

Private Rental Affordability Bulletin

Regional Victoria (June Quarter 2011)



Key findings

Low income households continue to face unaffordable rents in most parts of regional Victoria. Low income households experience rental stress when rent consumes more than a third of total household income. Analysis for the June Quarter 2011 shows that rental markets in Ballarat, Bendigo, Geelong, Warrnambool and Wodonga are unaffordable for most of the low income household types modelled in the Affordability Bulletin.

While rents have remained relatively stable across regional Victoria, some low income household types continue to suffer punishing rent levels. Modest increases in rents in Ballarat and Bendigo have caused affordability to decline even further. Rent increases for these cities have been in the range of \$5 to \$10 per week.

Single parents, jobseekers and students face unaffordable rents in all markets, with the median rents for one and two bed room flats consuming virtually all income. These household types generally rent at levels below the median rent, lower quality stock and in the marginal tenure of rooming and boarding houses as a result of high mainstream rents.

Families dependent on a single minimum wage income face median rents which consume more than 30 percent of total household income in formerly affordable cities such as Ballarat, Bendigo, Geelong and Traralgon. Families dependent on higher average weekly earnings also face the prospect of declining rental affordability in most regional centres, however they are the only household type modelled which is not experiencing rental stress.

Methodology

Affordable housing can be measured in several ways. The TUV Rental Affordability Bulletin draws on two 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 Private Rental Affordability Bulletin draws data provided by the Office of Housing and a range of income data sources.ⁱⁱⁱ

Analysis

Ballarat

Household Type	Property Type	Affordable Rent		Median Rent		Difference from AHPL
		Rent (30%TI ¹)	% of MR	Rent	% of Income	
Single – Austudy	1 BR Flat	\$60.00	41.4%	\$145.00	57.4%	(\$108.47)
Single (>21yrs) Sharing – Newstart	2 BR Flat	\$77.00	70.0%	\$110.00	39.8%	(\$49.77)
Single - Aged Pension	1 BR Flat	\$126.00	86.9%	\$145.00	34.3%	\$61.83
Single Parent (1 child) - Parenting	2 BR Flat	\$153.00	69.5%	\$220.00	42.7%	(\$32.77)

Couple (2 children) - Newstart	3 BR House	\$206.00	76.3%	\$270.00	39.3%	(\$148.27)
Couple (2 children) – AWE	3 BR House	\$398.00	147.4%	\$270.00	20.4%	\$407.48
Couple (2 children) - Min Wage	3 BR House	\$270.00	100.0%	\$270.00	30.0%	(\$19.25)

Bendigo

Household Type	Property Type	Affordable Rent		Median Rent		Difference from AHPL
		Rent (\$30%TI ¹)	% of MR	Rent	% of Income	
Single – Austudy	1 BR Flat	\$60.00	40.0%	\$150.00	59.4%	(\$113.47)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$77.00	70.0%	\$110.00	39.8%	(\$49.77)
Single - Aged Pension	1 BR Flat	\$126.00	84.0%	\$150.00	35.5%	\$56.83
Single Parent (1 child) – Parenting	2 BR Flat	\$153.00	69.5%	\$220.00	42.7%	(\$32.77)
Couple (2 children) – Newstart	3 BR House	\$206.00	73.6%	\$280.00	40.8%	(\$158.27)
Couple (2 children) - AWE	3 BR House	\$398.00	142.1%	\$280.00	21.1%	\$397.48
Couple (2 children) - Min Wage	3 BR House	\$270.00	96.4%	\$280.00	31.1%	(\$29.25)

Geelong

Household Type	Property Type	Affordable Rent		Median Rent		Difference from AHPL
		Rent (\$30%TI ¹)	% of MR	Rent	% of Income	
Single - Austudy	1 BR Flat	\$60.00	34.7%	\$173.00	68.5%	(\$136.47)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$77.00	59.2%	\$130.00	47.1%	(\$69.77)
Single - Aged Pension	1 BR Flat	\$126.00	72.8%	\$173.00	40.9%	\$33.83
Single Parent (1 child) – Parenting	2 BR Flat	\$153.00	58.8%	\$260.00	50.4%	(\$72.77)
Couple (2 children) – Newstart	3 BR House	\$206.00	68.7%	\$300.00	43.7%	(\$178.27)
Couple (2 children) – AWE	3 BR House	\$398.00	132.7%	\$300.00	22.6%	\$377.48
Couple (2 children) - Min Wage	3 BR House	\$270.00	90.0%	\$300.00	33.3%	(\$49.25)

Mildura

Household Type	Property Type	Affordable Rent		Median Rent		Difference from AHPL
		Rent (\$30%TI ¹)	% of MR	Rent	% of Income	
Single – Austudy	1 BR Flat	\$60.00	44.4%	\$135.00	53.5%	(\$98.47)
Single (>21yrs) Sharing – Newstart	2 BR Flat	\$77.00	90.6%	\$85.00	32.4%	(\$38.67)
Single - Aged Pension	1 BR Flat	\$126.00	93.3%	\$135.00	31.9%	\$71.83
Single Parent (1 child) - Parenting	2 BR Flat	\$153.00	90.0%	\$170.00	33.0%	\$17.23
Couple (2 children) – Newstart	3 BR House	\$206.00	85.8%	\$240.00	35.0%	(\$118.27)
Couple (2 children) – AWE	3 BR House	\$398.00	165.8%	\$240.00	18.1%	\$437.48
Couple (2 children) - Min Wage	3 BR House	\$270.00	112.5%	\$240.00	26.7%	\$10.75

Shepparton

Household Type	Property Type	Affordable Rent		Median Rent		Difference from AHPL
		Rent (\$30%TI ¹)	% of MR	Rent	% of Income	
Single – Austudy	1 BR Flat	\$60.00	42.9%	\$140.00	55.4%	(\$103.47)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$77.00	77.8%	\$99.00	36.3%	(\$42.17)
Single - Aged Pension	1 BR Flat	\$126.00	90.0%	\$140.00	36.3%	(\$42.17)

Single Parent (1 child) - Parenting	2 BR Flat	\$153.00	77.3%	\$198.00	33.1%	\$66.83
Couple (2 children) – Newstart	3 BR House	\$77.00	77.8%	\$99.00	38.4%	(\$10.77)
Couple (2 children) - AWE	3 BR House	\$206.00	82.4%	\$250.00	36.4%	(\$128.27)
Couple (2 children) - Min Wage	3 BR House	\$398.00	159.2%	\$250.00	18.8%	\$427.48
Couple (2 children) - Min Wage	3 BR House	\$270.00	108.0%	\$250.00	27.8%	\$0.75

Swan Hill

Household Type	Property Type	Affordable Rent		Median Rent		Difference from AHPL
		Rent (30%TI ¹)	% of MR	Rent	% of Income	
Single – Austudy	1 BR Flat	\$60.00	52.2%	\$115.00	47.6%	(\$89.27)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$77.00	77.0%	\$100.00	36.5%	(\$42.42)
Single - Aged Pension	1 BR Flat	\$126.00	109.6%	\$115.00	27.9%	\$81.03
Single Parent (1 child) - Parenting	2 BR Flat	\$153.00	76.5%	\$200.00	38.8%	(\$12.77)
Couple (2 children) – Newstart	3 BR House	\$206.00	89.6%	\$230.00	33.5%	(\$108.2)
Couple (2 children) - AWE	3 BR House	\$398.00	173.0%	\$230.00	17.3%	\$447.48
Couple (2 children) - Min Wage	3 BR House	\$270.00	117.4%	\$230.00	25.6%	\$20.75

Traralgon

Household Type	Property Type	Affordable Rent		Median Rent		Difference from AHPL
		Rent (30%TI ¹)	% of MR	Rent	% of Income	
Single - Austudy	1 BR Flat	\$60.00	45.1%	\$133.00	52.7%	(\$96.47)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$77.00	77.0%	\$100.00	36.5%	(\$42.42)
Single - Aged Pension	1 BR Flat	\$126.00	94.7%	\$133.00	31.5%	\$73.83
Single Parent (1 child) - Parenting	2 BR Flat	\$153.00	76.5%	\$200.00	38.8%	(\$12.77)
Couple (2 children) - Newstart	3 BR House	\$206.00	82.4%	\$250.00	36.4%	(\$128.27)
Couple (2 children) - AWE	3 BR House	\$398.00	159.2%	\$250.00	18.8%	\$427.48
Couple (2 children) - Min Wage	3 BR House	\$270.00	108.0%	\$250.00	27.8%	\$0.75

Warrnambool

Household Type	Property Type	Affordable Rent		Median Rent		Difference from AHPL
		Rent (30%TI ¹)	% of MR	Rent	% of Income	
Single – Austudy	1 BR Flat	\$60.00	40.5%	\$148.00	58.6%	(\$111.47)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$77.00	70.0%	\$110.00	39.8%	(\$49.77)
Single - Aged Pension	1 BR Flat	\$126.00	85.1%	\$148.00	35.0%	\$58.83
Single Parent (1 child) - Parenting	2 BR Flat	\$153.00	69.5%	\$220.00	42.7%	(\$32.77)
Couple (2 children) - Newstart	3 BR House	\$206.00	64.4%	\$320.00	46.6%	(\$198.27)
Couple (2 children) - AWE	3 BR House	\$398.00	124.4%	\$320.00	24.1%	\$357.48
Couple (2 children) - Min Wage	3 BR House	\$270.00	84.4%	\$320.00	35.6%	(\$69.25)

Wodonga

Household Type	Property Type	Affordable Rent		Median Rent		Difference from AHPL
		Rent (30%TI ¹)	% of MR	Rent	% of Income	
Single – Austudy	1 BR Flat	\$60.00	42.9%	\$140.00	55.4%	(\$103.47)

Single (>21yrs) Sharing - Newstart	2 BR Flat	\$77.00	79.0%	\$97.50	35.9%	(\$42.30)
Single - Aged Pension	1 BR Flat	\$126.00	90.0%	\$140.00	33.1%	\$66.83
Single Parent (1 child) - Parenting	2 BR Flat	\$153.00	78.5%	\$195.00	37.8%	(\$7.77)
Couple (2 children) - Newstart	3 BR House	\$206.00	76.9%	\$268.00	39.0%	(\$146.27)
Couple (2 children) - AWE	3 BR House	\$398.00	148.5%	\$268.00	20.2%	\$409.48
Couple (2 children) - Min Wage	3 BR House	\$270.00	100.7%	\$268.00	29.8%	(\$17.25)

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 the Office of Housing available at www.housing.vic.gov.au. Income data is collected from Centrelink, the Family Assistance Office, Fair Work Australia and the ABS. Full citations are available on request.