



Rental Affordability Snapshot 2019: Anglicare Victoria – Victorian rental market

Introduction

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 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

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. These individuals and families make up much of Anglicare Victoria's client base within our family support programs, family violence services, alcohol-and-other-drug treatment programs, out-of-home-care services, and other program areas. These are some of our society's most vulnerable people.

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 Saturday, 23 March 2019, 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 a total of 15,750 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:

- 274 individual Victorian properties (**2%** of the total available) were suitable for at least one household type living on income support payments without placing them in housing stress.
- 4,487 individual Victorian properties (**28%** 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. As in the previous years, regional Victoria continues to be more affordable than metropolitan Melbourne for households on income support and on minimum wage.

In regional Victoria a total of 1,724 rental properties were listed. Of this:

- 191 individual properties (**11%** of the total available) were suitable for at least one household type living on income support payments without placing them in housing stress.
- 1,062 individual properties (**62%** 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 a total of 14,026 rental properties were listed. Of this:

- 83 individual properties (**0.6%** of the total available) were suitable for at least one household type living on income support payments without placing them in housing stress.
- 3,425 individual properties (**24%** 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, Victorian rental market 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)	56	0.4%
2	Single, two children (one aged less than 5, one aged less than 10)	Parenting Payment Single	21	0.1%
3	Couple, no children	Age Pension	243	2%
4	Single, one child (aged less than 5)	Parenting Payment Single	39	0.3%

5	Single, one child (aged over 8)	Newstart Allowance	0	0%
6	Single	Age Pension	37	0.2%
7	Single aged over 21	Disability Support Pension	34	0.2%
8	Single	Newstart Allowance	0	0%
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	4,375	28%
12	Single, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A & B	229	1%
13	Single	Minimum Wage	123	1%
14	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + Parenting payment (partnered) + FTB A&B	758	5%
	Total No of Properties	15,750		
	Household Type	Payment Type	Number Affordable & Appropriate	Percentage Affordable & Appropriate

As in previous years, single people (with and without children) on any income support or pension continue to be the most disadvantaged group. The pattern extends to single people on minimum wage, who across 48 Victorian LGAs have access to only 123 (1%) rental properties that are affordable and appropriate.

Metropolitan Melbourne

A total of 31 LGAs were captured across Metropolitan Melbourne. Across these 31 LGAs there were 14,026 advertised rentals, representing 89% of the total listings captured on 23rd March 2019.

1	Couple, two children (one aged less than 5, one aged less than 10)	Newstart Allowance (both adults)	9	<0.1%
2	Single, two children (one aged less than 5, one aged less than 10)	Parenting Payment Single	9	<0.1%
3	Couple, no children	Age Pension	80	0.6%
4	Single, one child (aged less than 5)	Parenting Payment Single	8	<0.1%
5	Single, one child (aged over 8)	Newstart Allowance	0	0%
6	Single	Age Pension	9	<0.1%
7	Single aged over 21	Disability Support Pension	6	<0.1%
8	Single	Newstart Allowance	0	0%
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	3,392	24%
12	Single, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A & B	46	0.3%
13	Single	Minimum Wage	41	0.3%
14	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + Parenting payment (partnered) + FTB A&B	340	2%
	Total No of Properties	14,026		

Table 2: Rental Affordability, Victoria, Melbourne Metropolitan LGAs

Households on income support continue to be 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 ten most affordable LGAs in metropolitan Melbourne for households on the minimum wage

LGA	Proportion of unique, advertised properties affordable to at least one income group receiving minimum wage	Corresponding number of available properties
Melton	83.6	532
Cardinia	81	411
Casey	64.6	707
Whittlesea	62.1	368
Brimbank	55.3	1203
Hume	55.2	377
Frankston	52	328
Yarra Ranges	38.8	139
Greater Dandenong	36.5	405
Knox	32.1	274

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.

As in 2018, Melton and Cardinia continue to be the most affordable LGAs for households on minimum wage in 2019. All the LGAs in the top ten in 2018 have made the list again this year.

Table 4: Top ten most affordable LGAs in metropolitan Melbourne for households subsisting on income support payments or pensions

LGA	Proportion of unique, advertised properties affordable to at least one income group receiving ISP or pension	Corresponding number of available properties
Nillumbik	4.2	24
Banyule	3.5	402
Yarra Ranges	2.9	139
Frankston	1.8	328
Greater Dandenong	1.5	405
Maribyrnong	1.5	325
Monash	1.3	548
Whitehorse	1.3	313
Kingston	1.1	451
Maroondah	1.1	181

Table 4 provides the ranking of most affordable LGAs in Metropolitan Melbourne for households that rely on income support or pensions. The very low rate of affordability in the top ten for this group strongly indicates that people on income support do not have access to appropriate and affordable properties anywhere within the boundaries of Metropolitan Melbourne.



Data for regional Victoria captures large regional hubs such as Ballarat, Gippsland, Bendigo and Mildura, Greater Geelong and smaller regional/rural locations. In total, 17 regional and rural LGAs were included in the 2019 snapshot. Across these LGAs there were 1,724 private rentals listed on 23rd March 2019.

There were very few affordable and appropriate houses for most households on income support. Singles on income support fared the worst with between 0% and 2% of properties categorised as both affordable and appropriate. Couples on Age Pension had the highest access with 9% of listed rentals classified as affordable and appropriate.

	Household Type	Payment Type	Number Affordable & Appropriate	Percentage Affordable & Appropriate
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Households on minimum wage fared better than households on income support. Families where both partners were on the minimum wage had the greatest access to suitable housing with 57% of the listed properties considered affordable and appropriate.

1	Couple, two children (one aged less than 5, one aged less than 10)	Newstart Allowance (both adults)	47	3%
2	Single, two children (one aged less than 5, one aged less than 10)	Parenting Payment Single	12	1%
3	Couple, no children	Age Pension	163	9%
4	Single, one child (aged less than 5)	Parenting Payment Single	31	2%
5	Single, one child (aged over 8)	Newstart Allowance	0	0%
6	Single	Age Pension	28	2%
7	Single aged over 21	Disability Support Pension	28	2%
8	Single	Newstart Allowance	0	0%
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	983	57%
12	Single, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A & B	183	11%
13	Single	Minimum Wage	82	5%
14	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + Parenting payment (partnered) + FTB A&B	418	24%
	Total No of Properties	1,724		

Table 5: Rental Affordability, Victoria, regional, rural and coastal LGAs

Rental affordability in regional Victoria continues the same trend of the previous snapshots. Couples on Age Pension will find a greater stock of appropriate and affordable rental properties in regional Victoria compared to metropolitan Melbourne (9% vs 0.6%). A similar disparity is visible for families on minimum wages, with all household types finding a much higher proportion of rental properties affordable and appropriate compared to metropolitan Melbourne.

Table 6: Top ten most affordable regional, rural and coastal LGAs for households on the minimum wage

LGA	Proportion of unique, advertised properties affordable to at least one income group receiving minimum wage	Corresponding number of available properties
Colac-Otway	100	1
Swan Hill	100	1
Campaspe	83.1	77
Bass Coast	75	16
Baw Baw	72.7	176
Gannawarra	72.2	18
Latrobe	71.8	124
Wodonga	70.2	94
Ballarat	67.6	262
Mildura	66.3	95

Table 7: Top ten most affordable regional, rural and coastal LGAs for households subsisting on income support payments or pensions.

LGA	Proportion of unique, advertised properties affordable to at least one income group receiving ISP or pension	Corresponding number of available properties
Central Goldfields	100	1
Gannawarra	38.9	18
Latrobe	33.1	124
Mount Alexander	26.7	30
Campaspe	22.1	77
Baw Baw	20	176
South Gippsland	20	30
Mildura	18.9	95
Wodonga	11.7	94
Greater Bendigo	7	128

Table 6 and 7 provide a ranking of the most affordable LGAs in regional, rural and coastal LGAs for households on income support and on minimum wage. A trend that continues this year from the previous years is the very low number of unique properties in the top regional and rural LGAs despite the high proportion of affordable and appropriate rentals. 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.

Discussion

Consistent with previous years the 2019 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 despite a small increase in the total number of rental properties on the market at the time of the snapshot, the proportion of affordable properties shows a decline. The percentage of affordable and appropriate properties for most of the household types have dropped from the 2018 numbers (See Appendix 1 for a comparison table).

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 retain slightly greater access to the private rental market, but even here less than 25% of available rentals are

appropriate and affordable as in 2018. 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.

This year's snapshot highlights the continuing disadvantage of single people on income support and minimum wage to access the affordable and appropriate rental market. Across metropolitan, regional, rural and coastal areas, between 0% and 2% of available rental properties are affordable and appropriate for single people. In regional Victoria single parents on the minimum wage who are also eligible for Family Tax Benefits have access to 11% of affordable and appropriate properties. This is a decline from the 14.7% for the same group in 2018.

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 **less than 0.1%** of the rental properties across the 31 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 only **0.3%** 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. 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. Measures of housing affordability, such as this study, should inform Government decision-making about the rates of these payments and pensions so that vulnerable people are not trapped in rental stress and other aspects of poverty.

3. Greater government investment in targeted social and public housing. 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.

We call upon Governments to build and make available more public housing and other affordable housing options for those people in our community who experience significant psychosocial problems and cannot afford or sustain access to appropriate housing.

Conclusion

In summary, the 9th 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 9th 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.

Appendix 1

Victorian Snapshot – 2019 compared to 2018 numbers

	Household Type	Payment Type	2018		2019	
			Number Affordable & Appropriate	Percentage Affordable & Appropriate	Number Affordable & Appropriate	Percentage Affordable & Appropriate
1	Couple, two children (one aged less than 5, one aged less than 10)	Newstart Allowance (both adults)	93	0.7%	56	0.4%
2	Single, two children (one aged less than 5, one aged less than 10)	Parenting Payment Single	48	0.4%	21	0.1%
3	Couple, no children	Age Pension	381	2.8%	243	2%
4	Single, one child (aged less than 5)	Parenting Payment Single	65	0.5%	39	0.3%
5	Single, one child (aged over 8)	Newstart Allowance	8	<0.1%	0	<0.1%
6	Single	Age Pension	62	0.5%	37	0.2%
7	Single aged over 21	Disability Support Pension	62	0.5%	34	0.2%
8	Single	Newstart Allowance	0	0%	0	0%
9	Single aged over 18	Youth Allowance	0	0%	0	0%
10	Single in share house	Youth Allowance	0	0%	0	0%
11	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A	3,909	28.4%	4,375	28%
12	Single, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A & B	373	2.7%	229	1%
13	Single	Minimum Wage	169	1.2%	123	1%
14	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + Parenting payment (partnered) + FTB A&B	811	5.9%	758	5%
Total number of properties			13,744		15,750	