

# Private Rental Affordability Bulletin

## Regional Victoria (March Quarter 2014)



### 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.<sup>i</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>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.

The TUV Private Rental Affordability Bulletin draws on a range of sources for median rent levels and national income data<sup>iii</sup>. 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) is reported quarterly by the Australian Bureau of Statistics and is 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	\$81.00	40.0%	\$160.00	59.4%	(\$136.84)
Single - Newstart	1 BR Flat	\$94.00	50.6%	\$160.00	51.2%	(\$93.54)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$88.00	72.0%	\$112.50	38.5%	(\$67.21)
Single - Aged Pension	1 BR Flat	\$141.00	88.1%	\$160.00	34.1%	\$62.66
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	75.1%	\$225.00	40.0%	(\$36.00)
Couple (2 children) - Newstart	3 BR House	\$217.00	78.9%	\$275.00	38.0%	(\$195.20)
Couple (2 children) - AWE	3 BR House	\$377.00	137.1%	\$275.00	21.9%	\$243.83
Couple (2 children) - Min Wage	3 BR House	\$268.00	97.5%	\$275.00	30.8%	(\$122.13)

In Ballarat, median rental prices remained relatively stable for all housing types from the previous quarter with rents for two bedroom flats and three bedroom houses increasing slightly. 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 almost 60 per cent of their weekly income (down slightly from December 2013). As in all other cities, family households receiving Newstart allowance would be furthest below AHPL if paying median rent (\$195.20 per week under).

<b>Bendigo</b>		<b>Affordable Rent</b>		<b>Median Rent</b>		
<b>Household Type</b>	<b>Property Type</b>	<b>Rent (30% of Income)</b>	<b>% of Median Rent</b>	<b>Rent</b>	<b>% of Income</b>	<b>Difference from AHPL</b>
Single - Austudy	1 BR Flat	\$81.00	38.8%	\$165.00	61.3%	(\$141.84)
Single - Newstart	1 BR Flat	\$94.00	49.1%	\$165.00	52.8%	(\$98.54)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$88.00	68.9%	\$117.50	40.3%	(\$72.21)
Single - Aged Pension	1 BR Flat	\$141.00	85.5%	\$165.00	35.2%	\$57.66
Single Parent (1 child) – Parenting	2 BR Flat	\$169.00	71.9%	\$235.00	41.8%	(\$46.00)
Couple (2 children) – Newstart	3 BR House	\$217.00	74.8%	\$290.00	40.1%	(\$210.20)
Couple (2 children) – AWE	3 BR House	\$377.00	130.0%	\$290.00	23.0%	\$228.83
Couple (2 children) - Min Wage	3 BR House	\$268.00	92.4%	\$290.00	32.5%	(\$137.13)

Rental prices in Bendigo were largely unchanged from the December quarter and remain unaffordable for all but one low-income household type. Students are again worst affected and would spend more than 61 per cent of their income on median rent for a one bedroom flat (up from 60 per cent in December 2013). A single parent would spend 41.8 per cent of their income on median rent for a two bedroom flat (up from 40.9 per cent in December 2013).

<b>Geelong</b>		<b>Affordable Rent</b>		<b>Median Rent</b>		
<b>Household Type</b>	<b>Property Type</b>	<b>Rent (30% of Income)</b>	<b>% of Median Rent</b>	<b>Rent</b>	<b>% of Income</b>	<b>Difference from AHPL</b>
Single – Austudy	1 BR Flat	\$81.00	32.0%	\$200.00	74.3%	(\$176.84)
Single - Newstart	1 BR Flat	\$94.00	40.5%	\$200.00	64.0%	(\$133.54)
Single (>21yrs) Sharing – Newstart	2 BR Flat	\$88.00	60.0%	\$135.00	46.3%	(\$89.21)
Single - Aged Pension	1 BR Flat	\$141.00	70.5%	\$200.00	42.7%	\$22.66
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	62.6%	\$270.00	48.0%	(\$81.00)
Couple (2 children) – Newstart	3 BR House	\$217.00	68.9%	\$315.00	43.6%	(\$235.20)
Couple (2 children) – AWE	3 BR House	\$377.00	119.7%	\$315.00	25.0%	\$203.83
Couple (2 children) - Min Wage	3 BR House	\$268.00	85.1%	\$315.00	35.3%	(\$162.13)

The rental market in Geelong continues to be the least affordable of the regional cities profiled. Rental prices largely remained stable from the December quarter with one bedroom flats registering a slight increase in the median rent. Singles receiving Austudy and Newstart would spend between 64 and 74 per cent of their income on median rent for a one bedroom flat (up from 61 and 71 per cent, respectively, since December 2013), while a single parent would spend almost half of their income on median rent for a two bedroom flat (no change from December 2013).

<b>Mildura</b>		<b>Affordable Rent</b>		<b>Median Rent</b>		
<b>Household Type</b>	<b>Property Type</b>	<b>Rent (30% of Income)</b>	<b>% of Median Rent</b>	<b>Rent</b>	<b>% of Income</b>	<b>Difference from AHPL</b>
Single – Austudy	1 BR Flat	\$81.00	42.7%	\$150.00	55.7%	(\$126.84)
Single - Newstart	1 BR Flat	\$94.00	54.0%	\$150.00	48.0%	(\$83.54)
Single (>21yrs) Sharing – Newstart	2 BR Flat	\$88.00	90.0%	\$90.00	32.5%	(\$59.29)
Single - Aged Pension	1 BR Flat	\$141.00	94.0%	\$150.00	32.0%	\$72.66
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	93.9%	\$180.00	32.0%	\$9.00
Couple (2 children) – Newstart	3 BR House	\$217.00	83.5%	\$260.00	36.0%	(\$180.20)
Couple (2 children) – AWE	3 BR House	\$377.00	145.0%	\$260.00	20.7%	\$258.83
Couple (2 children) - Min Wage	3 BR House	\$268.00	103.1%	\$260.00	29.1%	(\$107.13)

In Mildura, the median rent paid for one bedroom flats increased slightly whilst other housing types were unchanged from the December quarter. Housing affordability continues to be an issue with six out of eight low-income household types profiled facing housing stress if paying median rent (up from five in December 2013). Single occupant households on income support continue to be the worst affected with an aged pensioner living alone in a one bedroom flat would now spend 32 per cent of their income on median rent (previously 29.9 per cent).

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	\$81.00	45.7%	\$140.00	52.0%	(\$116.84)
Single - Newstart	1 BR Flat	\$94.00	57.9%	\$140.00	44.8%	(\$73.54)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$88.00	81.0%	\$100.00	35.2%	(\$61.79)
Single - Aged Pension	1 BR Flat	\$141.00	100.7%	\$140.00	29.9%	\$82.66
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	84.5%	\$200.00	35.5%	(\$11.00)
Couple (2 children) – Newstart	3 BR House	\$217.00	80.4%	\$270.00	37.3%	(\$190.20)
Couple (2 children) - AWE	3 BR House	\$377.00	139.6%	\$270.00	21.5%	\$248.83
Couple (2 children) - Min Wage	3 BR House	\$268.00	99.3%	\$270.00	30.3%	(\$117.13)

Rental prices in Shepparton remain among the most affordable in this analysis even though two bedroom flats and three bedroom houses have edged higher since the December quarter. Nevertheless, six 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	\$81.00	49.2%	\$130.00	49.3%	(\$112.59)
Single - Newstart	1 BR Flat	\$94.00	62.3%	\$130.00	42.4%	(\$69.29)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$88.00	77.1%	\$105.00	36.5%	(\$63.04)
Single - Aged Pension	1 BR Flat	\$141.00	108.5%	\$130.00	28.1%	\$86.91
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	80.5%	\$210.00	37.3%	(\$21.00)
Couple (2 children) – Newstart	3 BR House	\$217.00	86.8%	\$250.00	34.6%	(\$170.20)
Couple (2 children) - AWE	3 BR House	\$377.00	150.8%	\$250.00	19.9%	\$268.83
Couple (2 children) - Min Wage	3 BR House	\$268.00	107.2%	\$250.00	28.0%	(\$97.13)

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 49.3 per cent of their weekly income (down from 50 per cent in December 2013). Couples with dependent children relying on Newstart sit the furthest below the AHPL at \$170.20 (up from \$164.12 in the previous quarter).

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	\$81.00	44.1%	\$145.00	53.9%	(\$121.84)
Single - Newstart	1 BR Flat	\$94.00	55.9%	\$145.00	46.4%	(\$78.54)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$88.00	81.0%	\$100.00	35.2%	(\$61.79)
Single - Aged Pension	1 BR Flat	\$141.00	97.2%	\$145.00	30.9%	\$77.66
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	84.5%	\$200.00	35.5%	(\$11.00)
Couple (2 children) - Newstart	3 BR House	\$217.00	80.4%	\$270.00	37.3%	(\$190.20)
Couple (2 children) - AWE	3 BR House	\$377.00	139.6%	\$270.00	21.5%	\$248.83
Couple (2 children) - Min Wage	3 BR House	\$268.00	99.3%	\$270.00	30.3%	(\$117.13)

Median rental prices in Traralgon for three bedroom houses mostly increased during the December quarter whilst one bedroom flats decreased slightly. Again, housing stress persists for most low-income households. Single students receiving Austudy allowance would spend 53.9 per cent their income on median rent for a one bedroom flat (down from 56.4 per cent in December 2013), while couples with children receiving Newstart allowance would be furthest below the AHPL (\$190.20 per week below).

<b>Warrnambool</b>		<b>Affordable Rent</b>		<b>Median Rent</b>		
<b>Household Type</b>	<b>Property Type</b>	<b>Rent (30% of Income)</b>	<b>% of Median Rent</b>	<b>Rent</b>	<b>% of Income</b>	<b>Difference from AHPL</b>
Single – Austudy	1 BR Flat	\$81.00	37.6%	\$170.00	63.2%	(\$146.84)
Single - Newstart	1 BR Flat	\$94.00	47.6%	\$170.00	54.4%	(\$103.54)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$88.00	70.4%	\$115.00	39.4%	(\$69.21)
Single - Aged Pension	1 BR Flat	\$141.00	82.9%	\$170.00	36.3%	\$52.66
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	73.5%	\$230.00	40.9%	(\$41.00)
Couple (2 children) - Newstart	3 BR House	\$217.00	72.3%	\$300.00	41.5%	(\$220.20)
Couple (2 children) - AWE	3 BR House	\$377.00	125.7%	\$300.00	23.8%	\$218.83
Couple (2 children) - Min Wage	3 BR House	\$268.00	89.3%	\$300.00	33.6%	(\$147.13)

Housing stress remains an issue for all household types profiled other than those earning an average income. A single not receiving the aged pension and living alone in one bedroom flat would spend between 54 and 63 per cent of their income on median rent in Warrnambool, (up from 49-57 per cent in December 2013). A single parent would spend 40.9 per cent of their income on median rent for a two bedroom flat (unchanged from December 2013).

<b>Wodonga</b>		<b>Affordable Rent</b>		<b>Median Rent</b>		
<b>Household Type</b>	<b>Property Type</b>	<b>Rent (30% of Income)</b>	<b>% of Median Rent</b>	<b>Rent</b>	<b>% of Income</b>	<b>Difference from AHPL</b>
Single – Austudy	1 BR Flat	\$81.00	38.8%	\$165.00	61.3%	(\$141.84)
Single - Newstart	1 BR Flat	\$94.00	49.1%	\$165.00	52.8%	(\$98.54)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$88.00	77.1%	\$105.00	36.5%	(\$63.04)
Single - Aged Pension	1 BR Flat	\$141.00	85.5%	\$165.00	35.2%	\$57.66
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	80.5%	\$210.00	37.3%	(\$21.00)
Couple (2 children) - Newstart	3 BR House	\$217.00	77.5%	\$280.00	38.7%	(\$200.20)
Couple (2 children) - AWE	3 BR House	\$377.00	134.6%	\$280.00	22.3%	\$238.83
Couple (2 children) - Min Wage	3 BR House	\$268.00	95.7%	\$280.00	31.4%	(\$127.13)

The rental market in Wodonga is also among the least affordable of the regional cities profiled. The March 2014 quarter saw median rental prices largely stable from the previous quarter. All households receiving income support would experience housing stress in Wodonga if paying median rent with singles and couples with children being among the worst affected. Single students must continue to spend 61 per cent of their income on median rent for a one bedroom flat (unchanged from December 2013) and aged pensioners living alone would spend around 35 per cent of their income on median rent for similar accommodation (relatively unchanged from December 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*
<b>Single - Austudy</b>	Austudy CRA	\$269.20
<b>Single (&gt;21 yrs) - Newstart</b>	Newstart CRA	\$312.50
<b>Single (&gt;21yrs) - Newstart [Sharing]</b>	Newstart CRA	\$291.84
<b>Single - Aged Pension</b>	Aged Pension Pharmaceutical Allowance CRA	\$468.70
<b>Single Parent (1 child) - Parenting</b>	Family Tax Benefit A Family Tax Benefit B Parenting Payment Pharmaceutical Allowance CRA	\$562.84
<b>Couple (2 children) - Newstart</b>	Parenting Payment Newstart Family Tax Benefit A (Child 1) Family Tax Benefit A (Child 2) CRA	\$722.99
<b>Couple (2 children) - AWE</b>	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
<b>Couple (2 children) - Min Wage</b>	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.