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RENTAL AFFORDABILITY SNAPSHOT

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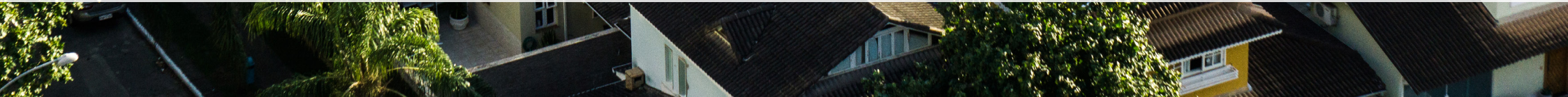

ABOUT THIS SNAPSHOT

The Rental Affordability Snapshot highlights the lived experience of looking for housing on a low income. It focuses on those who earn the least– people on government income payments and people earning the minimum wage.

Each year, Anglicare Australia agencies use data provided by the REA group to analyse rental listings on realestate.com.au. Each property is assessed for its affordability and suitability for low income households.

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 combined expenditure of $1.59 billion, a workforce close to 20,000 staff and 9,000 volunteers, the Anglicare Australia Network contributes to more than 50 service areas in the Australian community. In all, 1 in every 20 Australians access Anglicare services throughout the year. Our services are delivered in partnership with people, 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

This is Anglicare Australia's tenth Rental Affordability Snapshot. And after ten years, it is clear that the Australian dream – a place to call home – has become a nightmare for many renters.

This year's Snapshot surveyed over 69,000 private rental listings across the country over one sample weekend. Once again, we found a dire crisis for people on the lowest incomes.

We found that no properties in any capital city were affordable for a single person on Youth Allowance or Newstart. In fact, there were only two properties across the entire country that were affordable for people on these payments.

This year's Snapshot looks at older people who are stuck in expensive and insecure rentals – at a time in life when stability is more important than ever

The most generous of government benefits is the Age Pension, and we have made it a major focus of this year's report. Yet for a couple on the aged pension, only three percent of rentals were affordable. Single pensioners 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 two percent of rentals are affordable.

Of course, this Snapshot doesn't tell the whole story. We look at the full-time minimum wage, but we know that more and more Australians are working casually. Around one million 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.

So 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.

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 matters enormously for the growing number of older Australians who rent. This year's Snapshot looks at older people who are stuck in expensive and insecure rentals – at a time in their life when stability is more important than ever.

Australia is looking to the private rental market to provide housing for more and more people. As our governments walk away from social housing, more people must fend for themselves in a market that is out of control. With over 115,000 people homeless, we desperately need to increase the amount of social housing and put a roof over the head of every Australian.

That is the central call of this year's Snapshot. If we wait another ten years to act on these findings, we will be denying the benefits and security of a home to hundreds of thousands of Australians.

Kasy Chambers
Executive Director

As our governments walk away from social housing, more people must fend for themselves in a market that is out of control

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 on one weekend in March or April. We then assess whether each property is affordable and suitable for fourteen 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.

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 hardship. 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 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 that a property is appropriate for the number of people or the family type. One area where we are likely to over-estimate the number of suitable properties that is 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.

THE FINDINGS

On our snapshot day of 23 March 2019, there were 69,485 properties listed for rent across Australia, as surveyed by our members. Table 1 shows how many of those properties were affordable and suitable for the different low income households.

Table 1: Rental Affordability Snapshot findings

HOUSEHOLD TYPE	SOURCE OF INCOME	# AFFORDABLE AND APPROPRIATE	% AFFORDABLE AND APPROPRIATE
Couple, two children One aged less than 5, one aged less than 10	Newstart Allowance (both adults)	777	1.1%
Single, two children One aged less than 5, one aged less than 10	Parenting Payment Single	354	0.5%
Couple, no children	Age Pension	2223	3.2%
Single, one child aged less than 5	Parenting Payment Single	528	0.8%
Single, one child aged over 8	Newstart Allowance	75	0.1%
Single	Age Pension	552	0.8%
Single aged over 21	Disability Support Pension	317	0.5%
Single	Newstart Allowance	2	0.0%
Single aged over 18	Youth Allowance	1	0.0%
Single in share house	Youth Allowance	1	0.0%
Couple, two children One aged less than 5, one aged less than 10	Minimum wage + FTB A	16,666	24%
Single, two children One aged less than 5, one aged less than 10	Minimum wage + FTB A & B	2659	3.8%
Single	Minimum wage	1552	2.2%
Couple, two children One aged less than 5, one aged less than 10	Minimum wage + Parenting payment (partnered) + FTB A&B	5422	8%
Total number of properties		69,485	

Taking the national figures and aggregating them by income type, we find that on the Snapshot day, just four percent of all properties were affordable and appropriate for households on government income support payments. For households on minimum wage it was 26 percent. These results show that finding an affordable and suitable home to rent in the private market is extraordinarily challenging.

Once again, the situation is worst for people reliant on government income support. It is particularly hopeless for single people. There was just one property out of more than 69,000 that were affordable and suitable on the Snapshot weekend for people receiving Youth Allowance and only two for a single person on Newstart. Just 554 properties were affordable for a single person on the Aged Pension, and devastatingly, only 317 were affordable for a person on the Disability Support Pension.

Families reliant on government income support are once again priced out of the private rental market, with one percent or less of properties affordable and suitable on the Snapshot weekend. Even for a couple with one parent receiving the Parenting Payment and the other earning the minimum wage, just eight percent of listings were affordable.

People earning the minimum wage have slightly more options than those on income support. But our findings show that unless they are coupled with both partners working full-time, the situation is dire for people earning the minimum wage. Single people on a minimum wage had only two percent of properties to choose from across the whole country on the Snapshot weekend. Those earning the minimum wage in part-time, casual, and seasonal work will have even fewer options.

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

A CRISIS FOR THE POOREST

There are approximately 715,000 people on Newstart in Australia, more than 83,000 receiving Youth Allowance,[1] and 750,000 people receiving the Disability Support Pension.[2] We also know that 660,000 people on the Aged Pension do not own their own home.[3] Many are renting and living in severe housing stress.

Data from the Department of Social Services shows how many people on government payments are receiving Commonwealth Rent Assistance,[1] and how many are in rental stress. The figures show that there are nearly half a million Australians on government income support who pay more than 30 percent of their income in rent. Of those, one third are paying more than half of their income in rent.

1 Commonwealth Rent Assistance is a payment for people who rent in the private rental market or community housing. It is available to people who receive government income support or Family Tax Benefit Part A who spend over a minimum threshold on rent.

The table below shows the number of people receiving rent assistance as of June 2018 who are in rental stress. This data tells the same story as the Snapshot – that there are nowhere near enough affordable rentals for people on government incomes.

Table 2: Rental stress for people on government incomes getting Commonwealth Rent Assistance, by payment type, at June 2018

	RECIPIENTS PAYING OVER 30 PERCENT OF INCOME IN RENT (INCLUDING RENT ASSISTANCE)	RECIPIENTS PAYING OVER 50 PERCENT OF INCOME IN RENT (INCLUDING RENT ASSISTANCE)
Disability Support Pension	79,063	17,257
Age Pension	88,800	22,529
Parenting Payment (single)	53,868	8,955
Parenting Payment (partnered)	14,286	6,530
Newstart Allowance	160,414	66,586
Youth Allowance	48,823	3,115
Austudy	11,881	5,740
Total	457,135	167,185

Source: Department of Social Services

These figures back up the experiences of the Anglicare Australia Network. We know that many people on low incomes are avoiding becoming homeless by sacrificing other basic living needs to pay the rent – things like food, transport, heating or cooling, or visits to the doctor. Many approach our member agencies for emergency food relief, financial counselling, and help to pay essential bills. But for the poorest in our communities, there is a limit to the ways they can make the rent when their income is so low. It's why the number of people who are homeless in Australia has risen so dramatically.[4] The lack of affordable rental accommodation is reflected in rising rates of couch-surfing, rough-sleeping, over-crowding, and other forms of homelessness.

Over 40 percent of Australians worry they could become homeless if their circumstances change

Many Australians are feeling the pinch. Housing affordability is rated as a top three issue by nearly a third of all voters in recent polls. Over 40 percent of Australians worry they could become homeless if their circumstances change, and over half feel stretched to meet their current costs.[5]

THE MINIMUM WAGE ISN'T ENOUGH

People earning the minimum wage are struggling to find housing. An estimated 2.3 million Australians have their pay rate set by an award, and at least 100,000 (two percent) of all employees are paid at the adult National Minimum Wage rate.[6]

The minimum wage has not kept pace with the rising cost of living – a failure of both the government and the market. The Snapshot shows that only two percent of private rentals are affordable for a person on the minimum wage. Single people on the minimum wage with children for example will find that only four percent of rentals are affordable, even with the help of the Family Tax Benefit.

It's crucial to remember that people on low incomes are not just competing with each other in the rental market. With one in three Australians renting, and with soaring housing costs, they are also competing with people on much higher incomes.

A DECADE OF INACTION AND MARKET FAILURE

For ten years the Anglicare Australia Network has been testing the affordability of the private rental market for people on low incomes. Starting in 2010 with a handful of regions, by 2011 the Anglicare Australia Snapshot was covering enough of the rental market to offer a truly national picture. Since 2012 the Anglicare Australia Network has been sampling in every state and territory, analysing more than 50,000 listings each year.

While snapshots cannot provide trend data, looking back over past years is instructive. For example, Table 3 provides a percentage summary of the number of properties affordable and suitable for single people on Newstart; couples on the aged pension, and single parents on parenting payment for the last eight years.

Looking back over the findings from the last decade of Snapshots, the message is clear: the private rental market has failed to provide affordable housing for Australians on low incomes. There is no evidence that this will change.

Table 3: Affordable and suitable rentals 2012-2019, by payment type

	AFFORDABLE FOR A PERSON ON NEWSTART	AFFORDABLE FOR A COUPLE ON THE AGE PENSION	AFFORDABLE ON THE PARENTING PAYMENT
2012	0%	1.1%	0.1%
2013	0%	2%	0.4%
2014	0%	3.6%	0.8%
2015	0%	3.4%	0.3%
2016	0%	4.3%	1%
2017	0%	4.3%	1.2%
2018	0%	4.4%	0.8%
2019	0%	3.2%	0.5%

FIXING A BROKEN SYSTEM

For a decade Anglicare Australia, along with many others, has presented the evidence as to how to solve our country's housing crisis. As proud members of the Everybody's Home campaign, we detailed the campaign recommendations again in 2018 – funding homes for people on low incomes, fixing the tax system, increasing rent assistance, and giving more rights to renters.

Some of these solutions are gaining traction with decision-makers, but we remain a long way away from getting real action. An especially vital part of the solution is social housing, which continues to languish.

THE SOCIAL HOUSING SHORTFALL

Social housing is for people who are on very low incomes who need a home. This could include people who have recently experienced homelessness, family violence, have a disability, or simply can't get a home in the private rental market. Sometimes it's public housing that's managed by government, and sometimes it's managed by community organisations who have been funded by government.

Governments in Australia used to strongly invest in social housing to meet need. It was valued as a public asset for reducing poverty and inequality. But in recent years governments have withdrawn from this responsibility. Social housing stock has simply not kept pace with the growth in population.[7]

The underfunding of social housing means demand now far outweighs supply. More than 142,500 Australians are on the waiting list for social housing, and half of those who were finally given a home in 2016-17 were already homeless.[8] For those who were homeless or at risk of homelessness, over half spent more than three months on the waiting list. And for those not yet on the brink of homelessness, half spent more than two years on the waiting list. The need for social housing will only grow, from 1.3 million to 1.7 million households by 2025.[9]

Governments have also been tightening eligibility for social housing so that only people in the most desperate situations can get help. This means that many Australians can no longer find affordable housing, and the social housing system no longer works in a sustainable way. Without the funding from rents of tenants with higher incomes, there is not enough income to maintain public housing stock. Governments have resorted to selling off more properties to cover maintenance costs. This has created a situation where hundreds of thousands of Australians on low incomes are unable to find affordable housing. It also means that the social housing stock is dwindling and ill-maintained.[10]

Governments have also been transferring housing stock to community organisation management, with 23 percent of social housing now managed by mainstream or Indigenous community housing.[11] But this does not change the lack of supply – it simply outsources the issues onto non-government organisations.

THE FAILURE OF THE RENTAL MARKET

In walking away from social housing, the government seems to have assumed that the private rental market would provide enough affordable housing for those who need it. That has been shown to be utterly false. Analysis by the Australian Housing and Urban Research Institute shows that governments' greater reliance on 'demand-side assistance,' such as rent assistance, has not made renting more affordable. Instead, the shortage of affordable rentals for low-income households grew between 1996 and 2011, contradicting the theory that housing would 'filter' into low-rent accommodation over time.[12]

Commonwealth Rent Assistance has not provided protection for low-income households because it is now so far below the rising costs of rent. Over 1.34 million Australians currently receive rent assistance, but many of these are still in severe housing stress (see Table 2). Governments have failed to increase rent assistance to keep pace with the real cost of renting. The payment is indexed to the Consumer Price Index, which has increased by 41 percent between 2003 and 2017. However, average rents increased by 64 percent. An immediate 40 percent increase in the payment would be needed to restore this gap and ensure it has the same buying power as it did fifteen years ago.[13]

Put simply, rent assistance has failed to keep the private rental market affordable.

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Older people on low incomes who don't own their own home show why governments must recommit to social housing

RETIRING INTO RENTAL STRESS

Older people on low incomes who don't own their own home show why governments must recommit to social housing. Australians are living longer, and more are living alone in their old age. Over 1 in 7 Australians are aged 65 years and over.[14] This proportion is projected to grow in the coming decades. Having a home is the bedrock of wellbeing in older age,[15] and home ownership has become a major factor in providing a comfortable and dignified retirement in Australia. Indeed, the Age Pension is designed around the assumption pensioners will own their own home. But there is a growing number of older Australians falling out of home ownership – or who have never owned their own home.

For the growing number of older Australians renting in the private market,[16] finding an affordable and suitable home is becoming more and more daunting. This year's Snapshot shows that less than one percent of properties across the country were suitable and affordable for a single person on the Age Pension.

About fifteen percent of older Australians are renters, and they tend to be economically disadvantaged.[17] Many have no asset base and little or no savings. Living on the Age Pension means living well below the poverty line, and there has also been a sharp rise in the number of people over 55 on Newstart.[18] As a result, more older renters are in housing stress compared to the general population.[19] Of people on the Age Pension receiving rent assistance, one in three were still in housing stress after getting the payment.[20]

Rental stress particularly affects older women, and is reflected in their growing rates of homelessness. Older single women are the fastest growing cohort of people experiencing housing stress and homelessness, and most of them have never been homeless before. Between the 2011 and 2016 Censuses, there was a 31 percent rise in homelessness amongst older women. In the 10 years leading up to 2016 there was a huge 97 percent increase in the number of older women forced to rent in the private market. This was at a time of declining affordability and instability in the market.[21] Many women will retire with less because of time taken out of the workforce, lower pay, and the impact of life crises such as family breakdown or domestic violence. All of this can lead to women losing assets and income, making them much more vulnerable and likely to retire into poverty.

Older people on low incomes are more likely to be in single person households and suffer from social isolation and exclusion. Anglicare Sydney's recent report Going it Alone shows that many older people on low incomes, particularly women, and who are living alone, are suffering from social isolation. There is a strong link between social isolation and disadvantage, which can lead to physical and mental health issues including disability, higher rates of food insecurity, and poorer housing.

The issues facing renters can become more pronounced after retirement. We want older Australians to be able to live independently at home for as long as possible. The structure and funding of our aged care system assumes that people own their own home or enjoy living in secure and affordable rental housing, while aged care itself is becoming more focussed on providing that care in the home. Without the right housing it is much harder for older people who rent to stay safely in their homes. Anglicare Australia members who deliver aged care services see this pattern play out for elderly people on low incomes who don't have access to secure social housing or their own home. Renting in the private market makes it harder to get the care they need to be able to age at home. Private rentals are not secure, and older people can be forced to move with little notice and for no cause. They can also find it difficult to get approval for modifications that would help them get care in their home, such as safety rails in the bathroom. This means that many older people who are renting and need care are at risk of losing their independence at an earlier age. Many are forced into residential aged care too early simply because they don't have a secure home.

Social housing used to provide a safety net for older renters and people on low-incomes. The number of older Australians living in lower-income rental households is expected to grow by 115 percent, from 195,000 in 2001 to 419,000 in 2026.[22] Home-ownership for this cohort will decline even faster than that of the general older population.[23] All of this shows that the need for social housing investment is urgent. Only government investment in social housing will give older people on low incomes the security they need.

INVESTING IN SOCIAL HOUSING – AND GETTING IT RIGHT

Governments must again take up their responsibility to ensure affordable homes for every Australian. Modelling shows that to meet demand, the Federal Government must invest in 300,000 new social and Indigenous-specific rentals, and 200,000 low-cost rentals.[24]

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.[25] But the majority of people seeking social housing are single people living alone, sole parents with children, and people living with disability.[26] 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.[27] Old housing stock also rarely suits the needs of people with disability and elderly Australians, who are more likely to need an affordable rental.

To meet demand, the Federal Government must invest in 300,000 new social homes and 200,000 low-cost rentals

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 accessibility to services.[28]

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.

CONCLUSION

After ten years of producing the Rental Affordability Snapshot, it is clear that housing in Australia is broken.

The 2019 findings show once more that we don't have enough secure, affordable rentals. The consequences are clear: more and more people have been pushed into rental stress and homelessness.

For too many, paying the rent means they can't afford to eat decent food, fill a prescription, pay for transport, or buy clothes. And now older Australians are getting stuck in expensive and insecure rentals at a time in their life when stability is more important than ever.

As government has abandoned social housing, more of these people have been languishing on waiting lists, forced to compete for rentals in the private market. That has been pushing rent prices up, as we at Anglicare Australia have seen from a decade of Snapshots. Some have been pushed onto couches, into sheds, or to crisis accommodation. Others are sleeping rough.

The solution is simple, but has proven to be stubbornly difficult – government must reclaim responsibility for housing. The most important first step is to tackle the social housing shortfall.

Rental stress, insecurity, and homelessness does not have to be the way of the future. We can and we must invest in affordable rentals for everyone – especially people who need them the most – and ensure that everyone has a place to call home.

After ten years of producing the Rental Affordability Snapshot, it is clear that housing in Australia is broken

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