



METHODOLOGY

Housing affordability 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.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.

The TUV Private Rental Affordability Bulletin draws on a range of sources for median rent levels and national income dataⁱⁱⁱ. 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) is reported quarterly by the Australian Bureau of Statistics and is based on all occupations and industries. The AWE households used in this analysis are not considered to be low income households. They have been included as comparators of affordability.

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. From September 2015, single person households earning a minimum wage and average weekly earnings have been added to the analysis.

ANALYSIS

It is worth noting at the outset that households on average weekly earnings serve as useful comparators to illustrate the stark difference between low income households receiving income support or earning the minimum wage, and those earning an average wage. Even if households earning an average wage are paying close to- or more than 30 per cent of their income on housing, they remain above the poverty line – particularly single person households, which have significant disposable income after paying for housing.

Ballarat		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	\$278	\$83	\$165	59.4%	(\$140)
Newstart - Single (>21yrs)	1 BR Flat	\$324	\$97	\$165	51.0%	(\$94)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$302	\$91	\$115	38.0%	(\$65)
Newstart - Couple (2 children)	3 BR House	\$751	\$225	\$275	36.6%	(\$185)
Aged Pension - Single	1 BR Flat	\$487	\$146	\$165	33.9%	\$70
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$230	39.4%	(\$30)
AWE - Single	1 BR Flat	\$1,077	\$323	\$165	15.3%	\$561
AWE - Couple (2 children)	3 BR House	\$1,269	\$381	\$275	21.7%	\$234
Min Wage - Single	1 BR Flat	\$599	\$180	\$165	27.6%	\$82
Min Wage - Couple (2 children)	3 BR House	\$934	\$280	\$275	29.4%	(\$100)

In Ballarat, median rental prices for three bedroom houses decreased \$5 in the September quarter, while rents for one bedroom flats increased \$5. Rents remain unaffordable for six out of eight low-income households profiled. Students receiving Austudy allowance are worst affected as median rental costs would consume more than

59 per cent of their weekly income. As in all other cities, family households receiving Newstart allowance would be furthest below AHPL if paying median rent (\$185 per week under).

Bendigo		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	\$278	\$83	\$170	61.2%	(\$145)
Newstart - Single (>21yrs)	1 BR Flat	\$324	\$97	\$170	52.5%	(\$99)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$302	\$91	\$115	38.0%	(\$65)
Newstart - Couple (2 children)	3 BR House	\$751	\$225	\$280	37.3%	(\$190)
Aged Pension - Single	1 BR Flat	\$487	\$146	\$170	34.9%	\$65
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$230	39.4%	(\$30)
AWE - Single	1 BR Flat	\$1,077	\$323	\$170	15.8%	\$556
AWE - Couple (2 children)	3 BR House	\$1,269	\$381	\$280	22.1%	\$229
Min Wage - Single	1 BR Flat	\$599	\$180	\$170	28.4%	\$77
Min Wage - Couple (2 children)	3 BR House	\$934	\$280	\$280	30.0%	(\$105)

Rental prices in Bendigo were largely unchanged from the March quarter and remain unaffordable for all low-income household types other than singles earning the minimum wage. Indeed, singles not on the aged pension or minimum wage are the worst affected and would spend between 53 per cent and 61 per cent of their income on median rent for a one bedroom flat (unchanged from June 2015). Single parents would continue to spend close to 40 per cent of their income on median rent for a two bedroom flat (relatively unchanged from the previous quarter).

Geelong		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	\$278	\$83	\$210	75.6%	(\$185)
Newstart - Single (>21yrs)	1 BR Flat	\$324	\$97	\$210	64.9%	(\$139)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$302	\$91	\$140	46.3%	(\$90)
Newstart - Couple (2 children)	3 BR House	\$751	\$225	\$320	42.6%	(\$230)
Aged Pension - Single	1 BR Flat	\$487	\$146	\$210	43.1%	\$25
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$280	47.9%	(\$80)
AWE - Single	1 BR Flat	\$1,077	\$323	\$210	19.5%	\$516
AWE - Couple (2 children)	3 BR House	\$1,269	\$381	\$320	25.2%	\$189
Min Wage - Single	1 BR Flat	\$599	\$180	\$210	35.1%	\$37
Min Wage - Couple (2 children)	3 BR House	\$934	\$280	\$320	34.3%	(\$145)

In Geelong median rents for one bedroom and two bedroom flats increased \$15 (7.7 per cent) and \$10 (3.7 per cent), respectively. The rental market in Geelong continues to be the least affordable of the regional cities profiled; only households earning an average income would not be in rental stress paying the median rent. Families on the minimum wage or Newstart would need to spend 34 per cent and 43 per cent of their income on rent for a three bedroom house, leaving them \$145 and \$230 below the poverty line, respectively.

Mildura		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	\$278	\$83	\$180	64.8%	(\$155)
Newstart - Single (>21yrs)	1 BR Flat	\$324	\$97	\$180	55.6%	(\$109)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$290	\$87	\$98	33.8%	(\$60)
Newstart - Couple (2 children)	3 BR House	\$751	\$225	\$280	37.3%	(\$190)
Aged Pension - Single	1 BR Flat	\$487	\$146	\$180	36.9%	\$55
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$195	33.4%	\$5
AWE - Single	1 BR Flat	\$1,077	\$323	\$180	16.7%	\$546
AWE - Couple (2 children)	3 BR House	\$1,269	\$381	\$280	22.1%	\$229
Min Wage - Single	1 BR Flat	\$599	\$180	\$180	30.1%	\$67
Min Wage - Couple (2 children)	3 BR House	\$934	\$280	\$280	30.0%	(\$105)

In Mildura, median rents paid for one bedroom flats and three bedroom houses decreased \$10 (5.3 per cent) and \$6 (2.1 per cent), respectively, over the quarter. Housing affordability continues to be an issue, with all eight low-income households profiled facing housing stress if paying median rent; it is a substantially different situation for households earning an average wage. Single occupant households on income support continue to be the worst affected with an aged pensioner living alone in a one bedroom flat needing to spend 37 per cent of their income on median rent.

Shepparton		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	\$278	\$83	\$173	62.3%	(\$148)
Newstart - Single (>21yrs)	1 BR Flat	\$324	\$97	\$173	53.4%	(\$102)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$293	\$88	\$102	34.8%	(\$61)
Newstart - Couple (2 children)	3 BR House	\$751	\$225	\$270	36.0%	(\$180)
Aged Pension - Single	1 BR Flat	\$487	\$146	\$173	35.5%	\$62
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$203	34.7%	(\$3)
AWE - Single	1 BR Flat	\$1,077	\$323	\$173	16.1%	\$553
AWE - Couple (2 children)	3 BR House	\$1,269	\$381	\$270	21.3%	\$239
Min Wage - Single	1 BR Flat	\$599	\$180	\$173	28.9%	\$74
Min Wage - Couple (2 children)	3 BR House	\$934	\$280	\$270	28.9%	(\$95)

Rental prices in Shepparton remain among the most affordable in this analysis; however, median rent for one bedroom flats increased \$13 (8.1 per cent) in the September quarter. Six out of eight low income household types would spend 30 per cent or more of their income on median rent in Shepparton, with students again worst affected.

Swan Hill		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	\$272	\$82	\$135	49.7%	(\$116)
Newstart - Single (>21yrs)	1 BR Flat	\$318	\$95	\$135	42.4%	(\$70)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$302	\$90	\$113	37.5%	(\$64)
Newstart - Couple (2 children)	3 BR House	\$751	\$225	\$280	37.3%	(\$190)
Aged Pension - Single	1 BR Flat	\$482	\$144	\$135	28.0%	\$94
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$225	38.5%	(\$25)
AWE - Single	1 BR Flat	\$1,077	\$323	\$135	12.5%	\$591
AWE - Couple (2 children)	3 BR House	\$1,269	\$381	\$280	22.1%	\$229
Min Wage - Single	1 BR Flat	\$599	\$180	\$135	22.6%	\$112
Min Wage - Couple (2 children)	3 BR House	\$934	\$280	\$280	30.0%	(\$105)

The rental market in Swan Hill is the most affordable of the regional cities in this analysis. Median rent for three bedroom houses, however, jumped \$30 (12 per cent) in the September quarter. Low income households other than singles receiving the aged pension or minimum wage 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 around 50 per cent of their weekly income (unchanged from the previous quarter). Couples with dependent children relying on Newstart sit the furthest below the AHPL (\$190 below).

Traralgon		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	\$278	\$83	\$190	68.4%	(\$165)
Newstart - Single (>21yrs)	1 BR Flat	\$324	\$97	\$190	58.7%	(\$119)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$296	\$89	\$105	35.5%	(\$62)
Newstart - Couple (2 children)	3 BR House	\$751	\$225	\$270	36.0%	(\$180)
Aged Pension - Single	1 BR Flat	\$487	\$146	\$190	39.0%	\$45
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$210	35.9%	(\$10)
AWE - Single	1 BR Flat	\$1,077	\$323	\$190	17.6%	\$536
AWE - Couple (2 children)	3 BR House	\$1,269	\$381	\$270	21.3%	\$239
Min Wage - Single	1 BR Flat	\$599	\$180	\$190	31.7%	\$57
Min Wage - Couple (2 children)	3 BR House	\$934	\$280	\$270	28.9%	(\$95)

Median rental prices for two dwellings fell \$10 in the September quarter, while the median rent for one bedroom flats in Traralgon jumped \$40 (26.7 per cent). This spike in rents for one bedroom flats would exacerbate an already precarious situation for singles on low incomes, who are already experiencing housing stress. Singles receiving income support and living alone would need to spend between 39 per cent and 68 per cent of their income on rent. Even singles earning the minimum wage would spend close 32 per cent of their income for appropriate housing, leaving them not much above the poverty line.

Warrnambool		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	\$278	\$83	\$200	72.0%	(\$175)
Newstart - Single (>21yrs)	1 BR Flat	\$324	\$97	\$200	61.8%	(\$129)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$300	\$90	\$111	37.0%	(\$64)
Newstart - Couple (2 children)	3 BR House	\$751	\$225	\$315	41.9%	(\$225)
Aged Pension - Single	1 BR Flat	\$487	\$146	\$200	41.0%	\$35
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$221	37.8%	(\$21)
AWE - Single	1 BR Flat	\$1,077	\$323	\$200	18.6%	\$526
AWE - Couple (2 children)	3 BR House	\$1,269	\$381	\$315	24.8%	\$194
Min Wage - Single	1 BR Flat	\$599	\$180	\$200	33.4%	\$47
Min Wage - Couple (2 children)	3 BR House	\$934	\$280	\$315	33.7%	(\$140)

In Warrnambool, median rents for one bedroom dwellings increased \$30 (17.6 per cent) while the median rent for two bedroom flats fell \$19 (7.9 per cent) over the previous quarter. Housing stress remains an issue for all household types profiled, other than those earning an average wage. Households receiving would need to spend between 37 per cent and 62 per cent of their income on median rent for appropriate housing in Warrnambool (up approximately 2-3 per cent from June 2015). A single parent would spend around 38 per cent of their income on median rent for a two bedroom flat (down 2.6 per cent from June 2015).

Wodonga		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	\$278	\$83	\$205	73.8%	(\$180)
Newstart - Single (>21yrs)	1 BR Flat	\$324	\$97	\$205	63.3%	(\$134)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$299	\$90	\$110	36.7%	(\$63)
Newstart - Couple (2 children)	3 BR House	\$751	\$225	\$310	41.3%	(\$220)
Aged Pension - Single	1 BR Flat	\$487	\$146	\$205	42.1%	\$30
Parenting - Single Parent (1 child)	2 BR Flat	\$584	\$175	\$220	37.6%	(\$20)
AWE - Single	1 BR Flat	\$1,077	\$323	\$205	19.0%	\$521
AWE - Couple (2 children)	3 BR House	\$1,269	\$381	\$310	24.4%	\$199
Min Wage - Single	1 BR Flat	\$599	\$180	\$205	34.2%	\$42
Min Wage - Couple (2 children)	3 BR House	\$934	\$280	\$310	33.2%	(\$135)

The rental market in Wodonga is also among the least affordable of the regional cities profiled. The September 2015 quarter saw median rents for one bedroom flats surge \$40 (24.2 per cent) from June 2015. All low income households would experience housing stress in Wodonga if paying median rent, with singles and couples with children who receive income support being among the worst affected. Single students must spend almost 74 per cent of their income on median rent for a one bedroom flat and aged pensioners living alone would spend 42 per cent of their income on median rent for similar accommodation (up 14.4 per cent and 8.2 per cent from June 2015, respectively).

NOTES

- 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 quarterly rental bond payments obtained from the DHHS. Income data is collected from Centrelink, the Family Assistance Office, Fair Work Australia and the ABS. Full citations are available on request. The table below summarises the components of total weekly income for the various household types:

Household Type	Income Components	Maximum Total Weekly Income*
Austudy - Single	Austudy CRA	\$277.60
Newstart - Single (>21 yrs)	Newstart CRA	\$323.80
Newstart - Single (>21yrs) [Sharing]	Newstart CRA	\$302.40
Newstart - Couple (2 children)	Newstart Family Tax Benefit A (Child 1) Family Tax Benefit A (Child 2) CRA	\$750.90
Aged Pension - Single	Aged Pension Pharmaceutical Allowance CRA	\$487.25
Parenting - Single Parent (1 child)	Family Tax Benefit A Family Tax Benefit B Parenting Payment Pharmaceutical Allowance CRA	\$584.34

AWE - Single	Average Weekly Income	\$1,077.33
AWE - Couple (2 children)	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	\$1,268.74
Min Wage - Single	Weekly Minimum Wage	\$598.59
Min Wage - Couple (2 children)	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	\$934.10

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