

# Private Rental Affordability Bulletin Melbourne (September Quarter 2011)



## Key findings

Rent levels in Melbourne have remained relatively stable over the past year. While rental affordability has not decreased, low income households continue to face unaffordable rents for median level rental properties across Melbourne.

Analysis for the September Quarter 2011 shows that rental markets in Balwyn, Brunswick, and St Kilda East are unaffordable for all low income household types modelled. Broadmeadows, Dandenong, Frankston, Preston, Ringwood and Sunshine provide more affordable rental markets but even here, median rents remain above the affordability threshold for most low income household types.

Students, jobseekers, single parents and aged pensioners all face unaffordable median rents for properties of a reasonable size and quality in each of the suburbs surveyed here. These household types are forced to adapt to the market. Typical adaptive strategies include renting lower quality properties below the median rent, sharing accommodation which can lead to overcrowded and insecure living conditions and moving into areas of marginal tenure such as rooming houses, boarding houses and caravan parks.

## Methodology

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.<sup>i</sup>
- **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.<sup>ii</sup> 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.<sup>iii</sup>

## Analysis

### Balwyn

Household Type	Property Type	Affordable Rent		Rent	Median Rent	Difference from AHPL
		(30% of Total Income)	% of Median Rent			
Single - Austudy	1 BR Flat	\$60.00	20.7%	\$290.00	<b>114.2%</b>	(\$216.02)
Single (>21yrs) Sharing – Newstart	2 BR Flat	\$79.00	43.4%	\$182.00	<b>64.3%</b>	(\$114.82)
Single - Aged Pension	1 BR Flat	\$130.00	44.8%	\$290.00	<b>66.8%</b>	(\$71.92)
Single Parent (1 child) - Parenting	2 BR Flat	\$156.00	43.0%	\$363.00	<b>69.2%</b>	(\$166.29)
Couple (2 children) - Newstart	3 BR House	\$217.00	46.2%	\$470.00	<b>65.1%</b>	(\$312.19)
Couple (2 children) – AWE	3 BR House	\$393.00	83.6%	\$470.00	<b>35.9%</b>	\$189.69
Couple (2 children) - Min Wage	3 BR House	\$278.00	59.1%	\$470.00	<b>50.8%</b>	(\$193.19)

## 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	24.0%	\$250.00	<b>98.4%</b>	(\$211.97)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$79.00	54.5%	\$145.00	<b>51.2%</b>	(\$77.82)
Single - Aged Pension	1 BR Flat	\$130.00	52.0%	\$250.00	<b>57.6%</b>	(\$31.92)
Single Parent (1 child) - Parenting	2 BR Flat	\$156.00	53.8%	\$290.00	<b>55.2%</b>	(\$93.29)
Couple (2 children) - Newstart	3 BR House	\$217.00	68.9%	\$315.00	<b>43.6%</b>	(\$157.19)
Couple (2 children) - AWE	3 BR House	\$393.00	124.8%	\$315.00	24.1%	\$344.69
Couple (2 children) - Min Wage	3 BR House	\$278.00	88.3%	\$315.00	<b>34.0%</b>	(\$38.19)

## 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	21.4%	\$280.00	<b>110.2%</b>	(\$216.02)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$79.00	40.5%	\$195.00	<b>68.9%</b>	(\$127.82)
Single - Aged Pension	1 BR Flat	\$130.00	46.4%	\$280.00	<b>64.5%</b>	(\$61.92)
Single Parent (1 child) - Parenting	2 BR Flat	\$156.00	40.0%	\$390.00	<b>74.3%</b>	(\$193.29)
Couple (2 children) - Newstart	3 BR House	\$217.00	39.5%	\$550.00	<b>76.1%</b>	(\$392.19)
Couple (2 children) - AWE	3 BR House	\$393.00	71.5%	\$550.00	<b>42.0%</b>	\$109.69
Couple (2 children) - Min Wage	3 BR House	\$278.00	50.5%	\$550.00	<b>59.4%</b>	(\$273.19)

## 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	26.1%	\$230.00	<b>90.5%</b>	(\$191.97)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$79.00	61.7%	\$128.00	<b>45.2%</b>	(\$60.82)
Single - Aged Pension	1 BR Flat	\$130.00	56.5%	\$230.00	<b>53.0%</b>	(\$11.92)
Single Parent (1 child) - Parenting	2 BR Flat	\$156.00	61.2%	\$255.00	<b>48.6%</b>	(\$58.29)
Couple (2 children) - Newstart	3 BR House	\$217.00	67.8%	\$320.00	<b>44.3%</b>	(\$162.19)
Couple (2 children) - AWE	3 BR House	\$393.00	122.8%	\$320.00	24.4%	\$339.69
Couple (2 children) - Min Wage	3 BR House	\$278.00	86.9%	\$320.00	<b>34.6%</b>	(\$43.19)

## 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	<b>70.9%</b>	(\$141.97)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$79.00	59.4%	\$133.00	<b>47.0%</b>	(\$65.82)
Single - Aged Pension	1 BR Flat	\$130.00	72.2%	\$180.00	<b>41.5%</b>	\$38.08
Single Parent (1 child) - Parenting	2 BR Flat	\$156.00	58.9%	\$265.00	<b>50.5%</b>	(\$68.29)
Couple (2 children) - Newstart	3 BR House	\$217.00	67.8%	\$320.00	<b>44.3%</b>	(\$162.19)
Couple (2 children) - AWE	3 BR House	\$393.00	122.8%	\$320.00	24.4%	\$339.69
Couple (2 children) - Min Wage	3 BR House	\$278.00	86.9%	\$320.00	<b>34.6%</b>	(\$43.19)

## 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	28.6%	\$210.00	<b>82.7%</b>	(\$171.97)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$79.00	46.5%	\$170.00	<b>60.0%</b>	(\$102.82)
Single - Aged Pension	1 BR Flat	\$130.00	61.9%	\$210.00	48.4%	\$8.08
Single Parent (1 child) - Parenting	2 BR Flat	\$156.00	45.9%	\$340.00	<b>64.8%</b>	(\$143.29)
Couple (2 children) – Newstart	3 BR House	\$217.00	54.3%	\$400.00	<b>55.4%</b>	(\$242.19)
Couple (2 children) - AWE	3 BR House	\$393.00	98.3%	\$400.00	30.6%	\$259.69
Couple (2 children) - Min Wage	3 BR House	\$278.00	69.5%	\$400.00	43.2%	(\$123.19)

## 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	41.1%	\$146.00	<b>57.5%</b>	(\$107.97)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$79.00	52.7%	\$150.00	<b>53.0%</b>	(\$82.82)
Single - Aged Pension	1 BR Flat	\$130.00	89.0%	\$146.00	33.6%	\$72.08
Single Parent (1 child) - Parenting	2 BR Flat	\$156.00	52.0%	\$300.00	<b>57.2%</b>	(\$103.29)
Couple (2 children) - Newstart	3 BR House	\$217.00	60.3%	\$360.00	49.8%	(\$202.19)
Couple (2 children) - AWE	3 BR House	\$393.00	109.2%	\$360.00	27.5%	\$299.69
Couple (2 children) - Min Wage	3 BR House	\$278.00	77.2%	\$360.00	38.9%	(\$83.19)

## 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	21.2%	\$283.00	<b>111.4%</b>	(\$216.02)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$79.00	43.2%	\$183.00	<b>64.6%</b>	(\$115.82)
Single - Aged Pension	1 BR Flat	\$130.00	45.9%	\$283.00	<b>65.2%</b>	(\$64.92)
Single Parent (1 child) - Parenting	2 BR Flat	\$156.00	42.7%	\$365.00	<b>69.5%</b>	(\$168.29)
Couple (2 children) - Newstart	3 BR House	\$217.00	33.8%	\$642.00	<b>88.9%</b>	(\$484.19)
Couple (2 children) - AWE	3 BR House	\$393.00	61.2%	\$642.00	49.1%	\$17.69
Couple (2 children) - Min Wage	3 BR House	\$278.00	43.3%	\$642.00	<b>69.3%</b>	(\$365.19)

## Sunshine

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	31.6%	\$190.00	<b>74.8%</b>	(\$151.97)
Single (>21yrs) Sharing – Newstart	2 BR Flat	\$79.00	63.2%	\$125.00	44.1%	(\$57.82)
Single - Aged Pension	1 BR Flat	\$130.00	68.4%	\$190.00	43.8%	\$28.08
Single Parent (1 child) - Parenting	2 BR Flat	\$156.00	62.4%	\$250.00	47.6%	(\$53.29)
Couple (2 children) - Newstart	3 BR House	\$217.00	74.8%	\$290.00	40.1%	(\$132.19)
Couple (2 children) - AWE	3 BR House	\$393.00	135.5%	\$290.00	22.2%	\$369.69
Couple (2 children) - Min Wage	3 BR House	\$278.00	95.9%	\$290.00	31.3%	(\$13.19)

Household Type	Income Components	Total Weekly Income
Single - Austudy	Austudy CRA	\$254.05
Single (>21yrs) - Newstart [Sharing]	Newstart CRA	\$303.10
Single - Aged Pension	Aged Pension Pharmaceutical Allowance CRA	\$434.10
Single Parent (1 child) - Parenting	Family Tax Benefit A Family Tax Benefit B Parenting Payment Pharmaceutical Allowance CRA	\$524.93
Couple (2 children) - Newstart	Parenting Payment Newstart Family Tax Benefit A (Child 1) Family Tax Benefit A (Child 2) CRA	\$722.52
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	\$1,308.84
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	\$925.96

## Notes

- <sup>i</sup> 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.
- <sup>ii</sup> 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.
- <sup>iii</sup> Office of Housing Rental Report June Quarter 2011.