

2018 RENTAL AFFORDABILITY SNAPSHOT

Anglicare Australia



About the Rental Affordability Snapshot

The Rental Affordability Snapshot is designed to highlight the lived experience of looking for housing while on a low income. It focuses on the Australian population who earn the least income – Commonwealth benefit recipients and minimum wage earners. Each year, Anglicare Australia agencies search local newspapers and real estate websites for rental accommodation across the country.

This and previous reports are available on the Anglicare Australia website: www.anglicare.asn.au

About Anglicare Australia

Anglicare Australia is a network of independent local, state, national and international organisations that are linked to the Anglican Church and are joined by values of service, innovation, leadership and the Christian faith that every individual has intrinsic value. With a joint budget of \$1.48 billion, a workforce of over 18,000 staff and more than 11,000 volunteers, the Anglicare Network contributes to more than 50 service areas in the community. Our services are delivered to more than one million Australians, in partnership with them, the communities in which they live, and other like-minded organisations in those areas.

Anglicare Australia has as its Mission “to engage with all Australians to create communities of resilience, hope and justice”. Our first strategic goal charges us with reaching this by “influencing social and economic policy across Australia...informed by research and the practical experience of the Anglicare Australia network”.

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Introduction

Every year Anglicare Australia tests if it is possible for people on low incomes to rent a home in the private market. We do this by taking a snapshot of the thousands of properties listed for rent on realestate.com.au on one weekend in March or April. We then assess whether each property is affordable and suitable for 14 types of households on low income.

Those households are:

- » single people receiving the Disability Support Pension, Youth Allowance, Newstart and the Aged Pension, or earning minimum wage
- » single parents receiving the Parenting Payment or earning the minimum wage

- » elderly couples without children on the Aged Pension, and
- » couples with children on Newstart, Parenting Payment, earning the minimum wage, or a combination of these income sources.

The 2018 results

On our snapshot day of 24 March 2018 there were 67,365 properties listed for rent across Australia, as surveyed by our members. The table below shows how many of those properties were affordable and suitable for the different low income households.

Household type	Source of income	Number of affordable and appropriate	Percentage of affordable and appropriate
Couple, two children (one aged less than 5, one aged less than 10)	Newstart Allowance (both adults)	1097	1.63%
Single, two children (one aged less than 5, one aged less than 10)	Parenting Payment Single	530	0.79%
Couple, no children	Age Pension	2983	4.43%
Single, one child (aged less than 5)	Parenting Payment Single	707	1.05%
Single, one child (aged over 8)	Newstart Allowance	180	0.27%
Single	Age Pension	833	1.24%
Single aged over 21	Disability Support Pension	485	0.72%
Single	Newstart Allowance	3	<0.01%
Single aged over 18	Youth Allowance	2	<0.01%
Single in share house	Youth Allowance	2	<0.01%
Couple, two children (one aged less than 5, one aged less than 10)	Minimum wage + FTB	17,274	25.64%
Single, two children (one aged less than 5, one aged less than 10)	Minimum wage + FTB A & B	3553	5.27%
Single	Minimum wage	1952	2.90%
Couple, two children (one aged less than 5, one aged less than 10)	Minimum wage + Parenting payment (partnered) + FTB A & B	6250	9.28%
Total number of properties		67,365	



Taking the national figures and aggregating them by income type, we find that on the Snapshot day, the number of unique properties affordable and appropriate for all households on government income support payments was 3,729 (6%), while for households on minimum wage it was 18,976 (28%). These results show that finding an affordable and suitable home to rent in the private market is extraordinarily challenging.

On the Snapshot day, these are the number of unique properties affordable and appropriate for:

Households on government income support payments	Households on minimum wage
3,729 (6%)	18,976 (28%)

Breaking down the figures by household type shows that even this aggregated number masks how bad the situation actually is. If you were single and receiving Youth Allowance or Newstart for example, there were just three properties in the whole country that were affordable and suitable on the Snapshot weekend, from a total sample of more than 67,000.

For single people on the Aged Pension there was just over one percent of properties affordable and suitable, and for disability pensioners, half a percent less again. It is critical to remember too, that for people with a disability, the Snapshot only measures which properties they could afford with a suitable number of rooms. It cannot assess whether the property overall is suitable for a person's particular needs. In all likelihood, the number of homes available through private rental for people on the Disability Support Pension is even smaller than the Snapshot conveys.

The paucity of properties affordable and suitable for single people on the Aged Pension is cause for alarm. It reflects the flaws in the system, where the Aged Pension is now really only viable to live on if you are living in and have paid off your own home. Concerns about the sharp rise in the number of older women experiencing homelessness correlate with this finding.

Children are particularly at risk, as in all measures of inequity across Australia. Single parents on income support are now almost entirely priced out of the private rental market across the country. Even for a couple where one is receiving the Parenting Payment and the other is earning the minimum wage, only around 9% of properties surveyed were affordable and suitable.

While people on the minimum wage have comparatively more affordable and suitable homes available through the private rental market than people on income support, it is notable that unless they in a couple and both earning, the situation is still dire. Single people on minimum wage had less than 3% of properties to choose from across the country on the Snapshot weekend.

How we measure affordability

For most people on a low income, rent needs to be no more than 30% of a household budget for it not to cause financial stress and difficult choices. This is a nationally accepted benchmark from many years of study into the impact of the cost of living and how it affects people. It is the benchmark that Anglicare Australia uses.

We calculate the income for our household types by using government published information on current rates of payments for Newstart, Youth Allowance, the Disability Support Pension and Aged Pension, Commonwealth Rental Assistance, Family Tax Benefits, and the minimum wage. We use these figures to work out the maximum affordable rent for each household type, and compare that against listed properties that are suitable. Suitable means appropriate for the number of people or the family type.

One area where we know we are almost certainly over-estimating the number of properties that are suitable is for people on the Disability Support Pension. While not all people with a disability need modified housing, a significant number do, and this is another major barrier for them.



Metro-regional insights

Our cities may have the work, but offer no affordable housing

There has been no meaningful relief for people on low incomes looking for affordable and suitable homes in our major cities. For people on minimum wage, options are also generally becoming more limited. Sydney stands out for the extraordinary crisis in affordability revealed in this year's data – there were no affordable and suitable properties for any household type, with the exception of a couple where both are earning minimum wage, and for them, there was just 4% of properties available.

The impact of tourism and rapid gentrification

The North Coast of New South Wales and Hobart in Tasmania illustrate the negative impact that tourism booms and rapid gentrification can have on rental affordability. Hobart has seen a rapid decline in the number of affordable and suitable private rental properties for people on low income as tourism has boomed, leading to an increase in Airbnb's removing properties for long-term rental, and rapidly rising housing prices flowing through to the rental market. Byron Bay and other parts of the North Coast of NSW have also been experiencing these pressures for a number of years, and the evidence of the 2018 Snapshot is that the situation has only worsened.

Changes as the mining boom fades

Several regions covered by Anglicare agencies are now experiencing economic lows with a decline of mining in the area. The decline in extreme demand for rental accommodation at the height of the boom has led to much better affordability for people on the minimum wage for the towns of Gladstone and Rockhampton in Central Queensland. Whyalla in South Australia also continues to be severely economically depressed, thus offering many more affordable properties. Similarly, Perth has seen a significant improvement in the quantity of affordable and suitable private rental properties for people on the minimum wage.

It is notable however, that these improvements have not flowed through for people on government income. Despite the much softer market in Perth for example, just six percent of properties were available for people on government income support.

Furthermore, increases in affordability for people on low income linked to sudden economic changes only tell part of the story. While renting may suddenly get cheaper, it may also be a sign that jobs have declined dramatically, leaving many stranded. It can also see people on low incomes re-locating to such centres, attracted by the affordable accommodation, and then find themselves without access to the services or transport that they need.

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What the results mean

Our Rental Affordability Snapshot shows that renting in the private market is simply unaffordable for people on government income support, meaning that to have a roof over their head, people on very low incomes are having to sacrifice other essentials. Sadly, this is no surprise to us. In the nine years that Anglicare Australia has been completing the Rental Affordability Snapshot, the results have not meaningfully changed.

Who is the situation hurting?

An ongoing crisis for the poorest in our community

There are approximately 760,000 people on Newstart in Australia, more than 95,000 receiving Youth Allowance,¹ and approximately 760,000 people receiving the Disability Support Pension.² Many of them are likely to be renting. We also know that approximately 250,000 people receiving the Aged Pension rent their homes.³ With just 6% of rental properties on the private market affordable and suitable for people on the lowest incomes, the size of the crisis is clear. We know that many people on low incomes are avoiding becoming homeless by sacrificing other basic living needs to pay the rent – things like eating enough, using public transport, heating or cooling their home, or seeing a doctor when they need to. Many approach Anglicare agencies for help with emergency food relief, financial counselling and emergency assistance to pay essential bills such as electricity. However, for the poorest in our communities, there is a limit to the number of ways they can try and afford rent when their income is so little.

1 Department of Social Services, Labour Market and Related Payments, February 2018.

2 See <http://www.abc.net.au/news/2018-02-21/disability-support-pension-applicants-rejected-after-crackdown/9465822>

3 See Anglicare Australia's Rental Affordability Snapshot 2017, page 21.

This is why the number of people who are homeless in Australia has risen significantly. According to the Australian Bureau of Statistics, using Census figures, from 2011 to 2016, the number of homeless people in Australia rose from over 102,000 to over 116,000.⁴

People on the minimum wage also struggle

In this year's Snapshot we found that 1,952 properties were affordable and suitable for single people on the minimum wage, and 17,274 for a couple on the same. This sounds like a lot, compared to the tiny handful available for people on government income, but it doesn't tell the full story. Single people on the minimum wage with children for example, are as badly off as those on government income support, with less than 6% of properties affordable and suitable for them on the Snapshot weekend.

Further, while the situation for a couple on minimum wage has eased significantly in places like Perth, it must be remembered this also signals some economic decline and quite possibly a decline in suitable employment. Meanwhile in Sydney the situation is now so extreme, that a couple on the minimum wage on the Snapshot weekend would have found just 4% of properties affordable and suitable.

It's also crucial to remember that people on low income are not just competing with each other for scarce accommodation. With one in three Australians renting, and with rents (and housing prices) soaring, many are feeling the pressure of the cost of finding a home. Therefore people on low income are also competing with people on significantly higher incomes who are also understandably trying to minimise their rent costs, for the same small number of affordable properties.

4 Australian Bureau of Statistics (2018), Census reveals a rise in the rate of homelessness in Australia.



Why is this happening?

Simply put, current government policies mean that billions of dollars more of public funding goes towards supporting housing investors, rather than ensuring everybody, including people on low incomes, has a home. The idea was that supporting people to invest in houses and rent them out through the private market would provide more homes more efficiently than governments directly building or subsidising low cost public or other forms of affordable housing. But these policies haven't worked. The result is that thousands of Australians have been priced out of either renting or buying. People on the lowest incomes, who only have the option to rent, are the hardest hit.

The federal government spends billions more on subsidising wealth accumulation for property investors than it does on public housing and homelessness services.

We need to reverse this situation, and act now to create enough affordable and secure homes for people on low incomes, including those who are already homeless.

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Fixing a broken system

The housing crisis has gone on for so long in Australia that people can be forgiven for thinking that the problems are either insurmountable, or will take decades to fix. The good news is that this is not true. In fact we have strong data and information about how our housing system is broken, and how to fix it relatively quickly. Changing the system to put people first, starting with those on the lowest incomes, will help quickly increase the number of homes that are affordable to rent and re- shape the market overall.

Anglicare Australia is a proud member of the [Everybody's Home campaign](#), which has identified the key steps that need to be taken to both end homelessness and provide enough affordable homes to rent and buy for people on low income over the next 10 years.

Ensure everyone can have a home

The debate about why so many Australians are going without an affordable home has been stuck for many years, focused on home-buyers rather than renters, and the argument that there simply aren't enough houses. But data shows that there are more than enough houses available and being built to meet Australia's needs in most areas. The problem is that people on low and even moderate incomes are locked out of both affordable renting and home ownership no matter where they live, because of the way the tax system has distorted the market. The supply problem is specific: we need more homes that are affordable for people on low incomes.

The solution is for governments to invest in low-cost social and public housing specifically aimed at people on low incomes. This can be achieved through a combination of direct purchase or head-leasing of existing properties from the private market and re-leasing of such properties to people on low income, and the construction of more public and community housing where it is needed in particular areas, such as regional and remote Aboriginal communities.

Anglicare Australia strongly supports the [call by Everybody's Home](#) for the purchase, lease and construction of an additional 500,000 homes by government that meet the needs of people on low incomes over the next 10 years.



Fund homes for people on low incomes by fixing the tax system

Australia's current housing tax concessions – negative gearing and capital gains tax exemption – favour the wealthiest and encourage property investors, at the expense of people trying to buy or rent a home. Anglicare Australia's recent report, *The Cost of Privilege*, showed that negative gearing and capital gains tax concessions cost the federal budget a staggering \$14.85 billion per year, and overwhelmingly favour the richest:

"...Half of the foregone revenue from negative gearing goes to the top 20%, while just 6.2 percent goes to the bottom quintile. Similarly, more than 80% of the savings from the capital gains tax concession go to the wealthiest quintile, and just 2% to the bottom 20%."

The federal government currently invests just \$1.7 billion per year in public and social housing, and homelessness services. Better targeting negative gearing and capital gains tax exemptions would provide significant and immediate funds for homes for people on low incomes who are struggling to survive in the private rental market or more are homeless.

Relief for people struggling to pay rent

One of the most powerful and immediate actions the federal government could take is to significantly restructure and raise government income support, including Commonwealth Rent Assistance (CRA), to accurately reflect the real cost of renting in the private market. We have provided a detailed description of the structural flaws in a supplementary paper.

It will not be enough to just lift the rate of CRA. Not only has it failed to keep pace with the real cost of renting, it is structured so that some people on particular government payments – such as single people on Youth Allowance and Newstart – pay a much higher proportion of their income in rent before they receive CRA.

Anglicare Australia recommends that CRA is significantly restructured, and as a first step:

- » CRA should commence payments once any person or household receiving government incomes is paying 10% or more of their income in private rent.
- » index CRA payments to average rental prices by major location, recognising geographic differences.

Adopt a 'housing first' approach

The increase in the number of people who are homeless in Australia is a stark illustration of the need to act urgently to both address the causes of homelessness, and immediately provide more homes for people who are without one now. Federal and state governments must move to a system that adopts a 'housing first' approach to addressing homelessness, ensuring anyone who finds themselves without can have a home and the support to maintain it. The security of a home underpins evidence-based strategies to address the key drivers of homelessness which without doubt include poverty, entrenched disadvantage and cultural exclusion, domestic violence and mental illness. Anglicare Australia supports the goals and measures to combat homelessness that have been identified by the [Everybody's Home campaign](#).

Other countries – including Canada, Finland and France – are well on the way to ending homelessness. Australia needs a similarly bold goal and actions, including public support for local action and goals set by communities and the people presently living without a secure home themselves.

A better deal for renters

People cannot make where they rent their home if they can be evicted with little notice and no cause, can't ask for things that break to be repaired without facing demands for higher rent, can't have a pet, hang pictures, or have the flexibility to deal with changing life circumstances.

The lopsided power granted to landlords and lack of rights for renters means that Australia is significantly out of step with many other comparable countries.



Overseas where renting has long been the norm, renters have appropriate rights to ensure they can make a long-term home where they live, do not face constant and exorbitant rent rises, and cannot be summarily evicted. Similarly, landlords are required to ensure the homes they rent meet proper minimum standards so that they are comfortable and affordable, and support normal living requests such as having a pet, or changing the decorations to reflect someone's preferences. They also must ensure repairs and simple home adaptations are completed promptly, and cannot summarily raise the rent.

Anglicare Australia calls for the immediate development and implementation of a single tenancy system that delivers fair and consistent renting rights such as these for all Australians.

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