



RENTAL AFFORDABILITY SNAPSHOT

NATIONAL REPORT / APRIL 2021

ABOUT THIS SNAPSHOT

Every year, Anglicare Australia surveys rental listings across Australia to see what it is like for people on low incomes to rent a home. We do this by taking a snapshot of the thousands of properties listed for rent on [realestate.com.au](https://www.realestate.com.au). We test whether each rental listing is affordable and suitable for people on low incomes. The Snapshot is released every year in April. 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. Our services are delivered in partnership with people, the communities in which they live, and other like-minded organisations in those areas. With a combined income of over \$1.94 billion, a workforce of over 11,000 staff and 6,000 volunteers, the Network delivers more than 50 service areas in the Australian community. Our services are delivered to over 474,00 people and reach close to 1.37 million Australians in total. In all, Anglicare services reach over 1 in every 19 Australians.

As part of its mission the Anglicare Australia Network “partners with people, families and communities to provide services and advocacy and build resilience, inclusion and justice.” Our first strategic goal charges us with reaching this by influencing “social and economic policy across Australia with a strong prophetic voice; informed by research and the practical experience of the Network.”

RENTAL AFFORDABILITY SNAPSHOT

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INTRODUCTION



After a year of volatility and shock, Australians are facing a rental market that has never been less affordable.

As we emerge from the Coronavirus pandemic and recover from the brutal downturn that followed, much of the commentary has been optimistic. Australia is bouncing back quickly,

we are told. But this narrative leaves behind those who were hardest hit by the downturn – and those who were struggling long before it hit. As this Snapshot goes to print, nearly two million people are either unemployed or underemployed. Many are renters, and they are navigating a rental market that is geared against them.

It seems that even a global economic downturn has failed to make a dent in Australia's rental crisis

This year's Rental Affordability Snapshot surveyed over 74,000 rental listings. It shows that there is a major disconnect between the commentary on the rental market and how it's actually working for those on the lowest incomes. Many will be surprised to learn that affordability has not improved for these people. Instead, it has crashed. We have also found that government actions have not matched the scale of the crisis. Initially, the Coronavirus pandemic forced the Federal Government to plug some of the gaping holes in Australia's safety net in order to avoid a major collapse. But these actions were not permanent, and they were not structural. As we conducted our Snapshot, the third and final cut to the rate of JobSeeker was about to come into effect.

The Snapshot was also conducted as rent deferrals and eviction moratoriums expired in most parts of the country, with some renters in arrears for thousands of dollars. Many faced cuts to JobSeeker at the same time, while others – age pensioners, people with disability, and those earning the minimum wage – were left out of the Government's response altogether.

No corner of Australia has been spared the effects of this volatility. The Snapshot shows that affordability in regional areas has crashed over the past year, challenging the myth that country areas offer an affordable reprieve from the city. It seems that people flocked to regional areas when they had the opportunity to work flexibly, putting unprecedented pressure on regional housing markets.

Yet in spite of this shift, the homes they left behind in urban areas remain far too expensive for people on low incomes.

It seems that even a global economic downturn has failed to make a dent in Australia's rental crisis. As the Australian housing market continues to defy all assumptions, we must face the reality and the scale of this problem. We must find permanent and structural solutions to make sure that every Australian has the income they need to find a home, and to make sure that the homes are there to be found.

It is time for governments to take real action, and ensure every Australian has a home.

Kasy Chambers
Executive Director

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THIS YEAR'S SNAPSHOT

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](https://www.realestate.com.au) on one weekend in March or April. We then assess whether each property is affordable and suitable for fourteen types of households on low incomes. Those households are:

- Single people receiving the Disability Support Pension, Youth Allowance, JobSeeker and the Age Pension, or earning minimum wage
- Single parents receiving the Parenting Payment or earning the minimum wage
- Couples without children on the Aged Pension, and
- Couples with children on JobSeeker, Parenting Payment, earning the minimum wage, or a combination of these income sources.

HOW WE MEASURE AFFORDABILITY

For most people on a low income, rent needs to be no more than 30 percent 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. This is the benchmark that Anglicare Australia uses.

To test whether a listing is *affordable*, we calculate the income for our household types. This is done using government-published information on rates of payments for JobSeeker, Youth Allowance, the Disability Support Pension and Age Pension, Commonwealth Rental Assistance, Family Tax Benefits, and the minimum wage. We use these figures to calculate 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 are likely to over-estimate the number of suitable properties is that for people on the Disability Support Pension. While not all people with a disability need modified housing many do, and this is another major barrier for them.

The full methodology for the Rental Affordability Snapshot [can be found here](#).

WHAT WE FOUND

This year's Snapshot surveyed 74,266 rental listings across the country on one sample weekend. It was taken on 26 March 2021. Once again, we found a dire situation for people on the lowest incomes.

Table 1. Affordable rental listings, 2021 results and 2020 comparison

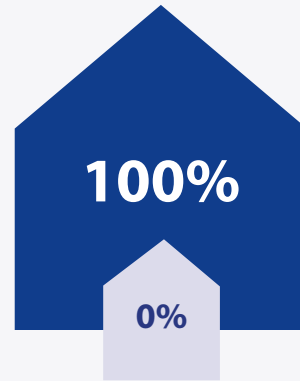
		March 2021		March 2020		Change
Household Type	Payment Type	Number	Percentage	Number	Percentage	Percentage
01. Couple, two children One aged less than 5, one aged less than 10	Jobseeker Payment (both adults)	271	0.4%	589	0.8%	-0.5%
02. Single, two children One aged less than 5, one aged less than 10	Parenting Payment Single	97	0.1%	321	0.5%	-0.3%
03. Couple, no children	Age Pension	1,501	2%	1,898	2.7%	-0.7%
04. Single, one child aged less than 5	Parenting Payment Single	194	0.3%	395	0.6%	-0.3%
05. Single, one child aged over 8	Jobseeker Payment	44	0.1%	71	0.1%	0%
06. Single	Age Pension	386	0.5%	526	0.8%	-0.3%
07. Single aged over 21	Disability Support Pension	236	0.3%	245	0.4%	-0.1%
08. Single	Jobseeker Payment	3	0%	9	0%	0%
09. Single aged over 18	Youth Allowance	0	0%	3	0%	0%
10. Single in share house	Youth Allowance	0	0%	3	0%	0%
11. Couple, two children One aged less than 5, one aged less than 10	Minimum wage + FTB A	10,657	14.3%	15,373	22%	-7.6%
12. Single, two children One aged less than 5, one aged less than 10	Minimum wage + FTB A & B	758	1%	2,723	4%	-2.9%
13. Single	Minimum wage	859	1.2%	1,688	2.4%	-1.3%
14. Couple, two children One aged less than 5, one aged less than 10	Minimum wage + Parenting payment (partnered) + FTB A&B	2,708	3.6%	4,455	6.4%	-3.7%
Total number of properties		74,266		69,960		

● Unaffordable ● Affordable



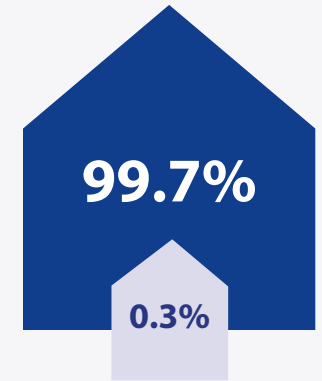
Isaac, looking for work on the JobSeeker payment

0% of rentals were affordable and suitable for a person looking for work on the JobSeeker payment like Isaac.



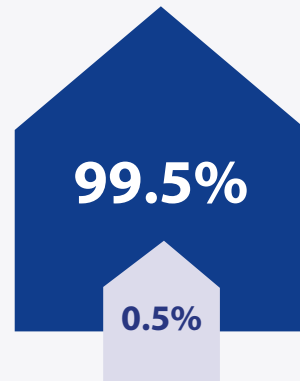
Lisa, a single mum on the Parenting Payment Single

0.3% of rentals were affordable and suitable for a single parent on the Parenting Payment Single like Lisa.



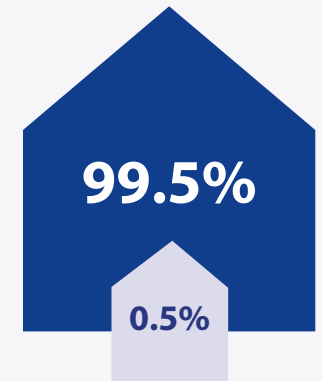
Sarah, living on the Disability Support Pension

0.5% of rentals were affordable and suitable for a person living on the Disability Support Pension like Sarah.



Kim, retired on the Age Pension

0.5% of rentals were affordable and suitable for a retiree on the Age Pension like Kim.



Out of 74,266 listings, we found just three rentals (0 percent) that were affordable for a single person on the JobSeeker payment. Each of these were shared accommodation listings, and were located in Brisbane, Perth, and the NSW Riverina region. In spite of a major surge in listings, neither Melbourne nor Sydney had any affordable listings for a person on JobSeeker. There were no listings (0 percent) that were affordable for a person on Youth Allowance anywhere in the country.

The most generous of government payments is the Age Pension. Yet for a couple living on the Age Pension, only two percent of rentals were affordable. Single retirees have it even worse, with less than one percent of listings left to compete for.

Working people are hardly better off. A single person working full-time on the minimum wage will find that only one percent of rentals are affordable. Of all of the households featured in this Snapshot, families with two parents in full-time work stand the best chance of finding an affordable home. Even they will find they are locked out of 85 percent of the rentals we surveyed – a drop in affordability of nearly eight percentage points since last year.

All of this shows a continued decline in affordability. Compared with 2020, every single household type is worse off as rents continue to rise for the Australians who can afford it least.

Finally, this year's Snapshot has shown that no corner of Australia has been spared the effects of the rental crisis. Affordability in regional areas has dropped, and each of the regional areas we surveyed saw dramatic declines in the number of listings overall. These trends are explored in greater detail in this year's regional snapshot reports.

Renters were on
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Now they are
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WHAT THIS MEANS

In 2020, Anglicare Australia's Snapshot showed that renters were on the frontline of the Coronavirus pandemic and the downturn that followed. In 2021, it is clear that they are being left behind in the recovery.

Rents are less affordable than ever. Yet as our Snapshot was being taken, the support that had been given to renters at the height of the pandemic was falling away. In most parts of the country, people in hardship had been given the right to defer their rental payments. They were also protected by eviction moratoriums to ensure they weren't punished for deferring payments. These arrangements expired in most States and Territories at the end of March, just as our Snapshot was being taken. Some renters have found themselves tens of thousands of dollars in rental arrears. If they can't afford to repay their landlords, they face the very real prospect of eviction. On top of it all, cuts to JobSeeker, Youth Allowance and other payments came into effect at the beginning of April.

Put simply, renters on low incomes are facing the perfect storm. The private rental market continues to fail them, especially if they are out of work. The new rate of JobSeeker, which the Government has tried to frame as an increase, has had no impact on affordability. A person on JobSeeker can afford just three rentals out of tens of thousands of listings, or 0 percent.

A CRISIS FOR PEOPLE ON INCOME SUPPORT

The crash in affordability is hurting low-income households across the board. An out-of-work couple with two children can afford less than half a percent of rentals. This is half of what they had available in 2020, on what was then the base rate of the Newstart allowance. Single parents out of work face an even more dire situation, with affordability crashing to a little over 0 percent for single parent households. This shows the need to raise the rate of JobSeeker to protect children and families from poverty. Around one million children have a parent who relies on JobSeeker.¹

Many parents have kept their jobs over the past year, but even they have not been protected from the impact of the rental crisis. A couple on the minimum wage with two children can afford just over 14 percent of rentals. This highlights how intense competition for affordable rentals has become.

This year's results again show how brutal the rental market is for young people. A person on Youth Allowance looking for a sharehouse cannot afford any rentals out of the tens of thousands we surveyed. Not a single listing was affordable for someone on Youth Allowance at the time of our Snapshot.

The crash in affordability is hurting low-income households across the board

People with disabilities face unique challenges in this market. Some will find that the rentals listed in this Snapshot don't meet their needs, and for many people, the Disability Support Pension is too low to allow them to rent a home that does. A single person on the Disability Support Pension could afford less than one percent of rentals at the time of our Snapshot.

Our findings also matter enormously for the growing number of older Australians who rent. A person on the Age Pension can afford less than one percent of rentals. At a time in their life when stability is more important than ever, more and more older people are stuck in expensive and insecure rentals.

In looking at these results, it's important to remember that asylum seekers, international students and temporary migrants do not have any access to income support or services such as JobSeeker or Medicare. Some

have been turning to Anglicare Australia member agencies and other services to make the rent. Others are being pushed into homelessness. This is a huge concern and one we urge the Federal Government to act on immediately by extending income support to asylum seekers, temporary migrants and international students.

AFFORDABILITY CRASHES FOR PEOPLE EARNING THE MINIMUM WAGE

One of the most concerning trends in this year's Snapshot has been the big fall in affordable rentals for people earning the minimum wage. Couples with children on the minimum wage have seen a drop in affordability of eight percentage points since 2020. The remaining minimum wage households we study, made up of single people and single-parent families, have seen affordability at least halve in the past year.

The Government has typically responded to these concerns by highlighting the availability of Commonwealth Rent Assistance for people earning low incomes. Yet our calculations include Commonwealth Rent Assistance, as well as other available payments such as the Family Tax Benefit. Even with these extra payments, many people are trapped in rentals they cannot afford.

Our figures may be alarming, but even they do not tell the whole story. We look at the full-time minimum wage, but we also know that more and more Australians are working casually. Around one million Australians are underemployed. Their plight is likely to be much worse than this Snapshot shows. Nor can the Snapshot consider the competition for each of these properties. In an overheated market, an affordable property can attract dozens of applications.

The deterioration in affordability for people on the minimum wage shows the need to guarantee a supply of affordable housing. If

governments fail to act, many low-income earners will remain trapped in an overheating rental market. Some will find themselves at serious risk of housing stress and homelessness.

DECLINING AFFORDABILITY FOR YEARS TO COME

For the past decade, these Snapshots have shown a downward trend in the affordability of rentals. Each year the housing market continues to defy expectations, and we are left to wonder how people on low incomes can continue to navigate a market that gets worse and worse. There is reason to worry that the market will deteriorate even further. The National Rental Affordability Scheme (NRAS), introduced by the Rudd Government, created incentives to build and rent affordable homes in the private market. The Scheme has not been renewed by the current Government. Agreements under the Scheme last for ten years, and when they expire, the incentives to rent properties at affordable rates also expire.

In this year's Snapshot, we found that 1,806 listings out of 74,266 were affordable for at least one household type on income support. Of those, nearly one in four (404 listings) were affordable rentals provided as part of the Scheme.

Table 2. Affordable rental listings for households on income support

Number of unique affordable and appropriate properties	
Households on income support (1-10)	Provided under NRAS
1806	404 (22.4%)

As agreements expire in the coming years, many of these properties will cease to be affordable. Tenants who are currently in rentals provided under the Scheme will need to renegotiate their lease agreements. Many will face big increases in rents and some will be forced to move out, adding to the large and growing number of people competing for a shrinking number of affordable homes.

In light of this crisis, how do people manage? For too many people, paying the rent means they can't afford to eat decent food, fill a prescription, pay for transport, or buy clothes. Anglicare Australia members see their clients facing these impossible decisions every day.

Unfortunately, this balancing act can only go on for so long. It can come to a crashing end when an unexpected bill comes in or when the rent increases. For these people the car, a friend's sofa, a homelessness service, or even a tent in a squat becomes home.

All of this is a wake-up call. What this Snapshot shows is that finding an affordable home in the private rental market is complete fiction for people on low incomes. Resourcefulness and sacrifice is the only thing keeping a roof over the heads of many Australians.

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Over 1.5 million
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Many are likely to
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WHAT CAN BE DONE

The key to making housing more affordable in Australia lies in two factors: ensuring every Australian has a decent income, and providing enough affordable rentals for people who need them. These are the two primary causes of rental unaffordability.

Instead of tackling them head-on, the Government has left it to the private rental market to provide housing for more and more people. As our governments walk away from their responsibility to provide affordable housing and incomes, more people must fend for themselves in a market that is out of control. We need urgent action to turn this crisis around.

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RAISING THE RATE OF PAYMENTS

Over 1.5 million Australians now live on JobSeeker or Youth Allowance.² Many are likely to be renting, yet this Snapshot shows that the new rate of JobSeeker hasn't made a dent in affordability. With so many Australians still reliant on JobSeeker, the cuts that were enacted in the days after our Snapshot will push more Australians into poverty and housing stress.

It's important to remember that essential living costs like food, education, health, transport, petrol, and electricity have also been rising since the early nineties.³ When compared to living costs, it's clear that payments are due for a big boost. This is backed by a recent survey of 2,000 Anglicare Australia clients. We found that two out of three people (58 percent) who came to us for emergency help were out of work; and one in two needed help to get basic essentials such as housing. One in three (33 percent) needed help to manage a low income.⁴ Our survey also showed that emergency relief isn't a long-term answer to poverty. Almost one in two clients were coming to us for over a year.⁵ What these people really needed was a decent income to match the basic cost of living.

Much was made of the doubling of the JobSeeker rate at the beginning of the pandemic. However, Anglicare Australia believes that the rate had simply caught up with living costs after a 26-year freeze. The long stagnation of payments made the increase look large, but in truth, Australia's unemployment payments have been so low for so long that the debate over rates lost all sense of proportion.

In the decades since the rate was frozen, rents in capital cities have more than doubled and income support payments have failed to keep up. For example, the median rent in Sydney is \$540 per week. This Snapshot shows that recent cuts could force a person on JobSeeker to spend all of their income on rent – all but three rental listings and sharehouses were unaffordable for someone on Jobseeker, even with the help of Commonwealth Rent Assistance and other supplements.

It's time to end the poverty trap once and for all. The Government must raise the rate of JobSeeker above the poverty line. If it doesn't, people out of work will be pushed deeper into housing stress and homelessness.

MORE AFFORDABLE RENTAL HOMES

Governments must again take up their responsibility to ensure affordable homes for every Australian. This is highlighted by the plight facing people on the minimum wage, who have seen affordability plummet this year and are likely to see it continue to shrink. Wages have been stagnant for years now, and with no growth in incomes, a guaranteed supply of affordable rentals will be critical to those in low-paid and insecure work – as well as those on government income support.

The shortfall of affordable homes across Australia is massive. The Australian Housing and Urban Research Institute has shown that we need 433,400 social and affordable rentals just to make up for that shortfall.⁶ To get ahead of that shortfall for the future, the Everybody's Home campaign is calling for 500,000 social and affordable rentals.

The design of this new social housing must reflect changing population needs and demographics. Most of the current public housing stock is made up of older three bedroom houses that are increasingly expensive to maintain.⁷ But the majority of people seeking social housing are single people living alone, sole parents with children, and people living with disability.⁸ The mismatch between the housing supply and the needs of those seeking an affordable home means that in South Australia for example, one in four public houses are underutilised, while others are overcrowded.⁹ Old housing stock also rarely suits the needs of people with disability and elderly Australians, who are more likely to need an affordable rental.

Ending our social housing shortfall would be the most powerful way to tackle the rental crisis and boost regional economies

It is vital to work with future tenants to develop modern social and community housing that reflects the needs of those who will live there. Governments must embrace their responsibility for the design of public infrastructure that supports healthy communities. This includes the

development of a diverse social housing stock with access to services.¹⁰

Given the abject failure of the private market to provide affordable housing, it is past time for governments to invest in the development of social housing. This is the only way that every Australian can have a safe and secure place to call home.

Ending our social housing shortfall would be the most powerful way to tackle the rental crisis and boost regional economies. With regional economies reeling from bushfires, the Coronavirus pandemic, and recent floods, we need to invest in

projects that are shovel-ready. There is no time to waste. Social housing projects can get off the ground much more quickly than road or rail infrastructure. It also brings longer-term benefits. For every dollar invested, social housing boosts GDP by up to \$1.30.¹¹

We urge the Government to back the social housing pledge put forward by the Everybody's Home campaign, and use housing investment to boost the economy.

**Governments
must again
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The Coronavirus
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CONCLUSION

The systemic shortage of affordable housing has been at crisis level for many years. More than a decade of Rental Affordability Snapshots has shown that the crisis has been a long time in the making.

Yet there is no national plan or commitment to tackle it. Instead of 'going back to normal', we need a vision for housing that works for everybody, including renters and people on low incomes.

The Coronavirus pandemic showed that Australia's governments can work together for the greater good. It is possible to make a transformational investment in social housing, and as we saw in 2020, action to raise the incomes of Australians most in need is well within reach. It will require governments to prioritise the wellbeing of people living in housing stress. It will require national leadership on payments for people on the lowest incomes, and investment in social housing at the exact time when Australians would most benefit.

As we recover from a historic downturn, it will again be political decisions that determine whether we spiral even deeper into a housing crisis that leaves many thousands in severe hardship – or whether we can reimagine the system together and leave no one behind.

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