

Private Rental Affordability Bulletin Melbourne (September Quarter 2015)



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 per cent of income distribution), spending 30 per cent 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. The AWE households used in this analysis are not considered to be low income households. They have been included as comparators of affordability.

From September 2015, additional suburbs have been included to widen the analysis to burgeoning suburbs and centres with high proportions of private renters. The new format seeks to highlight the geographical dimensions to (un)affordability by separating the analysis into inner, middle and outer suburbs.^{iv}

ANALYSIS

It is worth noting at the outset that households on average weekly earnings serve as useful comparators to illustrate the stark difference in housing affordability between low income households receiving income support or earning the minimum wage, and those earning an average wage. Even if households earning an average wage are paying close to or more than 30 per cent of their income on housing, they typically remain above the after housing poverty line – with the exception of a few of the suburbs profiled in Melbourne's inner ring. This is particularly so for single person households earning an average wage, which have significant disposable income after paying for housing, even if having to pay 30 per cent or more of their income on rent.

INNER RING:

In the September quarter, the largest increases in the median rents were for three bedroom dwellings: in the CBD (\$30, 3.9 per cent), Hawthorn (\$32, 4.6 per cent) and Footscray (\$20, 4.9 per cent). While one bedroom flats in Brunswick increased \$25 (8.2 per cent) and two bedroom flats in St Kilda East also increased \$15 (3.9 per cent) in the quarter. Median rents remain very high across metropolitan Melbourne's inner ring. As the tables below demonstrate, all inner ring suburbs profiled are characterised by critical unaffordability across all household types; however, there are gradations. Melbourne's CBD is clearly the most unaffordable, followed closely by those in the inner east and north. Footscray, in the inner west, is relatively more affordable but would still be out of reach of the low income households profiled. With the exception of singles earning an average wage and living in Footscray, Hawthorn or St Kilda East, all household types would need to pay more than more than 30 per cent of their income on the median rent for an appropriate dwelling in each suburb.

Households receiving income support are the worst affected. Singles who are studying and not living in Footscray, would need to spend more than 100 per cent of their income to rent a one bedroom flat (as high as 137 per cent in the CBD). Even in Footscray, the same student would be required to part with close to 88 per cent of their income. Singles receiving Newstart would expend around 92 per cent of their income to live in Hawthorn and St Kilda East, or over 100 per cent of their income in Brunswick and the CBD. Living in any of these four suburbs would leave singles on Newstart between \$228 and \$253 below the poverty line. Similarly, singles earning the minimum wage would also experience rental stress in all five suburbs, needing to spend between 40 per cent and 63 per cent of their income on rent.

Meanwhile the inner ring is really unaffordable for families with children. For instance, couples with dependent children and earning the minimum wage would need to spend upwards of 75 per cent of their income to afford median rents in the CBD or inner east. Even couples with children earning an average wage would face rental stress if paying median rents. These families would spend almost 47 per cent of their income for an appropriate dwelling in Brunswick or 57 per cent for a similar size dwelling in Hawthorn, for example. However the situation is much worse for families relying on Newstart, who would face crippling rental stress if they had to pay median rent in the suburbs profiled, leaving them well below the poverty line. For an appropriate three bedroom dwelling at the median rent, the families would be required to pay between 93 per cent and 106 per cent of their weekly income to live in the CBD, Hawthorn or St Kilda East. Even in Footscray, the most affordable of the inner ring suburbs profiled, as much as 57 per cent of their weekly income would be consumed by rent. The dire affordability situation in the inner ring means couples receiving Newstart and with dependent children would be left between \$340 and \$661 below the AHPL.

Brunswick		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	\$278	\$83	\$330	118.9%	(\$253)
Newstart - Single (>21yrs)	1 BR Flat	\$324	\$97	\$330	101.9%	(\$253)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$302	\$91	\$210	69.4%	(\$160)
Newstart - Couple (2 children)	3 BR House	\$751	\$225	\$593	79.0%	(\$503)
Aged Pension - Single	1 BR Flat	\$487	\$146	\$330	67.7%	(\$95)
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$420	71.9%	(\$220)
AWE - Single	1 BR Flat	\$1,077	\$323	\$330	30.6%	\$396
AWE - Couple (2 children)	3 BR House	\$1,269	\$381	\$593	46.7%	(\$84)
Min Wage - Single	1 BR Flat	\$663	\$199	\$330	55.1%	(\$83)
Min Wage - Couple (2 children)	3 BR House	\$934	\$280	\$593	63.5%	(\$418)

CBD		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	\$278	\$83	\$380	136.9%	(\$253)
Newstart - Single (>21yrs)	1 BR Flat	\$324	\$97	\$380	117.4%	(\$253)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$302	\$91	\$268	88.6%	(\$218)
Newstart - Couple (2 children)	3 BR Flat	\$751	\$225	\$800	106.5%	(\$661)
Aged Pension - Single	1 BR Flat	\$487	\$146	\$380	78.0%	(\$145)
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$535	91.6%	(\$335)
AWE - Single	1 BR Flat	\$1,077	\$323	\$380	35.3%	\$346
AWE - Couple (2 children)	3 BR Flat	\$1,269	\$381	\$800	63.1%	(\$291)
Min Wage - Single	1 BR Flat	\$663	\$199	\$380	63.5%	(\$133)
Min Wage - Couple (2 children)	3 BR Flat	\$934	\$280	\$800	85.6%	(\$625)

Footscray		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	\$278	\$83	\$243	87.5%	(\$218)
Newstart - Single (>21yrs)	1 BR Flat	\$324	\$97	\$243	75.0%	(\$172)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$302	\$91	\$173	57.2%	(\$123)
Newstart - Couple (2 children)	3 BR House	\$751	\$225	\$430	57.3%	(\$340)
Aged Pension - Single	1 BR Flat	\$487	\$146	\$243	49.9%	(\$8)
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$345	59.0%	(\$145)
AWE - Single	1 BR Flat	\$1,077	\$323	\$243	22.6%	\$483
AWE - Couple (2 children)	3 BR House	\$1,269	\$381	\$430	33.9%	\$79
Min Wage - Single	1 BR Flat	\$663	\$199	\$243	40.6%	\$4
Min Wage - Couple (2 children)	3 BR House	\$934	\$280	\$430	46.0%	(\$255)

Hawthorn		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	\$278	\$83	\$299	107.7%	(\$253)
Newstart - Single (>21yrs)	1 BR Flat	\$324	\$97	\$299	92.3%	(\$228)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$302	\$91	\$205	67.8%	(\$155)
Newstart - Couple (2 children)	3 BR House	\$751	\$225	\$725	96.6%	(\$635)
Aged Pension - Single	1 BR Flat	\$487	\$146	\$299	61.4%	(\$64)
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$410	70.2%	(\$210)
AWE - Single	1 BR Flat	\$1,077	\$323	\$299	27.8%	\$427
AWE - Couple (2 children)	3 BR House	\$1,269	\$381	\$725	57.1%	(\$216)
Min Wage - Single	1 BR Flat	\$663	\$199	\$299	50.0%	(\$52)
Min Wage - Couple (2 children)	3 BR House	\$934	\$280	\$725	77.6%	(\$550)

St Kilda East		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	\$278	\$83	\$300	108.1%	(\$253)
Newstart - Single (>21yrs)	1 BR Flat	\$324	\$97	\$300	92.6%	(\$229)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$302	\$91	\$200	66.1%	(\$150)
Newstart - Couple (2 children)	3 BR House	\$751	\$225	\$699	93.1%	(\$609)
Aged Pension - Single	1 BR Flat	\$487	\$146	\$300	61.6%	(\$65)
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$400	68.5%	(\$200)
AWE - Single	1 BR Flat	\$1,077	\$323	\$300	27.8%	\$426
AWE - Couple (2 children)	3 BR House	\$1,269	\$381	\$699	55.1%	(\$190)
Min Wage - Single	1 BR Flat	\$663	\$199	\$300	50.1%	(\$53)
Min Wage - Couple (2 children)	3 BR House	\$934	\$280	\$699	74.8%	(\$524)

MIDDLE RING:

The middle ring suburbs of metropolitan Melbourne are, on the whole, much lower than those in the inner ring. Yet rents in the five suburbs profiled below are all unaffordable for all low income household types. Rents were largely stable in the quarter; however, there were significant increases for one bedroom flats in Preston and Ringwood which surged \$35 (13.2 per cent) and \$55 (24.4 per cent), respectively. While all five suburbs are unaffordable for households on low incomes if paying the median rent, Preston, in the north east, and Box Hill and Ringwood in the east, are substantially more expensive than Sunshine and Broadmeadows in the west and north west, respectively.

Eastern Region

In the eastern suburbs of Box Hill and Ringwood, and Preston in the north west, singles on Newstart and living alone would need to spend between 71 per cent and 93 per cent of their income for a one bedroom flat if paying the median rent in these three suburbs. Even singles receiving Newstart and sharing a two bedroom flat would consume between 55 per cent and 62 per cent of their income on housing. Similarly, aged pensioners living alone require 47 per cent of their income to be devoted to renting a one bedroom flat in Box Hill, the cheapest of the three suburbs. While the same aged pensioner would burn through 58 per cent and 62 per cent in Ringwood and Preston, respectively, leaving them below the poverty line. It is a similar story for families receiving income support. For example, a single parent with one child and receiving the parenting payment would expend between 57 per cent and 64 per cent of available income to rent an appropriate two bedroom flat. Even families earning an average wage would experience rental stress if paying the median rent in Preston, Box Hill and Ringwood.

Box Hill		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	\$278	\$83	\$230	82.9%	(\$205)
Newstart - Single (>21yrs)	1 BR Flat	\$324	\$97	\$230	71.0%	(\$159)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$302	\$91	\$187	61.8%	(\$137)
Newstart - Couple (2 children)	3 BR House	\$751	\$225	\$440	58.6%	(\$350)
Aged Pension - Single	1 BR Flat	\$487	\$146	\$230	47.2%	\$5
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$373	63.8%	(\$173)
AWE - Single	1 BR Flat	\$1,077	\$323	\$230	21.3%	\$496
AWE - Couple (2 children)	3 BR House	\$1,269	\$381	\$440	34.7%	\$69
Min Wage - Single	1 BR Flat	\$663	\$199	\$230	38.4%	\$17
Min Wage - Couple (2 children)	3 BR House	\$934	\$280	\$440	47.1%	(\$265)

Preston		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	\$278	\$83	\$300	108.1%	(\$253)
Newstart - Single (>21yrs)	1 BR Flat	\$324	\$97	\$300	92.6%	(\$229)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$302	\$91	\$180	59.5%	(\$130)
Newstart - Couple (2 children)	3 BR House	\$751	\$225	\$425	56.6%	(\$335)
Aged Pension - Single	1 BR Flat	\$487	\$146	\$300	61.6%	(\$65)
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$360	61.6%	(\$160)
AWE - Single	1 BR Flat	\$1,077	\$323	\$300	27.8%	\$426
AWE - Couple (2 children)	3 BR House	\$1,269	\$381	\$425	33.5%	\$84
Min Wage - Single	1 BR Flat	\$663	\$199	\$300	50.1%	(\$53)
Min Wage - Couple (2 children)	3 BR House	\$934	\$280	\$425	45.5%	(\$250)

Ringwood		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	\$278	\$83	\$280	100.9%	(\$253)
Newstart - Single (>21yrs)	1 BR Flat	\$324	\$97	\$280	86.5%	(\$209)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$302	\$91	\$165	54.6%	(\$115)
Newstart - Couple (2 children)	3 BR House	\$751	\$225	\$385	51.3%	(\$295)
Aged Pension - Single	1 BR Flat	\$487	\$146	\$280	57.5%	(\$45)
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$330	56.5%	(\$130)
AWE - Single	1 BR Flat	\$1,077	\$323	\$280	26.0%	\$446
AWE - Couple (2 children)	3 BR House	\$1,269	\$381	\$385	30.3%	\$124
Min Wage - Single	1 BR Flat	\$663	\$199	\$280	46.8%	(\$33)
Min Wage - Couple (2 children)	3 BR House	\$934	\$280	\$385	41.2%	(\$210)

Western Region

Sunshine, in the west, and Broadmeadows, in the north west, provide some relief but they are still unaffordable for the low income households profiled. Singles on income support and living alone would have to spend between 43 per cent and 76 per cent of their income to pay the median rent in Sunshine, and between 48 per cent and 84 per cent of their income to live in Broadmeadows. Singles earning the minimum wage, meanwhile, would be required to part with 35 per cent and 39 per cent of their income, respectively, for a one bedroom flat, leaving them barely above the poverty line after paying for housing. Families with dependent children and on a low income, a particularly vulnerable group, would experience significant rental stress paying the median rent in Sunshine and Broadmeadows. For instance, median rents in these suburbs would consume 43 per cent of the income of couples receiving Newstart and with dependent children, leaving them \$230 below the poverty line. Similarly, couples with dependent children and earning the minimum wage would spend around 34 per cent of their income to pay for median rent on an appropriate three bedroom house.

Broadmeadows		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	\$278	\$83	\$233	83.9%	(\$208)
Newstart - Single (>21yrs)	1 BR Flat	\$324	\$97	\$233	72.0%	(\$162)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$302	\$91	\$160	52.9%	(\$110)
Newstart - Couple (2 children)	3 BR House	\$751	\$225	\$323	43.0%	(\$233)
Aged Pension - Single	1 BR Flat	\$487	\$146	\$233	47.8%	\$2
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$320	54.8%	(\$120)
AWE - Single	1 BR Flat	\$1,077	\$323	\$233	21.6%	\$493
AWE - Couple (2 children)	3 BR House	\$1,269	\$381	\$323	25.5%	\$186
Min Wage - Single	1 BR Flat	\$663	\$199	\$233	38.9%	\$14
Min Wage - Couple (2 children)	3 BR House	\$934	\$280	\$323	34.6%	(\$148)

Sunshine		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	\$278	\$83	\$210	75.6%	(\$185)
Newstart - Single (>21yrs)	1 BR Flat	\$324	\$97	\$210	64.9%	(\$139)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$302	\$91	\$135	44.6%	(\$85)
Newstart - Couple (2 children)	3 BR House	\$751	\$225	\$320	42.6%	(\$230)
Aged Pension - Single	1 BR Flat	\$487	\$146	\$210	43.1%	\$25
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$270	46.2%	(\$70)
AWE - Single	1 BR Flat	\$1,077	\$323	\$210	19.5%	\$516
AWE - Couple (2 children)	3 BR House	\$1,269	\$381	\$320	25.2%	\$189
Min Wage - Single	1 BR Flat	\$663	\$199	\$210	35.1%	\$37
Min Wage - Couple (2 children)	3 BR House	\$934	\$280	\$320	34.3%	(\$145)

OUTER RING:

The outer ring analyses eight suburbs on Melbourne's outer metropolitan fringe – Werribee, Melton and Sunbury on the western and north western fringes, Lilydale in the outer east, and Dandenong, Frankston, Pakenham and Rosebud in the south east. While the outer ring is more affordable than the inner and middle rings, as our analysis illustrates, these areas are still unaffordable for all low income households profiled. Only those households earning an average wage can afford appropriate housing in the eight suburbs analysed. Rents were mainly stable or increased slightly in the September quarter; however, there were a few significant increases in median rents for one bedroom flats. One bedroom flats in Frankston increased \$15 (6.8 per cent) in the quarter while median rents for similar dwellings in Dandenong surged \$60 (28.5 per cent). [**NOTE:** there were no one bedroom flats rented in Pakenham, Rosebud and Sunbury in the September quarter].

Western Region

The outer western region is considered the most affordable region in metropolitan Melbourne. As our analysis shows, however, median rents in urban centres such as Melton, Sunbury and Werribee are all unaffordable for households in low incomes. The situation is particularly severe for singles receiving income support and living alone; these households would be required to pay between 64 per cent and 113 per cent of their income for a one bedroom flat in Melton, or 59 per cent and 104 per cent of their income in Werribee. Even singles receiving the minimum wage would spend between 48 per cent and 53 per cent of their income on median rent for a one bedroom flat in these suburbs. All single low income households profiled would find themselves well below the poverty line if paying median rent.

Strangely, the tables show that median rents for one bedroom flats are higher than those for two bedroom flats and three bedroom dwellings in Melton, while median rents for one bedroom flats in Werribee are higher than those for two bedroom flats. However, these lower rents are still very much unaffordable singles on low incomes. Couples with children receiving income support will also find it unaffordable to pay median rent in the outer western region. Families on Newstart, for example, would have to part with 37 per cent of their income on rent in Melton, while they would part with around 41 per cent and 43 per cent of their income in Werribee and Sunbury, respectively. These families would be left between \$190 and \$230 below the AHPL.

Melton		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	\$278	\$83	\$314	113.1%	(\$253)
Newstart - Single (>21yrs)	1 BR Flat	\$324	\$97	\$314	97.0%	(\$243)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$302	\$91	\$120	39.7%	(\$70)
Newstart - Couple (2 children)	3 BR House	\$751	\$225	\$280	37.3%	(\$190)
Aged Pension - Single	1 BR Flat	\$487	\$146	\$314	64.4%	(\$79)
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$240	41.1%	(\$40)
AWE - Single	1 BR Flat	\$1,077	\$323	\$314	29.1%	\$412
AWE - Couple (2 children)	3 BR House	\$1,269	\$381	\$280	22.1%	\$229
Min Wage - Single	1 BR Flat	\$663	\$199	\$314	52.5%	(\$67)
Min Wage - Couple (2 children)	3 BR House	\$934	\$280	\$280	30.0%	(\$105)

Sunbury		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	-	-	N/A	-	-
Newstart - Single (>21yrs)	1 BR Flat	-	-	N/A	-	-
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$302	\$91	\$145	47.9%	(\$95)
Newstart - Couple (2 children)	3 BR House	\$751	\$225	\$320	42.6%	(\$230)
Aged Pension - Single	1 BR Flat	-	-	N/A	-	-
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$290	49.6%	(\$90)
AWE - Single	1 BR Flat	-	-	N/A	-	-
AWE - Couple (2 children)	3 BR House	\$1,269	\$381	\$320	25.2%	\$189
Min Wage - Single	1 BR Flat	-	-	N/A	-	-
Min Wage - Couple (2 children)	3 BR House	\$934	\$280	\$320	34.3%	(\$145)

Werribee		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	\$278	\$83	\$288	103.7%	(\$253)
Newstart - Single (>21yrs)	1 BR Flat	\$324	\$97	\$288	88.9%	(\$217)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$302	\$91	\$135	44.6%	(\$85)
Newstart - Couple (2 children)	3 BR House	\$751	\$225	\$310	41.3%	(\$220)
Aged Pension - Single	1 BR Flat	\$487	\$146	\$288	59.1%	(\$53)
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$270	46.2%	(\$70)
AWE - Single	1 BR Flat	\$1,077	\$323	\$288	26.7%	\$438
AWE - Couple (2 children)	3 BR House	\$1,269	\$381	\$310	24.4%	\$199
Min Wage - Single	1 BR Flat	\$663	\$199	\$288	48.1%	(\$41)
Min Wage - Couple (2 children)	3 BR House	\$934	\$280	\$310	33.2%	(\$135)

Eastern Region

In the outer east and south east, the affordability situation is more precarious. The median rent for one bedroom flats in Dandenong, Frankston and Lilydale are, surprisingly, lower than similar dwellings in Werribee and Melton in the outer western region. However, these are still unaffordable for singles on low incomes and living alone. Dandenong is the most unaffordable of these three suburbs, with median rents consuming approximately 83 per cent and 97 per cent of the available income for singles on Newstart and Austudy, respectively. In Frankston and Lilydale the situation is not much better with median rents for a similar dwelling consuming between approximately 73 per cent

and 87 per cent for these household types. Even singles earning the minimum wage and living alone cannot afford to pay median rent in these areas. Minimum wage earners would need to spend between 39 per cent and 45 per cent of their income on median rent in Dandenong, Frankston and Lilydale, leaving them basically at, or just below, the poverty.

These three suburbs remain critically unaffordable for low income families also. Couples with children receiving Newstart would need to expend around 45 per cent and 47 per cent of their income on the median rent for a three bedroom house in Frankston and Dandenong, respectively, while consuming 51 per cent for a similar dwelling in Lilydale. In fact, even families receiving an average wage would find themselves in rental stress if paying the median rent on a three bedroom house in Lilydale. Families on Newstart would be left between \$250 and \$293 below the poverty line if paying the median rent in these suburbs.

Even in Pakenham and Rosebud, suburbs a really long way from the CBD, are unaffordable for low income families if having to median rent. For example, a family receiving Newstart would have to pay around 43 per cent and 44 per cent of their income to rent an appropriate three bedroom house in Pakenham and Rosebud, respectively. For similar families receiving the minimum wage, median rent would consume 34 per cent and 35 per cent of their incomes, respectively. Finally, single parents receiving the parenting payment would also face significant rental stress as they would need to spend between 46 per cent and 56 per cent of their income on median rent for an appropriate two bedroom dwelling across the five suburbs analysed.

Dandenong		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	\$278	\$83	\$270	97.3%	(\$245)
Newstart - Single (>21yrs)	1 BR Flat	\$324	\$97	\$270	83.4%	(\$199)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$302	\$91	\$140	46.3%	(\$90)
Newstart - Couple (2 children)	3 BR House	\$751	\$225	\$350	46.6%	(\$260)
Aged Pension - Single	1 BR Flat	\$487	\$146	\$270	55.4%	(\$35)
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$280	47.9%	(\$80)
AWE - Single	1 BR Flat	\$1,077	\$323	\$270	25.1%	\$456
AWE - Couple (2 children)	3 BR House	\$1,269	\$381	\$350	27.6%	\$159
Min Wage - Single	1 BR Flat	\$663	\$199	\$270	45.1%	(\$23)
Min Wage - Couple (2 children)	3 BR House	\$934	\$280	\$350	37.5%	(\$175)

Frankston		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	\$278	\$83	\$235	84.7%	(\$210)
Newstart - Single (>21yrs)	1 BR Flat	\$324	\$97	\$235	72.6%	(\$164)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$302	\$91	\$139	46.0%	(\$89)
Newstart - Couple (2 children)	3 BR House	\$751	\$225	\$340	45.3%	(\$250)
Aged Pension - Single	1 BR Flat	\$487	\$146	\$235	48.2%	(\$0)
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$278	47.6%	(\$78)
AWE - Single	1 BR Flat	\$1,077	\$323	\$235	21.8%	\$491
AWE - Couple (2 children)	3 BR House	\$1,269	\$381	\$340	26.8%	\$169
Min Wage - Single	1 BR Flat	\$663	\$199	\$235	39.3%	\$12
Min Wage - Couple (2 children)	3 BR House	\$934	\$280	\$340	36.4%	(\$165)

Lilydale		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	\$278	\$83	\$240	86.5%	(\$215)
Newstart - Single (>21yrs)	1 BR Flat	\$324	\$97	\$240	74.1%	(\$169)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$302	\$91	\$165	54.6%	(\$115)
Newstart - Couple (2 children)	3 BR House	\$751	\$225	\$383	51.0%	(\$293)
Aged Pension - Single	1 BR Flat	\$487	\$146	\$240	49.3%	(\$5)
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$330	56.5%	(\$130)
AWE - Single	1 BR Flat	\$1,077	\$323	\$240	22.3%	\$486
AWE - Couple (2 children)	3 BR House	\$1,269	\$381	\$383	30.2%	\$126
Min Wage - Single	1 BR Flat	\$663	\$199	\$240	40.1%	\$7
Min Wage - Couple (2 children)	3 BR House	\$934	\$280	\$383	41.0%	(\$208)

Pakenham		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	-	-	N/A	-	-
Newstart - Single (>21yrs)	1 BR Flat	-	-	N/A	-	-
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$302	\$91	\$135	44.6%	(\$85)
Newstart - Couple (2 children)	3 BR House	\$751	\$225	\$320	42.6%	(\$230)
Aged Pension - Single	1 BR Flat	-	-	N/A	-	-
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$270	46.2%	(\$70)
AWE - Single	1 BR Flat	-	-	N/A	-	-
AWE - Couple (2 children)	3 BR House	\$1,269	\$381	\$320	25.2%	\$189
Min Wage - Single	1 BR Flat	-	-	N/A	-	-
Min Wage - Couple (2 children)	3 BR House	\$934	\$280	\$320	34.3%	(\$145)

Rosebud		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	-	-	N/A	-	-
Newstart - Single (>21yrs)	1 BR Flat	-	-	N/A	-	-
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$302	\$91	\$140	46.3%	(\$90)
Newstart - Couple (2 children)	3 BR House	\$751	\$225	\$330	43.9%	(\$240)
Aged Pension - Single	1 BR Flat	-	-	N/A	-	-
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$280	47.9%	(\$80)
AWE - Single	1 BR Flat	-	-	N/A	-	-
AWE - Couple (2 children)	3 BR House	\$1,269	\$381	\$330	26.0%	\$179
Min Wage - Single	1 BR Flat	-	-	N/A	-	-
Min Wage - Couple (2 children)	3 BR House	\$934	\$280	\$330	35.3%	(\$155)

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 DHHS. Income data is collected from Centrelink, the Family Assistance Office, Fair Work Australia and the ABS. Full citations are available on request. The table below summarises the components of total weekly income for the various household types:

Household Type	Income Components	Maximum Total Weekly Income*
Austudy - Single	Austudy CRA	\$277.60
Newstart - Single (>21 yrs)	Newstart CRA	\$323.80
Newstart - Single (>21yrs) [Sharing]	Newstart CRA	\$302.40
Newstart - Couple (2 children)	Newstart Family Tax Benefit A (Child 1) Family Tax Benefit A (Child 2) CRA	\$750.90
Aged Pension - Single	Aged Pension Pharmaceutical Allowance CRA	\$487.25
Parenting - Single Parent (1 child)	Family Tax Benefit A Family Tax Benefit B Parenting Payment Pharmaceutical Allowance CRA	\$584.34
AWE - Single	Average Weekly Income	\$1,077.33
AWE - Couple (2 children)	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	\$1,268.74
Min Wage - Single	Weekly Minimum Wage	\$598.59
Min Wage - Couple (2 children)	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	\$934.10

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

- iv Suburbs have been designated as "Inner", "Middle" or "Outer" based on distance to the Melbourne CBD using criteria set out by AHURI (see Murray S. et al 2015, 'Processes for developing affordable and sustainable medium-density housing models for greyfield precincts: Appendix 1', Australian Housing and Urban Research Institute, p.3). The three regions are categorised as the following:
 - Inner = up to 7km
 - Middle = 7km – 25km
 - Outer = 25km +