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High rents fuel poverty

The Tenants Union of Victoria *Private Rental Affordability Bulletin* for the June quarter of 2010 has revealed the high cost of rental properties is fuelling poverty among low income tenants.

TUV CEO Mark O'Brien said low income tenants struggle to pay rent and often have very little money left over for household essentials.

"The average rental property is unaffordable to low income households, particularly for single job seekers and single pensioners. The average rental property often consumes much more than 30 percent of household income, with many households paying more than double the accepted indicator of rental stress.

"As a result, low income households face the choice of either paying unaffordable rents or forgoing basic necessities. Many are forced to rent substandard or insecure forms of rental housing such as rooming or boarding houses" said Mr O'Brien.

Melbourne's rental market has stabilised somewhat, however it still provides poor prospects for singles in particular. A particularly alarming finding is that the entire incomes of a single job seeker in Melbourne will be consumed by rent even if they share a two bedroom flat. An affordable rent on this income, \$75 a week, while the current median market rent is \$170. This extremely poor outcome for single job seekers has driven the boom in substandard rooming houses as unscrupulous landlords take advantage of this vulnerable segment of the market.

While couples with two children on average incomes were able to achieve affordability at the median rent, those on minimum wages face the prospect of nearly forty percent of their income being consumed by rent alone. An affordable rent for these families is \$269 per week while the median rent for a three bedroom house is \$330.

"The rental market simply isn't delivering affordable housing. We need a bipartisan response to relieving housing related poverty in the private rental market based on increased rent assistance payment and an expansion of Victoria's public and community housing system" said Mr O'Brien.