

# Private Rental Affordability Bulletin Regional Victoria (March Quarter 2012)



## Key findings

This issue of TUV's Private Rental Affordability Bulletin demonstrates that regional Victoria is experiencing ongoing problems of affordability in rental housing. Low income households are considered to be in housing stress when rental costs exceed 30 per cent of their weekly income. TUV's survey of regional rental markets for the March quarter 2012 shows that low income households would struggle to afford median rents for suitable housing in all of the nine locations tabled below.

Geelong remains the most expensive rental market with median rents sitting well above the 30 per cent of income threshold for all low income household types modelled below. Students relocating to Geelong to attend University or TAFE would find the median rent for a one bedroom flat would consume 70 per cent of their weekly income. Young people on Newstart would spend 47 per cent of income to pay for a share in a two bedroom flat at the median rent. Other regional centres with universities such as Ballarat, Bendigo, Wodonga and Warrnambool are also increasingly difficult for students to afford. The median rent on a one bedroom flat in all regional areas surveyed would consume around half the weekly income of an Austudy recipient.

Figures from the latest State Government Rental Report add detail to this picture showing that the proportion of affordable rental lettings in regional Victoria has continued to fall over the quarter to a record low 54.4 per cent. A low regional vacancy rate of 1.5 per cent is also indicative of continuing tight supply in rental housing in regional markets. Geelong, the most expensive rental market surveyed here also recorded the lowest (22%) of affordable lettings in regional Victoria for the March quarter<sup>i</sup>

What these figures tell us is that regional renters are increasingly facing similar affordability problems to their metropolitan counterparts. Regional housing markets have been affected to varying degrees by the same house price boom and subsequent affordability pressures that have influenced metropolitan housing markets. In addition, renters in regional areas are faced with other difficulties including, smaller supplies of rental housing, a shortage of one and two bedroom properties and a lack of public and social housing alternatives. Low income households in regional centres are forced to compete in increasingly tight rental markets in which they are easily outbid by more affluent renters. Renters in regional towns often also report feeling unfairly overlooked for rental properties by real estate agents or landlords who are able to exercise a great deal of control over small regional markets.

## Methodology

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

- **30% of Total Income (30%TI):** 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>ii</sup>
- **After Housing Poverty Line (AHPL):** Poverty lines are income levels derived for various household types against which poverty can be measured. Simply, if a household's income is less than the poverty line applicable to it, then that household is considered to be in poverty.<sup>iii</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 data provided by the Office of Housing and a range of income data sources.<sup>iv</sup>

## Analysis

### Ballarat

Household Type	Property Type	Affordable Rent		Median Rent		Difference from AHPL
		Rent (30%TI <sup>1</sup> )	% of MR	Rent	% of Income	
Single - Austudy	1 BR Flat	\$63.00	42.0%	\$150.00	57.5%	(\$116.53)
Single - Newstart	1 BR Flat	\$79.00	52.7%	\$150.00	49.5%	(\$74.48)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$79.00	71.8%	\$110.00	38.8%	(\$54.38)
Single - Aged Pension	1 BR Flat	\$130.00	86.7%	\$150.00	34.6%	\$56.52
Single Parent (1 child) - Parenting	2 BR Flat	\$156.00	70.9%	\$220.00	41.9%	(\$40.86)
Couple (2 children) - Newstart	3 BR House	\$217.00	80.4%	\$270.00	37.4%	(\$142.42)
Couple (2 children) - AWE	3 BR House	\$446.00	165.2%	\$270.00	18.2%	\$531.12
Couple (2 children) - Min Wage	3 BR House	\$269.00	99.6%	\$270.00	30.1%	(\$55.89)

### Bendigo

Household Type	Property Type	Affordable Rent		Median Rent		Difference from AHPL
		Rent (30%TI <sup>1</sup> )	% of MR	Rent	% of Income	
Single - Austudy	1 BR Flat	\$63.00	41.7%	\$151.00	57.8%	(\$117.53)
Single - Newstart	1 BR Flat	\$79.00	52.3%	\$151.00	49.8%	(\$75.48)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$79.00	68.7%	\$115.00	40.6%	(\$59.38)
Single - Aged Pension	1 BR Flat	\$130.00	86.1%	\$151.00	34.8%	\$55.52
Single Parent (1 child) - Parenting	2 BR Flat	\$156.00	67.8%	\$230.00	43.8%	(\$50.86)
Couple (2 children) - Newstart	3 BR House	\$217.00	77.5%	\$280.00	38.8%	(\$152.42)
Couple (2 children) - AWE	3 BR House	\$446.00	159.3%	\$280.00	18.9%	\$521.12
Couple (2 children) - Min Wage	3 BR House	\$269.00	96.1%	\$280.00	31.2%	(\$65.89)

### Geelong

Household Type	Property Type	Affordable Rent		Median Rent		Difference from AHPL
		Rent (30%TI <sup>1</sup> )	% of MR	Rent	% of Income	
Single - Austudy	1 BR Flat	\$63.00	34.1%	\$185.00	70.9%	(\$151.53)
Single - Newstart	1 BR Flat	\$79.00	42.7%	\$185.00	61.0%	(\$109.48)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$79.00	58.5%	\$135.00	47.7%	(\$79.38)
Single - Aged Pension	1 BR Flat	\$130.00	70.3%	\$185.00	42.6%	\$21.52
Single Parent (1 child) - Parenting	2 BR Flat	\$156.00	57.8%	\$270.00	51.4%	(\$90.86)
Couple (2 children) - Newstart	3 BR House	\$217.00	68.9%	\$315.00	43.6%	(\$187.42)
Couple (2 children) - AWE	3 BR House	\$446.00	141.6%	\$315.00	21.2%	\$486.12
Couple (2 children) - Min Wage	3 BR House	\$269.00	85.4%	\$315.00	35.1%	(\$100.89)

### Mildura

Household Type	Property Type	Affordable Rent		Median Rent		Difference from AHPL
		Rent (30%TI <sup>1</sup> )	% of MR	Rent	% of Income	
Single - Austudy	1 BR Flat	\$63.00	48.5%	\$130.00	50.2%	(\$98.56)
Single - Newstart	1 BR Flat	\$79.00	60.8%	\$130.00	43.2%	(\$56.51)

Single (>21yrs) Sharing – Newstart	2 BR Flat	\$79.00	90.3%	\$87.50	32.5%	(\$46.38)
Single - Aged Pension	1 BR Flat	\$130.00	100.0%	\$130.00	30.1%	\$74.50
Single Parent (1 child) - Parenting	2 BR Flat	\$156.00	89.1%	\$175.00	33.3%	\$4.14
Couple (2 children) – Newstart	3 BR House	\$217.00	86.8%	\$250.00	34.6%	(\$122.42)
Couple (2 children) – AWE	3 BR House	\$446.00	178.4%	\$250.00	16.8%	\$551.12
Couple (2 children) - Min Wage	3 BR House	\$269.00	107.6%	\$250.00	27.8%	(\$35.89)

## Shepparton

Household Type	Property Type	Affordable Rent		Median Rent		Difference from AHPL
		Rent (30%TI <sup>1</sup> )	% of MR	Rent	% of Income	
Single – Austudy	1 BR Flat	\$63.00	44.1%	\$143.00	54.8%	(\$109.53)
Single - Newstart	1 BR Flat	\$79.00	55.2%	\$143.00	47.2%	(\$67.48)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$79.00	79.0%	\$100.00	35.9%	(\$49.01)
Single - Aged Pension	1 BR Flat	\$130.00	90.9%	\$143.00	32.9%	\$63.52
Single Parent (1 child) - Parenting	2 BR Flat	\$156.00	78.0%	\$200.00	38.1%	(\$20.86)
Couple (2 children) – Newstart	3 BR House	\$217.00	83.5%	\$260.00	36.0%	(\$132.42)
Couple (2 children) - AWE	3 BR House	\$446.00	171.5%	\$260.00	17.5%	\$541.12
Couple (2 children) - Min Wage	3 BR House	\$269.00	103.5%	\$260.00	29.0%	(\$45.89)

## Swan Hill

Household Type	Property Type	Affordable Rent		Median Rent		Difference from AHPL
		Rent (30%TI <sup>1</sup> )	% of MR	Rent	% of Income	
Single – Austudy	1 BR Flat	\$63.00	52.5%	\$120.00	47.7%	(\$96.06)
Single - Newstart	1 BR Flat	\$79.00	65.8%	\$120.00	40.9%	(\$54.01)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$79.00	83.2%	\$95.00	34.6%	(\$47.76)
Single - Aged Pension	1 BR Flat	\$130.00	108.3%	\$120.00	28.3%	\$77.00
Single Parent (1 child) - Parenting	2 BR Flat	\$156.00	82.1%	\$190.00	36.2%	(\$10.86)
Couple (2 children) – Newstart	3 BR House	\$217.00	86.8%	\$250.00	34.6%	(\$122.42)
Couple (2 children) - AWE	3 BR House	\$446.00	178.4%	\$250.00	16.8%	\$551.12
Couple (2 children) - Min Wage	3 BR House	\$269.00	107.6%	\$250.00	27.8%	(\$35.89)

## Traralgon

Household Type	Property Type	Affordable Rent		Median Rent		Difference from AHPL
		Rent (30%TI <sup>1</sup> )	% of MR	Rent	% of Income	
Single - Austudy	1 BR Flat	\$63.00	43.4%	\$145.00	55.5%	(\$111.53)
Single - Newstart	1 BR Flat	\$79.00	54.5%	\$145.00	47.8%	(\$69.48)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$79.00	85.4%	\$92.50	33.9%	(\$47.63)
Single - Aged Pension	1 BR Flat	\$130.00	89.7%	\$145.00	33.4%	\$61.52
Single Parent (1 child) - Parenting	2 BR Flat	\$156.00	84.3%	\$185.00	35.2%	(\$5.86)
Couple (2 children) - Newstart	3 BR House	\$217.00	80.4%	\$270.00	37.4%	(\$142.42)
Couple (2 children) - AWE	3 BR House	\$446.00	165.2%	\$270.00	18.2%	\$531.12
Couple (2 children) - Min Wage	3 BR House	\$269.00	99.6%	\$270.00	30.1%	(\$55.89)

## Warrnambool

Affordable Rent	Median Rent
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Household Type	Property Type	Affordable Rent		Median Rent		Difference from AHPL
		Rent (30%TI <sup>1</sup> )	% of MR	Rent	% of Income	
Single – Austudy	1 BR Flat	\$63.00	40.6%	\$155.00	59.4%	(\$121.53)
Single - Newstart	1 BR Flat	\$79.00	51.0%	\$155.00	51.1%	(\$79.48)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$79.00	68.7%	\$115.00	40.6%	(\$59.38)
Single - Aged Pension	1 BR Flat	\$130.00	83.9%	\$155.00	35.7%	\$51.52
Single Parent (1 child) - Parenting	2 BR Flat	\$156.00	67.8%	\$230.00	43.8%	(\$50.86)
Couple (2 children) - Newstart	3 BR House	\$217.00	67.8%	\$320.00	44.3%	(\$192.42)
Couple (2 children) - AWE	3 BR House	\$446.00	139.4%	\$320.00	21.5%	\$481.12
Couple (2 children) - Min Wage	3 BR House	\$269.00	84.1%	\$320.00	35.6%	(\$105.89)

## Wodonga

Household Type	Property Type	Affordable Rent		Median Rent		Difference from AHPL
		Rent (30%TI <sup>1</sup> )	% of MR	Rent	% of Income	
Single – Austudy	1 BR Flat	\$63.00	42.0%	\$150.00	57.5%	(\$116.53)
Single - Newstart	1 BR Flat	\$79.00	52.7%	\$150.00	49.5%	(\$74.48)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$79.00	79.0%	\$100.00	35.9%	(\$49.01)
Single - Aged Pension	1 BR Flat	\$130.00	86.7%	\$150.00	34.6%	\$56.52
Single Parent (1 child) - Parenting	2 BR Flat	\$156.00	78.0%	\$200.00	38.1%	(\$20.86)
Couple (2 children) - Newstart	3 BR House	\$217.00	77.5%	\$280.00	38.8%	(\$152.42)
Couple (2 children) - AWE	3 BR House	\$446.00	159.3%	\$280.00	18.9%	\$521.12
Couple (2 children) - Min Wage	3 BR House	\$269.00	96.1%	\$280.00	31.2%	(\$65.89)

Household Type	Income Components	Maximum Total Weekly Income*
Single - Austudy	Austudy CRA	\$261.05
Single (>21 yrs) - Newstart	Newstart CRA	\$303.10
Single (>21yrs) - Newstart [Sharing]	Newstart CRA	\$283.20
Single - Aged Pension	Aged Pension Pharmaceutical Allowance CRA	\$434.10
Single Parent (1 child) - Parenting	Family Tax Benefit A Family Tax Benefit B Parenting Payment Pharmaceutical Allowance CRA	\$524.93
Couple (2 children) - Newstart	Parenting Payment Newstart Family Tax Benefit A (Child 1) Family Tax Benefit A (Child 2) CRA	\$722.52
Couple (2 children) - AWE	Average Weekly Income Family Tax Benefit A (Child 1) Family Tax Benefit A (Child 2) Family Tax Benefit B (Children 5-15) CRA	\$1,485.02
Couple (2 children) - Min Wage	Weekly Minimum Wage	\$898.01

	Family Tax Benefit A (Child 1) Family Tax Benefit A (Child 2) Family Tax Benefit B (Children 5-15) CRA	
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\* Total weekly income may be less than the maximum where households are not eligible for maximum CRA payments.

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<sup>i</sup> Department of Human Services, Rental Report, March quarter 2012

<sup>ii</sup> 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.

<sup>iii</sup> 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.

<sup>iv</sup> Rent data is based on data collected by the Office of Housing available at [www.housing.vic.gov.au](http://www.housing.vic.gov.au). Income data is collected from Centrelink, the Family Assistance Office, Fair Work Australia and the ABS. Full citations are available on request.