

Private Rental Affordability Bulletin Regional Victoria (June Quarter 2012)



Key findings

Rents in regional Victoria remain unaffordable for many low income earners.

Low income households are considered to be in housing stress when rental costs exceed 30 per cent of their weekly income.

A student in Ballarat would spend more than 50 per cent of their income on rental housing, while a couple with two children in Bendigo would spend almost 40 per cent. A one bedroom flat in Geelong would consume 40 per cent of an aged pensioner's income. Similarly, in Shepparton, a single jobseeker would spend almost 46 per cent of their income on renting a one bedroom flat.

Geelong continues to be the least affordable regional centre, with all households receiving income support paying more than 30 per cent of their income in rent.

Similarly, government-assisted households in Ballarat and Bendigo are experiencing significant housing stress. As indicated in TUV's National Rental Affordability Bulletin, residents of regional centres are often more dependent upon cars for transport, and are therefore have greater exposure to rises in fuel price. These areas often experience higher fuel prices than their metropolitan counterparts.

While Swan Hill, Traralgon and Mildura had the lowest median rents across the region jobseekers and students in these towns continue to struggle to find affordable housing.

Affordable lettings increased slightly across regional Victoria over the June quarter, to 56.6 per cent.ⁱ

However, long-term trends indicate that renting in non-metropolitan areas is increasingly unaffordable. The percentage of affordable lettings has been steadily decreasing since 2007, when close to 80 per cent of rental houses were affordable to low income earners.

Vacancy rates increased to 2.3 per cent, up from 1.7 per cent in March 2012. For the first time since 2009, the vacancy rate for regional Victoria is above that of metropolitan Melbourne.

Despite the increase in both affordable lettings and vacancy rates, the majority of lower-income households continue to struggle with unaffordable median rents in Victoria's regional areas.

One bedroom apartments are particularly unaffordable. With the number of single person households projected to increase in the coming years, demand for this housing type is likely to increase.ⁱⁱ This has implications for single lower-income earners, who may face increasing competition for properties.

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.ⁱⁱⁱ
- **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.^{iv} 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.^v

Analysis

Ballarat		Affordable Rent		Median Rent		
Household Type	Property Type	Rent (30% of Income)	% of Median Rent	Rent	% of Income	Difference from AHPL
Single - Austudy	1 BR Flat	\$62.00	42.8%	\$145.00	55.5%	(\$112.99)
Single - Newstart	1 BR Flat	\$79.00	54.5%	\$145.00	47.5%	(\$69.49)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$79.00	71.8%	\$110.00	38.6%	(\$54.53)
Single - Aged Pension	1 BR Flat	\$131.00	90.3%	\$145.00	33.1%	\$63.41
Single Parent (1 child) - Parenting	2 BR Flat	\$157.00	71.4%	\$220.00	41.6%	(\$39.67)
Couple (2 children) - Newstart	3 BR House	\$211.00	78.1%	\$270.00	38.5%	(\$167.95)
Couple (2 children) - AWE	3 BR House	\$441.00	163.3%	\$270.00	18.4%	\$510.04
Couple (2 children) - Min Wage	3 BR House	\$269.00	99.6%	\$270.00	30.1%	(\$61.55)

Bendigo		Affordable Rent		Median Rent		
Household Type	Property Type	Rent (30% of Income)	% of Median Rent	Rent	% of Income	Difference from AHPL
Single - Austudy	1 BR Flat	\$62.00	40.5%	\$153.00	58.5%	(\$120.99)
Single - Newstart	1 BR Flat	\$79.00	51.6%	\$153.00	50.2%	(\$77.49)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$79.00	71.8%	\$110.00	38.6%	(\$54.53)
Single - Aged Pension	1 BR Flat	\$131.00	85.6%	\$153.00	34.9%	\$55.41
Single Parent (1 child) - Parenting	2 BR Flat	\$157.00	71.4%	\$220.00	41.6%	(\$39.67)
Couple (2 children) - Newstart	3 BR House	\$211.00	75.4%	\$280.00	39.9%	(\$177.95)
Couple (2 children) - AWE	3 BR House	\$441.00	157.5%	\$280.00	19.1%	\$500.04
Couple (2 children) - Min Wage	3 BR House	\$269.00	96.1%	\$280.00	31.2%	(\$71.55)

Geelong		Affordable Rent		Median Rent		
Household Type	Property Type	Rent (30% of Income)	% of Median Rent	Rent	% of Income	Difference from AHPL
Single - Austudy	1 BR Flat	\$62.00	35.4%	\$175.00	66.9%	(\$142.99)
Single - Newstart	1 BR Flat	\$79.00	45.1%	\$175.00	57.4%	(\$99.49)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$79.00	60.8%	\$130.00	45.6%	(\$74.53)
Single - Aged Pension	1 BR Flat	\$131.00	74.9%	\$175.00	40.0%	\$33.41
Single Parent (1 child) - Parenting	2 BR Flat	\$157.00	60.4%	\$260.00	49.2%	(\$79.67)
Couple (2 children) - Newstart	3 BR House	\$211.00	70.3%	\$300.00	42.7%	(\$197.95)
Couple (2 children) - AWE	3 BR House	\$441.00	147.0%	\$300.00	20.4%	\$480.04
Couple (2 children) - Min Wage	3 BR House	\$269.00	89.7%	\$300.00	33.4%	(\$91.55)

Mildura		Affordable Rent		Median Rent		
Household Type	Property Type	Rent (30% of Income)	% of Median Rent	Rent	% of Income	Difference from AHPL
Single – Austudy	1 BR Flat	\$62.00	47.7%	\$130.00	50.2%	(\$100.64)
Single - Newstart	1 BR Flat	\$79.00	60.8%	\$130.00	43.0%	(\$57.14)
Single (>21yrs) Sharing – Newstart	2 BR Flat	\$79.00	92.9%	\$85.00	31.7%	(\$45.89)
Single - Aged Pension	1 BR Flat	\$131.00	100.8%	\$130.00	29.9%	\$75.76
Single Parent (1 child) - Parenting	2 BR Flat	\$157.00	92.4%	\$170.00	32.1%	\$10.33
Couple (2 children) – Newstart	3 BR House	\$211.00	87.9%	\$240.00	34.2%	(\$137.95)
Couple (2 children) – AWE	3 BR House	\$441.00	183.8%	\$240.00	16.3%	\$540.04
Couple (2 children) - Min Wage	3 BR House	\$269.00	112.1%	\$240.00	26.7%	(\$31.55)

Shepparton		Affordable Rent		Median Rent		
Household Type	Property Type	Rent (30% of Income)	% of Median Rent	Rent	% of Income	Difference from AHPL
Single – Austudy	1 BR Flat	\$62.00	44.3%	\$140.00	53.5%	(\$107.99)
Single - Newstart	1 BR Flat	\$79.00	56.4%	\$140.00	45.9%	(\$64.49)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$79.00	81.0%	\$97.50	35.1%	(\$49.52)
Single - Aged Pension	1 BR Flat	\$131.00	93.6%	\$140.00	32.0%	\$68.41
Single Parent (1 child) - Parenting	2 BR Flat	\$157.00	80.5%	\$195.00	36.9%	(\$14.67)
Couple (2 children) – Newstart	3 BR House	\$211.00	84.4%	\$250.00	35.6%	(\$147.95)
Couple (2 children) - AWE	3 BR House	\$441.00	176.4%	\$250.00	17.0%	\$530.04
Couple (2 children) - Min Wage	3 BR House	\$269.00	107.6%	\$250.00	27.8%	(\$41.55)

Swan Hill		Affordable Rent		Median Rent		
Household Type	Property Type	Rent (30% of Income)	% of Median Rent	Rent	% of Income	Difference from AHPL
Single – Austudy	1 BR Flat	\$62.00	53.9%	\$115.00	46.5%	(\$96.89)
Single - Newstart	1 BR Flat	\$79.00	68.7%	\$115.00	39.5%	(\$53.39)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$79.00	79.0%	\$100.00	35.7%	(\$49.64)
Single - Aged Pension	1 BR Flat	\$131.00	113.9%	\$115.00	27.1%	\$79.51
Single Parent (1 child) - Parenting	2 BR Flat	\$157.00	78.5%	\$200.00	37.8%	(\$19.67)
Couple (2 children) – Newstart	3 BR House	\$211.00	91.7%	\$230.00	32.8%	(\$127.95)
Couple (2 children) - AWE	3 BR House	\$441.00	191.7%	\$230.00	15.7%	\$550.04
Couple (2 children) - Min Wage	3 BR House	\$269.00	117.0%	\$230.00	25.6%	(\$21.55)

Traralgon		Affordable Rent		Median Rent		
Household Type	Property Type	Rent (30% of Income)	% of Median Rent	Rent	% of Income	Difference from AHPL
Single - Austudy	1 BR Flat	\$62.00	46.6%	\$133.00	50.9%	(\$101.39)
Single - Newstart	1 BR Flat	\$79.00	59.4%	\$133.00	43.7%	(\$57.89)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$79.00	79.0%	\$100.00	35.7%	(\$49.64)
Single - Aged Pension	1 BR Flat	\$131.00	98.5%	\$133.00	30.4%	\$75.01
Single Parent (1 child) - Parenting	2 BR Flat	\$157.00	78.5%	\$200.00	37.8%	(\$19.67)
Couple (2 children) - Newstart	3 BR House	\$211.00	84.4%	\$250.00	35.6%	(\$147.95)
Couple (2 children) - AWE	3 BR House	\$441.00	176.4%	\$250.00	17.0%	\$530.04
Couple (2 children) - Min Wage	3 BR House	\$269.00	107.6%	\$250.00	27.8%	(\$41.55)

Warrnambool		Affordable Rent		Median Rent		
Household Type	Property Type	Rent (30% of Income)	% of Median Rent	Rent	% of Income	Difference from AHPL
Single – Austudy	1 BR Flat	\$62.00	41.9%	\$148.00	56.6%	(\$115.99)
Single - Newstart	1 BR Flat	\$79.00	53.4%	\$148.00	48.5%	(\$72.49)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$79.00	71.8%	\$110.00	38.6%	(\$54.53)
Single - Aged Pension	1 BR Flat	\$131.00	88.5%	\$148.00	33.8%	\$60.41
Single Parent (1 child) - Parenting	2 BR Flat	\$157.00	71.4%	\$220.00	41.6%	(\$39.67)
Couple (2 children) - Newstart	3 BR House	\$211.00	65.9%	\$320.00	45.6%	(\$217.95)
Couple (2 children) - AWE	3 BR House	\$441.00	137.8%	\$320.00	21.8%	\$460.04
Couple (2 children) - Min Wage	3 BR House	\$269.00	84.1%	\$320.00	35.6%	(\$111.55)

Wodonga		Affordable Rent		Median Rent		
Household Type	Property Type	Rent (30% of Income)	% of Median Rent	Rent	% of Income	Difference from AHPL
Single – Austudy	1 BR Flat	\$62.00	44.3%	\$140.00	53.5%	(\$107.99)
Single - Newstart	1 BR Flat	\$79.00	56.4%	\$140.00	45.9%	(\$64.49)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$79.00	81.0%	\$97.50	35.1%	(\$49.52)
Single - Aged Pension	1 BR Flat	\$131.00	93.6%	\$140.00	32.0%	\$68.41
Single Parent (1 child) - Parenting	2 BR Flat	\$157.00	80.5%	\$195.00	36.9%	(\$14.67)
Couple (2 children) - Newstart	3 BR House	\$211.00	78.7%	\$268.00	38.2%	(\$165.95)
Couple (2 children) - AWE	3 BR House	\$441.00	164.6%	\$268.00	18.2%	\$512.04
Couple (2 children) - Min Wage	3 BR House	\$269.00	100.4%	\$268.00	29.8%	(\$59.55)

Notes

- ⁱ Department of Human Services, *Rental Report, June quarter 2012*
- ⁱⁱ Department of Planning and Community Development 2012, *Victoria in Future 2012: Population and Household Projections 2011-2031 for Victoria and its regions*, April
- ⁱⁱⁱ 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.
- ^{iv} 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.
- ^v Rent data is based quarterly rental bond payments obtained from the Office of Housing. Income data is collected from Centrelink, the Family Assistance Office, Fair Work Australia and the ABS. Full citations are available on request.

Household Type	Income Components	Maximum Total Weekly Income*
Single - Austudy	Austudy CRA	\$261.45
Single (>21 yrs) - Newstart	Newstart CRA	\$304.95
Single (>21yrs) - Newstart [Sharing]	Newstart CRA	\$284.92
Single - Aged Pension	Aged Pension Pharmaceutical Allowance CRA	\$437.85
Single Parent (1 child) - Parenting	Family Tax Benefit A Family Tax Benefit B Parenting Payment Pharmaceutical Allowance CRA	\$528.95

Couple (2 children) - Newstart	Parenting Payment Newstart Family Tax Benefit A (Child 1) Family Tax Benefit A (Child 2) CRA	\$701.84
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	\$1,469.52
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	\$897.93

* Total weekly income for households in the tables above is less than the maximum where households are not eligible for maximum CRA payments.