

MEDIA RELEASE**EMBARGOED UNTIL 00:01 Wednesday 24 November 2021****Rental affordability for low-income households falls back to pre-pandemic levels, regions hardest hit and Hobart still least affordable**

Low and moderate-income Australian households are still facing moderate to extreme rental stress nationwide according to the latest release of the Rental Affordability Index (RAI).

The results reveal that there is currently no affordable rental housing in Australia for single pensioners, people on jobseeker, pensioner couples and single part-time working parents also on benefits, apart from in regional South Australia.

The RAI is an indicator of the price of rents relative to household incomes based on new rental agreements. It is released by National Shelter, SGS Economics & Planning, the Brotherhood of St. Laurence and Beyond Bank Australia.

This report measures rental affordability for households until the June quarter of 2021 and shows how the pandemic temporarily impacted rental affordability.

The RAI found Hobart remains the least affordable city to rent in Australia, with the average household income (\$67,900 gross per annum) paying 34 per cent of their income under a new rental agreement.

This is well beyond the housing stress threshold of 30 per cent, meaning that after paying rent, there is not enough remaining income to spend on other primary needs such as food, medical needs, heating or cooling or children's education.

Greater Adelaide is the next least affordable city, where households pay 27 per cent of their income on rent.

The ACT and Greater Sydney remain the least affordable locations for low-income households to rent. In Canberra and Sydney, a single person on JobSeeker now pays 113 per cent and 110 per cent of their income on rent.

JobSeeker in major cities temporarily saw rental affordability increase due to larger allowances, but these households are now back at the same stress levels as they were pre-pandemic, except Greater Melbourne. In Greater Perth, Hobart and Brisbane, rental affordability is worse than before the pandemic.

During the pandemic, many households moved out of the capital cities into regional areas, where rental affordability has significantly deteriorated. Normal net migration to regional Australia peaked at around 12,000 people per quarter during the pandemic.

Regional areas such as Wollongong and the Gold and Sunshine Coasts are now unaffordable for households earning under \$80,000 per annum.

The greatest drop in rental affordability was recorded in Greater Perth, where affordability declined by 14 per cent, a bigger jump than seen in cities like Brisbane and Hobart.

Greater Melbourne saw an improvement in rental affordability. Rental affordability improved in Melbourne's inner-urban areas while rents on the outer edges increased. It improved 7.3 per

cent, and the average rental household now pays 20 per cent of their income on rent. JobSeekers still face severely unaffordable rents, paying 79 per cent of their income on rent.

Adrian Pisarski, Executive Officer, National Shelter said rental affordability is worse than before the pandemic, with COVID taking a toll on renters and wiping out improvements made in previous years with rent rises and income losses.

“Low-income households have fared the worst over the past year after an improvement generated by the COVID supplements in the previous year.

“It may be time to be calling for rent controls to put a brake on unsustainable rents, at the very least Commonwealth Rent Assistance needs to rise by 50 per cent to allow households receiving it to retain a level of affordability.

“Australia needs a National Housing Plan, much more social and affordable housing, better tenancy laws, reforms of tax settings, new planning measures and the removal of incentives distorting our housing system,” Mr Pisarski said.

Ellen Witte, Partner at SGS Economics & Planning, said the COVID pandemic markedly impacted rental affordability across Australia.

“This report shows the most marked changes in rental affordability since we first released the RAI in 2015 – especially for JobSeeker recipients and renters in regional areas. The situation continues to be untenable for low-income households. With households having to pay most of their income on rent, many are pushed into poor quality, overcrowded houses and often far away from jobs and services.”

“During the pandemic, many households relocated from capital cities into regional areas - which had a major impact on housing demand and consequently rental affordability plummeted. Households from capital cities also tend to have higher incomes, pricing the local community out of the market.

“People on JobSeeker experienced a short reprieve from soaring rents. But now, in Perth, Hobart and Brisbane, renters are even worse off than before.

“Hobart escaped most of the lockdowns during the pandemic and saw a lot of people moving from mainland states. With its lower median incomes, many working families are now experiencing housing stress.”

“As part of the economic recovery out of the pandemic, we need structural adjustments to welfare payments and to curb increases in rent levels and limit rent increases to inflation. We need to prioritise those most in need and create jobs - expanding the social and affordable housing stock will achieve that.”

Professor Shelley Mallett, Director of Research and Policy Centre at the Brotherhood of St. Laurence said the RAI highlights the challenges younger Australians are facing.

“Young people living in regions with the highest rental unaffordability will face even greater stress as they are the ones who are often in low-paid and insecure work. And with woefully inadequate youth allowance payments, many will struggle to make ends meet,” Professor Mallett said.

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Interview opportunities are available with:

- Adrian Pisarski, Executive Officer of National Shelter – RAI creator
- Ellen Witte, Partner at SGS Economics and Planning – lead author RAI
- Professor Shelley Mallett - Director at the Brotherhood of St. Laurence’s Research and Policy Centre

Link to interactive map: <https://www.sgsep.com.au/maps/rai/australia-rental-affordability-index-nov21-embargoed/?embedded=1>

About the Rental Affordability Index

National Shelter, SGS Economics & Planning, the Brotherhood of St. Laurence and Beyond Bank Australia have released the Rental Affordability Index (RAI) biannually since 2015. Since 2019, the RAI has been released annually. The RAI is a price index for housing rental markets. It is a clear and concise indicator of rental affordability relative to household incomes.

About National Shelter

National Shelter is a peak advocacy group whose mission is to create a more just housing system, particularly for low-income Australian households.

About SGS Economics & Planning

SGS Economics & Planning is a leading planning and economics firm whose purpose is to shape policy and investment decisions to achieve sustainable places, communities and economies.

About Brotherhood of St Laurence

The Brotherhood of St Laurence is a social justice organisation that works to prevent and alleviate poverty across Australia.

About Beyond Bank Australia

Beyond Bank is one of the largest 100% customer-owned banks in Australia. The organisation has been putting people before profit for more than 60 years.