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Tenants Union of Victoria Ltd
 ACN 081 348 227
 55 Johnston Street
 Fitzroy 3065
 Admin 9411 1444
 Fax 9416 0513



Falling behind – Federal government failing Sydney renters

Assistance to low income renters has not kept pace with Australia’s run away rental market according to research report prepared by RMIT University and released by the Tenants Union of Victoria today.

Falling Behind – The growing gap between rent and rent assistance 1995-2009 analyses the relationship between Commonwealth Rent Assistance (CRA) and housing costs in Australian capital cities between 1995 and 2009. CRA is intended to assist low income renters in meeting their housing costs. The research finds the real value of this assistance has diminished significantly over time.

Policy Worker for the TUV Toby Archer said “Low income renters are falling behind as their incomes remain stagnant and rents continue to grow. The trend of rent assistance lagging behind rent increase is universal for all capital cities and household types. Rent assistance covers a much smaller proportion of rent now than it did in 1995.”

Median real weekly rents across all Australian capital cities have risen by 41 percent from \$164 in 1995 to \$232 in 2009. This means the cost of rental housing has increased by 41 percent more than the general cost of living. During that period, the maximum rate of CRA payments has remained relatively constant in real terms. The median housing price rose by 109 percent in real terms over the same period. “Increasing house prices has caused an affordability crisis in both rental and home purchase markets by diminishing the chances for renters to move into home ownership” said Mr Archer.

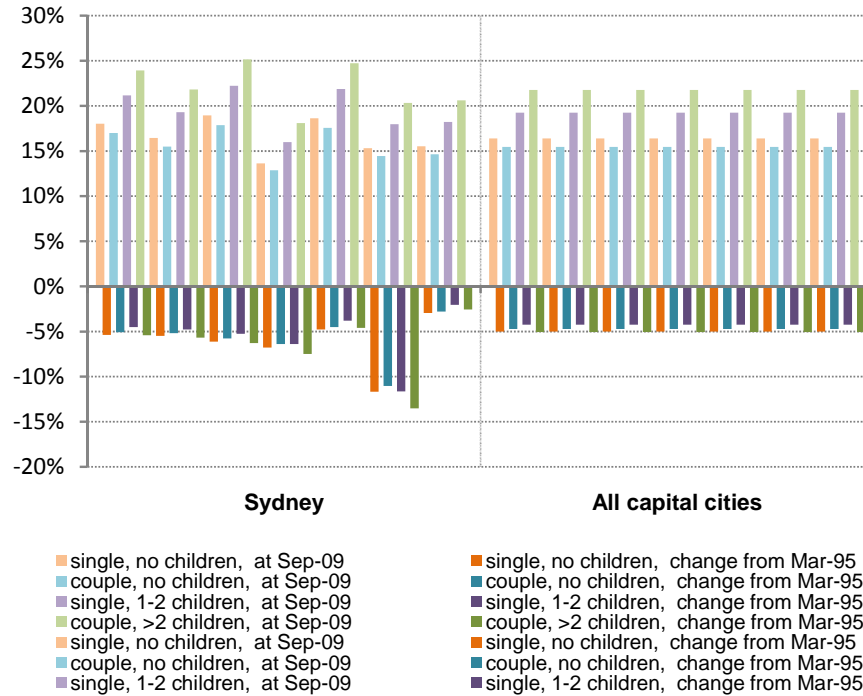
Rent assistance payments have universally lagged behind rent increases in all capital cities and now cover a smaller proportion of rent than in 1995. Perth renters were worst off overall as CRA has not kept up with housing costs fuelled by the resources boom. The effectiveness of rent assistance has been reduced by more than ten percentage points for all categories of recipients.

For tenants in Sydney, CRA is now a smaller proportion of the median weekly rent than in 1995. Maximum CRA for singles was 15.5 percent of the median weekly rent in 2009 compared with 18.5 percent in 1995. Sydney families are also falling behind, with the maximum CRA for families with more than two children just 20.6 percent of the median rent in 2009 compared with 23.2 percent in 1995. See page 2 for further detail.

“Rent assistance is failing Australian renters. It is time the Federal Government reviewed this \$2.6 billion program and ensured it keeps pace with Australia’s rental market” said Mr Archer.

The full report is available from Toby Archer Policy and Liaison Worker. The report details findings for all capital cities.

Change in maximum CRA as percentage of median weekly rent for Sydney, 1995 to 2009



Sources: ABS (2009; 2010; 2010b), Department of Families, Housing, Community Services & Indigenous Affairs (2010), REIA (2010a; 2010b)