

Private Rental Affordability Bulletin

Regional Victoria (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

Ballarat		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	39.4%	\$160.00	60.2%	(\$137.97)
Single - Newstart	1 BR Flat	\$81.00	50.6%	\$160.00	51.2%	(\$91.22)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$81.00	73.6%	\$110.00	37.7%	(\$61.97)
Single - Aged Pension	1 BR Flat	\$141.00	88.1%	\$160.00	34.1%	\$64.98
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	76.8%	\$220.00	39.1%	(\$27.47)
Couple (2 children) - Newstart	3 BR House	\$217.00	80.4%	\$270.00	37.3%	(\$184.12)
Couple (2 children) - AWE	3 BR House	\$377.00	139.6%	\$270.00	21.5%	\$255.83
Couple (2 children) - Min Wage	3 BR House	\$268.00	99.3%	\$270.00	30.3%	(\$110.13)

In Ballarat, median rental prices remained stable for all housing types from the previous year, and rents remain unaffordable for seven out of eight low income households profiled. Students receiving Austudy allowance are worst affected as median rental costs would consume over 60 per cent of their weekly income (up from 59.4 per cent in September 2013). As in all other cities, family households receiving Newstart allowance would be furthest below AHPL if paying median rent (\$184.12 per week under).

Bendigo		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	39.4%	\$160.00	60.2%	(\$137.97)
Single - Newstart	1 BR Flat	\$81.00	50.6%	\$160.00	51.2%	(\$91.22)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$81.00	70.4%	\$115.00	39.4%	(\$66.89)
Single - Aged Pension	1 BR Flat	\$141.00	88.1%	\$160.00	34.1%	\$64.98
Single Parent (1 child) – Parenting	2 BR Flat	\$169.00	73.5%	\$230.00	40.9%	(\$37.47)
Couple (2 children) – Newstart	3 BR House	\$217.00	74.8%	\$290.00	40.1%	(\$204.12)
Couple (2 children) – AWE	3 BR House	\$377.00	130.0%	\$290.00	23.0%	\$235.83
Couple (2 children) - Min Wage	3 BR House	\$268.00	92.4%	\$290.00	32.5%	(\$130.13)

Rental prices in Bendigo were largely unchanged from the September quarter with the exception of the two bedroom flat which decreased by six per cent from the previous quarter. All median rents remain unaffordable for all but one low income household type. Students are again worst affected and would spend more than 60 per cent of their income on median rent for a one bedroom flat (up from 59.4 per cent in September 2013). A single parent would spend 40.9 per cent of their income on median rent for a two bedroom flat (down from 43.5 per cent in September 2013).

Geelong		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	33.2%	\$190.00	71.5%	(\$167.97)
Single - Newstart	1 BR Flat	\$81.00	42.6%	\$190.00	60.8%	(\$121.22)
Single (>21yrs) Sharing – Newstart	2 BR Flat	\$81.00	60.0%	\$135.00	46.3%	(\$86.89)
Single - Aged Pension	1 BR Flat	\$141.00	74.2%	\$190.00	40.5%	\$34.98
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	62.6%	\$270.00	48.0%	(\$77.47)
Couple (2 children) – Newstart	3 BR House	\$217.00	68.9%	\$315.00	43.6%	(\$229.12)
Couple (2 children) – AWE	3 BR House	\$377.00	119.7%	\$315.00	25.0%	\$210.83
Couple (2 children) - Min Wage	3 BR House	\$268.00	85.1%	\$315.00	35.3%	(\$155.13)

The rental market in Geelong is the least affordable of the regional cities profiled and rental prices remained stable from the September quarter. Singles receiving income support would spend between 60 and 71 per cent of their income on median rent for a one bedroom flat (little changed since September 2013), while a single parent would spend almost half of their income on median rent for a two bedroom flat (no change from September 2013).

Mildura		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	45.0%	\$140.00	52.7%	(\$117.97)
Single - Newstart	1 BR Flat	\$81.00	57.9%	\$140.00	44.8%	(\$71.22)
Single (>21yrs) Sharing – Newstart	2 BR Flat	\$81.00	90.0%	\$90.00	32.5%	(\$56.97)
Single - Aged Pension	1 BR Flat	\$141.00	100.7%	\$140.00	29.9%	\$84.98
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	93.9%	\$180.00	32.0%	\$12.53
Couple (2 children) – Newstart	3 BR House	\$217.00	83.5%	\$260.00	36.0%	(\$174.12)
Couple (2 children) – AWE	3 BR House	\$377.00	145.0%	\$260.00	20.7%	\$265.83
Couple (2 children) - Min Wage	3 BR House	\$268.00	103.1%	\$260.00	29.1%	(\$100.13)

In Mildura, rental prices mainly decreased marginally from the previous quarter, but with little impact on overall housing affordability. Five out of eight low income household types would now face housing stress in Mildura if paying median rent (down from six in September 2013). An aged pensioner living alone in a one bedroom flat would now spend 29.9 per cent of their income on median rent (previously above 30 per cent), barely below the 30 per cent housing stress threshold.

Shepparton		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	45.0%	\$140.00	52.7%	(\$117.97)
Single - Newstart	1 BR Flat	\$81.00	57.9%	\$140.00	44.8%	(\$71.22)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$81.00	83.1%	\$97.50	34.5%	(\$59.35)
Single - Aged Pension	1 BR Flat	\$141.00	100.7%	\$140.00	29.9%	\$84.98
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	86.7%	\$195.00	34.6%	(\$2.47)
Couple (2 children) – Newstart	3 BR House	\$217.00	83.5%	\$260.00	36.0%	(\$174.12)
Couple (2 children) - AWE	3 BR House	\$377.00	145.0%	\$260.00	20.7%	\$265.83
Couple (2 children) - Min Wage	3 BR House	\$268.00	103.1%	\$260.00	29.1%	(\$100.13)

Rental prices in Shepparton remained relatively stable in the December quarter and the city remains one of the most affordable in this analysis. Nevertheless, five out of eight household types would spend more than 30 per cent of their income on median rent in Shepparton, with students again worst affected by rental prices.

Swan Hill		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	48.5%	\$130.00	50.0%	(\$113.72)
Single - Newstart	1 BR Flat	\$81.00	62.3%	\$130.00	42.4%	(\$66.97)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$81.00	81.0%	\$100.00	35.2%	(\$59.47)
Single - Aged Pension	1 BR Flat	\$141.00	108.5%	\$130.00	28.1%	\$89.23
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	84.5%	\$200.00	35.5%	(\$7.47)
Couple (2 children) – Newstart	3 BR House	\$217.00	86.8%	\$250.00	34.6%	(\$164.12)
Couple (2 children) - AWE	3 BR House	\$377.00	150.8%	\$250.00	19.9%	\$275.83
Couple (2 children) - Min Wage	3 BR House	\$268.00	107.2%	\$250.00	28.0%	(\$90.13)

The rental market in Swan Hill is the most affordable of the regional cities in this analysis, yet five out of eight low income household types would still experience housing stress if paying median rents. Students receiving Austudy again face the greatest hardship in the rental market, as median rent for a one bedroom flat would consume half of their weekly income (up from 49.3 per cent in September 2013).

Traralgon		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	42.0%	\$150.00	56.4%	(\$127.97)
Single - Newstart	1 BR Flat	\$81.00	54.0%	\$150.00	48.0%	(\$81.22)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$81.00	81.0%	\$100.00	35.2%	(\$59.47)
Single - Aged Pension	1 BR Flat	\$141.00	94.0%	\$150.00	32.0%	\$74.98
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	84.5%	\$200.00	35.5%	(\$7.47)
Couple (2 children) - Newstart	3 BR House	\$217.00	83.5%	\$260.00	36.0%	(\$174.12)
Couple (2 children) - AWE	3 BR House	\$377.00	145.0%	\$260.00	20.7%	\$265.83
Couple (2 children) - Min Wage	3 BR House	\$268.00	103.1%	\$260.00	29.1%	(\$100.13)

Median rental prices in Traralgon mostly increased during the December quarter with the largest increase to be found with three bedroom houses, where median rents increased by eight per cent from the September 2013. Again, housing stress persists for most low income households. Single students receiving Austudy allowance would spend 56.4 per cent their income on median rent for a one bedroom house (up from 52 per cent in September 2013), while couples with children receiving Newstart allowance would be furthest below the AHPL (\$174.12 per week below).

Warrnambool		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	41.2%	\$153.00	57.6%	(\$130.97)
Single - Newstart	1 BR Flat	\$81.00	52.9%	\$153.00	49.0%	(\$84.22)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$81.00	70.4%	\$115.00	39.4%	(\$66.89)
Single - Aged Pension	1 BR Flat	\$141.00	92.2%	\$153.00	32.6%	\$71.98
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	73.5%	\$230.00	40.9%	(\$37.47)
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)

In Warrnambool, rental prices decreased for flats and were largely steady for houses from the previous quarter, and housing stress remained. A single living alone in one bedroom flat would spend between 49 and 58 percent of their income on median rent in Warrnambool, (down slightly from 50 - 59 per cent in September 2013). A single parent would spend 40.9 per cent of their income on median rent for a two bedroom flat (down from 41.8 per cent September 2013).

Wodonga		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	38.7%	\$163.00	61.3%	(\$140.97)
Single - Newstart	1 BR Flat	\$81.00	49.7%	\$163.00	52.2%	(\$94.22)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$81.00	77.1%	\$105.00	36.5%	(\$60.72)
Single - Aged Pension	1 BR Flat	\$141.00	86.5%	\$163.00	34.8%	\$61.98
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	80.5%	\$210.00	37.3%	(\$17.47)
Couple (2 children) - Newstart	3 BR House	\$217.00	77.5%	\$280.00	38.7%	(\$194.12)
Couple (2 children) - AWE	3 BR House	\$377.00	134.6%	\$280.00	22.3%	\$245.83
Couple (2 children) - Min Wage	3 BR House	\$268.00	95.7%	\$280.00	31.4%	(\$120.13)

The rental market in Wodonga is also among the least affordable of the regional cities profiled. The December quarter saw median rental prices decrease marginally from the September quarter. All households receiving income support would experience housing stress in Wodonga if paying median rent. Single students would now spend 61 per cent of their income on median rent for a one bedroom flat (down from 65 per cent in September 2013) and aged pensioners living alone would spend 34.8 per cent of their income on median rent for similar accommodation (down from 37.3 per cent in September 2013).

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 is based 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.