples of the former include child care, retail and hospitality workers, while the latter includes workers such as nurses, teachers and administrative workers.

The TUV Private Rental Affordability Bulletin draws on data provided by the Office of Housing.<sup>iii</sup>

## Analysis

### Melbourne – all suburbs

Household Type	Property Type	Affordable Rent		Median Rent		
		Rent (30% of Total Income)	% of Median Rent	Rent	% of Income	Difference from AHPL
Single - Austudy	1 BR Flat	\$60.00	20.7%	\$290.00	>100%	(\$216.02)
Single (>21yrs) - Newstart [Sharing]	2 BR Flat	\$77.00	44.0%	\$175.00	63.3%	(\$114.77)
Single - Aged Pension	1 BR Flat	\$126.00	43.4%	\$290.00	68.6%	(\$83.17)
Single Parent (1 child) - Parenting	2 BR Flat	\$153.00	43.7%	\$350.00	67.9%	(\$162.77)

Couple (2 children) – Newstart	3 BR House	\$206.00	60.6%	\$340.00	49.5%	(\$218.27)
Couple (2 children) - AWE	3 BR House	\$398.00	117.1%	\$340.00	25.6%	\$337.48
Couple (2 children) - Min Wage	3 BR House	\$270.00	79.4%	\$340.00	37.8%	(\$89.25)

## Balwyn

Household Type	Property Type	Affordable Rent		Rent	Median Rent	Difference from AHPL
		Rent (30% of Total Income)	% of Median Rent		% of Income	
Single - Austudy	1 BR Flat	\$60.00	21.1%	\$285.00	112.8%	(\$216.02)
Single (>21yrs) Sharing – Newstart	2 BR Flat	\$77.00	42.8%	\$180.00	65.2%	(\$119.77)
Single - Aged Pension	1 BR Flat	\$126.00	44.2%	\$285.00	67.4%	(\$78.17)
Single Parent (1 child) - Parenting	2 BR Flat	\$153.00	42.5%	\$360.00	69.8%	(\$172.77)
Couple (2 children) - Newstart	3 BR House	\$206.00	42.9%	\$480.00	69.9%	(\$358.27)
Couple (2 children) – AWE	3 BR House	\$398.00	82.9%	\$480.00	36.2%	\$197.48
Couple (2 children) - Min Wage	3 BR House	\$270.00	56.3%	\$480.00	53.3%	(\$229.25)

## Broadmeadows

Household Type	Property Type	Affordable Rent		Rent	Median Rent	Difference from AHPL
		Rent (30% of Total Income)	% of Median Rent		% of Income	
Single - Austudy	1 BR Flat	\$60.00	25.8%	\$233.00	92.3%	(\$196.47)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$77.00	52.4%	\$147.00	53.2%	(\$86.77)
Single - Aged Pension	1 BR Flat	\$126.00	54.1%	\$233.00	55.1%	(\$26.17)
Single Parent (1 child) - Parenting	2 BR Flat	\$153.00	52.2%	\$293.00	56.8%	(\$105.77)
Couple (2 children) – Newstart	3 BR House	\$206.00	58.9%	\$350.00	51.0%	(\$228.27)
Couple (2 children) - AWE	3 BR House	\$398.00	113.7%	\$350.00	26.4%	\$327.48
Couple (2 children) - Min Wage	3 BR House	\$270.00	77.1%	\$350.00	38.9%	(\$99.25)

## Brunswick

Household Type	Property Type	Affordable Rent		Rent	Median Rent	Difference from AHPL
		Rent (30% of Total Income)	% of Median Rent		% of Income	
Single – Austudy	1 BR Flat	\$60.00	22.2%	\$270.00	106.9%	(\$216.02)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$77.00	44.0%	\$175.00	63.3%	(\$114.77)
Single - Aged Pension	1 BR Flat	\$126.00	46.7%	\$270.00	63.9%	(\$63.17)
Single Parent (1 child) - Parenting	2 BR Flat	\$153.00	43.7%	\$350.00	67.9%	(\$162.77)
Couple (2 children) - Newstart	3 BR House	\$206.00	37.5%	\$550.00	80.1%	(\$428.27)
Couple (2 children) - AWE	3 BR House	\$398.00	72.4%	\$550.00	41.5%	\$127.48
Couple (2 children) - Min Wage	3 BR House	\$270.00	49.1%	\$550.00	61.1%	(\$299.25)

## Dandenong

Household Type	Property Type	Affordable Rent		Rent	Median Rent	Difference from AHPL
		Rent (30% of Total Income)	% of Median Rent		% of Income	
Single – Austudy	1 BR Flat	\$60.00	28.6%	\$210.00	83.2%	(\$173.47)
Single (>21yrs) Sharing – Newstart	2 BR Flat	\$77.00	61.6%	\$125.00	45.2%	(\$64.77)
Single - Aged Pension	1 BR Flat	\$126.00	60.0%	\$210.00	49.7%	(\$3.17)

Single Parent (1 child) - Parenting	2 BR Flat	\$153.00	61.2%	\$250.00	48.5%	(\$62.77)
Couple (2 children) - Newstart	3 BR House	\$206.00	63.4%	\$325.00	47.3%	(\$203.27)
Couple (2 children) - AWE	3 BR House	\$398.00	122.5%	\$325.00	24.5%	\$352.48
Couple (2 children) - Min Wage	3 BR House	\$270.00	83.1%	\$325.00	36.1%	(\$74.25)

## Frankston

Household Type	Property Type	Affordable Rent		Rent	Median Rent	Difference from AHPL
		Rent (30% of Total Income)	% of Median Rent		% of Income	
Single - Austudy	1 BR Flat	\$60.00	31.6%	\$190.00	75.2%	(\$153.4)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$77.00	59.2%	\$130.00	47.1%	(\$69.77)
Single - Aged Pension	1 BR Flat	\$126.00	66.3%	\$190.00	44.9%	\$16.83
Single Parent (1 child) - Parenting	2 BR Flat	\$153.00	58.8%	\$260.00	50.4%	(\$72.77)
Couple (2 children) - Newstart	3 BR House	\$206.00	64.4%	\$320.00	46.6%	(\$198.27)
Couple (2 children) - AWE	3 BR House	\$398.00	124.4%	\$320.00	24.1%	\$357.48
Couple (2 children) - Min Wage	3 BR House	\$270.00	84.4%	\$320.00	35.6%	(\$69.25)

## Preston

Household Type	Property Type	Affordable Rent		Rent	Median Rent	Difference from AHPL
		Rent (30% of Total Income)	% of Median Rent		% of Income	
Single - Austudy	1 BR Flat	\$60.00	30.0%	\$200.00	79.2%	(\$163.4)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$77.00	45.3%	\$170.00	61.5%	(\$109.7)
Single - Aged Pension	1 BR Flat	\$126.00	63.0%	\$200.00	47.3%	\$6.83
Single Parent (1 child) - Parenting	2 BR Flat	\$153.00	45.0%	\$340.00	66.0%	(\$152.7)
Couple (2 children) - Newstart	3 BR House	\$206.00	53.5%	\$385.00	56.1%	(\$263.2)
Couple (2 children) - AWE	3 BR House	\$398.00	103.4%	\$385.00	29.0%	\$292.48
Couple (2 children) - Min Wage	3 BR House	\$270.00	70.1%	\$385.00	42.8%	(\$134.2)

## Ringwood

Household Type	Property Type	Affordable Rent		Rent	Median Rent	Difference from AHPL
		Rent (30% of Total Income)	% of Median Rent		% of Income	
Single - Austudy	1 BR Flat	\$60.00	25.2%	\$238.00	94.2%	(\$201.47)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$77.00	51.3%	\$150.00	54.3%	(\$89.77)
Single - Aged Pension	1 BR Flat	\$126.00	52.9%	\$238.00	56.3%	(\$31.17)
Single Parent (1 child) - Parenting	2 BR Flat	\$153.00	51.0%	\$300.00	58.2%	(\$112.77)
Couple (2 children) - Newstart	3 BR House	\$206.00	56.4%	\$365.00	53.2%	(\$243.27)
Couple (2 children) - AWE	3 BR House	\$398.00	109.0%	\$365.00	27.5%	\$312.48
Couple (2 children) - Min Wage	3 BR House	\$270.00	74.0%	\$365.00	40.6%	(\$114.25)

## St Kilda East

Household Type	Property Type	Affordable Rent		Rent	Median Rent	Difference from AHPL
		Rent (30% of Total Income)	% of Median Rent		% of Income	
Single - Austudy	1 BR Flat	\$60.00	21.4%	\$280.00	110.9%	(\$216.02)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$77.00	40.5%	\$190.00	68.8%	(\$129.77)

Single - Aged Pension	1 BR Flat	\$126.00	45.0%	\$280.00	<b>66.2%</b>	<b>(\$73.17)</b>
Single Parent (1 child) - Parenting	2 BR Flat	\$153.00	40.3%	\$380.00	<b>73.7%</b>	<b>(\$192.77)</b>
Couple (2 children) - Newstart	3 BR House	\$206.00	31.2%	\$660.00	<b>96.1%</b>	<b>(\$538.27)</b>
Couple (2 children) - AWE	3 BR House	\$398.00	60.3%	\$660.00	49.8%	\$17.48
Couple (2 children) - Min Wage	3 BR House	\$270.00	40.9%	\$660.00	<b>73.3%</b>	<b>(\$409.25)</b>

## Sunshine

Household Type	Property Type	Affordable Rent		Rent	Median Rent	Difference from AHPL
		Rent (30% of Total Income)	% of Median Rent		% of Income	
Single – Austudy	1 BR Flat	\$60.00	30.0%	\$200.00	<b>79.2%</b>	<b>(\$163.47)</b>
Single (>21yrs) Sharing – Newstart	2 BR Flat	\$77.00	61.6%	\$125.00	45.2%	<b>(\$64.77)</b>
Single - Aged Pension	1 BR Flat	\$126.00	63.0%	\$200.00	47.3%	\$6.83
Single Parent (1 child) - Parenting	2 BR Flat	\$153.00	61.2%	\$250.00	48.5%	<b>(\$62.77)</b>
Couple (2 children) - Newstart	3 BR House	\$206.00	69.1%	\$298.00	43.4%	<b>(\$176.27)</b>
Couple (2 children) - AWE	3 BR House	\$398.00	133.6%	\$298.00	22.5%	\$379.48
Couple (2 children) - Min Wage	3 BR House	\$270.00	90.6%	\$298.00	33.1%	<b>(\$47.25)</b>

## Notes

- i A 'housing first' measure of affordability originally derived from commercial lending terms. The assumption is that housing costs have first priority out of the household income.
- ii The Henderson Commission of Inquiry into Poverty (1975) established the poverty line, based on a benchmark income of \$62.70 for a family of two adults and two dependent children in the September quarter of 1973. This amount was the disposable income required to support the basic needs of a family of this size. Poverty lines for other household types are derived from this benchmark figures using equivalence scales. Since then, the Melbourne Institute of Applied Economic and Social Research has updated the HPL using an index of per capita household disposable income, calculated using estimates provided by the Australian Bureau of Statistics (ABS). Thus, because the index is based on estimates, the poverty lines themselves are estimates. Also, updating poverty lines according to changes in household disposable income means that the poverty lines are relative levels of poverty - as real incomes rise, so will poverty lines. The value of the poverty lines will therefore be generally stable relative to general standards of living.
- iii Office of Housing Rental Report June Quarter 2011.