



# Rental Affordability

2019 VICTORIA SNAPSHOT

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*"I'm receiving Newstart payments now, but I need to work as I'm completely swamped by debt. Every day I worry my utilities might be cut off, or I'll be evicted from my house. I've been through a lot, but I'm a survivor."*

Joe\*, Anglicare Victoria client

\*Names and details have been changed for privacy reasons.

# Anglicare Victoria

## Our Research

Anglicare Victoria's 2019 Rental Affordability Snapshot (RAS) was conducted as part of the national Snapshot undertaken by Anglicare Australia. This is the 9th consecutive annual Snapshot for Anglicare Victoria. The RAS examined how much access people on low incomes have to the private rental market. Anglicare Victoria's 2019 RAS was part of the national project and covered 48 local government areas (LGAs) in metropolitan Melbourne and Victorian rural, regional and coastal areas, where we offer services.

We looked at 15,750 private rental listings and calculated what proportion were suitable for households on either minimum wage, a Commonwealth pension or income support. To be suitable, a property had to offer enough bedrooms and cost less than 30% of a household's total income, since paying more indicates housing stress. (Please see appendix for full methodology and figures.)

## What We Found

Households on income support or pensions, and many households on minimum wage, continue year on year, to be locked out of the private rental market. Of 15,750 private rentals advertised across Victoria:

- only 2% of properties (274) were suitable for at least one household type living on income support.
- 28% of properties (4,487) were suitable for at least one household type living on minimum wage.

Among the different household types (see Table 1) single people (with and without children) on income support or a pension, continue to be the most disadvantaged group.

Single people on minimum wage have access to only 1% (123) of suitable rental properties. (See Table 1)

## Metropolitan Melbourne

Across metropolitan Melbourne's 31 LGAs there were 14,026 advertised rentals, representing 89% of listings.

- only 0.6% of properties (83) were suitable for at least one household type living on income support payments
- 24% of properties (3,425) were suitable for at least one household type living on minimum wage.

Melbourne's boundaries now extend outwards to the northern and western 'growth corridors'. Once a rental haven, these lower socio-economic, semi-rural areas can no longer be relied on to provide suitable options for households on income support. Only 0.6% of rentals were considered suitable for couples on the aged pension.

Singles, and families on one (minimum) wage also struggle in the private rental market. (See Table 2)

Below are the most suitable metropolitan Melbourne LGAs for households whose primary income is the minimum wage and for households on income support payments. As in the past few years, Melton and Cardinia continue to be the most affordable for households on minimum wage.

## Difficult Choices

When Joe's partner left, he was reliant on his parents to help him afford to continue living in the home he once rented with his partner and son. He's looked at moving to a cheaper rental further out of the city, but he desperately wants to stay so he can be close to his son.

*"I truly believe that if work in Victoria wasn't so Melbourne-centric, the rental prices in the city would be more affordable. Whenever I have any money which is left unaccounted for, I put it towards my rent. I want my landlord to know that where I live is really important to me; I can't afford to be evicted."*

**Top ten most affordable LGAs in metropolitan Melbourne for households on the minimum wage**

	<b>LGA</b>	<b>Percentage suitable listings %</b>	<b>Total listings</b>
1	Melton	83.6	532
2	Cardinia	81	411
3	Casey	64.6	707
4	Whittlesea	62.1	368
5	Brimbank	55.3	1203
6	Hume	55.2	377
7	Frankston	52	328
8	Yarra Ranges	38.8	139
9	Greater Dandenong	36.5	405
10	Knox	32.1	274

**Top ten most affordable LGAs in metropolitan Melbourne for households subsisting on income support payments or pensions**

	<b>LGA</b>	<b>Percentage suitable listings %</b>	<b>Total listings</b>
1	Nillumbik	4.2	24
2	Banyule	3.5	402
3	Yarra Ranges	2.9	139
4	Frankston	1.8	328
5	Greater Dandenong	1.5	405
6	Maribyrnong	1.5	325
7	Monash	1.3	548
8	Whitehorse	1.3	313
9	Kingston	1.1	451
10	Maroondah	1.1	181

## Regional Victoria

Regional Victoria includes large regional hubs such as Ballarat, Gippsland, Bendigo, Mildura, and Greater Geelong, and smaller regional/rural and coastal locations. Across 17 LGAs there were 1,724 private rental listings. (See Table 3)

- 11.2% properties (191) were suitable for at least one household type living on income support payments
- 62% (1,062) were suitable for at least one household type living on minimum wage.

Again, there were few suitable dwellings for most households on income support. Singles fared the worst; with some areas offering no suitable properties and others just 2%. Couples on the aged pension had the most opportunities with 9% of rentals considered suitable.

Minimum wage households were more likely to find a rental. In families where both partners earned minimum wage, the number of suitable listed properties was 57%.

Below are the most suitable regional, rural and coastal LGAs for households on minimum wage and on income support. While there is a higher proportion of affordable and appropriate rentals in top regional and rural LGAs, availability continues to trend down. This means low income earners may not be priced out of the rental market, but they are likely to be competing for a very scarce resource.

## Greater Bendigo

Around Greater Bendigo, 150 properties on realestate.com were surveyed on the weekend of 23rd March 2019.

- Overall 6% of properties (9) were affordable and appropriate for households receiving welfare payments.
- 58% (87) were affordable and appropriate for households receiving minimum wage.
- 0% (0 properties) were affordable and appropriate for the following household types - single parents on Parenting payments or Newstart, singles on Newstart or Youth Allowance and singles in a share house on Youth Allowance.
- Couples with two children, on Newstart, could access only 1% of the properties as affordable and appropriate.

## Latrobe Valley and Baw Baw region

In the Latrobe Valley and Baw Baw region, 300 properties on realestate.com were surveyed on the weekend of March 23rd 2019.

- Overall 25.3% of properties (76) were affordable and appropriate for households receiving welfare payments.
- 72.3% (217) were affordable appropriate for households receiving minimum wage.
- 0% (0 properties) were affordable and appropriate for single parents on Newstart with one child over 8, singles on Youth Allowance and Newstart and singles in a share house on Youth Allowance.

**Top ten most affordable regional, rural and coastal LGAs for households on the minimum wage**

	<b>LGA</b>	<b>Percentage suitable listings %</b>	<b>Total listings</b>
1	Colac-Otway	100	1
2	Swan Hill	100	1
3	Campaspe	83.1	77
4	Bass Coast	75	16
5	Baw Baw	72.7	176
6	Gannawarra	72.2	18
7	Latrobe	71.8	124
8	Wodonga	70.2	94
9	Ballarat	67.6	262
10	Mildura	66.3	95

**Top ten most affordable regional, rural and coastal LGAs for households subsisting on income support payments or pensions.**

	<b>LGA</b>	<b>Percentage suitable listings %</b>	<b>Total listings</b>
1	Central Goldfields	100	1
2	Gannawarra	38.9	18
3	Latrobe	33.1	124
4	Mount Alexander	26.7	30
5	Campaspe	22.1	77
6	Baw Baw	20	176
7	South Gippsland	20	30
8	Mildura	18.9	95
9	Wodonga	11.7	94
10	Greater Bendigo	7	128





*Lack of access to basic, safe and appropriate housing is a precursor to homelessness.*



## Discussion

Anglicare Victoria's ninth annual Snapshot highlights the continuing disadvantage faced by low income earners, particularly those relying on income support. Our data points to serious inaction by successive state and federal governments and an ongoing need to invest in creating social and public housing solutions for the people who need it most.

From 2018 to 2019's snapshot, there was a small increase in the total number of rental properties on the market. But the proportion of affordable properties show a decline for all household types. (See Table 4.) There continues to be a regional versus urban divide, with low income earners having greater access to appropriate and affordable housing in regional, rural and coastal areas. Even so, overall rental stock in these areas can be quite low, resulting in potentially high competition for a scarce resource.

In metropolitan Melbourne, families on minimum wage have access to around 25% of properties. The picture is less dire for those on minimum wage and looking to rent in regional, rural and coastal areas of Victoria. Many low income earners continue to be faced with a range of unacceptable

choices, including paying more than they can afford and/or living in housing that is clearly inappropriate for their needs.

Unfortunately, three of the 10 most affordable LGAs in Melbourne are characterised by high levels of social and economic disadvantage. Affordable housing comes at a different cost—high unemployment and crime, and few opportunities for education. Individuals and families on income support payments or pensions are largely locked out of even this market.

### **Joe's Story—From Comfortable to Struggling**

Five years ago, Joe\* was working long hours as a security guard and studying for a Communications degree. He and his partner, who worked full time, were expecting their first child. They enjoyed a comfortable life renting in outer Melbourne.

In 2014, at the age of 28, Joe suffered a debilitating stroke which derailed his work, study and eventually his relationship. While largely incapacitated for a time, the household relied heavily on a single income. As well as working full time, his partner managed the household finances and everyday organisation and cared for Joe and their young son.



Joe recovered enough to work at a limited capacity, but experienced post-stroke symptoms including chronic fatigue, unbearable migraines and severe depression— a side effect of his medication. After working in a string of unsuccessful jobs, he became suicidal.

Joe's relationship broke down at the beginning of 2018 and he remained in the family rental property. Fines for toll roads and costly utility bills mounted. As Joe had no legal proof of separation, he couldn't access government assistance payments until December 2018. The fines, bills and unaffordable rent quickly plunged him into overwhelming debt.

Across the state between zero and two percent of rental properties are affordable and appropriate for singles. Young people on income support, especially Newstart and Youth Allowance are completely locked out of the private rental market. Some of this cohort are likely to be living at home with parents or family while studying, but there is a non-trivial proportion who will experience significant 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 and unemployment.

Single parents on minimum wage in metropolitan Melbourne have access to the rental market, but our snapshot figures indicate 0.3% of properties are suitable. In regional Victoria, single parents on minimum wage who can also receive Family Tax Benefits, have access to 11% of properties, down from 14.7% in 2018 (see Table 3).

Single parents whose primary source of income is the Parenting payment or Newstart, have access to no rental properties across all 31 LGAs in metropolitan Melbourne. 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.

Using all single with children categories (Parenting payment, Newstart and minimum wage with access to Family Tax Benefits) it is clear that many mothers leaving family violence situations will experience significant housing stress. Since some of the most affordable LGAs in metropolitan Melbourne are characterised by high levels of crime, child maltreatment and family violence, 'choices' available to these women and their children are limited. Regional and rural locations may not be as socially and economically disadvantaged, but they can come with other problems such as social isolation and lack of access to support.

# POLICY SOLUTIONS

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

A sharp decline in suitable listed properties raises serious concerns for individuals and families on low incomes. All levels of government must consider alternative and creative solutions to the housing affordability crisis for all segments of society, not just first home buyers. This requires greater engagement with community service organisations, the homelessness sector and the private sector. It demands a willingness to implement creative funding models, including social impact investment.

## **2. State-funded out of home care should be available to young people up to 21 years of age.**

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 and unemployment. This results in longer-term, more entrenched welfare dependence. These young people represent some of the most vulnerable and disadvantaged members of our communities, yet have limited access to state supports once they turn eighteen. Too many end up either homeless or in the criminal justice system.

Government funded housing options for these young people could dramatically improve the direction and quality of their lives.

## **3. Increase the rate of the Youth and Newstart Allowances**

This would open up opportunities in the share accommodation market for people who otherwise struggle to gain appropriate and affordable housing.

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

The housing affordability crisis raises serious concerns about the safety of women and children who escape family violence.

## Support from Anglicare

Through a support worker, Joe was referred to Anglicare Victoria's financial counselling program, which has helped him coordinate payment plans for his outstanding fines, utility bills and overdue rent.

*"It's reassuring to know there are ways out of the situation I'm in, and I can get help to manage large monthly costs, such as my rent while on Newstart. I'm currently exploring the option of accessing my super to pay off what I still owe. I'd love to be able to secure a stable job and return to study, but it's difficult to get all my ducks in a row with the debt hanging over my head."*

Joe now has a housemate who helps him afford his rent, but each month is a struggle.

# Research Methodology and Data Tables

Anglicare Victoria's 2019 Rental Affordability Snapshot (RAS) was conducted as part of the national Snapshot undertaken by Anglicare Australia. This is the 9th consecutive annual Snapshot for Anglicare Victoria. The RAS aims to calculate what proportion of advertised rental properties are suitable for households on either minimum wage, a Commonwealth pension or income support.

Anglicare Victoria's 2019 RAS was part of the national project and covered 48 local government areas (LGAs) in metropolitan Melbourne and Victorian rural, regional and coastal areas. These are where we offer services for individuals, children, youth and families, including:

- out-of-home care and post-care support for children and young people
- family support—family counselling, case management and parent education
- family violence programs
- disability support and respite
- alcohol-and-other-drug treatment, mental health and problem gambling services
- emergency relief and financial counselling.



# Definitions

A dwelling was suitable if it was both affordable and appropriate for a low-income household. Household groups were made up of single people or family groups living on Commonwealth income support and/or minimum wage.

## **How was affordability defined?**

Renting was affordable if it cost less than 30% of a household's total income. (Above 30% is commonly considered to indicate housing stress for low income households.) We included Commonwealth Rental Assistance (CRA) as income.

## **How was appropriateness defined?**

Appropriateness meant enough bedrooms for each household type. Specifically:

- A share house room or bedsit was suitable for most single people—not a couple or a disability support pensioner. An aged pensioner was acceptable.
- A 1-2 bedroom property was suitable for a single person or couple.
- A 2-3 bedroom property was suitable for parents with a small number of children.

NB: A property can be affordable and appropriate for more than one household type; e.g. a single person may rent a bedsit or a 3 bedroom home.



# Methodology

On Saturday, 23 March 2019, realestate.com.au gave us a data dump of all rental listings for the 48 LGAs in the Victorian RAS. The data was cleaned to remove duplicates, conditional accommodation, serviced apartments, properties listed as 'rent to buy' and commercial properties - including car spaces, warehouses, office spaces and sheds.

We assessed the suitability of listed properties against the standard payments of various low income households. See Table 1 below.

**Table 1: Victorian rental affordability by household type and percentage**

	Household Type	Payment Type	Number Suitable Affordable/ Appropriate	Percentage Suitable Affordable/ Appropriate
1	Couple with two children (one under 5, one under 10)	Newstart (both adults)	56	0.4
2	Single, two children (one under 5, one under 10)	Parenting payment single	21	0.1
3	Couple, no children	Age pension	243	2
4	Single, one child under 5	Parenting payment single	39	0.3
5	Single, one child over 8	Newstart	0	0
6	Single	Age pension	37	0.2
7	Single, over 21	Disability support pension	34	0.2
8	Single	Newstart	0	0
9	Single, over 18	Youth allowance	0	0
10	Single in share house	Youth allowance	0	0
11	Couple, two children (one under 5, one under 10)	Minimum wage + FTB A	4375	28
12	Single, two children (one under 5, one under 10)	Minimum wage + FTB A and B	229	1
13	Single	Minimum wage	123	1
14	Couple, two children (one under 5, one under 10)	Minimum wage + Parenting payment (partnered) + FTB A and B	758	5
	<b>Total No of Properties</b>	<b>15,750</b>		



**Table 2: Rental Affordability, Victoria - Melbourne Metropolitan LGAs**

	<b>Household Type</b>	<b>Payment Type</b>	<b>Number Affordable/ Appropriate</b>	<b>Percentage Affordable/ Appropriate</b>
<b>1</b>	Couple with two children (one under 5, one under 10)	Newstart (both adults)	9	<0.1
<b>2</b>	Single, two children (one under 5, one under 10)	Parenting payment single	9	<0.1
<b>3</b>	Couple, no children	Age pension	80	0.6
<b>4</b>	Single, one child under 5	Parenting payment single	8	<0.1
<b>5</b>	Single, one child over 8	Newstart	0	<0.1
<b>6</b>	Single	Age pension	9	<0.1
<b>7</b>	Single, over 21	Disability support pension	6	<0.1
<b>8</b>	Single	Newstart	0	0
<b>9</b>	Single, over 18	Youth allowance	0	0
<b>10</b>	Single in share house	Youth allowance	0	0
<b>11</b>	Couple, two children (one under 5, one under 10)	Minimum wage + FTB A	3392	24
<b>12</b>	Single, two children (one under 5, one under 10)	Minimum wage + FTB A and B	46	0.3
<b>13</b>	Single	Minimum wage	41	0.3
<b>14</b>	Couple, two children (one under 5, one under 10)	Minimum wage + Parenting payment (partnered) + FTB A and B	340	2
	<b>Total No of Properties</b>	<b>14,026</b>		

**Table 3: Rental Affordability, Victoria - Regional, Rural and Coastal LGAs**

	Household Type	Payment Type	Number Suitable Affordable/ Appropriate	Percentage Suitable Affordable/ Appropriate
1	Couple with two children (one under 5, one under 10)	Newstart (both adults)	47	3
2	Single, two children (one under 5, one under 10)	Parenting payment single	12	1
3	Couple, no children	Age pension	163	9
4	Single, one child under 5	Parenting payment single	31	2
5	Single, one child over 8	Newstart	0	0
6	Single	Age pension	28	2
7	Single, over 21	Disability support pension	28	2
8	Single	Newstart	0	0
9	Single, over 18	Youth allowance	0	0
10	Single in share house	Youth allowance	0	0
11	Couple, two children (one under 5, one under 10)	Minimum wage + FTB A	983	57
12	Single, two children (one under 5, one under 10)	Minimum wage + FTB A and B	183	11
13	Single	Minimum wage	82	5
14	Couple, two children (one under 5, one under 10)	Minimum wage + Parenting payment (partnered) + FTB A and B	418	24
	<b>Total No of Properties</b>	<b>1,724</b>		

**Table 4: Snapshot – 2019 compared to 2018 numbers**

	Household Type	Payment Type	2018		2019	
			Number Affordable/ Appropriate	Percentage Affordable/ Appropriate	Number Affordable/ Appropriate	Percentage Affordable/ Appropriate
<b>1</b>	Couple with two children (one under 5, one under 10)	Newstart (both adults)	93	0.7%	56	0.4%
<b>2</b>	Single, two children (one under 5, one under 10)	Parenting payment single	48	0.4%	21	0.1%
<b>3</b>	Couple, no children	Age pension	381	2.8%	243	2%
<b>4</b>	Single, one child under 5	Parenting payment single	65	0.5%	39	0.3%
<b>5</b>	Single, one child over 8	Newstart	8	<0.1%	0	<0.1%
<b>6</b>	Single	Age pension	62	0.5%	37	0.2%
<b>7</b>	Single, over 21	Disability support pension	62	0.5%	34	0.2%
<b>8</b>	Single	Newstart	0	0%	0	0%
<b>9</b>	Single, over 18	Youth allowance	0	0%	0	0%
<b>10</b>	Single in share house	Youth allowance	0	0%	0	0%
<b>11</b>	Couple, two children (one under 5, one under 10)	Minimum wage + FTB A	3,909	28.4%	4375	28%
<b>12</b>	Single, two children (one under 5, one under 10)	Minimum wage + FTB A and B	373	2.7%	229	1%
<b>13</b>	Single	Minimum wage	169	1.2%	123	1%
<b>14</b>	Couple, two children (one under 5, one under 10)	Minimum wage + Parenting payment (partnered) + FTB A and B	811	5.9%	758	5%
<b>Total Number Of Properties</b>			<b>13,744</b>		<b>15,750</b>	

