



## 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.<sup>i</sup>
- **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.<sup>ii</sup> 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<sup>iii</sup>. 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, and also providing a summary of movements in median rents vs household incomes for each suburb.<sup>ivv</sup>

## 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:

Selected movements in median rents				
Suburb	Dwelling Type	Median Rent	Δ Median Rent	
			\$	%
Brunswick	2 BR Flat	\$420	↑20	+5%
CBD	2 BR Flat	\$540	↑15	+3%
Footscray	1 BR Flat	\$230	↓13	-5%
Hawthorn	1 BR Flat	\$270	↓60	-18%
St Kilda East	2 BR Flat	\$300	↑5	+1%

The tables above and to the right set out the major movements in median rents for one and two bedroom flats, and the statutory incomes for the profiled low-income households for which these dwellings could be considered appropriate. One and two bedroom flats have been highlighted here because they comprise the vast majority of newly tenanted dwellings in inner city suburbs, as well as typically housing a significant majority of private renter households. As the tables demonstrate, statutory incomes have stagnated while median rents have generally continued to rise. Importantly, even when the median rent decreased significantly, it remains incredibly unaffordable for low-income households.

Selected movements in statutory incomes (p.w.)				
Dwelling Type	Income Payment	Max Income	Δ Income	
			(\$)	(%)
1 BR Flat	Austudy [Single]	\$282	↑3	1%
	Newstart [Single]	\$327	-	-
	Aged Pension [Single]	\$502	-	-
	Min Wage [Single]	\$599	-	-
2 BR Flat	Parenting [Single Parent +1]	\$589	-	-

In the March quarter, the largest movements in median rents were predominantly for three bedroom dwellings. Three bedroom houses in Hawthorn decreased \$70 (9.1 per cent), while three bedroom houses in Brunswick increased \$65 (11.5 per cent). One bedroom flats in Hawthorn also decreased significantly from the previous quarter (\$60, 18.2 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 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 Footscray, Hawthorn 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 or Hawthorn would continue to spend more than 100 per cent of their income to rent a one bedroom flat at the median rent (as high as 135 per cent in the CBD). The 'relatively' improved affordability in Hawthorn, still requiring more than 95 per cent of their income, is the result of the significant fall in median rent for one bedroom flats in the March quarter. Even in Footscray, the same student would be required to part with around 82 per cent of their income. Singles receiving Newstart would expend around 83 per cent and 92 per cent of their income to live in Hawthorn and St Kilda East, respectively, or over 100 per cent of their income in Brunswick and the CBD. Living in any of these four suburbs would leave singles on Newstart between \$198 and \$255 below the poverty line. Similarly, singles earning the minimum wage would also experience rental stress in all five suburbs, needing to spend between 38 per cent and 64 per cent of their income on the median 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 74 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 around 49 per cent of their income for an appropriate dwelling in Brunswick or 55 per cent for a similar size dwelling in Hawthorn, for example. In all suburbs profiled other than Footscray, these families would find themselves below the AHPL. 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 significantly below the poverty line. For an appropriate three bedroom dwelling at the median rent, the families would be required to pay between 92 per cent and 99 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 60 per cent of their weekly income would be consumed by the median rent. The dire affordability situation in the inner ring means couples receiving Newstart and with dependent children would be left between \$359 and \$659 below the AHPL.

<b>Brunswick</b>		<b>Income</b>		<b>Median Rent</b>		
<b>Household Type</b>	<b>Property Type</b>	<b>Weekly Income</b>	<b>Affordable Rent (30%)</b>	<b>Rent</b>	<b>% of Income</b>	<b>Difference from AHPL</b>
Austudy - Single	1 BR Flat	\$282	\$85	\$335	118.9%	(\$255)
Newstart - Single (>21yrs)	1 BR Flat	\$327	\$98	\$335	102.5%	(\$255)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$92	\$210	68.8%	(\$160)
Newstart - Couple (2 children)	3 BR House	\$756	\$227	\$630	83.3%	(\$539)
Aged Pension - Single	1 BR Flat	\$502	\$151	\$335	66.8%	(\$88)
Parenting - Single Parent (1 child)	2 BR Flat	\$589	\$177	\$420	71.4%	(\$216)
AWE - Single	1 BR Flat	\$1,096	\$329	\$335	30.6%	\$406
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$630	49.1%	(\$112)
Min Wage - Single	1 BR Flat	\$599	\$180	\$335	56.0%	(\$91)
Min Wage - Couple (2 children)	3 BR House	\$935	\$281	\$630	67.4%	(\$460)

<b>CBD</b>		<b>Income</b>		<b>Median Rent</b>		
<b>Household Type</b>	<b>Property Type</b>	<b>Weekly Income</b>	<b>Affordable Rent (30%)</b>	<b>Rent</b>	<b>% of Income</b>	<b>Difference from AHPL</b>
Austudy - Single	1 BR Flat	\$282	\$85	\$380	134.8%	(\$255)
Newstart - Single (>21yrs)	1 BR Flat	\$327	\$98	\$380	116.2%	(\$255)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$92	\$270	88.5%	(\$220)
Newstart - Couple (2 children)	3 BR Flat	\$756	\$227	\$750	99.2%	(\$659)
Aged Pension - Single	1 BR Flat	\$502	\$151	\$380	75.7%	(\$133)
Parenting - Single Parent (1 child)	2 BR Flat	\$589	\$177	\$540	91.8%	(\$336)
AWE - Single	1 BR Flat	\$1,096	\$329	\$380	34.7%	\$361
AWE - Couple (2 children)	3 BR Flat	\$1,283	\$385	\$750	58.4%	(\$232)
Min Wage - Single	1 BR Flat	\$599	\$180	\$380	63.5%	(\$136)
Min Wage - Couple (2 children)	3 BR Flat	\$935	\$281	\$750	80.2%	(\$580)

<b>Footscray</b>		<b>Income</b>		<b>Median Rent</b>		
<b>Household Type</b>	<b>Property Type</b>	<b>Weekly Income</b>	<b>Affordable Rent (30%)</b>	<b>Rent</b>	<b>% of Income</b>	<b>Difference from AHPL</b>
Austudy - Single	1 BR Flat	\$282	\$85	\$230	81.6%	(\$203)
Newstart - Single (>21yrs)	1 BR Flat	\$327	\$98	\$230	70.4%	(\$158)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$92	\$170	55.7%	(\$120)
Newstart - Couple (2 children)	3 BR House	\$756	\$227	\$450	59.5%	(\$359)
Aged Pension - Single	1 BR Flat	\$502	\$151	\$230	45.8%	\$17
Parenting - Single Parent (1 child)	2 BR Flat	\$589	\$177	\$340	57.8%	(\$136)
AWE - Single	1 BR Flat	\$1,096	\$329	\$230	21.0%	\$511
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$450	35.1%	\$68
Min Wage - Single	1 BR Flat	\$599	\$180	\$230	38.4%	\$14
Min Wage - Couple (2 children)	3 BR House	\$935	\$281	\$450	48.1%	(\$280)

<b>Hawthorn</b>		<b>Income</b>		<b>Median Rent</b>		
<b>Household Type</b>	<b>Property Type</b>	<b>Weekly Income</b>	<b>Affordable Rent (30%)</b>	<b>Rent</b>	<b>% of Income</b>	<b>Difference from AHPL</b>
Austudy - Single	1 BR Flat	\$282	\$85	\$270	95.8%	(\$243)
Newstart - Single (>21yrs)	1 BR Flat	\$327	\$98	\$270	82.6%	(\$198)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$92	\$210	68.8%	(\$160)
Newstart - Couple (2 children)	3 BR House	\$756	\$227	\$700	92.6%	(\$609)
Aged Pension - Single	1 BR Flat	\$502	\$151	\$270	53.8%	(\$23)
Parenting - Single Parent (1 child)	2 BR Flat	\$589	\$177	\$420	71.4%	(\$216)
AWE - Single	1 BR Flat	\$1,096	\$329	\$270	24.6%	\$471
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$700	54.5%	(\$182)
Min Wage - Single	1 BR Flat	\$599	\$180	\$270	45.1%	(\$26)
Min Wage - Couple (2 children)	3 BR House	\$935	\$281	\$700	74.8%	(\$530)

<b>St Kilda East</b>		<b>Income</b>		<b>Median Rent</b>		
<b>Household Type</b>	<b>Property Type</b>	<b>Weekly Income</b>	<b>Affordable Rent (30%)</b>	<b>Rent</b>	<b>% of Income</b>	<b>Difference from AHPL</b>
Austudy - Single	1 BR Flat	\$282	\$85	\$300	106.5%	(\$255)
Newstart - Single (>21yrs)	1 BR Flat	\$327	\$98	\$300	91.8%	(\$228)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$92	\$200	65.5%	(\$150)
Newstart - Couple (2 children)	3 BR House	\$756	\$227	\$700	92.6%	(\$609)
Aged Pension - Single	1 BR Flat	\$502	\$151	\$300	59.8%	(\$53)
Parenting - Single Parent (1 child)	2 BR Flat	\$589	\$177	\$400	68.0%	(\$196)
AWE - Single	1 BR Flat	\$1,096	\$329	\$300	27.4%	\$441
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$700	54.5%	(\$182)
Min Wage - Single	1 BR Flat	\$599	\$180	\$300	50.1%	(\$56)
Min Wage - Couple (2 children)	3 BR House	\$935	\$281	\$700	74.8%	(\$530)

## **MIDDLE RING:**

<b>Selected movements in median rents</b>				
<b>Suburb</b>	<b>Dwelling Type</b>	<b>Median Rent</b>	<b>Δ Median Rent</b>	
			<b>\$</b>	<b>%</b>
Box Hill	1 BR Flat	\$230	↓20	-8%
Broadmeadows	3 BR House	\$330	↑5	+2%
Preston	2 BR Flat	\$380	↑20	+6%
Ringwood	3 BR House	\$395	-	-
Sunshine	2 BR Flat	\$298	↑18	+6%

The table above sets out the major movements in median rents for selected dwellings based on the type of dwelling most private tenants occupy (flats or houses) in the suburb and which type of dwelling comprises the majority of new tenancies in the suburb. Again, the statutory incomes for the profiled low-income households for which these dwellings could be considered appropriate can be found in the table income table below. As the tables demonstrate, statutory incomes for low income households have not increased, with the exception of a student receiving Austudy which increased a meagre \$3. Meanwhile median rents have generally continued to rise or, where they have decreased and remained stable, continue to be critically unaffordable for the low-income households seeking that type of dwelling.

Median rents in the Melbourne's middle ring suburbs are, on the whole, much lower than those in the inner ring. However, the five suburbs profiled below are unaffordable for all low-income household types, particularly Preston in the north and Box Hill and Ringwood in the east. Median rents were largely stable in the March quarter; however, there were significant movements for one bedroom flats in Box Hill and Broadmeadows which decreased \$20 (8 per cent) and increased \$19 (9.3 per cent), respectively. Median rents for two bedroom flats also increased in Preston (\$20, 5.6 per cent) and Sunshine (\$18, 6.4 per cent) from the December quarter 2015. [NOTE: there were no one bedroom flats rented in Ringwood in the March quarter]

Selected movements in statutory incomes (p.w.)				
Dwelling Type	Income Payment	Max Income	Δ Income	
			(\$)	(%)
1 BR Flat	Austudy [Single]	\$282	↑3	1%
	Newstart [Single]	\$327	-	-
	Aged Pension [Single]	\$502	-	-
	Min Wage [Single]	\$599	-	-
2 BR Flat	Parenting [Single Parent +1]	\$589	-	-
3 BR House	Newstart [Couple +2]	\$305	-	-
	Min Wage [Couple +2]	\$589	-	-

In the eastern suburb of Box Hill, and Preston in the north, singles on Newstart and living alone would need to spend between 70 per cent and 92 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 62 per cent and 65 per cent of their income on housing. Similarly, aged pensioners living alone require approximately 46 per cent of their income to be devoted to renting a one bedroom flat in Box Hill at the median rent, the cheaper of the two suburbs. While the same aged pensioner would burn through approximately 60 per cent of household income in Preston, 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 56 per cent and 67 per cent of available income to the median rent for an appropriate two bedroom flat in the three suburbs profiled. Even families earning an average wage would have to pay more than 30 per cent of their income on median rent in Box Hill, Preston 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	\$282	\$85	\$230	81.6%	(\$203)
Newstart - Single (>21yrs)	1 BR Flat	\$327	\$98	\$230	70.4%	(\$158)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$92	\$198	64.9%	(\$148)
Newstart - Couple (2 children)	3 BR House	\$756	\$227	\$450	59.5%	(\$359)
Aged Pension - Single	1 BR Flat	\$502	\$151	\$230	45.8%	\$17
Parenting - Single Parent (1 child)	2 BR Flat	\$589	\$177	\$395	67.1%	(\$191)
AWE - Single	1 BR Flat	\$1,096	\$329	\$230	21.0%	\$511
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$450	35.1%	\$68
Min Wage - Single	1 BR Flat	\$599	\$180	\$230	38.4%	\$14
Min Wage - Couple (2 children)	3 BR House	\$935	\$281	\$450	48.1%	(\$280)

<b>Preston</b>		<b>Income</b>		<b>Median Rent</b>		
<b>Household Type</b>	<b>Property Type</b>	<b>Weekly Income</b>	<b>Affordable Rent (30%)</b>	<b>Rent</b>	<b>% of Income</b>	<b>Difference from AHPL</b>
Austudy - Single	1 BR Flat	\$282	\$85	\$300	106.5%	(\$255)
Newstart - Single (>21yrs)	1 BR Flat	\$327	\$98	\$300	91.8%	(\$228)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$92	\$190	62.3%	(\$140)
Newstart - Couple (2 children)	3 BR House	\$756	\$227	\$440	58.2%	(\$349)
Aged Pension - Single	1 BR Flat	\$502	\$151	\$300	59.8%	(\$53)
Parenting - Single Parent (1 child)	2 BR Flat	\$589	\$177	\$380	64.6%	(\$176)
AWE - Single	1 BR Flat	\$1,096	\$329	\$300	27.4%	\$441
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$440	34.3%	\$78
Min Wage - Single	1 BR Flat	\$599	\$180	\$300	50.1%	(\$56)
Min Wage - Couple (2 children)	3 BR House	\$935	\$281	\$440	47.0%	(\$270)

<b>Ringwood</b>		<b>Income</b>		<b>Median Rent</b>		
<b>Household Type</b>	<b>Property Type</b>	<b>Weekly Income</b>	<b>Affordable Rent (30%)</b>	<b>Rent</b>	<b>% of Income</b>	<b>Difference from AHPL</b>
Austudy - Single	1 BR Flat			N/A		
Newstart - Single (>21yrs)	1 BR Flat			N/A		
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$92	\$165	54.1%	(\$115)
Newstart - Couple (2 children)	3 BR House	\$756	\$227	\$395	52.3%	(\$304)
Aged Pension - Single	1 BR Flat			N/A		
Parenting - Single Parent (1 child)	2 BR Flat	\$589	\$177	\$330	56.1%	(\$126)
AWE - Single	1 BR Flat			N/A		
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$395	30.8%	\$123
Min Wage - Single	1 BR Flat			N/A		
Min Wage - Couple (2 children)	3 BR House	\$935	\$281	\$395	42.2%	(\$225)

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 42 per cent and 75 per cent of their income to pay the median rent in Sunshine, and between 44 per cent and 80 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 37 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 42-44 per cent of the income of couples receiving Newstart and with dependent children, leaving them \$229-\$239 below the poverty line. Similarly, couples with dependent children and earning the minimum wage would spend between 34 per cent and 35 per cent of their income to pay for median rent on an appropriate three bedroom house.

<b>Broadmeadows</b>		<b>Income</b>		<b>Median Rent</b>		
<b>Household Type</b>	<b>Property Type</b>	<b>Weekly Income</b>	<b>Affordable Rent (30%)</b>	<b>Rent</b>	<b>% of Income</b>	<b>Difference from AHPL</b>
Austudy - Single	1 BR Flat	\$282	\$85	\$223	79.1%	(\$196)
Newstart - Single (>21yrs)	1 BR Flat	\$327	\$98	\$223	68.2%	(\$151)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$92	\$154	50.5%	(\$104)
Newstart - Couple (2 children)	3 BR House	\$756	\$227	\$330	43.7%	(\$239)
Aged Pension - Single	1 BR Flat	\$502	\$151	\$223	44.4%	\$24
Parenting - Single Parent (1 child)	2 BR Flat	\$589	\$177	\$308	52.3%	(\$104)
AWE - Single	1 BR Flat	\$1,096	\$329	\$223	20.4%	\$518
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$330	25.7%	\$188
Min Wage - Single	1 BR Flat	\$599	\$180	\$223	37.3%	\$21
Min Wage - Couple (2 children)	3 BR House	\$935	\$281	\$330	35.3%	(\$160)

<b>Sunshine</b>		<b>Income</b>		<b>Median Rent</b>		
<b>Household Type</b>	<b>Property Type</b>	<b>Weekly Income</b>	<b>Affordable Rent (30%)</b>	<b>Rent</b>	<b>% of Income</b>	<b>Difference from AHPL</b>
Austudy - Single	1 BR Flat	\$282	\$85	\$210	74.5%	(\$183)
Newstart - Single (>21yrs)	1 BR Flat	\$327	\$98	\$210	64.2%	(\$138)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$92	\$149	48.8%	(\$99)
Newstart - Couple (2 children)	3 BR House	\$756	\$227	\$320	42.3%	(\$229)
Aged Pension - Single	1 BR Flat	\$502	\$151	\$210	41.8%	\$37
Parenting - Single Parent (1 child)	2 BR Flat	\$589	\$177	\$298	50.6%	(\$94)
AWE - Single	1 BR Flat	\$1,096	\$329	\$210	19.2%	\$531
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$320	24.9%	\$198
Min Wage - Single	1 BR Flat	\$599	\$180	\$210	35.1%	\$34
Min Wage - Couple (2 children)	3 BR House	\$935	\$281	\$320	34.2%	(\$150)

## OUTER RING:

<b>Selected movements in median rents</b>				
<b>Suburb</b>	<b>Dwelling Type</b>	<b>Median Rent</b>	<b>Δ Median Rent</b>	
			<b>\$</b>	<b>%</b>
Dandenong	2 BR Flat	\$290	↑10	+4%
Frankston	3 BR House	\$360	↑10	+3%
Lilydale	3 BR House	\$393	↑8	+2%
Melton	3 BR House	\$290	↑10	+4%
Pakenham	3 BR House	\$328	↓2	-1%
Rosebud	3 BR House	\$350	↑10	+3%
Sunbury	3 BR House	\$320	-	-
Werribee	3 BR House	\$320	↑10	+3%

The table above sets out the major movements in median rents for selected dwellings based on the type of dwelling most private tenants occupy (flats or houses) in the suburb and which type of dwelling comprises the majority of new tenancies in the suburb. Three bedroom houses are the dwelling type representing the vast majority of new tenancies each quarter, as well as housing the majority of private renters in the suburb. The notable exception is Dandenong, where the vast majority of private renters live in flats rather than houses.

The statutory incomes for the profiled low-income households for which these dwellings could be considered appropriate can be found in the table income table on the right. Again the two tables illustrate the point that statutory incomes for low income households have largely not increased, while median rents have either continued to rise or, if stable or decreasing, remain critically unaffordable for households reliant on income support or earning the minimum wage.

Selected movements in statutory incomes (p.w.)				
Dwelling Type	Income Payment	Max Income	Δ Income	
			(\$)	(%)
2 BR Flat	Parenting [Single Parent +1]	\$589	-	-
3 BR House	Newstart [Couple +2]	\$305	-	-
	Min Wage [Couple +2]	\$589	-	-

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. 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. Median rents were relatively stable or increased slightly in the March quarter; however, there were a few significant movements in median rents for one and two bedroom dwellings. In Lilydale, median rents for one bedroom flats and two bedroom flats increased \$15 (6.4 per cent and 4.6 per cent, respectively), while median rents for one bedroom flats in Dandenong decreased \$20 (8 per cent) from the December quarter 2015. **[NOTE: there were no one bedroom flats rented in Melton, Sunbury, Pakenham and Rosebud in the March quarter].**

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 50 per cent and 90 per cent of their income in Werribee, for example. Even singles receiving the minimum wage would spend around 43 per cent of their income on median rent for a one bedroom flat in Werribee. All single low income households profiled would find themselves well below the poverty line if paying median rent. While there was no data for Melton and Sunbury, these outer suburbs typically remain quite unaffordable.

Further, 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 38 per cent of their income on the median rent in Melton, while they would part with around 42 per cent of their income in Werribee or Sunbury. These families would be left between \$199 and \$229 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			N/A		
Newstart - Single (>21yrs)	1 BR Flat			N/A		
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$92	\$120	39.3%	(\$70)
Newstart - Couple (2 children)	3 BR House	\$756	\$227	\$290	38.4%	(\$199)
Aged Pension - Single	1 BR Flat			N/A		
Parenting - Single Parent (1 child)	2 BR Flat	\$589	\$177	\$240	40.8%	(\$36)
AWE - Single	1 BR Flat			N/A		
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$290	22.6%	\$228
Min Wage - Single	1 BR Flat			N/A		
Min Wage - Couple (2 children)	3 BR House	\$935	\$281	\$290	31.0%	(\$120)



<b>Sunbury</b>		<b>Income</b>		<b>Median Rent</b>		
<b>Household Type</b>	<b>Property Type</b>	<b>Weekly Income</b>	<b>Affordable Rent (30%)</b>	<b>Rent</b>	<b>% of Income</b>	<b>Difference from AHPL</b>
Austudy - Single	1 BR Flat			N/A		
Newstart - Single (>21yrs)	1 BR Flat			N/A		
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$92	\$148	48.5%	(\$98)
Newstart - Couple (2 children)	3 BR House	\$756	\$227	\$320	42.3%	(\$229)
Aged Pension - Single	1 BR Flat			N/A		
Parenting - Single Parent (1 child)	2 BR Flat	\$589	\$177	\$295	50.1%	(\$91)
AWE - Single	1 BR Flat			N/A		
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$320	24.9%	\$198
Min Wage - Single	1 BR Flat			N/A		
Min Wage - Couple (2 children)	3 BR House	\$935	\$281	\$320	34.2%	(\$150)

<b>Werribee</b>		<b>Income</b>		<b>Median Rent</b>		
<b>Household Type</b>	<b>Property Type</b>	<b>Weekly Income</b>	<b>Affordable Rent (30%)</b>	<b>Rent</b>	<b>% of Income</b>	<b>Difference from AHPL</b>
Austudy - Single	1 BR Flat	\$282	\$85	\$255	90.5%	(\$228)
Newstart - Single (>21yrs)	1 BR Flat	\$327	\$98	\$255	78.0%	(\$183)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$92	\$140	45.9%	(\$90)
Newstart - Couple (2 children)	3 BR House	\$756	\$227	\$320	42.3%	(\$229)
Aged Pension - Single	1 BR Flat	\$502	\$151	\$255	50.8%	(\$8)
Parenting - Single Parent (1 child)	2 BR Flat	\$589	\$177	\$280	47.6%	(\$76)
AWE - Single	1 BR Flat	\$1,096	\$329	\$255	23.3%	\$486
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$320	24.9%	\$198
Min Wage - Single	1 BR Flat	\$599	\$180	\$255	42.6%	(\$11)
Min Wage - Couple (2 children)	3 BR House	\$935	\$281	\$320	34.2%	(\$150)

In the outer east and south, the affordability situation is more precarious. The median rent for one bedroom flats in this region are, surprisingly, lower than similar dwellings in Werribee in the outer western region. However, these are still unaffordable for singles on low incomes and living alone. Lilydale is the most unaffordable of these three suburbs, with median rents consuming approximately 76 per cent and 89 per cent of the available income for singles on Newstart and Austudy, respectively. In Frankston and Dandenong the situation is not much better with median rents for a similar dwelling consuming between approximately 64 per cent and 82 per cent for these household types. Even singles earning the minimum wage and living alone cannot afford to pay median rent in Dandenong, Frankston or Lilydale; spend between 55 per cent and 42 per cent of their income, and leaving them close to the AHPL.

These three suburbs remain critically unaffordable for low income families also. Couples with children receiving Newstart would need to expend around 48 per cent of their income on the median rent for a three bedroom house in Frankston and Dandenong, while consuming 52 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 \$269 and \$302 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 43 per cent and 46 per cent of their income on the median rent for 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 37 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 58 per cent of their income on median rent for an appropriate two bedroom dwelling across the five suburbs analysed.

<b>Dandenong</b>		<b>Income</b>		<b>Median Rent</b>		
<b>Household Type</b>	<b>Property Type</b>	<b>Weekly Income</b>	<b>Affordable Rent (30%)</b>	<b>Rent</b>	<b>% of Income</b>	<b>Difference from AHPL</b>
Austudy - Single	1 BR Flat	\$282	\$85	\$230	81.6%	(\$203)
Newstart - Single (>21yrs)	1 BR Flat	\$327	\$98	\$230	70.4%	(\$158)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$92	\$145	47.5%	(\$95)
Newstart - Couple (2 children)	3 BR House	\$756	\$227	\$360	47.6%	(\$269)
Aged Pension - Single	1 BR Flat	\$502	\$151	\$230	45.8%	\$17
Parenting - Single Parent (1 child)	2 BR Flat	\$589	\$177	\$290	49.3%	(\$86)
AWE - Single	1 BR Flat	\$1,096	\$329	\$230	21.0%	\$511
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$360	28.1%	\$158
Min Wage - Single	1 BR Flat	\$599	\$180	\$230	38.4%	\$14
Min Wage - Couple (2 children)	3 BR House	\$935	\$281	\$360	38.5%	(\$190)

<b>Frankston</b>		<b>Income</b>		<b>Median Rent</b>		
<b>Household Type</b>	<b>Property Type</b>	<b>Weekly Income</b>	<b>Affordable Rent (30%)</b>	<b>Rent</b>	<b>% of Income</b>	<b>Difference from AHPL</b>
Austudy - Single	1 BR Flat	\$282	\$85	\$210	74.5%	(\$183)
Newstart - Single (>21yrs)	1 BR Flat	\$327	\$98	\$210	64.2%	(\$138)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$92	\$140	45.9%	(\$90)
Newstart - Couple (2 children)	3 BR House	\$756	\$227	\$360	47.6%	(\$269)
Aged Pension - Single	1 BR Flat	\$502	\$151	\$210	41.8%	\$37
Parenting - Single Parent (1 child)	2 BR Flat	\$589	\$177	\$280	47.6%	(\$76)
AWE - Single	1 BR Flat	\$1,096	\$329	\$210	19.2%	\$531
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$360	28.1%	\$158
Min Wage - Single	1 BR Flat	\$599	\$180	\$210	35.1%	\$34
Min Wage - Couple (2 children)	3 BR House	\$935	\$281	\$360	38.5%	(\$190)

<b>Lilydale</b>		<b>Income</b>		<b>Median Rent</b>		
<b>Household Type</b>	<b>Property Type</b>	<b>Weekly Income</b>	<b>Affordable Rent (30%)</b>	<b>Rent</b>	<b>% of Income</b>	<b>Difference from AHPL</b>
Austudy - Single	1 BR Flat	\$282	\$85	\$250	88.7%	(\$223)
Newstart - Single (>21yrs)	1 BR Flat	\$327	\$98	\$250	76.5%	(\$178)
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$92	\$170	55.7%	(\$120)
Newstart - Couple (2 children)	3 BR House	\$756	\$227	\$393	52.0%	(\$302)
Aged Pension - Single	1 BR Flat	\$502	\$151	\$250	49.8%	(\$3)
Parenting - Single Parent (1 child)	2 BR Flat	\$589	\$177	\$340	57.8%	(\$136)
AWE - Single	1 BR Flat	\$1,096	\$329	\$250	22.8%	\$491
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$393	30.6%	\$125
Min Wage - Single	1 BR Flat	\$599	\$180	\$250	41.8%	(\$6)
Min Wage - Couple (2 children)	3 BR House	\$935	\$281	\$393	42.0%	(\$223)

<b>Pakenham</b>		<b>Income</b>		<b>Median Rent</b>		
<b>Household Type</b>	<b>Property Type</b>	<b>Weekly Income</b>	<b>Affordable Rent (30%)</b>	<b>Rent</b>	<b>% of Income</b>	<b>Difference from AHPL</b>
Austudy - Single	1 BR Flat			N/A		
Newstart - Single (>21yrs)	1 BR Flat			N/A		
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$92	\$136	44.6%	(\$86)
Newstart - Couple (2 children)	3 BR House	\$756	\$227	\$328	43.4%	(\$237)
Aged Pension - Single	1 BR Flat			N/A		
Parenting - Single Parent (1 child)	2 BR Flat	\$589	\$177	\$272	46.2%	(\$68)
AWE - Single	1 BR Flat			N/A		
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$328	25.6%	\$190
Min Wage - Single	1 BR Flat			N/A		
Min Wage - Couple (2 children)	3 BR House	\$935	\$281	\$328	35.1%	(\$158)

<b>Rosebud</b>		<b>Income</b>		<b>Median Rent</b>		
<b>Household Type</b>	<b>Property Type</b>	<b>Weekly Income</b>	<b>Affordable Rent (30%)</b>	<b>Rent</b>	<b>% of Income</b>	<b>Difference from AHPL</b>
Austudy - Single	1 BR Flat			N/A		
Newstart - Single (>21yrs)	1 BR Flat			N/A		
Newstart - Single (>21yrs) Sharing	2 BR Flat	\$305	\$92	\$140	45.9%	(\$90)
Newstart - Couple (2 children)	3 BR House	\$756	\$227	\$350	46.3%	(\$259)
Aged Pension - Single	1 BR Flat			N/A		
Parenting - Single Parent (1 child)	2 BR Flat	\$589	\$177	\$280	47.6%	(\$76)
AWE - Single	1 BR Flat			N/A		
AWE - Couple (2 children)	3 BR House	\$1,283	\$385	\$350	27.3%	\$168
Min Wage - Single	1 BR Flat			N/A		
Min Wage - Couple (2 children)	3 BR House	\$935	\$281	\$350	37.4%	(\$180)

## 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*
<b>Austudy - Single</b>	Austudy CRA	\$281.80
<b>Newstart - Single (&gt;21 yrs)</b>	Newstart CRA	\$326.90
<b>Newstart - Single (&gt;21yrs) [Sharing]</b>	Newstart CRA	\$305.17
<b>Newstart - Couple (2 children)</b>	Newstart Family Tax Benefit A (Child 1) Family Tax Benefit A (Child 2) CRA	\$755.96
<b>Aged Pension - Single</b>	Aged Pension Pharmaceutical Allowance CRA	\$501.80
<b>Parenting - Single Parent (1 child)</b>	Family Tax Benefit A Family Tax Benefit B Parenting Payment Pharmaceutical Allowance CRA	\$588.51
<b>AWE - Single</b>	Average Weekly Income	\$1,095.80
<b>AWE - Couple (2 children)</b>	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	\$1,283.40
<b>Min Wage - Single</b>	Weekly Minimum Wage	\$598.59
<b>Min Wage - Couple (2 children)</b>	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	\$935.36

\* 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 +

<sup>v</sup> Dwelling types analysed in these summary boxes have been chosen based on what type of dwelling (flats or houses) the majority of private renter households occupy in the relevant suburb, derived from and analysis of ABS Census 2011 data. As well as which dwellings comprise a majority of new tenancies in the suburb, based on rent data provided by DHHS.