

Private Rental Affordability Bulletin Melbourne (March Quarter 2011)



Background

State of the rental market

The TUV Private Rental Affordability Bulletin has found average rental properties are no longer affordable for those households on low incomes.

Melbourne remains one of the least affordable cities for low income households renting. All household types dependent on Centrelink benefits are experiencing a degree of housing stress. Singles and sole parents are spending around two thirds of their income for an average suitably sized property. A couple with two children living on Newstart would pay around half of their income in rent for an average three bedroom property leaving a disposable income which is just \$65 over the poverty line. A couple on average weekly earnings remain only a few percentage points below the 30 percent affordability benchmark paying the median rent for a three bedroom property.

The tables below show how nine suburban rental markets are performing for low income households. For each suburb the tables show dollar figures for an affordable rent and the actual quarterly median rent for suitable properties for a range of household types. The last two columns show the percentage of income consumed by the median rent and measures the household's remaining income against the After Housing Poverty Line.

Methodology

Affordability

Affordable housing can be measured in several ways. The TUV Private Rental Affordability Bulletin draws on two standards:

- **30% of Total Income:** 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. 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.

'Min Wage' refers to minimum wages workers and 'AWE' refers to Average Weekly Earnings. Examples of the former include child care, retail and hospitality workers, while the latter includes workers such as nurses, teachers and administrative workers.

The TUV Private Rental Affordability Bulletin draws on data provided by the Office of Housing.ⁱⁱⁱ

Analysis

Melbourne – all suburbs

Household Type	Property Type	Affordable Rent		Median Rent		
		Rent (30% of Total Income)	% of Median Rent	Rent	% of Income	Difference from AHPL
Single - Austudy	1 BR Flat	\$60.00	20.7%	\$290.00	>100%	(\$207.43)
Single (>21yrs) - Newstart [Sharing]	2 BR Flat	\$76.00	43.4%	\$175.00	64.0%	(\$109.18)
Single - Aged Pension	1 BR Flat	\$124.00	42.8%	\$290.00	69.8%	(\$81.78)
Single Parent (1 child) - Parenting	2 BR Flat	\$149.00	42.6%	\$350.00	69.4%	(\$160.92)
Couple (2 children) – Newstart	3 BR House	\$203.00	59.7%	\$340.00	50.3%	(\$206.24)
Couple (2 children) - AWE	3 BR House	\$388.00	114.1%	\$340.00	26.3%	\$328.70

Couple (2 children) - Min Wage	3 BR House	\$269.00	79.1%	\$340.00	37.9%	(\$65.46)
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Balwyn

Household Type	Property Type	Affordable Rent		Rent	Median Rent	Difference from AHPL
		Rent (30% of Total Income)	% of Median Rent		% of Income	
Single - Austudy	1 BR Flat	\$60.00	25.0%	\$240.00	95.3%	(\$203.22)
Single (>21yrs) Sharing – Newstart	2 BR Flat	\$76.00	42.7%	\$178.00	65.1%	(\$119.92)
Single - Aged Pension	1 BR Flat	\$124.00	51.7%	\$240.00	57.7%	(\$39.52)
Single Parent (1 child) - Parenting	2 BR Flat	\$149.00	42.0%	\$355.00	70.4%	(\$177.69)
Couple (2 children) - Newstart	3 BR House	\$203.00	41.2%	\$493.00	72.9%	(\$379.49)
Couple (2 children) – AWE	3 BR House	\$388.00	78.7%	\$493.00	38.2%	\$152.43
Couple (2 children) - Min Wage	3 BR House	\$269.00	54.6%	\$493.00	54.9%	(\$241.73)

Broadmeadows

Household Type	Property Type	Affordable Rent		Rent	Median Rent	Difference from AHPL
		Rent (30% of Total Income)	% of Median Rent		% of Income	
Single - Austudy	1 BR Flat	\$60.00	30.0%	\$200.00	79.4%	(\$163.22)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$76.00	52.4%	\$145.00	53.1%	(\$86.92)
Single - Aged Pension	1 BR Flat	\$124.00	62.0%	\$200.00	48.1%	\$0.48
Single Parent (1 child) - Parenting	2 BR Flat	\$149.00	51.6%	\$290.00	57.5%	(\$112.69)
Couple (2 children) – Newstart	3 BR House	\$203.00	64.9%	\$313.00	46.3%	(\$199.49)
Couple (2 children) - AWE	3 BR House	\$388.00	124.0%	\$313.00	24.2%	\$332.43
Couple (2 children) - Min Wage	3 BR House	\$269.00	85.9%	\$313.00	34.9%	(\$61.73)

Brunswick

Household Type	Property Type	Affordable Rent		Rent	Median Rent	Difference from AHPL
		Rent (30% of Total Income)	% of Median Rent		% of Income	
Single – Austudy	1 BR Flat	\$60.00	23.1%	\$260.00	103.2%	(\$215.17)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$76.00	41.1%	\$185.00	67.7%	(\$126.92)
Single - Aged Pension	1 BR Flat	\$124.00	47.7%	\$260.00	62.6%	(\$59.52)
Single Parent (1 child) - Parenting	2 BR Flat	\$149.00	40.3%	\$370.00	73.4%	(\$192.69)
Couple (2 children) - Newstart	3 BR House	\$203.00	38.7%	\$525.00	77.7%	(\$411.49)
Couple (2 children) - AWE	3 BR House	\$388.00	73.9%	\$525.00	40.6%	\$120.43
Couple (2 children) - Min Wage	3 BR House	\$269.00	51.2%	\$525.00	58.8%	(\$273.73)

Dandenong

Household Type	Property Type	Affordable Rent		Rent	Median Rent	Difference from AHPL
		Rent (30% of Total Income)	% of Median Rent		% of Income	
Single – Austudy	1 BR Flat	\$60.00	28.2%	\$213.00	84.5%	(\$176.22)
Single (>21yrs) Sharing – Newstart	2 BR Flat	\$76.00	60.8%	\$125.00	45.7%	(\$66.92)
Single - Aged Pension	1 BR Flat	\$124.00	58.2%	\$213.00	51.2%	(\$12.52)
Single Parent (1 child) - Parenting	2 BR Flat	\$149.00	59.6%	\$250.00	49.6%	(\$72.69)
Couple (2 children) - Newstart	3 BR House	\$203.00	63.4%	\$320.00	47.3%	(\$206.49)
Couple (2 children) – AWE	3 BR House	\$388.00	121.3%	\$320.00	24.8%	\$325.43

Couple (2 children) - Min Wage	3 BR House	\$269.00	84.1%	\$320.00	35.6%	(\$68.73)
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Frankston

Household Type	Property Type	Affordable Rent		Rent	Median Rent	Difference from AHPL
		Rent (30% of Total Income)	% of Median Rent		% of Income	
Single – Austudy	1 BR Flat	\$60.00	33.3%	\$180.00	71.4%	(\$143.22)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$76.00	60.8%	\$125.00	45.7%	(\$66.92)
Single - Aged Pension	1 BR Flat	\$124.00	68.9%	\$180.00	43.3%	\$20.48
Single Parent (1 child) - Parenting	2 BR Flat	\$149.00	59.4%	\$251.00	49.8%	(\$73.69)
Couple (2 children) - Newstart	3 BR House	\$203.00	65.5%	\$310.00	45.9%	(\$196.49)
Couple (2 children) - AWE	3 BR House	\$388.00	125.2%	\$310.00	24.0%	\$335.43
Couple (2 children) - Min Wage	3 BR House	\$269.00	86.8%	\$310.00	34.5%	(\$58.73)

Preston

Household Type	Property Type	Affordable Rent		Rent	Median Rent	Difference from AHPL
		Rent (30% of Total Income)	% of Median Rent		% of Income	
Single – Austudy	1 BR Flat	\$60.00	26.7%	\$255.00	89.3%	(\$188.22)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$76.00	43.9%	\$173.00	63.3%	(\$114.92)
Single - Aged Pension	1 BR Flat	\$124.00	55.1%	\$225.00	54.1%	(\$24.52)
Single Parent (1 child) - Parenting	2 BR Flat	\$149.00	43.2%	\$345.00	68.4%	(\$167.69)
Couple (2 children) – Newstart	3 BR House	\$203.00	50.8%	\$400.00	59.2%	(\$286.49)
Couple (2 children) - AWE	3 BR House	\$388.00	97.0%	\$400.00	31.0%	\$245.43
Couple (2 children) - Min Wage	3 BR House	\$269.00	67.3%	\$400.00	44.5%	(\$148.73)

Ringwood

Household Type	Property Type	Affordable Rent		Rent	Median Rent	Difference from AHPL
		Rent (30% of Total Income)	% of Median Rent		% of Income	
Single - Austudy	1 BR Flat	\$60.00	34.7%	\$173.00	68.7%	(\$136.22)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$76.00	52.4%	\$145.00	53.1%	(\$86.92)
Single - Aged Pension	1 BR Flat	\$124.00	71.7%	\$173.00	41.6%	\$27.48
Single Parent (1 child) - Parenting	2 BR Flat	\$149.00	51.4%	\$290.00	57.5%	(\$112.69)
Couple (2 children) - Newstart	3 BR House	\$203.00	56.4%	\$360.00	53.3%	(\$246.49)
Couple (2 children) - AWE	3 BR House	\$388.00	107.8%	\$360.00	27.9%	\$285.43
Couple (2 children) - Min Wage	3 BR House	\$269.00	74.7%	\$360.00	40.1%	(\$108.73)

St Kilda East

Household Type	Property Type	Affordable Rent		Rent	Median Rent	Difference from AHPL
		Rent (30% of Total Income)	% of Median Rent		% of Income	
Single – Austudy	1 BR Flat	\$60.00	21.4%	\$280.00	>100%	(\$215.17)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$76.00	40.0%	\$190.00	69.5%	(\$131.92)
Single - Aged Pension	1 BR Flat	\$124.00	44.3%	\$280.00	67.4%	(\$79.52)
Single Parent (1 child) - Parenting	2 BR Flat	\$149.00	39.2%	\$380.00	75.4%	(\$202.69)
Couple (2 children) - Newstart	3 BR House	\$203.00	31.2%	\$650.00	96.2%	(\$536.49)

Couple (2 children) - AWE	3 BR House	\$388.00	59.7%	\$650.00	50.3%	(\$4.57)
Couple (2 children) - Min Wage	3 BR House	\$269.00	41.4%	\$650.00	72.4%	(\$398.73)

Sunshine

Household Type	Property Type	Affordable Rent		Median Rent	% of Income	Difference from AHPL
		Rent (30% of Total Income)	% of Median Rent			
Single – Austudy	1 BR Flat	\$60.00	30.0%	\$200.00	79.4%	(\$163.22)
Single (>21yrs) Sharing – Newstart	2 BR Flat	\$76.00	60.8%	\$125.00	45.7%	(\$66.92)
Single - Aged Pension	1 BR Flat	\$124.00	62.0%	\$200.00	48.1%	\$0.48
Single Parent (1 child) - Parenting	2 BR Flat	\$149.00	59.6%	\$250.00	49.6%	(\$72.69)
Couple (2 children) - Newstart	3 BR House	\$203.00	67.7%	\$300.00	44.4%	(\$186.49)
Couple (2 children) - AWE	3 BR House	\$388.00	129.3%	\$300.00	23.2%	\$345.43
Couple (2 children) - Min Wage	3 BR House	\$269.00	89.7%	\$300.00	33.4%	(\$48.73)

Incomes^{iv}

Household Type	Income Components	Total Weekly Income
Single - Austudy	Austudy CRA	\$251.95
Single (>21yrs) - Newstart [Sharing]	Newstart CRA	\$292.45
Single - Aged Pension	Aged Pension Pharmaceutical Allowance CRA	\$415.65
Single Parent (1 child) - Parenting	Family Tax Benefit A Family Tax Benefit B Parenting Payment Pharmaceutical Allowance CRA	\$504.25
Couple (2 children) - Newstart	Parenting Payment Newstart Family Tax Benefit A (Child 1) Family Tax Benefit A (Child 2) CRA	\$676.00
Couple (2 children) - AWE	Average Weekly Income Family Tax Benefit A (Child 1) Family Tax Benefit A (Child 2) Family Tax Benefit B (Children 5-15) CRA	\$1,292.03
Couple (2 children) - Min Wage	Weekly Minimum Wage Family Tax Benefit A (Child 1) Family Tax Benefit A (Child 2) Family Tax Benefit B (Children 5-15) CRA	\$897.87

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.

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Office of Housing Rental Report March Quarter 2011.

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Income data is collected from Centrelink, the Family Assistance Office, Fair Work Australia and the ABS. Full citations are available on request.