



Snapshot: Anglicare Victoria – Victorian rental market.

Introduction

Anglicare Victoria's 2017 *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 on a Commonwealth income support payment or pension. This is the 8th consecutive annual Snapshot.

The Victorian Snapshot covered 48 Local Government Areas (LGAs) from across metropolitan Melbourne, as well as regional and coastal areas of Victoria, 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
- Family violence programs
- Disability support services and respite
- Alcohol-and-other-drug (AoD) treatment services, mental health services and problem gambling services
- Emergency relief and financial counselling services

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



Methodology.

On Friday 31st March, realestate.com.au provided a 'data dump' of all rental listings for the 48 LGAs captured in the Victorian snapshot. This data was then cleaned to remove duplicates, conditional accommodation, serviced apartments, commercial properties including car spaces, warehouses, office spaces and sheds, and properties listed as 'rent to buy'.

Findings

After data cleaning, there were 14,203 private rentals advertised in Metropolitan Melbourne and regional Victoria. While a property can be affordable and appropriate for more than one household type, any individual property can only be rented out by one household type at any time. Accordingly, we found that:

- 492 individual Victorian properties (**3.5%** of the total available) were suitable for at least one household type living on income support payments without placing them in housing stress.
- 4,458 individual Victorian properties (**31.4%** of the total available) were suitable for at least one household type living on minimum wage without placing them in housing stress.

There was a marked difference in the proportion of properties that were affordable and appropriate for low-income earners and families when comparing metropolitan Melbourne and regional Victoria.

In regional Victoria:

- 419 individual properties (**13.7%** of the total available) were suitable for at least one household type living on income support payments without placing them in housing stress.
- 1,811 individual properties (**59.2%** of the total available) were suitable for at least one household type living on minimum wage without placing them in housing stress.

In metropolitan Melbourne:

- 73 individual properties (**0.7%** of the total available) were suitable for at least one household type living on income support payments without placing them in housing stress.
- 2,647 individual properties (**23.7%** of the total available) were suitable for at least one household type living on minimum wage without placing them in housing stress.



Table 1: Rental Affordability, Victoria, 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)	139	1.0%
2	Single, two children (one aged less than 5, one aged less than 10)	Parenting Payment Single	58	0.4%
3	Couple, no children	Age Pension	397	2.8%
4	Single, one child (aged less than 5)	Parenting Payment Single	73	0.5%
5	Single, one child (aged over 8)	Newstart Allowance	5	<0.1%
6	Single	Age Pension	80	0.6%
7	Single aged over 21	Disability Support Pension	65	0.5%
8	Single	Newstart Allowance	2	<0.1%
9	Single aged over 18	Youth Allowance	1	<0.1%
10	Single in share house	Youth Allowance	3	<0.1%
11	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A (both adults)	4,303	30.3%
12	Single, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A & B	539	3.8%
13	Single	Minimum Wage	159	1.1%
14	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + Parenting payment (partnered) + FTB A & B	1,316	9.3%
Total No of Properties		14,203		

As with previous years, there was a dearth of appropriate and affordable rentals for most categories of low income earners. Single people (with and without children) on any income support or pension were the most disadvantaged group. This pattern extends to single people on the minimum wage, who across the 48 Victorian LGAs have access to only **159** (1.1%) rental properties that are affordable and appropriate.



Metropolitan Melbourne

A total of 30 LGAs were captured across Metropolitan Melbourne. Across these 30 LGAs there were 11,146 advertised rentals, representing 78% of the total listings captured on Friday 30th March.

Table 2: Rental Affordability, Victoria, Melbourne Metropolitan LGAs

#	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)	0	0%
2	Single, two children (one aged less than 5, one aged less than 10)	Parenting Payment Single	0	0%
3	Couple, no children	Age Pension	65	1%
4	Single, one child (aged less than 5)	Parenting Payment Single	1	0%
5	Single, one child (aged over 8)	Newstart Allowance	1	0%
6	Single	Age Pension	13	0%
7	Single aged over 21	Disability Support Pension	5	0%
8	Single	Newstart Allowance	1	0%
9	Single aged over 18	Youth Allowance	1	0%
10	Single in share house	Youth Allowance	2	0%
11	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A (both adults)	2617	23%
12	Single, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A & B	41	0%
13	Single	Minimum Wage	30	0%
14	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + Parenting payment (partnered) + FTB A & B	354	3%
Total No of Properties		11,146		

Households on income support are effectively locked out of the market in Metropolitan Melbourne. This is a significant finding as the boundaries of Metropolitan Melbourne extend outwards to the 'growth corridors' in the Northern and Western areas. Despite this expansion into traditionally lower SES, semi-rural areas individuals and families on income support continue to be pushed out of the rental market through the absence of appropriate *and* affordable properties.

There is a similar pattern for individuals and families on the minimum wage. Singles on the minimum wage, and families where only one partner is earning the minimum wage will struggle to find appropriate and affordable private rental accommodation in Metropolitan Melbourne.

Table 3 : Top 10 Affordable Metropolitan LGAs for households on the minimum wage

	LGA	% of suitable listings	Total number of listings
1	Melton	86.1%	122
2	Cardinia	75.2%	303
3	Latrobe	75.2%	254
4	Nillumbik	67.9%	106
5	Wyndham	65.7%	530
6	Casey	61.2%	595
7	Hume	59.4%	261
8	Whittlesea	57.5%	259
9	Brimbank	49.1%	71
10	Frankston	39.2%	355

Table 3 provides a ranking of the most affordable LGAs in Metropolitan Melbourne for households where the primary source of income is the minimum wage. The proportion of suitable listings was calculated based on the **unique number of properties** that were affordable and appropriate for individuals or families earning the minimum wage.

Households that rely on income support or pensions have been excluded from this analysis as based on the information contained in Table 2 they do not have access to appropriate and affordable properties anywhere within the boundaries of Metropolitan Melbourne.

In large part there has been little change from 2016 in the top 10 affordable LGAs. Latrobe and Nillumbik have made the top 10 rankings in 2017, and Melton has emerged as the most affordable LGA for households on the minimum wage, up from a ranking of 8th in 2016.

Of note, however, is that three of the top 10 most affordable LGAs have suburbs that are amongst the most disadvantaged in Victoria. According to the *Dropping off the Edge Report*¹ suburbs in the City of Casey, City of Hume and City of Brimbank are in the top 5% of disadvantaged postcodes in Victoria. These postcodes are characterised by high unemployment including youth unemployment, criminal convictions, disabilities, child maltreatment rates and domestic violence rates. They are also characterised by low overall education and a population with generally low academic qualifications, resulting in greater welfare dependence. Therefore, while these areas contain a high proportion of affordable and appropriate rental properties, they are also highly disadvantaged and

¹ Vinson, T., & Rawsthorne, M. (2015). *Dropping off the edge, 2015: Persistent communal disadvantage in Australia*. Melbourne, Victoria: Jesuit Social Services/ Catholic Social Services Australia.



likely to contribute to entrenched social and economic disadvantage and marginalisation for its residents.

Regional Victoria

Data for regional Victoria captures large regional hubs such as Ballarat, Gippsland, Bendigo and Mildura, large coastal areas including Geelong, and smaller regional/rural locations. In total, 18 regional, rural and coastal LGAs were included in the 2017 snapshot. Across these LGAs there were 3,057 private rentals listed on Friday 30th March.

Table 4: Rental Affordability, Victoria, Regional, rural and coastal LGAs

#	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)	139	5%
2	Single, two children (one aged less than 5, one aged less than 10)	Parenting Payment Single	58	2%
3	Couple, no children	Age Pension	332	11%
4	Single, one child (aged less than 5)	Parenting Payment Single	72	2%
5	Single, one child (aged over 8)	Newstart Allowance	4	0%
6	Single	Age Pension	67	2%
7	Single aged over 21	Disability Support Pension	60	2%
8	Single	Newstart Allowance	1	0%
9	Single aged over 18	Youth Allowance	0	0%
10	Single in share house	Youth Allowance	1	0%
11	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A (both adults)	1686	55%
12	Single, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A & B	498	16%
13	Single	Minimum Wage	129	4%
14	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + Parenting payment (partnered) + FTB A & B	962	31%
Total No of Properties		3,057		

There were very few affordable and appropriate properties in regional Victoria for most households on income support. This was especially the case for singles, where between 0% and 2% of properties were categorised as both affordable and appropriate. Couples on the Age Pension had the highest access, with 11% of listed rentals classified as affordable and appropriate.

In contrast, over 50% of advertised rentals were appropriate and affordable for a family where both partners were on the minimum wage. A single person on the minimum wage with access to Family Tax Benefits will find a greater stock of appropriate and affordable rental properties in regional Victoria compared to metropolitan Melbourne (16% vs 0%), but single people on the minimum wage are locked out of the regional, rural and coastal rental market in Victoria.

Table 5 : Top 10 Affordable regional, rural and coastal LGAs for households on the minimum wage

	LGA	% of suitable listings	Total number of listings
1	Mitchell	100%	6
2	Swan Hill	100%	7
3	Murrindindi	81.3%	32
4	Gannawarra	79.4%	39
5	Macedon Ranges	78.6%	154
6	Central Goldfields	75.5%	45
7	Ararat	75%	4
8	Wodonga	74.8%	111
9	Bass Coast	73.9%	115
10	Campaspe	72.1%	122

Table 5 provides a ranking of the most affordable LGAs in regional, rural and coastal LGAs for households where the primary source of income is the minimum wage. As can be seen, despite the high proportion of affordable and appropriate rentals across these LGAs, the number of unique properties available on the day of the snapshot was in some instances very low. This means that while low income earners may not be priced out of the rental market in these areas, they nevertheless are likely to be competing for a very scarce resource. Interestingly, only one LGA in the top 10 most affordable was characterised by high levels of disadvantage.

Discussion

Consistent with previous years the 2017 Victorian Rental Affordability Snapshot shows households on income support or pensions, and many households on the minimum wage continue to be locked out of the private rental market.

This year there was an appreciable decline in the total number of rental properties on the market at the time of the snapshot, perhaps signalling the start of a shift away from home ownership towards long-term rentals among middle income earners. Despite this drop, the broad patterns of unaffordability remain unchanged.



Within Metropolitan Melbourne, appropriate rental properties are, in effect, entirely unaffordable for most households on income support payments or pensions. Families on the minimum wage have slightly greater access to the private rental market, but even here less than 25% of available rentals are appropriate and affordable. Importantly, three of the 10 most affordable LGAs are characterised by high levels of social and economic disadvantage. As such, individuals and families are faced with the choice of affordable housing in locations where there is high unemployment and crime, and few opportunities for employment or education.

The picture is a little less dire for regional, rural and coastal areas of Victoria, where households on the minimum wage have greater access to affordable and appropriate private rental properties. However, individuals and families on income support payments are largely locked out of this market also.

A key theme to emerge from this year's data is the near complete absence of affordable and appropriate rentals for single people, regardless of whether they have children, or their income stream. Across metropolitan, regional, rural and coastal areas, between 0% and 2% of available rental properties are affordable and appropriate for single people. This increases to 16% (in regional locations only) but only for single parents on the minimum wage who are also eligible for Family Tax Benefits.

Similarly, young people on income support payments, especially Newstart Allowance and Youth Allowance simply do not have access to any affordable and appropriate accommodation in the private rental market. While some of this cohort is likely to be living at home with parents or family while studying, there is a non-trivial proportion that will be experiencing significant adversity, including hardship. Young people in the juvenile justice system, those leaving care, and those experiencing mental health and/or substance abuse difficulties are particularly at risk of homelessness in the current climate.

Finally, using the single with children categories (Parenting Payment, Newstart and minimum wage with access to Family Tax Benefits) it can be assumed that a considerable number of women with children who are leaving family violence situations are likely to experience significant housing stress. Single parents with children whose primary source of income is the Parenting Payment or Newstart have access to **one** rental property across the 30 LGAs in Metropolitan Melbourne. While in raw terms single parents on the minimum wage have greater access to the rental market, based on the figures in this snapshot **0%** of these properties is both affordable and appropriate. There is slightly greater access for single parents on income support in regional, rural and coastal LGAs, but even here only 2% of available listings are appropriate and affordable.

This raises serious concerns about the safety of women and children who have experienced family violence. Given that some of the most affordable LGAs in metropolitan Melbourne are characterised by high levels of crime, child maltreatment and family violence, the 'choices' available to women and their children are limited. Moreover, regional and rural locations may not be as socially and economically disadvantaged, but may come with other problems linked with social isolation, and lack of access to appropriate supports.

Policy Implications

1. State-funded out of home care should be available to young people up to 21 years of age. It is well-established that young people leaving the state care system, particularly residential care, experience a range of poor outcomes, including greater involvement in the criminal justice system, homelessness, unemployment and consequently, longer-term and more entrenched welfare dependence. These young people represent some of the most vulnerable and disadvantaged members of our communities, yet have limited access to supports from the state post their 18th birthdays. Too many of these young people end up either homelessness or in the criminal justice



system. Government funded housing options for these young people would result in demonstrably improved outcomes.

2. Increase the rate of the Youth Allowance and the Newstart Allowance to reflect the cost of living including rental costs. This would open up opportunities in the share accommodation market for people who otherwise struggle to gain appropriate and affordable housing. Lack of access to basic, safe and appropriate housing is a logical precursor to homelessness.

3. Greater government investment in targeted social and public housing. Victoria appears to have experienced a significant drop in rental stock in the 12 months between the 2016 and 2017 snapshots. Given that individuals and families on low incomes have traditionally been locked out of the private rental market, such a sharp decline in listed properties raises serious concerns. As such, all levels of government need to consider alternative and creative solutions to the housing affordability crisis **for all segments of society**, not just first home buyers. This will necessitate greater engagement with community service organisations, the homelessness sector and the private sector. It will also necessitate a willingness to implement creative funding models, including social impact investment.

4. Ongoing work to ensure that parents and children leaving family violence have access to dedicated, safe and affordable housing.

Conclusion

In summary, the 8th annual Rental Affordability Snapshot continues to highlight that low income earners, particular those who rely on income support, are systematically excluded from the private rental market. Families where both partners are earning the minimum wage are slightly better off, but in general are locked out of large portions of the private rental market as well. The areas where rental properties are available and affordable within Metropolitan Melbourne are typically characterised by very high levels of social and economic disadvantage.

There continues to be regional versus urban divide, whereby low income earners have much greater access to appropriate and affordable housing in regional, rural and coastal areas of Victoria. Even so, the overall rental stock in these areas can be quite low resulting in potentially high competition for a scarce resource.

As a result, low income earners in Victoria continue to be faced with a range of unacceptable choices, including paying more than they can afford and/or living in demonstrably inappropriate housing for their needs.

For the 8th year in a row, these data point to the lack of action by successive state and federal governments to improve the housing outcomes of people on low incomes, and to the on-going need to invest in creative social and public housing solutions for those who need it most.