

Private Rental Affordability Bulletin

Melbourne (December Quarter 2013)



METHODOLOGY

Affordable housing can be measured in several ways.

The TUV *Private 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.ⁱ
- **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.ⁱⁱ 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.

The TUV Private Rental Affordability Bulletin draws on a range of sources for median rent levels and national income dataⁱⁱⁱ. The Weekly Minimum Wage (WMW) is reviewed annually by Fair Work Australia and represents the minimum wage applicable to employees who aren't covered by an award or agreement, for example in industries such as retail and hospitality. Average Weekly Earnings (AWE) are reported quarterly by the Australian Bureau of Statistics and are based on all occupations and industries.

From September 2013, additional calculations have been applied to income data to provide a more accurate estimate of net income, which limits comparability with previous bulletins.

ANALYSIS

Balwyn		Affordable Rent		Median Rent		
Household Type	Property Type	Rent (30% of Income)	% of Median Rent	Rent	% of Income	Difference from AHPL
Single - Austudy	1 BR Flat	\$63.00	21.4%	\$295.00	111.0%	(\$243.72)
Single - Newstart	1 BR Flat	\$81.00	27.5%	\$295.00	94.4%	(\$226.22)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$81.00	45.0%	\$180.00	61.7%	(\$131.89)
Single - Aged Pension	1 BR Flat	\$141.00	47.8%	\$295.00	62.9%	(\$70.02)
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	46.9%	\$360.00	64.0%	(\$167.47)
Couple (2 children) - Newstart	3 BR House	\$217.00	44.3%	\$490.00	67.8%	(\$404.12)
Couple (2 children) - AWE	3 BR House	\$377.00	76.9%	\$490.00	38.9%	\$35.83
Couple (2 children) - Min Wage	3 BR House	\$268.00	54.7%	\$490.00	54.9%	(\$330.13)

In Balwyn, rental prices mostly decreased or remained stable over the quarter but are still critically unaffordable for low income households, particularly for singles. A single student receiving Austudy allowance would spend more than 100 per cent of their income on median rent for a one bedroom flat (little change since September 2013), and would be \$243.72 per week below the AHPL. An aged pensioner living alone would spend 62.9 per cent of their income on rent (no change from September 2013). Even a couple with children earning an average weekly wage, the only household type not to fall below the AHPL would spend almost 40 per cent of their income on rent for a three bedroom house.

Broadmeadows		Affordable Rent		Median Rent		
Household Type	Property Type	Rent (30% of Income)	% of Median Rent	Rent	% of Income	Difference from AHPL
Single - Austudy	1 BR Flat	\$63.00	31.5%	\$200.00	75.3%	(\$177.97)
Single - Newstart	1 BR Flat	\$81.00	40.5%	\$200.00	64.0%	(\$131.22)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$81.00	54.7%	\$148.00	50.7%	(\$99.89)
Single - Aged Pension	1 BR Flat	\$141.00	70.5%	\$200.00	42.7%	\$24.98
Single Parent (1 child) – Parenting	2 BR Flat	\$169.00	57.3%	\$295.00	52.4%	(\$102.47)
Couple (2 children) – Newstart	3 BR House	\$217.00	70.0%	\$310.00	42.9%	(\$224.12)
Couple (2 children) - AWE	3 BR House	\$377.00	121.6%	\$310.00	24.6%	\$215.83
Couple (2 children) - Min Wage	3 BR House	\$268.00	86.5%	\$310.00	34.7%	(\$150.13)

Broadmeadows rental prices remained stable over the previous quarter; however, seven out of eight household types would remain in housing stress if paying median rent. Singles living alone would spend between 64 and 75 per cent of their income on median rent for a one bedroom flat (up one percentage point from September 2013), or 50.7 per cent of their income to share a two bedroom flat (stable from September 2013).

Brunswick		Affordable Rent		Median Rent		
Household Type	Property Type	Rent (30% of Income)	% of Median Rent	Rent	% of Income	Difference from AHPL
Single - Austudy	1 BR Flat	\$63.00	22.1%	\$285.00	107.2%	(\$243.72)
Single - Newstart	1 BR Flat	\$81.00	28.4%	\$285.00	91.2%	(\$216.22)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$81.00	40.5%	\$200.00	68.5%	(\$151.89)
Single - Aged Pension	1 BR Flat	\$141.00	49.5%	\$285.00	60.8%	(\$60.02)
Single Parent (1 child) – Parenting	2 BR Flat	\$169.00	42.3%	\$400.00	71.1%	(\$207.47)
Couple (2 children) – Newstart	3 BR House	\$217.00	39.5%	\$550.00	76.1%	(\$464.12)
Couple (2 children) – AWE	3 BR House	\$377.00	68.5%	\$550.00	43.7%	(\$24.17)
Couple (2 children) - Min Wage	3 BR House	\$268.00	48.7%	\$550.00	61.6%	(\$390.13)

Brunswick continues to be among the least affordable suburbs for low income renters as rental prices remain unchanged from the previous quarter and all eight household types would face housing stress if paying media rent. Singles living alone would spend more than 90 per cent of their income on median rent for a one bedroom flat (unchanged from September 2013), while single parents would spend over 70 per cent of their income on median rent for a two bedroom flat (unchanged from September 2013). Couples with children receiving Newstart allowance would spend 76.1 per cent of their income on median rent for a three bedroom house, leaving them \$464.12 below the AHPL (unchanged from September 2013).

Dandenong		Affordable Rent		Median Rent		
Household Type	Property Type	Rent (30% of Income)	% of Median Rent	Rent	% of Income	Difference from AHPL
Single – Austudy	1 BR Flat	\$63.00	27.4%	\$230.00	86.5%	(\$207.97)
Single - Newstart	1 BR Flat	\$81.00	35.2%	\$230.00	73.6%	(\$161.22)
Single (>21yrs) Sharing – Newstart	2 BR Flat	\$81.00	60.9%	\$133.00	45.6%	(\$84.89)
Single - Aged Pension	1 BR Flat	\$141.00	61.3%	\$230.00	49.1%	(\$5.02)
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	63.8%	\$265.00	47.1%	(\$72.47)
Couple (2 children) – Newstart	3 BR House	\$217.00	64.8%	\$335.00	46.3%	(\$249.12)
Couple (2 children) – AWE	3 BR House	\$377.00	112.5%	\$335.00	26.6%	\$190.83
Couple (2 children) - Min Wage	3 BR House	\$268.00	80.0%	\$335.00	37.5%	(\$175.13)

Rental prices in Dandenong increased slightly for most housing types over the previous year. In Dandenong, a single student receiving Austudy would spend over 86 per cent of their income on median rent for a one bedroom flat (up from 85 per cent in September 2013), while an aged pensioner living alone would spend almost half of their income on median rent for similar accommodation (unchanged from September 2013).

Frankston		Affordable Rent		Median Rent		
Household Type	Property Type	Rent (30% of Income)	% of Median Rent	Rent	% of Income	Difference from AHPL
Single – Austudy	1 BR Flat	\$63.00	31.5%	\$200.00	75.3%	(\$177.97)
Single - Newstart	1 BR Flat	\$81.00	40.5%	\$200.00	64.0%	(\$131.22)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$81.00	62.3%	\$130.00	44.5%	(\$81.89)
Single - Aged Pension	1 BR Flat	\$141.00	70.5%	\$200.00	42.7%	\$24.98
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	65.0%	\$260.00	46.2%	(\$67.47)
Couple (2 children) – Newstart	3 BR House	\$217.00	67.8%	\$320.00	44.3%	(\$234.12)
Couple (2 children) - AWE	3 BR House	\$377.00	117.8%	\$320.00	25.4%	\$205.83
Couple (2 children) - Min Wage	3 BR House	\$268.00	83.8%	\$320.00	35.9%	(\$160.13)

Rental prices in Frankston remained stable and unaffordable over the previous quarter. Seven out of eight household types would face housing stress in Frankston if paying median rent, with students and singles again worst affected.

Preston		Affordable Rent		Median Rent		
Household Type	Property Type	Rent (30% of Income)	% of Median Rent	Rent	% of Income	Difference from AHPL
Single – Austudy	1 BR Flat	\$63.00	21.7%	\$290.00	109.1%	(\$243.72)
Single - Newstart	1 BR Flat	\$81.00	27.9%	\$290.00	92.8%	(\$221.22)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$81.00	46.3%	\$175.00	60.0%	(\$126.89)
Single - Aged Pension	1 BR Flat	\$141.00	48.6%	\$290.00	61.9%	(\$65.02)
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	48.3%	\$350.00	62.2%	(\$157.47)
Couple (2 children) – Newstart	3 BR House	\$217.00	54.3%	\$400.00	55.3%	(\$314.12)
Couple (2 children) - AWE	3 BR House	\$377.00	94.3%	\$400.00	31.8%	\$125.83
Couple (2 children) - Min Wage	3 BR House	\$268.00	67.0%	\$400.00	44.8%	(\$240.13)

Preston remains among the least affordable suburbs for low income renters. Median rental prices remain unchanged from the September quarter and all household types would experience housing stress paying the median rent. In December 2013, students receiving Austudy allowance would spend more than 100 per cent of their income on median rent for a one bedroom flat (unchanged from September 2013). Singles in share accommodation, aged pensioners living alone and single parents would each spend more than 60 per cent of their income on median rent for suitable accommodation (unchanged since September 2013).

Ringwood		Affordable Rent		Median Rent		
Household Type	Property Type	Rent (30% of Income)	% of Median Rent	Rent	% of Income	Difference from AHPL
Single – Austudy	1 BR Flat	\$63.00	25.2%	\$250.00	94.1%	(\$227.97)
Single – Newstart	1 BR Flat	\$81.00	32.4%	\$250.00	80.0%	(\$181.22)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$81.00	52.3%	\$155.00	53.1%	(\$106.89)
Single - Aged Pension	1 BR Flat	\$141.00	56.4%	\$250.00	53.3%	(\$25.02)
Single Parent (1 child) – Parenting	2 BR Flat	\$169.00	54.5%	\$310.00	55.1%	(\$117.47)
Couple (2 children) – Newstart	3 BR House	\$217.00	58.6%	\$370.00	51.2%	(\$284.12)
Couple (2 children) – AWE	3 BR House	\$377.00	101.9%	\$370.00	29.4%	\$155.83
Couple (2 children) - Min Wage	3 BR House	\$268.00	72.4%	\$370.00	41.5%	(\$210.13)

Rental prices in Ringwood decreased slightly over the previous year and remain unaffordable, with low income students and singles again facing the greatest housing stress. A single student receiving Austudy allowance would spend 94.1 per cent of their income on median rent for a one bedroom flat (up from 92.1 per cent in September 2013). A couple with children receiving Newstart allowance would spend over 51 per cent of their income on median rent for a three bedroom house, leaving them \$284.12 per week below the AHPL (little changed from September 2013).

St Kilda East		Affordable Rent		Median Rent		
Household Type	Property Type	Rent (30% of Income)	% of Median Rent	Rent	% of Income	Difference from AHPL
Single – Austudy	1 BR Flat	\$63.00	21.4%	\$295.00	111.0%	(\$243.72)
Single – Newstart	1 BR Flat	\$81.00	27.5%	\$295.00	94.4%	(\$226.22)
Single (>21yrs) Sharing – Newstart	2 BR Flat	\$81.00	42.6%	\$190.00	65.1%	(\$141.89)
Single - Aged Pension	1 BR Flat	\$141.00	47.8%	\$295.00	62.9%	(\$70.02)
Single Parent (1 child) – Parenting	2 BR Flat	\$169.00	44.5%	\$380.00	67.5%	(\$187.47)
Couple (2 children) – Newstart	3 BR House	\$217.00	32.1%	\$675.00	93.4%	(\$589.12)
Couple (2 children) – AWE	3 BR House	\$377.00	55.9%	\$675.00	53.6%	(\$149.17)
Couple (2 children) - Min Wage	3 BR House	\$268.00	39.7%	\$675.00	75.7%	(\$515.13)

Rental prices in St Kilda East mostly increased slightly over the previous quarter; however, the suburb remains among the least affordable for low income renters with all eight household types profiled here experiencing significant housing stress. Couples with children receiving Newstart allowance would spend 93.4 per cent of their income on median rent for a three bedroom house (up from 92.7 per cent in September 2013), leaving them \$589.12 per week below the AHPL. Even a couple with children on average weekly income would experience significant housing stress, spending 53.6 per cent of their income on median rent for a similar house.

Sunshine		Affordable Rent		Median Rent		
Household Type	Property Type	Rent (30% of Income)	% of Median Rent	Rent	% of Income	Difference from AHPL
Single – Austudy	1 BR Flat	\$63.00	31.5%	\$200.00	75.3%	(\$177.97)
Single – Newstart	1 BR Flat	\$81.00	40.5%	\$200.00	64.0%	(\$131.22)
Single (>21yrs) Sharing – Newstart	2 BR Flat	\$81.00	64.8%	\$125.00	42.8%	(\$76.89)
Single - Aged Pension	1 BR Flat	\$141.00	70.5%	\$200.00	42.7%	\$24.98
Single Parent (1 child) – Parenting	2 BR Flat	\$169.00	67.6%	\$250.00	44.4%	(\$57.47)
Couple (2 children) – Newstart	3 BR House	\$217.00	72.3%	\$300.00	41.5%	(\$214.12)
Couple (2 children) – AWE	3 BR House	\$377.00	125.7%	\$300.00	23.8%	\$225.83
Couple (2 children) - Min Wage	3 BR House	\$268.00	89.3%	\$300.00	33.6%	(\$140.13)

Rental prices in Sunshine remained stable from the previous quarter; however, seven out of eight household types would still experience housing stress if paying median rent and, once again, substantially so for students and singles.

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 Rent data are based on quarterly rental bond payments obtained from the Office of Housing. Income data is collected from Centrelink, the Family Assistance Office, Fair Work Australia and the ABS. Full citations are available on request.

This table summarises the components of total weekly income for the various household types:

Household Type	Income Components	Maximum Total Weekly Income*
Single - Austudy	Austudy CRA	\$265.75
Single (>21 yrs) - Newstart	Newstart CRA	\$312.50
Single (>21yrs) - Newstart [Sharing]	Newstart CRA	\$291.84
Single - Aged Pension	Aged Pension Pharmaceutical Allowance CRA	\$468.70
Single Parent (1 child) - Parenting	Family Tax Benefit A Family Tax Benefit B Parenting Payment Pharmaceutical Allowance CRA	\$562.84
Couple (2 children) - Newstart	Parenting Payment Newstart Family Tax Benefit A (Child 1) Family Tax Benefit A (Child 2) CRA	\$722.99
Couple (2 children) - AWE	Average Weekly Income (1 partner) Family Tax Benefit A (Child 1) Family Tax Benefit A (Child 2) Family Tax Benefit B (Children 5-15) CRA	\$1,258.21
Couple (2 children) - Min Wage	Weekly Minimum Wage (1 partner) Family Tax Benefit A (Child 1) Family Tax Benefit A (Child 2) Family Tax Benefit B (Children 5-15) CRA	\$892.25

* Total weekly income for households in the tables above is less than the maximum where households are not eligible for maximum CRA payments.