

Private Rental Affordability Bulletin Melbourne (December Quarter 2015)



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 per cent of income distribution), spending 30 per cent 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 2015, additional suburbs have been included to widen the analysis to burgeoning suburbs and centres with high proportions of private renters. The new format seeks to highlight the geographical dimensions to (un)affordability by separating the analysis into inner, middle and outer suburbs.^{iv}

ANALYSIS

It is worth noting at the outset that households on average weekly earnings serve as useful comparators to illustrate the stark difference in housing affordability 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 typically remain above the after housing poverty line – with the exception of a few of the suburbs profiled in Melbourne's inner ring. This is particularly so for single person households earning an average wage, which have significant disposable income after paying for housing, even if having to pay 30 per cent or more of their income on rent.

INNER RING:

In the December quarter, the largest movements in median rents were predominantly for three bedroom dwellings. 3 bedroom houses in Hawthorn increased \$45 (6.2 per cent), while three bedroom flats in the CBD and three bedroom houses in Brunswick fell \$65 (8.1 per cent) and \$28 (4.7 per cent). One bedroom flats in Hawthorn also increased significantly from the previous quarter (\$31, 10.4 per cent). Median rents remain very high across metropolitan Melbourne's inner ring. As the tables below demonstrate, all inner ring suburbs profiled are characterised by critical unaffordability across all household types; however, there are gradations. The CBD and suburbs in the inner east and north continue to be some of the most unaffordable suburbs in the metropolitan Melbourne. Footscray, in the inner west, is relatively more affordable but would still be out of reach of the low income households profiled. With the exception of singles earning an average wage and living in Brunswick, Footscray or St Kilda East, all household types would need to pay more than more than 30 per cent of their income on the median rent for an appropriate dwelling in each suburb.

Households receiving income support are the worst affected. Singles who are studying and not living in Footscray, would need to spend more than 100 per cent of their income to rent a one bedroom flat (as high as 137 per cent in the CBD). Even in Footscray, the same student would be required to part with around 88 per cent of their income. Singles receiving Newstart would expend around 90 per cent and 98 per cent of their income to live in St Kilda East and Brunswick, respectively, or over 100 per cent of their income in Hawthorn and the CBD. Living in any of these four suburbs would leave singles on Newstart between \$219 and \$250 below the poverty line. Similarly, singles earning the minimum wage would also experience rental stress in all five suburbs, needing to spend between 40 per cent and 63 per cent of their income on rent.

Meanwhile the inner ring is really unaffordable for families with children. For instance, couples with dependent children and earning the minimum wage would need to spend upwards of 76 per cent of their income to afford median rents in the CBD or inner east. Even couples with children earning an average wage would face rental stress if paying median rents. These families would spend almost 44 per cent of their income for an appropriate dwelling in Brunswick or 60 per cent for a similar size dwelling in Hawthorn, for example. However the situation is much worse for families relying on Newstart, who would face crippling rental stress if they had to pay median rent in the suburbs profiled, leaving them well below the poverty line. For an appropriate three bedroom dwelling at the median rent, the families would be required to pay between 94 per cent and 102 per cent of their weekly income to live in the CBD, Hawthorn or St Kilda East. Even in Footscray, the most affordable of the inner ring suburbs profiled, approximately 58 per cent of their weekly income would be consumed by rent. The dire affordability situation in the inner ring means couples receiving Newstart and with dependent children would be left between \$340 and \$660 below the AHPL.

Brunswick		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	\$320	115.1%	(\$250)
Newstart - Single (>21yrs)	1 BR Flat	\$326	\$98	\$320	98.0%	(\$244)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$91	\$200	65.6%	(\$145)
Newstart - Couple (2 children)	3 BR House	\$755	\$227	\$565	74.8%	(\$470)
Aged Pension - Single	1 BR Flat	\$491	\$147	\$320	65.2%	(\$79)
Parenting - Single Parent (1 child)	2 BR Flat	\$588	\$176	\$400	68.0%	(\$197)
AWE - Single	1 BR Flat	\$1,096	\$329	\$320	29.2%	\$426
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$565	44.0%	(\$37)
Min Wage - Single	1 BR Flat	\$599	\$180	\$320	53.5%	(\$71)
Min Wage - Couple (2 children)	3 BR House	\$935	\$280	\$565	60.4%	(\$385)

CBD		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	\$380	136.6%	(\$250)
Newstart - Single (>21yrs)	1 BR Flat	\$326	\$98	\$380	116.4%	(\$250)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$91	\$263	86.3%	(\$208)
Newstart - Couple (2 children)	3 BR Flat	\$755	\$227	\$735	97.3%	(\$640)
Aged Pension - Single	1 BR Flat	\$491	\$147	\$380	77.4%	(\$139)
Parenting - Single Parent (1 child)	2 BR Flat	\$588	\$176	\$525	89.3%	(\$322)
AWE - Single	1 BR Flat	\$1,096	\$329	\$380	34.7%	\$366
AWE - Couple (2 children)	3 BR Flat	\$1,283	\$385	\$735	57.3%	(\$207)
Min Wage - Single	1 BR Flat	\$599	\$180	\$380	63.5%	(\$131)
Min Wage - Couple (2 children)	3 BR Flat	\$935	\$280	\$735	78.6%	(\$555)

Footscray		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	\$243	87.4%	(\$215)
Newstart - Single (>21yrs)	1 BR Flat	\$326	\$98	\$243	74.4%	(\$167)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$91	\$170	55.8%	(\$115)
Newstart - Couple (2 children)	3 BR House	\$755	\$227	\$435	57.6%	(\$340)
Aged Pension - Single	1 BR Flat	\$491	\$147	\$243	49.5%	(\$2)
Parenting - Single Parent (1 child)	2 BR Flat	\$588	\$176	\$340	57.8%	(\$137)
AWE - Single	1 BR Flat	\$1,096	\$329	\$243	22.2%	\$503
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$435	33.9%	\$93
Min Wage - Single	1 BR Flat	\$599	\$180	\$243	40.6%	\$6
Min Wage - Couple (2 children)	3 BR House	\$935	\$280	\$435	46.5%	(\$255)

Hawthorn		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	\$330	118.7%	(\$250)
Newstart - Single (>21yrs)	1 BR Flat	\$326	\$98	\$330	101.1%	(\$250)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$91	\$205	67.2%	(\$150)
Newstart - Couple (2 children)	3 BR House	\$755	\$227	\$770	101.9%	(\$660)
Aged Pension - Single	1 BR Flat	\$491	\$147	\$330	67.2%	(\$89)
Parenting - Single Parent (1 child)	2 BR Flat	\$588	\$176	\$410	69.7%	(\$207)
AWE - Single	1 BR Flat	\$1,096	\$329	\$330	30.1%	\$416
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$770	60.0%	(\$242)
Min Wage - Single	1 BR Flat	\$599	\$180	\$330	55.1%	(\$81)
Min Wage - Couple (2 children)	3 BR House	\$935	\$280	\$770	82.4%	(\$590)

St Kilda East		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	\$295	106.1%	(\$250)
Newstart - Single (>21yrs)	1 BR Flat	\$326	\$98	\$295	90.4%	(\$219)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$91	\$198	65.0%	(\$143)
Newstart - Couple (2 children)	3 BR House	\$755	\$227	\$713	94.4%	(\$618)
Aged Pension - Single	1 BR Flat	\$491	\$147	\$295	60.1%	(\$54)
Parenting - Single Parent (1 child)	2 BR Flat	\$588	\$176	\$395	67.2%	(\$192)
AWE - Single	1 BR Flat	\$1,096	\$329	\$295	26.9%	\$451
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$713	55.6%	(\$185)
Min Wage - Single	1 BR Flat	\$599	\$180	\$295	49.3%	(\$46)
Min Wage - Couple (2 children)	3 BR House	\$935	\$280	\$713	76.3%	(\$533)

MIDDLE RING:

Rents in the middle ring suburbs of metropolitan Melbourne are, on the whole, much lower than those in the inner ring. Yet rents in the five suburbs profiled below are unaffordable for all low income household types. Rents were largely stable in the December quarter; however, there were significant increases for one bedroom flats in Box Hill and Ringwood which increased \$20 (8.7 per cent) and \$28 (10 per cent), respectively. Median rents for Box Hill and Preston also increased in December (\$20, 8.7 per cent and \$25, 5.9 per cent, respectively). While all five suburbs are unaffordable for households on low incomes if paying the median rent, Preston, in the north east, and Box Hill and Ringwood in the east, are substantially more expensive than Sunshine and Broadmeadows in the west and north west, respectively.

Eastern Region

In the eastern suburbs of Box Hill and Ringwood, and Preston in the north west, singles on Newstart and living alone would need to spend between 72 per cent and 94 per cent of their income for a one bedroom flat if paying the median rent in these three suburbs. Even singles receiving Newstart and sharing a two bedroom flat would consume between 55 per cent and 62 per cent of their income on housing. Similarly, aged pensioners living alone require 51 per cent of their income to be devoted to renting a one bedroom flat in Box Hill, the cheapest of the three suburbs. While the same aged pensioner would burn through 63 per cent and 59 per cent in Ringwood and Preston, respectively, leaving them below the poverty line. It is a similar story for families receiving income support. For example, a single parent with one child and receiving the parenting payment would expend between 57 per cent and 64 per cent of available income to rent an appropriate two bedroom flat. Even families earning an average wage would have to pay more than 30 per cent of their income on median rent in Preston, Box Hill and Ringwood.

Box Hill		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	\$250	89.9%	(\$222)
Newstart - Single (>21yrs)	1 BR Flat	\$326	\$98	\$250	76.6%	(\$174)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$91	\$190	62.3%	(\$135)
Newstart - Couple (2 children)	3 BR House	\$755	\$227	\$460	60.9%	(\$365)
Aged Pension - Single	1 BR Flat	\$491	\$147	\$250	50.9%	(\$9)
Parenting - Single Parent (1 child)	2 BR Flat	\$588	\$176	\$380	64.6%	(\$177)
AWE - Single	1 BR Flat	\$1,096	\$329	\$250	22.8%	\$496
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$460	35.9%	\$68
Min Wage - Single	1 BR Flat	\$599	\$180	\$250	41.8%	(\$1)
Min Wage - Couple (2 children)	3 BR House	\$935	\$280	\$460	49.2%	(\$280)

Preston		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	\$288	103.6%	(\$250)
Newstart - Single (>21yrs)	1 BR Flat	\$326	\$98	\$288	88.2%	(\$212)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$91	\$180	59.0%	(\$125)
Newstart - Couple (2 children)	3 BR House	\$755	\$227	\$450	59.6%	(\$355)
Aged Pension - Single	1 BR Flat	\$491	\$147	\$288	58.6%	(\$47)
Parenting - Single Parent (1 child)	2 BR Flat	\$588	\$176	\$360	61.2%	(\$157)
AWE - Single	1 BR Flat	\$1,096	\$329	\$288	26.3%	\$458
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$450	35.1%	\$78
Min Wage - Single	1 BR Flat	\$599	\$180	\$288	48.1%	(\$39)

Min Wage - Couple (2 children)	3 BR House	\$935	\$280	\$450	48.1%	(\$270)
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Ringwood		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	\$308	110.8%	(\$250)
Newstart - Single (>21yrs)	1 BR Flat	\$326	\$98	\$308	94.4%	(\$232)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$91	\$168	55.1%	(\$113)
Newstart - Couple (2 children)	3 BR House	\$755	\$227	\$395	52.3%	(\$300)
Aged Pension - Single	1 BR Flat	\$491	\$147	\$308	62.7%	(\$67)
Parenting - Single Parent (1 child)	2 BR Flat	\$588	\$176	\$335	57.0%	(\$132)
AWE - Single	1 BR Flat	\$1,096	\$329	\$308	28.1%	\$438
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$395	30.8%	\$133
Min Wage - Single	1 BR Flat	\$599	\$180	\$308	51.5%	(\$59)
Min Wage - Couple (2 children)	3 BR House	\$935	\$280	\$395	42.3%	(\$215)

Western Region

Sunshine, in the west, and Broadmeadows, in the north west, provide some relief but they are still unaffordable for the low income households profiled. Singles on income support and living alone would have to spend between 43 per cent and 76 per cent of their income to pay the median rent in Sunshine, and between 42 per cent and 73 per cent of their income to live in Broadmeadows. Singles earning the minimum wage, meanwhile, would be required to part with 35 per cent and 34 per cent of their income for a one bedroom flat to live in Sunshine or Broadmeadows, respectively, leaving them barely above the poverty line after paying for housing. Families with dependent children and on a low income, a particularly vulnerable group, would experience significant rental stress paying the median rent in Sunshine and Broadmeadows. For instance, median rents in these suburbs would consume around 43 per cent of the income of couples receiving Newstart and with dependent children, leaving them \$225-\$230 below the poverty line. Similarly, couples with dependent children and earning the minimum wage would spend around 34 per cent of their income to pay for median rent on an appropriate three bedroom house.

Broadmeadows		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	\$204	73.4%	(\$176)
Newstart - Single (>21yrs)	1 BR Flat	\$326	\$98	\$204	62.5%	(\$128)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$91	\$150	49.2%	(\$95)
Newstart - Couple (2 children)	3 BR House	\$755	\$227	\$325	43.0%	(\$230)
Aged Pension - Single	1 BR Flat	\$491	\$147	\$204	41.5%	\$37
Parenting - Single Parent (1 child)	2 BR Flat	\$588	\$176	\$300	51.0%	(\$97)
AWE - Single	1 BR Flat	\$1,096	\$329	\$204	18.6%	\$542
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$325	25.3%	\$203
Min Wage - Single	1 BR Flat	\$599	\$180	\$204	34.1%	\$45
Min Wage - Couple (2 children)	3 BR House	\$935	\$280	\$325	34.8%	(\$145)

Sunshine		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	75.5%	(\$182)
Newstart - Single (>21yrs)	1 BR Flat	\$326	\$98	\$210	64.3%	(\$134)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$91	\$140	45.9%	(\$85)
Newstart - Couple (2 children)	3 BR House	\$755	\$227	\$320	42.4%	(\$225)
Aged Pension - Single	1 BR Flat	\$491	\$147	\$210	42.8%	\$31
Parenting - Single Parent (1 child)	2 BR Flat	\$588	\$176	\$280	47.6%	(\$77)
AWE - Single	1 BR Flat	\$1,096	\$329	\$210	19.2%	\$536
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$320	24.9%	\$208
Min Wage - Single	1 BR Flat	\$599	\$180	\$210	35.1%	\$39
Min Wage - Couple (2 children)	3 BR House	\$935	\$280	\$320	34.2%	(\$140)

OUTER RING:

The outer ring analyses eight suburbs on Melbourne's outer metropolitan fringe – Werribee, Melton and Sunbury on the western and north western fringes, Lilydale in the outer east, and Dandenong, Frankston, Pakenham and Rosebud in the south east. While the outer ring is more affordable than the inner and middle rings, as our analysis illustrates, these areas are still unaffordable for all low income households profiled. Only those households earning an average wage can afford appropriate housing in the eight suburbs analysed. Rents were mainly stable or increased slightly in the December quarter; however, there were a few significant decreases in median rents for one bedroom flats. One bedroom flats in Frankston decreased \$25 (10.6 per cent) in the quarter while median rents for similar dwellings in Werribee and Dandenong fell \$28 (9.7 per cent) and \$20 (7.4 per cent), respectively. [**NOTE:** there were no one bedroom flats rented in Pakenham and Rosebud in the December quarter].

Western Region

The outer western region is considered the most affordable region in metropolitan Melbourne. As our analysis shows, however, median rents in urban centres such as Melton, Sunbury and Werribee are all unaffordable for households on low incomes. The situation is particularly severe for singles receiving income support and living alone; these households would be required to pay between 62 per cent and 112 per cent of their income for a one bedroom flat in Melton, or 53 per cent and 94 per cent of their income in Werribee. Sunbury is significantly cheaper, yet singles would still need to spend between 42 per cent and 75 per cent of their income on the median rent. Even singles receiving the minimum wage would spend between 35 per cent and 52 per cent of their income on median rent for a one bedroom flat in these suburbs. With the exception of a pensioner in Sunbury, all single low income households profiled would find themselves well below the poverty line if paying median rent.

Strangely, the tables show that median rents for one bedroom flats are higher than those for two bedroom flats and three bedroom dwellings in Melton. However, these lower rents are still very much unaffordable for singles on low incomes. Couples with children receiving income support will also find it unaffordable to pay median rent in the outer western region. Families on Newstart, for example, would have to part with 37 per cent of their income on rent in Melton, while they would part with around 41 per cent and 42 per cent of their income in Werribee and Sunbury, respectively. These families would be left between \$185 and \$225 below the AHPL.

Melton		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	\$313	112.3%	(\$250)
Newstart - Single (>21yrs)	1 BR Flat	\$326	\$98	\$313	95.7%	(\$236)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$91	\$124	40.7%	(\$69)
Newstart - Couple (2 children)	3 BR House	\$755	\$227	\$280	37.1%	(\$185)
Aged Pension - Single	1 BR Flat	\$491	\$147	\$313	62.4%	(\$61)
Parenting - Single Parent (1 child)	2 BR Flat	\$588	\$176	\$248	42.2%	(\$45)
AWE - Single	1 BR Flat	\$1,096	\$329	\$313	28.6%	\$433
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$280	21.8%	\$248
Min Wage - Single	1 BR Flat	\$599	\$180	\$313	52.3%	(\$64)
Min Wage - Couple (2 children)	3 BR House	\$935	\$280	\$280	30.0%	(\$100)

Sunbury		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	75.4%	(\$181)
Newstart - Single (>21yrs)	1 BR Flat	\$326	\$98	\$210	64.2%	(\$133)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$91	\$150	49.2%	(\$95)
Newstart - Couple (2 children)	3 BR House	\$755	\$227	\$320	42.4%	(\$225)
Aged Pension - Single	1 BR Flat	\$491	\$147	\$210	41.8%	\$42
Parenting - Single Parent (1 child)	2 BR Flat	\$588	\$176	\$300	51.0%	(\$97)
AWE - Single	1 BR Flat	\$1,096	\$329	\$210	19.2%	\$536
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$320	24.9%	\$208
Min Wage - Single	1 BR Flat	\$599	\$180	\$210	35.1%	\$39
Min Wage - Couple (2 children)	3 BR House	\$935	\$280	\$320	34.2%	(\$140)

Werribee		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	\$260	93.5%	(\$232)
Newstart - Single (>21yrs)	1 BR Flat	\$326	\$98	\$260	79.7%	(\$184)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$91	\$135	44.3%	(\$80)
Newstart - Couple (2 children)	3 BR House	\$755	\$227	\$310	41.0%	(\$215)
Aged Pension - Single	1 BR Flat	\$491	\$147	\$260	52.9%	(\$19)
Parenting - Single Parent (1 child)	2 BR Flat	\$588	\$176	\$270	45.9%	(\$67)
AWE - Single	1 BR Flat	\$1,096	\$329	\$260	23.7%	\$486
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$310	24.2%	\$218
Min Wage - Single	1 BR Flat	\$599	\$180	\$260	43.4%	(\$11)
Min Wage - Couple (2 children)	3 BR House	\$935	\$280	\$310	33.2%	(\$130)

Eastern Region

In the outer east and south east, the affordability situation is more precarious. The median rent for one bedroom flats in Dandenong, Frankston and Lilydale are, surprisingly, lower than similar dwellings in Werribee and Melton in the outer western region. However, these are still unaffordable for singles on low incomes and living alone. Dandenong is the most unaffordable of these three suburbs, with median rents consuming approximately 77 per cent and 90 per cent of the available income for singles on Newstart and Austudy, respectively. In Frankston and Lilydale the situation is not much better with median rents for a similar dwelling consuming between approximately 64 per cent

and 85 per cent for these household types. Even singles earning the minimum wage and living alone cannot afford to pay median rent in these areas. Minimum wage earners would need to spend between 35 per cent and 42 per cent of their income on median rent in Dandenong, Frankston and Lilydale, leaving them below, or not far above, the poverty line.

These three suburbs remain critically unaffordable for low income families also. Couples with children receiving Newstart would need to expend around 46 per cent and 48 per cent of their income on the median rent for a three bedroom house in Frankston and Dandenong, respectively, while consuming 51 per cent for a similar dwelling in Lilydale. In fact, even families receiving an average wage would find themselves paying 30 per cent of their income on the median rent for a three bedroom house in Lilydale. Families on Newstart would be left between \$255 and \$290 below the poverty line if paying the median rent in these suburbs.

In Pakenham and Rosebud, suburbs a really long way from the CBD, median rents are unaffordable for low income families. For example, a family receiving Newstart would have to pay around 44 per cent and 45 per cent of their income to rent an appropriate three bedroom house in Pakenham and Rosebud, respectively. For similar families receiving the minimum wage, median rent would consume 35 per cent and 36 per cent of their incomes, respectively. Finally, single parents receiving the parenting payment would also face significant rental stress as they would need to spend between 46 per cent and 55 per cent of their income on median rent for an appropriate two bedroom dwelling across the five suburbs analysed.

Dandenong		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	\$250	89.9%	(\$222)
Newstart - Single (>21yrs)	1 BR Flat	\$326	\$98	\$250	76.6%	(\$174)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$91	\$140	45.9%	(\$85)
Newstart - Couple (2 children)	3 BR House	\$755	\$227	\$365	48.3%	(\$270)
Aged Pension - Single	1 BR Flat	\$491	\$147	\$250	50.9%	(\$9)
Parenting - Single Parent (1 child)	2 BR Flat	\$588	\$176	\$280	47.6%	(\$77)
AWE - Single	1 BR Flat	\$1,096	\$329	\$250	22.8%	\$496
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$365	28.5%	\$163
Min Wage - Single	1 BR Flat	\$599	\$180	\$250	41.8%	(\$1)
Min Wage - Couple (2 children)	3 BR House	\$935	\$280	\$365	39.0%	(\$185)

Frankston		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	75.5%	(\$182)
Newstart - Single (>21yrs)	1 BR Flat	\$326	\$98	\$210	64.3%	(\$134)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$91	\$143	46.9%	(\$88)
Newstart - Couple (2 children)	3 BR House	\$755	\$227	\$350	46.3%	(\$255)
Aged Pension - Single	1 BR Flat	\$491	\$147	\$210	42.8%	\$31
Parenting - Single Parent (1 child)	2 BR Flat	\$588	\$176	\$285	48.5%	(\$82)
AWE - Single	1 BR Flat	\$1,096	\$329	\$210	19.2%	\$536
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$350	27.3%	\$178
Min Wage - Single	1 BR Flat	\$599	\$180	\$210	35.1%	\$39
Min Wage - Couple (2 children)	3 BR House	\$935	\$280	\$350	37.4%	(\$170)

Lilydale		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	\$235	84.5%	(\$207)
Newstart - Single (>21yrs)	1 BR Flat	\$326	\$98	\$235	72.0%	(\$159)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$91	\$163	53.5%	(\$108)
Newstart - Couple (2 children)	3 BR House	\$755	\$227	\$385	51.0%	(\$290)
Aged Pension - Single	1 BR Flat	\$491	\$147	\$235	47.8%	\$6
Parenting - Single Parent (1 child)	2 BR Flat	\$588	\$176	\$325	55.3%	(\$122)
AWE - Single	1 BR Flat	\$1,096	\$329	\$235	21.4%	\$511
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$385	30.0%	\$143
Min Wage - Single	1 BR Flat	\$599	\$180	\$235	39.3%	\$14
Min Wage - Couple (2 children)	3 BR House	\$935	\$280	\$385	41.2%	(\$205)

Pakenham		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	-	-	N/A	-	-
Newstart - Single (>21yrs)	1 BR Flat	-	-	N/A	-	-
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$91	\$135	44.3%	(\$80)
Newstart - Couple (2 children)	3 BR House	\$755	\$227	\$330	43.7%	(\$235)
Aged Pension - Single	1 BR Flat	-	-	N/A	-	-
Parenting - Single Parent (1 child)	2 BR Flat	\$588	\$176	\$270	45.9%	(\$67)
AWE - Single	1 BR Flat	-	-	N/A	-	-
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$330	25.7%	\$198
Min Wage - Single	1 BR Flat	-	-	N/A	-	-
Min Wage - Couple (2 children)	3 BR House	\$935	\$280	\$330	35.3%	(\$150)

Rosebud		Income		Median Rent		
Household Type	Property Type	Weekly Income	Affordable Rent (30%)	Rent	% of Income	Difference from AHPL
Austudy - Single	1 BR Flat	-	-	N/A	-	-
Newstart - Single (>21yrs)	1 BR Flat	-	-	N/A	-	-
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$91	\$134	44.0%	(\$79)
Newstart - Couple (2 children)	3 BR House	\$755	\$227	\$340	45.0%	(\$245)
Aged Pension - Single	1 BR Flat	-	-	N/A	-	-
Parenting - Single Parent (1 child)	2 BR Flat	\$588	\$176	\$268	45.6%	(\$65)
AWE - Single	1 BR Flat	-	-	N/A	-	-
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$340	26.5%	\$188
Min Wage - Single	1 BR Flat	-	-	N/A	-	-
Min Wage - Couple (2 children)	3 BR House	\$935	\$280	\$340	36.4%	(\$160)

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 are based on 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	\$278.10
Newstart - Single (>21 yrs)	Newstart CRA	\$326.40
Newstart - Single (>21yrs) [Sharing]	Newstart CRA	\$304.84
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	\$491.15
Parenting - Single Parent (1 child)	Family Tax Benefit A Family Tax Benefit B Parenting Payment Pharmaceutical Allowance CRA	\$587.87
AWE - Single	Average Weekly Income	\$1,095.80
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	\$1,282.77
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	\$934.73

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

- iv Suburbs have been designated as "Inner", "Middle" or "Outer" based on distance to the Melbourne CBD using criteria set out by AHURI (see Murray S. et al 2015, 'Processes for developing affordable and sustainable medium-density housing models for greyfield precincts: Appendix 1', Australian Housing and Urban Research Institute, p.3). The three regions are categorised as the following:
 - Inner = up to 7km
 - Middle = 7km – 25km
 - Outer = 25km +