

Private Rental Affordability Bulletin

Capital Cities (June Quarter 2010)



State of the rental market

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

- The average rental property is unaffordable to low income households, particularly for single job seekers and single pensioners. The average rental property often consumes considerably more than 30 percent of household income – with many households paying nearly double the accepted indicator of rental stress.
- 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 property such as rooming or boarding houses.

The tables below provide an analysis of rental markets in Adelaide, Brisbane, Canberra, Darwin, Hobart, Melbourne, Perth and Sydney. For each city 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

Affordable housing can be measured in several ways. The TUV Regional Victoria Rental Affordability Bulletin draws on two well recognised standards:

- **30% of Total Income (30%TI):** 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. 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.

'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 supports a practical approach to the issue of affordability, believing that it is best demonstrated by households having sufficient income left over after paying their direct housing costs (i.e. their rent) for the other necessities of life.

The TUV Private Rental Affordability Bulletin draws on a range of sources to provide median rent levels in each state and national income data.ⁱⁱⁱ

Analysis

Adelaide

Household Type	Property Type	Affordable Rent		Rent	% of Income	Difference from AHPL
		Rent (30% of Total Income)	% of Median Rent			
Single - Austudy	1 BR Flat	\$58.00	26.4%	\$220.00	89.7%	(\$169.06)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$75.00	57.7%	\$130.00	48.3%	(\$55.06)
Single - Aged Pension	1 BR Flat	\$121.00	55.0%	\$220.00	54.0%	(\$7.01)
Single Parent (1 child) - Parenting	2 BR Flat	\$148.00	56.9%	\$260.00	52.2%	(\$57.18)
Couple (2 children) - Newstart	3 BR House	\$201.00	67.0%	\$300.00	44.9%	(\$139.09)

Couple (2 children) - AWE	3 BR House	\$379.00	126.3%	\$300.00	23.7%	\$379.95
Couple (2 children) - Min Wage	3 BR House	\$269.00	89.7%	\$300.00	33.4%	\$13.14

Brisbane

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	\$58.00	23.2%	\$250.00	>100%	(\$194.26)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$75.00	44.1%	\$170.00	63.2%	(\$95.06)
Single - Aged Pension	1 BR Flat	\$121.00	48.4%	\$250.00	61.4%	(\$37.01)
Single Parent (1 child) - Parenting	2 BR Flat	\$148.00	43.5%	\$340.00	68.3%	(\$137.18)
Couple (2 children) - Newstart	3 BR House	\$201.00	58.3%	\$345.00	51.6%	(\$184.09)
Couple (2 children) - AWE	3 BR House	\$379.00	109.9%	\$345.00	27.3%	\$334.95
Couple (2 children) - Min Wage	3 BR House	\$269.00	78.0%	\$345.00	38.5%	(\$31.86)

Canberra

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	\$58.00	20.7%	\$280.00	>100%	(\$194.26)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$75.00	40.5%	\$185.00	68.7%	(\$110.06)
Single - Aged Pension	1 BR Flat	\$121.00	43.2%	\$280.00	68.8%	(\$67.01)
Single Parent (1 child) - Parenting	2 BR Flat	\$148.00	40.0%	\$370.00	74.3%	(\$167.18)
Couple (2 children) - Newstart	3 BR House	\$201.00	44.9%	\$447.50	66.9%	(\$287.09)
Couple (2 children) - AWE	3 BR House	\$379.00	84.7%	\$447.50	35.4%	\$231.95
Couple (2 children) - Min Wage	3 BR House	\$269.00	60.1%	\$447.50	49.9%	(\$134.86)

Darwin

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	\$58.00	23.4%	\$248.00	>100%	(\$194.26)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$75.00	30.2%	\$248.00	86.1%	(\$154.16)
Single - Aged Pension	1 BR Flat	\$121.00	48.8%	\$248.00	60.9%	(\$35.01)
Single Parent (1 child) - Parenting	2 BR Flat	\$148.00	38.2%	\$387.00	77.7%	(\$184.18)
Couple (2 children) - Newstart	3 BR House	\$201.00	35.2%	\$571.00	85.4%	(\$410.09)
Couple (2 children) - AWE	3 BR House	\$379.00	66.4%	\$571.00	45.2%	\$108.95
Couple (2 children) - Min Wage	3 BR House	\$269.00	47.1%	\$571.00	63.7%	(\$257.86)

Hobart

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	\$58.00	29.0%	\$200.00	81.6%	(\$149.06)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$75.00	55.6%	\$135.00	50.1%	(\$60.06)
Single - Aged Pension	1 BR Flat	\$121.00	60.5%	\$200.00	49.1%	\$12.99

Single Parent (1 child) – Parenting	2 BR Flat	\$148.00	54.8%	\$270.00	54.2%	(\$67.18)
Couple (2 children) – Newstart	3 BR House	\$201.00	62.8%	\$320.00	47.9%	(\$159.09)
Couple (2 children) - AWE	3 BR House	\$379.00	118.4%	\$320.00	25.3%	\$359.95
Couple (2 children) - Min Wage	3 BR House	\$269.00	84.1%	\$320.00	35.7%	(\$6.86)

Melbourne

Household Type	Property Type	Affordable Rent		Median Rent		
		Rent (30%TI)	% of MR	Rent	% of Income	Difference from AHPL
Single – Austudy	1 BR Flat	\$58.00	20.6%	\$281.00	>100%	(\$194.26)
Single (>21yrs) Sharing – Newstart	2 BR Flat	\$75.00	44.1%	\$170.00	63.2%	(\$95.06)
Single - Aged Pension	1 BR Flat	\$121.00	43.1%	\$281.00	69.0%	(\$68.01)
Single Parent (1 child) - Parenting	2 BR Flat	\$148.00	43.5%	\$340.00	68.3%	(\$137.18)
Couple (2 children) - Newstart	3 BR House	\$201.00	60.9%	\$330.00	49.3%	(\$169.09)
Couple (2 children) - AWE	3 BR House	\$379.00	114.8%	\$330.00	26.1%	\$349.95
Couple (2 children) - Min Wage	3 BR House	\$269.00	81.5%	\$330.00	36.8%	(\$16.86)

Perth

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	\$58.00	20.7%	\$280.00	>100%	(\$194.26)
Single (>21yrs) Sharing – Newstart	2 BR Flat	\$75.00	44.1%	\$170.00	63.2%	(\$95.06)
Single - Aged Pension	1 BR Flat	\$121.00	43.2%	\$280.00	68.8%	(\$67.01)
Single Parent (1 child) – Parenting	2 BR Flat	\$148.00	43.5%	\$340.00	68.3%	(\$137.18)
Couple (2 children) - Newstart	3 BR House	\$201.00	55.8%	\$360.00	53.8%	(\$199.09)
Couple (2 children) - AWE	3 BR House	\$379.00	105.3%	\$360.00	28.5%	\$319.95
Couple (2 children) - Min Wage	3 BR House	\$269.00	74.7%	\$360.00	40.1%	(\$46.86)

Sydney

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	\$58.00	15.3%	\$380.00	>100%	(\$194.26)
Single (>21yrs) Sharing – Newstart	2 BR Flat	\$75.00	36.6%	\$205.00	76.2%	(\$130.06)
Single - Aged Pension	1 BR Flat	\$121.00	31.8%	\$380.00	93.3%	(\$167.01)
Single Parent (1 child) - Parenting	2 BR Flat	\$148.00	36.1%	\$410.00	82.3%	(\$207.18)
Couple (2 children) - Newstart	3 BR House	\$201.00	52.9%	\$380.00	56.8%	(\$219.09)
Couple (2 children) – AWE	3 BR House	\$379.00	99.7%	\$380.00	30.1%	\$299.95
Couple (2 children) - Min Wage	3 BR House	\$269.00	70.8%	\$380.00	42.4%	(\$66.86)

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 is based on data collected by state housing authorities or real estate institutes. Income data is collected from Centrelink, the Family Assistance Office, Fair Work Australia and the ABS. Full citations are available on request.