



RENTAL AFFORDABILITY SNAPSHOT

NATIONAL REPORT / APRIL 2022

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.

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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 \$1.97 billion, and a workforce of 19,000 staff and 8,000 volunteers, the Anglicare Australia Network contributes to more than 50 service areas in the Australian community. Our services are delivered to 550,000 people each year.

As part of its mission, Anglicare Australia “partners with people, families and communities to 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



Rental affordability is not a niche issue. It affects millions of Australians. More and more people are renting for longer. As governments walk away from social housing, more people are being left to fend for themselves in a market that is out of control.

This is Anglicare Australia's thirteenth Rental Affordability Snapshot. It comes at a time when it has never been harder to find an affordable rental. In the last year, the number of advertisements for rental homes have plummeted by over a third. This is an unprecedented drop. The national vacancy rate has fallen to record lows, halving from two percent in to one percent over the past year.^{1 2}

As governments walk away from social housing, more people are being left to fend for themselves in a market that is out of control

The major drop in rental listings, and the halving of the vacancy rate, means that there is even more pressure on renters on low incomes. They need to find an affordable home in a tight market, while competing with record numbers of people who can no longer afford to buy. This has led to a market that has never been less affordable. Renters on low-incomes are bearing the brunt of the tightening of the market because they are forced to compete with people on higher incomes and more stable jobs for the scarce supply of new rental homes that become available.

Across Australia, only five rentals were affordable for a single person on JobSeeker out of more than 45,000 listings. Just one is affordable for a person on Youth Allowance. All are rooms in share houses. Couples out of work, single parents on Centrelink payments, and people on the Disability Support Pension all face a market where 0.1 percent of rentals are affordable, while a person on the Age Pension can afford 0.1 percent of listings. A person on the minimum wage is barely better off, as wages fail to keep up with spiralling rents.

The picture of economic recovery, resilience, and good economic management being painted by the Government and commentators is at odds with the experience of Australian households who cannot afford suitable housing. Rising inflation and stagnant wages are making it harder to make ends meet. Housing costs are the single biggest expense in the budgets of households on low incomes.

Access to affordable housing makes an enormous difference to people's lives. This doesn't just help financially, it improves people's wellbeing, their ability to participate in their community, and their education and employment opportunities. The market won't resolve this problem on its own. We need leadership and investment from all levels of Government.

The backdrop to this year's Snapshot is the Federal Election. There has never been a better time for candidates and political parties to step up, and make sure 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 different 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 a 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.

WHAT WE FOUND

This year's Snapshot surveyed 45,992 rental listings across the country on one sample weekend. It was taken on 19 March 2022. Table 1 shows how many of those properties were affordable and suitable for households on the lowest incomes.

Table 1. Affordable rental listings, 2022 results and 2021 comparison

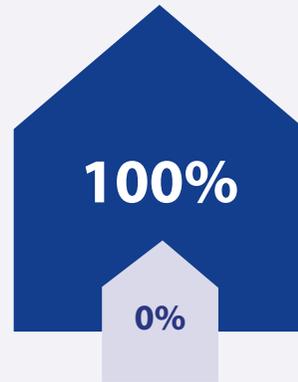
		March 2022		March 2021		Change
Household Type	Payment Type	Number	Percentage	Number	Percentage	Percentage
01. Couple, two children One aged less than 5, one aged less than 10	Jobseeker Payment (both adults)	78	0.2%	271	0.4%	-0.2%
02. Single, two children One aged less than 5, one aged less than 10	Parenting Payment Single	20	0.0%	97	0.1%	-0.1%
03. Couple, no children	Age Pension	663	1.4%	1,501	2%	-0.6%
04. Single, one child aged less than 5	Parenting Payment Single	61	0.1%	194	0.3%	-0.1%
05. Single, one child aged over 8	Jobseeker Payment	9	0.0%	44	0.1%	0%
06. Single	Age Pension	312	0.7%	386	0.5%	0.2%
07. Single aged over 21	Disability Support Pension	51	0.1%	236	0.3%	-0.2%
08. Single	Jobseeker Payment	7	0.0%	3	0%	0%
09. Single aged over 18	Youth Allowance	1	0.0%	0	0%	0%
10. Couple, two children One aged less than 5, one aged less than 10	Minimum wage + FTB A	7,041	15.3%	10,657	14.3%	1%
11. Single, two children One aged less than 5, one aged less than 10	Minimum wage + FTB A & B	335	0.7%	758	1%	-0.3%
12. Single	Minimum wage	720	1.6%	859	1.2%	0.4%
13. Couple, two children One aged less than 5, one aged less than 10	Minimum wage + Parenting payment (partnered) + FTB A&B	1,682	3.7%	2,708	3.6%	0%
Total number of properties		45,992		74,266		

● 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.



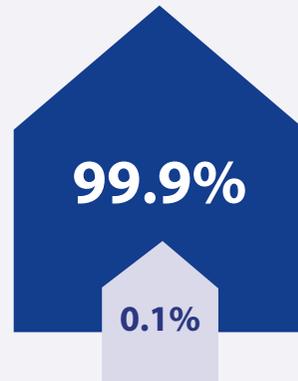
Lisa, a single mum on the Parenting Payment Single

0.1% of rentals were affordable and suitable for a single parent on the Parenting Payment Single like Lisa.



Sarah, living on the Disability Support Pension

0.1% of rentals were affordable and suitable for a person living on the Disability Support Pension like Sarah.



Kim, retired on the Age Pension

0.3% of rentals were affordable and suitable for a retiree on the Age Pension like Kim.



Out of 45,992 listings, we found just eight rentals (0 percent) that were affordable for a single person on the JobSeeker payment. There was one listing (0 percent) in a share house that was affordable for a young person on Youth Allowance anywhere in the country.

The most generous income support payment is the Age Pension. Yet for a couple living on the Age Pension, just 1.4 percent of rentals were affordable. Finding an affordable rental is even harder for single aged pensioners, with 0.1 percent of listings left to compete for. Many are rooms in share houses that might not be appropriate for an older person.

Working people are hardly better off. A single person working full-time on the minimum wage will find that 1.6 percent of rentals are affordable. Of all of the households featured in this Snapshot, families with two parents each earning a minimum wage stand the best chance of finding an affordable home. Even they will only be able to afford 15.3 percent of the rentals we surveyed.

It is worth remembering that our calculations include Commonwealth Rent Assistance (CRA), as well as other available payments such as the Family Tax Benefit. Even with these extra payments, many people are still living in rental properties that are unaffordable. Indeed, nationally, 46 percent of households that receive CRA are still in housing stress. This figure would be 73 percent for the same cohorts if CRA were not available.³

Table 1 also shows that most household types are slightly worse off than last year. In comparing these percentages, it is worth remembering that the real numbers are far worse due to the drop in listings. This is the biggest difference between the 2021 and 2022 Snapshots, with listings dropping by nearly one third. The reduction in the number of listings, and therefore the vacancy rate, will have a major impact on people trying to rent a home. People on low incomes, vulnerable households, or people with disability are now competing for an even smaller slice of the rental market.

The lack of affordable rentals is hurting households on low incomes across the board

WHAT THIS MEANS

A CRISIS FOR FAMILIES

The lack of affordable rentals is hurting households on low incomes across the board. An out-of-work couple with two children can afford just 78 properties across Australia, or 0.2 percent of the rentals advertised on the Snapshot weekend.

Single parents out of work face an even more dire situation. Single parents with a child on the Parenting Payment are able to afford just 61 (0.1 percent) of the properties advertised on the Snapshot weekend. For Parenting Payment recipients with two children, this drops to 20 properties (0 percent). Single parents on Jobseeker can only afford nine of the listings on the Snapshot weekend (0 percent).

THE MINIMUM WAGE HAS NOT KEPT UP

Last year's snapshot showed a sharp fall in affordability for households living on the minimum wage. These trends have barely budged. This year, a single parent working full time on the minimum wage can afford 0.7 percent, or 335 rental dwellings. The situation for single people working full time on the minimum wage continues to be dire. They can afford 1.6 percent of the properties advertised this year.

Families with both parents in work on the minimum wage can afford 15.3 percent of the properties available on the Snapshot weekend, and these figures have been trending downwards. Ten years ago, in 2012, the Snapshot showed about 30 percent of properties were affordable for families with both parents on minimum wage. This shows the stark

drop in affordability over time as wages have stagnated but rents continue to rise.

These figures 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 part-time or casually. Around one million Australians are underemployed. Their financial situation 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.

A TOUGH MARKET FOR AGE AND DISABILITY PENSIONERS

People with disability face unique challenges in the private market. A single person on the Disability Support Pension could afford just 51, or 0.1 percent, of the 45,992 properties at the time of our Snapshot. However, the Snapshot does not measure accessibility or modifications, so in reality few of these properties may be suitable for some people with disability.

Our findings also matter enormously for the growing number of older Australians who rent. A person on the Age Pension can afford 0.7 percent of rentals, many of these are in share houses that may not actually be suitable for an older person. It is unacceptable that a growing number of older Australians are forced to live in unaffordable or insecure housing.

PEOPLE ON JOBSSEKER AND YOUTH ALLOWANCE HAVE BEEN LEFT BEHIND

The main income support payment for working age people who are not employed full-time is JobSeeker. Despite the falling published unemployment rate, there are 950,000 people on JobSeeker and other unemployment payments.⁴ This year's Snapshot shows that there are only eight properties affordable for a single person on JobSeeker. All are rooms in share houses.

This year's results also show how brutal the rental market is for young people on Centrelink payments. A person on Youth Allowance looking for a share house can afford one single room out of the tens of thousands we surveyed, putting them at the bottom of a tight market.

WHAT CAN BE DONE

RAISING THE RATE OF PAYMENTS

The two drivers of rental unaffordability are low incomes, and high prices. Both need to be dealt with. In 2020 poverty was largely eliminated in Australia when the Government doubled the rate of JobSeeker, and ensured that people who couldn't work because of the pandemic had access to an adequate income through the JobKeeper program.

The cost of these programs did not destroy the economy. They showed that leaving people in poverty, or lifting them out of it, is a policy choice that the Australian Government can exercise.

Raising our very low rates of income support payments is the most effective way to lift people, including their children, out of poverty.

REFORM RENT ASSISTANCE

Commonwealth Rent Assistance (CRA) should be an important protection against excluding people on low incomes from the rental market. Unfortunately, the cost of rents has increased so much faster than the indexing of CRA that it no longer makes the difference it once did. In the last 25 years, the cost of rent has increased by more than twice as much as the rate that the Commonwealth Rent Assistance payment has.⁵

For people on some government income payments, like Youth Allowance and JobSeeker, CRA doesn't kick in until their rent is already

causing serious financial stress. And for others who do not receive an income support payment or Family Tax benefit, including low-income workers, it is not available at all.

A number of prominent organisations, including ACOSS, National Shelter, and the Grattan Institute have called for the maximum rate of CRA to be increased by at least 50 percent as the minimum required to bring CRA up to an acceptable level.

Anglicare Australia calls for an increase in Commonwealth Rent Assistance, coupled with a restructure of the payment so that it truly works for any people struggling to pay the rent. A one-off increase will not be enough. CRA payments need to be indexed to average rents by geographic location, to ensure they keep pace with rental increases.

BUILD SOCIAL HOUSING

Anglicare Australia has been calling for an increased investment in social and affordable housing for many years, and we reiterate that call. The private market is not, and will never, provide an adequate supply of affordable and appropriate housing for all Australians. As with many other areas of policy, whether it's building and maintaining roads, or funding hospitals, there is a role for Government to play in addressing market failure in housing supply and ensuring everyone has a decent place to live.

The shortfall of affordable homes across Australia is massive. Research conducted at the City Futures Research Centre at UNSW estimates the current unmet need for social housing, targeted at households on the lowest incomes, at 437,600. The unmet need for affordable housing, targeted at households in the second income quintile, is estimated at 217,700.⁶

Anglicare Australia supports the call from the Everybody's Home campaign to build an additional 25,000 social housing dwellings per year.⁷ We also need to build rental housing that is targeted to moderate income earners, predominantly people in the second income quintile.

STRENGTHEN RENTAL LAWS AND END UNFAIR RENT INCREASES

Depending on which State or Territory they live in, renters are afforded very different levels and types of protections. In some states, renters can be evicted for no reason at all, are disempowered in disputes with landlords, and vulnerable to poor housing conditions that make people sick or send energy bills sky-high. People cannot create a home if they can be evicted with little notice and no cause, if they can't ask for repairs, and if they don't have the flexibility to deal with changing life circumstances.

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There have been significant reforms in Victoria and the ACT, banning “no cause evictions,” limiting the amount and regularity of rental increases, and requiring rental properties to meet minimum standards. Queensland has also embarked on reform of its residential tenancies legislation.

Nationally consistent protections and uniform tenancy legislation is required now across Australia, to protect the rights of all renters, by ending “no cause” evictions and restricting unjustified or punitive rent increases.

FIX THE TAX SYSTEM

Australia’s current housing tax concessions – negative gearing and capital gains tax exemptions – favour the wealthiest and encourage property investors, at the expense of people trying to buy or rent a home.

Anglicare Australia’s 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 wealthiest 20 percent of Australians.

Better targeting negative gearing and capital gains tax exemptions would provide funding for homes for people on low incomes who are struggling to survive in the private rental market or need social housing.

EXPAND HEAD LEASING PROGRAMS

There is need for programs that ensure renters on low incomes can find a home. One way to do this is through head leasing programs. Under such a model, a government department or not-for-profit organisation offers landlords the opportunity to take out longer-term leases, for example for five years, with a guaranteed rental income and a commitment to return the property in good condition at the end of the lease. They are then able to ensure that the property goes to someone in need.

Many Anglicare Australia Network members already provide these types of arrangements. For example, COMPASS is a partnership between Anglicare Victoria, VincentCare Victoria, the Victorian Government and more than 50 investors supporting young people leaving out-of-home care towards independent living. COMPASS head leases properties to young people who need secure housing. Participants build skills and a rental history to improve access to rentals once they complete the program.

Head leasing can be particularly helpful if a tenant requires modifications such as an entry ramp, non-slip treatment in wet areas, or grab rails, as these can be installed and used for a period of years before returning the property with these modifications removed and made good. For example, Anglicare Sydney supports older people in this situation by providing long term affordable rental accommodation in converted old sites, like pubs, stations, old bank buildings, empty land and guest houses. It provides secure life tenancies to people who are homeless or at risk of homelessness.

Expanding these types of targeted programs is a smarter way of using existing or potential rental stock to ensure that people on low incomes or who are otherwise disadvantaged in the rental market get a fair go.

PROTECTING THE NATIONAL RENTAL AFFORDABILITY SCHEME

Each year the number of National Rental Affordability Scheme (NRAS) dwellings continues to decline. For example, four years ago in the 2018 Snapshot, we identified 61 NRAS properties in the region of Southern Queensland. By last year it was 16, and this year there are no NRAS properties in this region in the Snapshot.

Under the NRAS, Federal, State, and Territory governments provide incentives to rent properties to eligible low and moderate income households for at least 20 percent less than market rent. The last of these incentives will expire in 2026. Many existing NRAS tenants will be forced to search for affordable alternatives in the private rental market.

The NSW Community Housing Industry Association anticipates that most of the NRAS properties owned by community housing providers will be retained, despite the fact that the financial incentive and legal requirement to retain them as affordable housing will cease.⁸ This represents 48 percent of all NRAS properties in NSW. This leaves not-for-profit providers facing a financial viability issue.

Anglicare Australia urges the Government to consider options to maintain or extend existing NRAS incentives until replacement stock can be built, such as:

- Reallocating the remaining years of incentives for NRAS properties that have been sold into the private market before their incentives have expired.
- Providing a bridging subsidy to help not-for-profit housing providers that wish to retain properties but can't make them financially viable in the short to medium term.
- Increase Capital Gains Tax exemption from 50 percent to 100 percent on NRAS dwellings that are rented at affordable rent for another six years after their incentives expire.

These options provide value for money, given the properties are already built, tenanted, and managed.

CONCLUSION

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

Our 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.

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 crisis in rental affordability has not crept up on Australians out of the blue.

Each year, the Rental Affordability Snapshot has documented the escalation of the housing crisis. Nor has this happened by accident. It has happened because governments have allowed it.

The private rental market has failed to provide secure, affordable rentals. The solutions advanced by the developer lobby and many politicians – increasing land supply, relaxing planning laws, or reducing “red tape”

– will not make renting more affordable for people on low incomes. That requires a concerted and enduring commitment from governments at all levels, and will take decades. This must begin immediately.

The real solution is simple, but has proven to be stubbornly difficult – Australia's 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.

The crisis in rental affordability has not crept up on Australians out of the blue. It has happened because governments have allowed it.

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