

Private Rental Affordability Bulletin Regional Victoria (September Quarter 2013)



This issue resumes the Tenants Union of Victoria's Quarterly Affordability Bulletin series, which was last published for the June quarter, 2012. In this issue, rental affordability data for September 2013 are compared with previously unpublished figures from September 2012. Changes to our methodology limit comparability with previous bulletins.

KEY FINDINGS

While rental affordability is less critical in Victoria's regional cities than in metropolitan Melbourne or the other Australian capitals, conditions are still worsening across the state. Since September 2012 most regional cities experienced at least marginal increases in rental prices, furthering housing stress for low income households.

In September 2013, Geelong and Wodonga remained the least affordable regional cities profiled. Wodonga also experienced the most substantial rent increases over the year, including a 25 per cent increase in median rent for a one bedroom unit.

The most affordable of the selection are Shepparton, Swan Hill and Traralgon, however five out of eight household types profiled would still experience significant "housing stress", paying more than 30 per cent of their income on rent, and would fall below the After Housing Poverty Line (AHPL) if paying median rent.

As noted across TUV's Affordability Bulletins, certain households continue to be disproportionately affected by high rental prices, with students consistently worst off. Throughout the regional cities, single students receiving Austudy allowance would need to spend between 50 and 70 per cent of their income on median rent for a one bedroom unit. Couple family households receiving Newstart allowance would fall furthest below the AHPL if paying median rent for a three bedroom house.

In another calculation of housing affordability, the Department of Human Services reports quarterly on the number and proportion of affordable lettings, defined as rentals costing no more than 30 per cent of the income of specified low income households receiving Centrelink payments. In September 2013 the proportion of affordable lettings across regional Victoria is 60.1%, which remains unchanged from 2012 but is nevertheless the result of a gradual decline over preceding yearsⁱ.

The regional vacancy rate for private rentals is 2.7%, which is lower than the metropolitan rate, representing a tighter, more competitive market and greater difficulty for low income households to secure affordable housing.

For regional Victorians, financial stress from housing expenses is compounded by fewer transport options and generally lower access to support services, leaving low income households particularly vulnerable.

METHODOLOGY

Affordable housing can be measured in several ways. The *TUV Private 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.ⁱⁱ
- **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.ⁱⁱⁱ 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.

The TUV Private Rental Affordability Bulletin draws on a range of sources for median rent levels and national income data^{iv}. The Weekly Minimum Wage (WMW) is reviewed annually by Fair Work Australia and represents the minimum wage applicable to employees who aren't covered by an award or agreement, for example in industries such as retail

and hospitality. Average Weekly Earnings (AWE) are reported quarterly by the Australian Bureau of Statistics and are based on all occupations and industries.

From September 2013, additional calculations have been applied to income data to provide a more accurate estimate of net income, which limits comparability with previous bulletins.

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	\$64.00	40.0%	\$160.00	59.4%	(\$128.06)
Single - Newstart	1 BR Flat	\$81.00	50.6%	\$160.00	51.2%	(\$84.76)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$81.00	73.6%	\$110.00	37.7%	(\$55.51)
Single - Aged Pension	1 BR Flat	\$141.00	88.1%	\$160.00	34.1%	\$71.44
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	76.8%	\$220.00	39.1%	(\$17.66)
Couple (2 children) - Newstart	3 BR House	\$217.00	80.4%	\$270.00	37.3%	(\$167.25)
Couple (2 children) - AWE	3 BR House	\$340.00	125.9%	\$270.00	23.9%	\$148.98
Couple (2 children) - Min Wage	3 BR House	\$268.00	99.3%	\$270.00	30.3%	(\$90.72)

In Ballarat, median rental prices increased for one bedroom flats and remained stable for other housing over the previous year, and rents remain unaffordable for seven out of eight low income households profiled. Students receiving Austudy allowance are worst affected as median rental costs would consume almost 60 per cent of their weekly income (up from 55.5 per cent in September 2012). As in all other cities, family households receiving Newstart allowance would be furthest below After Housing Poverty Line if paying median rent (\$167.25 per week under).

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	\$64.00	40.0%	\$160.00	59.4%	(\$128.06)
Single - Newstart	1 BR Flat	\$81.00	50.6%	\$160.00	51.2%	(\$84.76)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$81.00	66.1%	\$122.50	42.0%	(\$68.43)
Single - Aged Pension	1 BR Flat	\$141.00	88.1%	\$160.00	34.1%	\$71.44
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	69.0%	\$245.00	43.5%	(\$42.66)
Couple (2 children) - Newstart	3 BR House	\$217.00	74.8%	\$290.00	40.1%	(\$187.25)
Couple (2 children) - AWE	3 BR House	\$340.00	117.2%	\$290.00	25.6%	\$128.98
Couple (2 children) - Min Wage	3 BR House	\$268.00	92.4%	\$290.00	32.5%	(\$110.72)

Rental prices in Bendigo increased marginally over the previous year and remain unaffordable for most low income households. Students are again worst affected and would spend almost 60 per cent of their income on median rent for a one bedroom flat (up from 58.5 per cent in September 2012). A single parent would spend 43.5 per cent of their income on median rent for a two bedroom flat (up from 40.7 per cent in September 2012).

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	\$64.00	33.7%	\$190.00	70.6%	(\$158.06)
Single - Newstart	1 BR Flat	\$81.00	42.6%	\$190.00	60.8%	(\$114.76)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$81.00	60.0%	\$135.00	46.3%	(\$80.43)
Single - Aged Pension	1 BR Flat	\$141.00	74.2%	\$190.00	40.5%	\$41.44
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	62.6%	\$270.00	48.0%	(\$67.66)
Couple (2 children) - Newstart	3 BR House	\$217.00	70.0%	\$310.00	42.9%	(\$207.25)
Couple (2 children) - AWE	3 BR House	\$340.00	109.7%	\$310.00	27.4%	\$108.98
Couple (2 children) - Min Wage	3 BR House	\$268.00	86.5%	\$310.00	34.7%	(\$130.72)

The rental market in Geelong is the least affordable of the regional cities profiled and saw a slight increase in rental prices over the previous year. In Geelong, singles receiving income support would spend between 60 and 70 per cent of their income on median rent for a one bedroom flat (up three percentage points since September 2012), while a single parent would spend almost half of their income on median rent for a two bedroom flat (no change from September 2012).

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	\$64.00	44.1%	\$145.00	53.9%	(\$113.06)
Single - Newstart	1 BR Flat	\$81.00	55.9%	\$145.00	46.4%	(\$69.76)
Single (>21yrs) Sharing – Newstart	2 BR Flat	\$81.00	90.0%	\$90.00	32.5%	(\$50.51)
Single - Aged Pension	1 BR Flat	\$141.00	97.2%	\$145.00	30.9%	\$86.44
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	93.9%	\$180.00	32.0%	\$22.34
Couple (2 children) – Newstart	3 BR House	\$217.00	86.8%	\$250.00	34.6%	(\$147.25)
Couple (2 children) – AWE	3 BR House	\$340.00	136.0%	\$250.00	22.1%	\$168.98
Couple (2 children) - Min Wage	3 BR House	\$268.00	107.2%	\$250.00	28.0%	(\$70.72)

In Mildura, rental prices increased marginally over the previous year, worsening affordability. Six out of eight low income household types would now face housing stress in Mildura if paying median rent (up from five in September 2012). An aged pensioner living alone in a one bedroom flat would now spend 30.9 per cent of their income on median rent (previously below 30 per cent).

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	\$64.00	45.7%	\$140.00	52.0%	(\$108.06)
Single - Newstart	1 BR Flat	\$81.00	57.9%	\$140.00	44.8%	(\$64.76)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$81.00	85.3%	\$95.00	33.9%	(\$51.76)
Single - Aged Pension	1 BR Flat	\$141.00	100.7%	\$140.00	29.9%	\$91.44
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	88.9%	\$190.00	33.8%	\$12.34
Couple (2 children) – Newstart	3 BR House	\$217.00	83.5%	\$260.00	36.0%	(\$157.25)
Couple (2 children) - AWE	3 BR House	\$340.00	130.8%	\$260.00	23.0%	\$158.98
Couple (2 children) - Min Wage	3 BR House	\$268.00	103.1%	\$260.00	29.1%	(\$80.72)

Rental prices in Shepparton remained relatively stable over the previous year and the city remains one of the most affordable in this analysis. Nevertheless, five out of eight household types would spend more than thirty per cent of their income on median rent in Shepparton, with students again worst affected by rental prices.

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	\$64.00	49.2%	\$130.00	49.3%	(\$103.81)
Single - Newstart	1 BR Flat	\$81.00	62.3%	\$130.00	42.4%	(\$60.51)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$81.00	83.1%	\$97.50	34.5%	(\$52.89)
Single - Aged Pension	1 BR Flat	\$141.00	108.5%	\$130.00	28.1%	\$95.69
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	86.7%	\$195.00	34.6%	\$7.34
Couple (2 children) – Newstart	3 BR House	\$217.00	95.2%	\$228.00	31.5%	(\$125.25)
Couple (2 children) - AWE	3 BR House	\$340.00	149.1%	\$228.00	20.1%	\$190.98
Couple (2 children) - Min Wage	3 BR House	\$268.00	117.5%	\$228.00	25.6%	(\$48.72)

The rental market in Swan Hill is the most affordable of the regional cities in this analysis, yet five out of eight low income household types would still experience housing stress if paying median rents. Students receiving Austudy again face the greatest hardship in the rental market, as median rent for a one bedroom flat would consume almost half of their weekly income (up from 46.5 per cent in September 2012).

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	\$64.00	45.7%	\$140.00	52.0%	(\$108.06)
Single - Newstart	1 BR Flat	\$81.00	57.9%	\$140.00	44.8%	(\$64.76)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$81.00	77.1%	\$105.00	36.5%	(\$54.26)
Single - Aged Pension	1 BR Flat	\$141.00	100.7%	\$140.00	29.9%	\$91.44
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	80.5%	\$210.00	37.3%	(\$7.66)
Couple (2 children) - Newstart	3 BR House	\$217.00	90.4%	\$240.00	33.2%	(\$137.25)
Couple (2 children) - AWE	3 BR House	\$340.00	141.7%	\$240.00	21.2%	\$178.98
Couple (2 children) - Min Wage	3 BR House	\$268.00	111.7%	\$240.00	26.9%	(\$60.72)

*Figures are for Wellington, VIC; Figures for Traralgon n/a

Median rental prices in Traralgon increased marginally over the previous year and housing stress persists for most low income households. Single students receiving Austudy allowance would spend 52 per cent their income on median rent for a one bedroom house (up from 50.9 per cent in September 2012), while couples with children receiving Newstart allowance would be furthest below the After Housing Poverty Line (\$137.25 per week below).

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	\$64.00	40.5%	\$158.00	58.7%	(\$126.06)
Single - Newstart	1 BR Flat	\$81.00	51.3%	\$158.00	50.6%	(\$82.76)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$81.00	68.9%	\$117.50	40.3%	(\$63.43)
Single - Aged Pension	1 BR Flat	\$141.00	89.2%	\$158.00	33.7%	\$73.44
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	71.9%	\$235.00	41.8%	(\$32.66)
Couple (2 children) - Newstart	3 BR House	\$217.00	72.3%	\$300.00	41.5%	(\$197.25)
Couple (2 children) - AWE	3 BR House	\$340.00	113.3%	\$300.00	26.5%	\$118.98
Couple (2 children) - Min Wage	3 BR House	\$268.00	89.3%	\$300.00	33.6%	(\$120.72)

In Warrnambool, rental prices increased for flats and decreased for houses over the previous year, and housing stress remained. A single living alone in one bedroom flat would spend between 50 and 59 percent of their income on median rent in Warrnambool, (up from 48 - 57 per cent in September 2012). A single parent would spend 41.8 per cent of their income on median rent for a two bedroom flat (up from 40.7 per cent September 2012).

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	\$64.00	36.6%	\$175.00	65.0%	(\$143.06)
Single - Newstart	1 BR Flat	\$81.00	46.3%	\$175.00	56.0%	(\$99.76)
Single (>21yrs) Sharing - Newstart	2 BR Flat	\$81.00	81.0%	\$100.00	35.2%	(\$53.01)
Single - Aged Pension	1 BR Flat	\$141.00	80.6%	\$175.00	37.3%	\$56.44
Single Parent (1 child) - Parenting	2 BR Flat	\$169.00	84.5%	\$200.00	35.5%	\$2.34
Couple (2 children) - Newstart	3 BR House	\$217.00	76.1%	\$285.00	39.4%	(\$182.25)
Couple (2 children) - AWE	3 BR House	\$340.00	119.3%	\$285.00	25.2%	\$133.98
Couple (2 children) - Min Wage	3 BR House	\$268.00	94.0%	\$285.00	31.9%	(\$105.72)

The rental market in Wodonga is also among the least affordable of the regional cities profiled, and saw some substantial increases in rental prices over the previous year, including a 25 per cent increase in median rent for a one bedroom unit. All households receiving income support would experience housing stress in Wodonga if paying median rent. Single students would now spend 65 per cent of their income on median rent for a one bedroom flat (up more than 10 percentage points from 53.5 per cent in September 2012) and aged pensioners living alone would spend 37.3 per cent of their income on median rent for similar accommodation (up from 31.7 per cent in September 2012).

NOTES

- i Department of Human Services, *Rental Report, September quarter 2013*
- ii 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.
- iii 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.
- iv 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.

This table summarises the components of total weekly income for the various household types:

Household Type	Income Components	Maximum Total Weekly Income*
Single - Austudy	Austudy CRA	\$269.20
Single (>21 yrs) - Newstart	Newstart CRA	\$312.50
Single (>21yrs) - Newstart [Sharing]	Newstart CRA	\$291.84
Single - Aged Pension	Aged Pension Pharmaceutical Allowance CRA	\$468.70
Single Parent (1 child) - Parenting	Family Tax Benefit A Family Tax Benefit B Parenting Payment Pharmaceutical Allowance CRA	\$562.84
Couple (2 children) - Newstart	Parenting Payment Newstart Family Tax Benefit A (Child 1) Family Tax Benefit A (Child 2) CRA	\$722.99
Couple (2 children) - AWE	Average Weekly Income (1 partner) Family Tax Benefit A (Child 1) Family Tax Benefit A (Child 2) Family Tax Benefit B (Children 5-15) CRA	\$1,131.97
Couple (2 children) - Min Wage	Weekly Minimum Wage (1 partner) Family Tax Benefit A (Child 1) Family Tax Benefit A (Child 2) Family Tax Benefit B (Children 5-15) CRA	\$892.27

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