



## **2016 Rental Affordability Snapshot:**

***Anglicare Victoria***

**Laura David**

**April 2016**

***(part of the Anglicare Australia network)***

## Introduction

Anglicare Victoria's 2016 *Rental Affordability Snapshot (RAS)* was conducted as part of the national Snapshot undertaken by Anglicare Australia. The aim of the Snapshot is to calculate the proportion of advertised rental properties that are both affordable and appropriate for different household types on the minimum wage or Commonwealth income support. This is the 7<sup>th</sup> consecutive annual Snapshot.

The Victorian Snapshot covered 30 metropolitan Melbourne Local Government Areas (LGAs), and a selection of 14 regional and coastal areas consistent with Anglicare Victoria service localities.

Anglicare Victoria provides a range of services for individuals, children, youth and families across Victoria. These include:

- Out of home care services for children and young people, and post-care support
- Family support services, including: family counselling, case management, and parenting education
- Education programs
- Family violence programs
- Disability support services and respite
- AoD, mental health and problem gambling services
- Food, material aid and financial counselling for low income families
- Refugee and asylum seeker services
- Mentoring and volunteer programs

## Method

To be determined suitable, dwellings must satisfy tests of both affordability and appropriateness for a range of low income household groups. Household groups comprise single people and family groups living on different levels of Commonwealth income support and/or the minimum wage.

### *How was affordability defined?*

The RAS defines an affordable rental as one which costs less than 30% of the household's total income. The 30% benchmark is commonly used as an indicator of housing stress amongst low income households. Commonwealth Rental Assistance (CRA) was included as income for the purposes of this calculation.

### *How was appropriateness defined?*

Appropriateness was defined according to the number of bedrooms required for each household type. Specifically:

- a room in a share house or a bedsit was considered only suitable for a single person and not for couples or those receiving the Disability Support Pensioners. Aged Pensioners were included.
- a 1-2 bedroom property was considered suitable for a single person or couple and
- a 2-3 bedroom property was considered suitable for parents with children, depending on the number of children in each family

### Data collection approach

On the weekend of **2-3 April**, rental listings were collected from two online sources: realestate.com.au and gumtree.com.au. Rental properties (such as houses, units, apartments, bedsits, conditional accommodation) were sourced from Realestate.com.au. Rooms advertised for rent via informal share accommodation were sourced from Gumtree.com.au. Data were collected for all LGAs targeted within this Snapshot.

### Target areas

- All LGAs in metropolitan Melbourne
- The Regional and Coastal component of the Snapshot targeted the following LGAs consistent with the agency's service profile: Ballarat, Bendigo<sup>1</sup>, Bass Coast, Baw Baw, Campaspe, Greater Geelong, Latrobe, Mildura, Macedon Ranges, Mornington Peninsula, Mount Alexander, South Gippsland, Swan Hill and Wodonga. This is an expansion on previous Snapshots, with broader data capture in Gippsland, and new data capture in Northern Victoria in the Mallee region (Mildura and Swan Hill).

## Findings

A total of **21,478** rental listings were collected from the two online sources across metropolitan and regional Victoria.

Table 1 provides a breakdown of all advertised listings

*Table 1: RAS 2016 Total Victorian Rental Listings*

	Metropolitan LGAs	Regional/Coastal LGAs	Total
Realestate.com	14,113	3,720	17,833
Gumtree.com.au	3,217	428	3,645
<b>Total:</b>	<b>17,330</b>	<b>4,148</b>	<b>21,478 total listings</b>

<sup>1 1</sup> Note: Rental listings for the Greater Bendigo LGA were collected on the weekend of 9-10<sup>th</sup> April, one week following the national data collection date of the 2-3<sup>rd</sup> April. This accounts for 541 of all regional/coastal listings.

*Table 2: Rental Affordability, Metropolitan Melbourne, by household type and percentage*

#	Household Type	Payment Type	Number Affordable & Appropriate	Percentage Affordable & Appropriate
1	Couple, two children (one aged less than 5, one aged less than 10)	Newstart Allowance (both adults)	3	<1%
2	Single, two children (one aged less than 5, one aged less than 10)	Parenting Payment Single	2	<1%
3	Couple, no children	Age Pension	95	1%
4	Single, one child (aged less than 5)	Parenting Payment Single	2	<1%
5	Single, one child (aged over 8)	Newstart Allowance	2	<1%
6	Single	Age Pension	764	4%
7	Single aged over 21	Disability Support Pension	4	<1%
8	Single	Newstart Allowance	4	<1%
9	Single aged over 18	Youth Allowance	0	0%
10	Single in share house	Youth Allowance	0	0%
11	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A (both adults)	3,298	19%
12	Single, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A & B (both adults)	111	1%
13	Single	Minimum Wage	1,720	10%
14	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + Parenting payment (partnered) + FTB A & B	585	3%
Total No of Properties		17,330		

Number and % of unique properties affordable and appropriate in Metropolitan Melbourne for:	
Households on income support payments (#1-10)	Households on minimum wage (#11-14)
856 (4.9%)	5,017 (28.9%)

### ***Metropolitan Melbourne***

#### *Income Support Households:*

- For 8 of 10 household types receiving income-support, approximately 0% of rentals were affordable and appropriate across metropolitan Melbourne.
- Single aged-pensioners were the exception. This group experienced some improved access to affordable/appropriate rentals (4% of all listings), *yet this is only attributable to the availability of general share house accommodation through gumtree*. Given that share accommodation is typically targeted at younger populations of more transient renters (such as students and travellers), the appropriateness and accessibility of share accommodation for older pensioners, who would normatively be seeking stable, age-congruent

accommodation, is highly questionable. When gumtree share house data was removed close to 0% of properties were affordable/appropriate for single-aged pensioners, consistent with other household groups on income support.

#### *Minimum Wage Households:*

- All household types receiving the minimum wage fared better than those on income support.
- Double-income minimum wage families had the greatest access to affordable/appropriate rentals, at 19%. (This figure increased to 23% when gumtree share house data were removed). However this rate decreased sharply to only 3% of rentals for single income couple families, and to only 1% for single income working parent families.
- Whilst the addition of gumtree share house data did not increase the availability of appropriate/appropriate rentals for single people on income support payments, there were increased rentals available for single people on the minimum wage. Whereas only 56 (or approx. 0%) of realestate.com.au properties were affordable/appropriate for singles on the minimum wage, this increased to 1,721 listings (or 10%) with the introduction of share accommodation via gumtree.

#### *Top 10 Affordable Metropolitan LGAs (minimum wage only):*

As the majority of income support household groups were comprehensively excluded from the metropolitan private rental market, the following LGA ranking is based on regions with the highest number of affordable/appropriate properties for at least one household type on the minimum wage only (where variability across regions was evident). *The number in brackets denotes the number of available listings within the LGA inclusive of realestate.com.au and gumtree listings.*

*Table 3. Top 10 Affordable Metropolitan LGAs (minimum wage only)*

	<b>LGA</b>	<b>Number of suitable listings in LGA (realestate.com.au and gumtree)</b>	<b>Total listings in LGA</b>
1	City of Brimbank	521	952
2	City of Wyndham	511	734
3	City of Casey	504	747
4	City of Whittlesea	380	610
5	City of Greater Dandenong	289	650
6	City of Hume	241	335
7	City of Monash	212 *note approx 50% share house dwellings	872
8	City of Melton	190	255
9	City of Frankston	189	413
10	City of Cardinia	187	255

LGAs with the least access to affordable/appropriate housing include the City of Melbourne, and within inner/middle suburban areas, such as: Stonnington, Port Phillip, Bayside, Glen Eira, Boroondara, Whitehorse, Yarra, Moreland, Maribyrnong and Moonee Valley. For these LGAs, the proportion of suitable housing availability for couple families both on the minimum wage (the highest income group in this Snapshot) ranged between 0% and 2% - well below the overall metropolitan average.

### Removing Gumtree share house data:

By removing share accommodation listings derived from gumtree, it is possible to obtain a picture of the more formal rental market. In the absence of gumtree share house listings:

- The number of properties that were affordable/appropriate for any household on income support diminished to **106 (or 0.75% of listings)** – compared to 856 properties (or 4.9%) with gumtree.
- The number of properties both affordable/appropriate for any household on the minimum wage diminished to **3,352 (or 23.75% of listings)** – compared to 5,017 properties (28.9%) with gumtree.

**Table 4: Rental Affordability, Regional/Coastal Victoria, by household type & percentage**

#	Household Type	Payment Type	Number Affordable & Appropriate	Percentage Affordable & Appropriate
1	Couple, two children (one aged less than 5, one aged less than 10)	Newstart Allowance (both adults)	184	4%
2	Single, two children (one aged less than 5, one aged less than 10)	Parenting Payment Single	64	2%
3	Couple, no children	Age Pension	426	10%
4	Single, one child (aged less than 5)	Parenting Payment Single	99	2%
5	Single, one child (aged over 8)	Newstart Allowance	7	<1%
6	Single	Age Pension	261	6%
7	Single aged over 21	Disability Support Pension	49	1%
8	Single	Newstart Allowance	7	<1%
9	Single aged over 18	Youth Allowance	0	0%
10	Single in share house	Youth Allowance	0	0%
11	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A (both adults)	2,081	50%
12	Single, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A & B (both adults)	626	15%
13	Single	Minimum Wage	1,518	12%
14	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + Parenting payment (partnered) + FTB A & B	1,124	27%
Total No of Properties		4,148		

Number and % of unique properties in regional/coastal Victoria affordable and appropriate for:	
Households on income support payments (#1-10)	Households on minimum wage (#11-14)
737 (17.7%)	2,589 (62.4%)

### Regional/Coastal Data:

#### *Income Support Households:*

- While a greater number of properties were found to be affordable/appropriate in regional areas, affordability for the majority of income support household groups remained uniformly very low.
- As per metropolitan Melbourne the only exception were aged-pensioners, who had slightly higher access to properties, at 10% for couples and 6 % for singles. The rate however for the single aged group was impacted by the availability of share accommodation via gumtree.

#### *Minimum Wage Households:*

- Couple families both on the minimum wage had the greatest access to affordable/appropriate listings across all regions. This trend is consistent with metro data. Further, while the proportion of appropriate/affordable rentals available for this group in regional areas (50%) is more than double the overall rate for metropolitan Melbourne (19%), it is nonetheless similar to rates found for this group in outer suburban LGAs, such as Wyndham (49%) and Brimbank (40%) where metropolitan affordability was highest.
- Also consistent with metropolitan patterns, families with access to one minimum wage had far less access to appropriate/affordable rentals – diminishing to 27% for couple families with one working parent, and 15% for single working parent families.
- Lastly, 12% of regional listings were affordable/appropriate for single people on the minimum wage. This reflects accessibility to share house properties via gumtree, and the marginally higher proportion of affordable one bedroom properties available in regional areas.

#### *Regional/Coastal LGA Affordability Ranking:*

The following list ranks regional/coastal LGAs according to the number of affordable/appropriate properties found for at least one household type on the minimum wage only within each region. This is consistent with the method utilised for the 'Metropolitan Top 10 LGA' list.

*Table 5. Number suitable listings by regional/coastal LGA (minimum wage only)*

	<b>LGA</b>	<b>Number of suitable listings in LGA (realestate.com.au and gumtree)</b>	<b>Total listings in LGA</b>
1	<i>Greater Geelong</i>	<i>544</i>	<i>952</i>
2	<i>Ballarat</i>	<i>431</i>	<i>626</i>
3	<i>Greater Bendigo</i>	<i>337</i>	<i>541</i>
4	<i>Latrobe</i>	<i>204</i>	<i>259</i>
5	<i>Baw Baw</i>	<i>195</i>	<i>254</i>
6	<i>Mornington Peninsula</i>	<i>208</i>	<i>464</i>
7	<i>Bass Coast</i>	<i>116</i>	<i>252</i>
8	<i>Mildura</i>	<i>111</i>	<i>146</i>
9	<i>Macedon Ranges</i>	<i>110</i>	<i>166</i>
10	<i>Wodonga</i>	<i>100</i>	<i>153</i>
11	<i>Campaspe</i>	<i>87</i>	<i>122</i>
12	<i>Mount Alexander</i>	<i>71</i>	<i>116</i>
13	<i>South Gippsland</i>	<i>44</i>	<i>53</i>
14	<i>Swan Hill</i>	<i>31</i>	<i>43</i>

## Discussion

The 2016 Victorian Snapshot provides a consistent picture of private rental market exclusion for Victorians living on any form of income support. For these individuals and families, there is a great risk of being priced out of the rental market, rental stress and associated homelessness across all of metropolitan Melbourne, including the city's growth corridors which are traditionally associated with higher affordability.

For those on income support – *including all family types with children, those on disabilities, young people on the Youth Allowance, and singles on Newstart* – there was approximately 0% access to affordable/appropriate rentals in any part of metropolitan Melbourne.

Namely one household group - *two income working families on the minimum wage* - had improved access to the rental market. Yet even for these families 77% of all rentals on realestate.com.au were inappropriate/unaffordable, and the vast majority of rentals that were accessible were located in outer suburban growth corridors or fringe areas that are comparatively low on the SEIFA index for socioeconomic disadvantage. These LGAs typically have poorer access to services, public transport, infrastructure, employment, education and training institutions than inner suburban localities. These regions also represent the 'Top 10 Affordable Metropolitan LGAs' in this report. The following is also noteworthy:

- The Jesuit Social Services 2015 'Dropping off the Edge (DOTE)' Report (Vinson, Rawsthorne, Beavis & Ericson, 2015)<sup>2</sup> identified 27 postcodes in Victoria with the highest concentration of cumulative disadvantage. Of these postcodes, 13 were located in metropolitan Melbourne; 12 of which fall within the 'RAS Top 10 Metropolitan Affordable LGAs'. Further, 'Corio', the second most disadvantaged postcode identified in the DOTE report lies within the LGA of Greater Geelong - the LGA with the highest number of suitable rentals for households on income support in the regional component of this Snapshot.
- The March 2016 Brotherhood of St Laurence 'Australia's Youth Unemployment Hotspot Snapshot'<sup>3</sup> reports that Melbourne's Western region had the highest level of youth unemployment in Victoria, and was the 12<sup>th</sup> highest region nationally. So while the Western LGAs of Brimbank, Wyndham, Melton and Greater Geelong may be more affordable for minimum wage earners, rentals in these areas remain nonetheless inaccessible for young people on income support who also experience the highest rate of unemployment within these same regions.

These data patterns highlight that LGAs with greater rental affordability are often associated with higher levels of socio-economic disadvantage. And yet even within these LGAs, affordable/appropriate private rentals for people reliant income support are virtually inaccessible – thus further entrenching their experiences of marginalisation in these communities.

Lastly, while improved access to affordable and appropriate rentals was found in regional/coastal areas, infrastructure and health services in these areas are limited compared to metropolitan areas, and socio-economic disadvantage (as measured by SEIFA and the 'Dropping off The Edge Report') is also high in many localities. For people living on income support, access to affordable/appropriate housing in regional/coastal areas remained at inhibitory levels (i.e. between 0% and 4%).

### *Gumtree, share accommodation and young people*

Young people on the Youth Allowance have the lowest total income of all groups (\$216.60 per week), and the least subsequent income to spend on rent (\$67.01 per week). For young people

---

<sup>2</sup> [http://www.dote.org.au/wordpress/wp-content/uploads/0001\\_dote\\_2015.pdf](http://www.dote.org.au/wordpress/wp-content/uploads/0001_dote_2015.pdf)

<sup>3</sup> [http://library.bsl.org.au/jspui/bitstream/1/9004/1/BSL\\_Aust\\_youth\\_unemployment\\_hotspots\\_Mar2016.pdf](http://library.bsl.org.au/jspui/bitstream/1/9004/1/BSL_Aust_youth_unemployment_hotspots_Mar2016.pdf)



leaving out of care at 18 years (typically without a job, educational placement or strong system of support around them) this is the stark financial reality that they face upon 'reaching independence'.

The Snapshot shows that even with access to informal share house accommodation via gumtree, zero out of 21,478 total rentals were appropriate/affordable for those on the Youth Allowance. For those on the Newstart Allowance, only 13 dwellings across the state-wide Snapshot were affordable/appropriate. The median price for all share accommodation listings collected via gumtree was \$160 per week. This represents:

- 73.8% of the weekly Youth Allowance (inclusive of rent assistance) – leaving just \$45.60 per week for all other expenses;
- 60.7% of the weekly \$263.80 Newstart payment (inclusive of rent assistance) – leaving \$103.80 per week for all other expenses.

Further, a large number of gumtree share house listings were re-categorised as 'conditional housing', on the basis that they involved 'sharing a bedroom' or 'renting a bed' in a room shared with unknown persons – and thus were deemed inappropriate. The weekly rent associated with such 'conditional' share room arrangements however were largely priced at the same median levels as general share accommodation, particularly in inner city areas. Such arrangements demonstrate how the lack of affordability can be expressed within the current market. Real-life examples derived from gumtree include the following:

- Sharing a lounge room with six others, on either a couch or inflatable mattress for \$100 per week
- Renting a bunkbed, in a two bedroom apartment housing eight people, for \$150 per week
- Renting the end of a corridor, described as a 'room', for \$140 per week
- Renting a bed, in a room with three others, for \$175 per week (this was a repeated scenario).

## Policy Implications

### 1. *Extended support for Victoria's most vulnerable young people.*

- State-funded out of home care should be available to young people up to 21 years of age. Young people exiting the out of home care system at 18 years of age experience a range of poor outcomes, including homelessness, poverty, poor health, educational disengagement, unemployment and entry into the justice system. Extending the state's 'parenting role' to 21 years is consistent with broader community norms; whereas expecting young people with histories of trauma, abuse and disadvantage to be instantaneously independent and self-reliant at 18 – and to no less cope within the private rental market - is at best unrealistic.
- Increase the rate of the Youth and Newstart Allowances by at least \$50 per week to enable greater access to rental properties, namely share accommodation. This Snapshot shows that the current level of payments do not enable access to share house rentals for Victoria's most vulnerable young people, making homelessness a reality. Housing is a basic need.

### 2. *'Head-leasing' arrangements by not-for-profits (NFPs), and other organisations*

By collectively managing and negotiating access to properties on the private rental market, via part-subsidisation from Government, 'Head Leasing' arrangement by NFPs have the potential to:

- Increase affordability and access to the rental market for vulnerable groups and reduce homelessness, and
- Diminish the demand for publically-funded social housing.

### *3. Dedicated and safe housing for parents and children leaving family violence*

The 2016 report on the Victorian Royal Commission into Family Violence included among its 227 recommendations the importance of safe and accessible housing options for those impacted by family violence. The Commission's report cited findings from the 2015 Victorian Snapshot as evidence of the significant barriers faced by (namely) women and their children on the private rental market upon leaving violent relationships, particularly if dependent on income support. The 2016 Snapshot data provides the same picture of rental market exclusion for this vulnerable group of women and families. Policy implications:

- Rental subsidies be made available for individuals and families leaving family violence, to enable improved access to the private rental market
- Provision of dedicated public or community housing options for individuals and families impacted by family violence. These may lever off housing stock within the private rental market.

### *4. Greater government investment in targeted social and public housing*

Put simply, given an inhibitory private rental market that is increasingly exclusionary of our state's most vulnerable citizens and families, investment in *more and a better* mix of public housing, in collaboration with NFPs and communities, must be an immediate and ongoing priority for all levels of Government.

### *5. Governments to incentivise greater stability and accessibility for people on income support in the private rental market*

Consumer Affairs Victoria are currently conducting a review of the rental tenancies act. As people on income support are less likely to become homeowners, and are increasingly dependent on the private rental market for long term housing stability, local and state governments should consider measures to incentivise longer term lease agreements for low income households within the private rental market, potentially through provision of targeted subsidies.

## **Conclusion**

Inadequate access to affordable and appropriate housing on the private rental market for people on low incomes is an entrenched problem across Victoria. In metropolitan Melbourne, households on income support are comprehensively excluded from affordable and appropriate housing, and in regional areas accessibility for these households is only marginally better. While households on the minimum wage have greater access to housing (particularly dual income working families), the private rental market nonetheless remains restrictive even for these wage earners.

To enter the private rental market, individuals/families must do one or both of the following:

- Pay well beyond what they can afford to secure a roof over their head, thus placing themselves in financial stress, or requiring them to live without essentials such as food, healthcare and utilities
- Reside in dwellings that are inappropriate for their own and their families' needs, such as multiple individuals and/or families living together in restricted spaces.

The impacts of an impenetrable private rental market and ongoing housing insecurity are considerable. These include: lack of stability and safety, psychological stress, community disconnection, difficulty maintaining work or study, transience/homelessness, poverty and material deprivation, and entrenched disadvantage that can continue to impact outcomes later in life, particularly for children and young people. Immediate and long-term action from Government in collaboration with communities is imperative.