



METHODOLOGY

Housing affordability 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) 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		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Single - Austudy	1 BR Flat	\$271.00	\$81.00	\$160.00	59.0%	-\$136.58
Single - Newstart	1 BR Flat	\$322.00	\$96.00	\$160.00	49.8%	-\$85.98
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$300.00	\$90.00	\$115.00	38.3%	-\$62.25
Single - Aged Pension	1 BR Flat	\$484.00	\$145.00	\$160.00	33.1%	\$76.32
Single Parent (1 child) - Parenting	2 BR Flat	\$579.00	\$174.00	\$230.00	39.7%	-\$27.26
Couple (2 children) - Newstart	3 BR House	\$744.00	\$223.00	\$275.00	37.0%	-\$178.53
Couple (2 children) - AWE	3 BR House	\$1,262.00	\$378.00	\$275.00	21.8%	\$242.53
Couple (2 children) - Min Wage	3 BR House	\$916.00	\$275.00	\$275.00	30.0%	-\$102.68

In Ballarat, median rental prices remained stable for all housing types from the previous quarter. 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 59 per cent of their weekly income (unchanged from September 2014). As in all other cities, family households receiving Newstart allowance would be furthest below AHPL if paying median rent (\$178.53 per week under).

Bendigo		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Single - Austudy	1 BR Flat	\$271.00	\$81.00	\$165.00	60.9%	-\$141.58
Single - Newstart	1 BR Flat	\$322.00	\$96.00	\$165.00	51.3%	-\$90.98
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$300.00	\$90.00	\$120.00	40.0%	-\$67.25
Single - Aged Pension	1 BR Flat	\$484.00	\$145.00	\$165.00	34.1%	\$71.32
Single Parent (1 child) – Parenting	2 BR Flat	\$579.00	\$174.00	\$240.00	41.5%	-\$37.26
Couple (2 children) – Newstart	3 BR House	\$744.00	\$223.00	\$285.00	38.3%	-\$188.53
Couple (2 children) – AWE	3 BR House	\$1,262.00	\$378.00	\$285.00	22.6%	\$232.53
Couple (2 children) - Min Wage	3 BR House	\$916.00	\$275.00	\$285.00	31.1%	-\$112.68

Rental prices in Bendigo were largely unchanged from the September quarter and remain unaffordable for all low-income household types other than those earning an average wage. Students are the worst affected and would spend between 51 per cent and 61 per cent of their income on median rent for a one bedroom flat (unchanged from September 2014). Single parents would continue to spend 41.5 per cent of their income on median rent for a two bedroom flat (relatively unchanged from the previous quarter).

Geelong		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Single – Austudy	1 BR Flat	\$271.00	\$81.00	\$200.00	73.8%	-\$176.58
Single - Newstart	1 BR Flat	\$322.00	\$96.00	\$200.00	62.2%	-\$125.98
Single (>21yrs) Sharing – Newstart	2 BR Flat	\$300.00	\$90.00	\$138.00	45.9%	-\$85.25
Single - Aged Pension	1 BR Flat	\$484.00	\$145.00	\$200.00	41.3%	\$36.32
Single Parent (1 child) - Parenting	2 BR Flat	\$579.00	\$174.00	\$275.00	47.5%	-\$72.26
Couple (2 children) – Newstart	3 BR House	\$744.00	\$223.00	\$320.00	43.0%	-\$223.53
Couple (2 children) – AWE	3 BR House	\$1,262.00	\$378.00	\$320.00	25.4%	\$197.53
Couple (2 children) - Min Wage	3 BR House	\$916.00	\$275.00	\$320.00	34.9%	-\$147.68

The rental market in Geelong continues to be the least affordable of the regional cities profiled. Median rental prices are mostly stable since the September quarter. Singles receiving Austudy and Newstart would spend between 62 and 74 per cent of their income on median rent for a one bedroom flat (largely unchanged since September 2014), while a single parent would spend almost half of their income (47.5 per cent) on median rent for a two bedroom flat (no substantial change from previous quarter).

Mildura		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Single – Austudy	1 BR Flat	\$271.00	\$81.00	\$160.00	59.0%	-\$136.58
Single - Newstart	1 BR Flat	\$322.00	\$96.00	\$160.00	49.8%	-\$85.98
Single (>21yrs) Sharing – Newstart	2 BR Flat	\$287.00	\$86.00	\$95.00	33.1%	-\$55.98
Single - Aged Pension	1 BR Flat	\$484.00	\$145.00	\$160.00	33.1%	\$76.32
Single Parent (1 child) - Parenting	2 BR Flat	\$579.00	\$174.00	\$190.00	32.8%	\$12.74
Couple (2 children) – Newstart	3 BR House	\$744.00	\$223.00	\$270.00	36.3%	-\$173.53
Couple (2 children) – AWE	3 BR House	\$1,262.00	\$378.00	\$270.00	21.4%	\$247.53
Couple (2 children) - Min Wage	3 BR House	\$916.00	\$275.00	\$270.00	29.5%	-\$97.68

In Mildura, median rents paid for all housing types are increased slightly over the quarter, with median rents for one bedroom flats rising \$10 (6.7 per cent). Housing affordability continues to be an issue, with six out of eight low-income households profiled facing housing stress if paying median rent. Single occupant households on income support continue to be the worst affected with an aged pensioner living alone in a one bedroom flat needing to spend 33.1 per cent of their income on median rent (up 1.7 per cent from September 2014).

Shepparton		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Single – Austudy	1 BR Flat	\$271.00	\$81.00	\$155.00	57.2%	-\$131.58
Single - Newstart	1 BR Flat	\$322.00	\$96.00	\$155.00	48.2%	-\$80.98
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$294.00	\$88.00	\$105.00	35.7%	-\$58.48
Single - Aged Pension	1 BR Flat	\$484.00	\$145.00	\$155.00	32.0%	\$81.32
Single Parent (1 child) - Parenting	2 BR Flat	\$579.00	\$174.00	\$210.00	36.3%	-\$7.26
Couple (2 children) – Newstart	3 BR House	\$744.00	\$223.00	\$275.00	37.0%	-\$178.53
Couple (2 children) - AWE	3 BR House	\$1,262.00	\$378.00	\$275.00	21.8%	\$242.53
Couple (2 children) - Min Wage	3 BR House	\$916.00	\$275.00	\$275.00	30.0%	-\$102.68

Rental prices in Shepparton remain among the most affordable in this analysis and rents were largely unchanged over the quarter. Seven 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		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Single – Austudy	1 BR Flat	\$266.00	\$80.00	\$135.00	50.8%	-\$116.58
Single - Newstart	1 BR Flat	\$317.00	\$95.00	\$135.00	42.6%	-\$65.98
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$290.00	\$87.00	\$100.00	34.4%	-\$57.23
Single - Aged Pension	1 BR Flat	\$479.00	\$144.00	\$135.00	28.2%	\$96.32
Single Parent (1 child) - Parenting	2 BR Flat	\$579.00	\$174.00	\$200.00	34.5%	\$2.74
Couple (2 children) – Newstart	3 BR House	\$744.00	\$223.00	\$253.00	34.0%	-\$156.53
Couple (2 children) - AWE	3 BR House	\$1,262.00	\$378.00	\$253.00	20.1%	\$264.53
Couple (2 children) - Min Wage	3 BR House	\$916.00	\$275.00	\$253.00	27.6%	-\$80.68

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 more than 50 per cent of their weekly income (unchanged from September 2014). Couples with dependent children relying on Newstart sit the furthest below the AHPL at \$156.53 (down up from \$159.71 in the previous quarter).

Traralgon		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Single – Austudy	1 BR Flat	\$271.00	\$81.00	\$150.00	55.4%	-\$126.58
Single - Newstart	1 BR Flat	\$322.00	\$96.00	\$150.00	46.6%	-\$75.98
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$294.00	\$88.00	\$105.00	35.7%	-\$58.48
Single - Aged Pension	1 BR Flat	\$484.00	\$145.00	\$150.00	31.0%	\$86.32
Single Parent (1 child) - Parenting	2 BR Flat	\$579.00	\$174.00	\$210.00	36.3%	-\$7.26
Couple (2 children) - Newstart	3 BR House	\$744.00	\$223.00	\$280.00	37.7%	-\$183.53
Couple (2 children) - AWE	3 BR House	\$1,262.00	\$378.00	\$280.00	22.2%	\$237.53
Couple (2 children) - Min Wage	3 BR House	\$916.00	\$275.00	\$280.00	30.6%	-\$107.68

Median rental prices in Traralgon are largely unchanged, with only rents for three bedroom house increasing slightly during the quarter. Again, housing stress persists for all household types profiled except for those earning an average wage. Singles studying or on Newstart would spend more than 47 per cent their income on median rent for a one bedroom flat (largely unchanged from June 2014), while couples with children receiving Newstart allowance would be furthest below the AHPL (\$183.53 per week below).

Warrnambool		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Single – Austudy	1 BR Flat	\$271.00	\$81.00	\$183.00	67.5%	-\$159.58
Single - Newstart	1 BR Flat	\$322.00	\$96.00	\$183.00	56.9%	-\$108.98
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$300.00	\$90.00	\$115.00	38.3%	-\$62.25
Single - Aged Pension	1 BR Flat	\$484.00	\$145.00	\$183.00	37.8%	\$53.32
Single Parent (1 child) - Parenting	2 BR Flat	\$579.00	\$174.00	\$230.00	39.7%	-\$27.26
Couple (2 children) - Newstart	3 BR House	\$744.00	\$223.00	\$300.00	40.3%	-\$203.53
Couple (2 children) - AWE	3 BR House	\$1,262.00	\$378.00	\$300.00	23.8%	\$217.53
Couple (2 children) - Min Wage	3 BR House	\$916.00	\$275.00	\$300.00	32.7%	-\$127.68

In Warrnambool, median rents for one bedroom flats and three bedroom houses decreased (the latter \$10 or 3.2 per cent) over the previous quarter. Housing stress remains an issue for seven of the eight household types profiled. A single not receiving the aged pension and living alone in a one bedroom flat would spend between 57 per cent and 68 per cent of their income on median rent in Warrnambool (relatively unchanged from September 2014). A single parent would spend around 40 per cent of their income on median rent for a two bedroom flat (relatively unchanged from June 2014).

Wodonga		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Single – Austudy	1 BR Flat	\$271.00	\$81.00	\$175.00	64.6%	-\$151.58
Single - Newstart	1 BR Flat	\$322.00	\$96.00	\$175.00	54.4%	-\$100.98
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$298.00	\$89.00	\$110.00	36.9%	-\$59.73
Single - Aged Pension	1 BR Flat	\$484.00	\$145.00	\$175.00	36.2%	\$61.32
Single Parent (1 child) - Parenting	2 BR Flat	\$579.00	\$174.00	\$220.00	38.0%	-\$17.26
Couple (2 children) - Newstart	3 BR House	\$744.00	\$223.00	\$295.00	39.7%	-\$198.53
Couple (2 children) - AWE	3 BR House	\$1,262.00	\$378.00	\$295.00	23.4%	\$222.53
Couple (2 children) - Min Wage	3 BR House	\$916.00	\$275.00	\$295.00	32.2%	-\$122.68

The rental market in Wodonga is also among the least affordable of the regional cities profiled. The December 2014 quarter saw median rental prices remain little changed 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 spend 64.6 per cent of their income on median rent for a one bedroom flat and aged pensioners living alone would spend 36.2 per cent of their income on median rent for similar accommodation (unchanged from September 2014).

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	\$271.00
Single (>21 yrs) - Newstart	Newstart CRA	\$321.60
Single (>21yrs) - Newstart [Sharing]	Newstart CRA	\$300.34
Single - Aged Pension	Aged Pension Pharmaceutical Allowance CRA	\$483.90
Single Parent (1 child) - Parenting	Family Tax Benefit A Family Tax Benefit B Parenting Payment Pharmaceutical Allowance CRA	\$578.92
Couple (2 children) - Newstart	Parenting Payment Newstart Family Tax Benefit A (Child 1) Family Tax Benefit A (Child 2) CRA	\$743.68
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	\$1,261.52
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	\$916.31

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