MEDIA RELEASE
EMBARGOED UNTIL 00:01 Tuesday 1 December 2020

JobSeeker recipients facing severe rental stress; Hobart remains least affordable capital city

The JobSeeker supplement has improved rental affordability for Newstart households across the country, but recipients are still facing moderate to extreme rental stress nationwide according to the latest release of the Rental Affordability Index (RAI).

The RAI is an indicator of the price of rents relative to household incomes based on new rental agreements. It is released annually by National Shelter, Bendigo and Adelaide Bank, SGS Economics & Planning and the Brotherhood of St Laurence. This report provides an indication on the impact of early COVID-19 responses and supplement payments, measuring rental affordability for households until the June quarter 2020.

The RAI also found that Hobart remains the least affordable city to rent in Australia, followed by Adelaide. Rental affordability has improved in Sydney, Melbourne, Brisbane, Adelaide, Hobart and Perth over the past year due to the downward pressure that the COVID-19 pandemic has placed on rents in metropolitan areas. Conversely, such as in Queensland, regional hubs have tightened as households move away from cities.

The JobSeeker supplement has improved rental affordability for those households that were already on Newstart (approximately 689,000 recipients). However, rental affordability has decreased substantially for most new JobSeeker recipients who lost their jobs (approximately 755,000 recipients). However, the situation is untenable for people on JobSeeker, with rent costing at 42 to 69 per cent of their income in every capital city.

Adrian Pisarski, Executive Officer, National Shelter, said: “Despite JobSeeker being a welcome boost to many low-income renters, it was not enough to lift them out of rental stress. This shows the depth of our rental affordability problem, where even with doubled income support, there is not one place in Australia where a JobSeeker recipient can rent affordably.”

“As the Victorian Government has now done, there is a massive need for government investment in social and affordable housing – and now is the time for it since borrowing costs are so low in Australia. Without investment in this space, we are ignoring our responsibility to help people be decently housed.

Now is not the time to pass the buck of responsibility for building social housing between the Commonwealth and States; a truly national effort is required. If there is no action, the net result of our housing system failures will be a dramatic increase in homelessness,” Mr Pisarski said.

Ellen Witte, Partner at SGS Economics & Planning, said: “With the Government now reducing JobSeeker allowances dramatically, and the economy not (re)creating jobs, many households are being trapped in a poverty cycle, seeking affordable rents in areas further away from jobs and services.”

“The market is responding to the inability of JobSeeker recipients to pay high market rents by lowering rents. From March to June 2020, rents fell between two and seven per cent nation-wide. The greatest falls in rental prices were in Greater Melbourne (-7%), Greater Hobart (-6%) and Greater Brisbane (-6%).

"However, Hobart still remains the most unaffordable city in Australia. There is a real opportunity to use the current recession to build a stronger future. With low interest rates, high unemployment and an increase of demand for affordable housing, this is the time to invest in social housing. And at the same time, people can be brought back into jobs.

"An investment of about $7.8 billion would create 15,500 to 18,000 jobs over four years and add 30,000 dwellings to our social housing stock and refurbish aged stock," Ms Witte said.

David Robertson, Head of Economic and Market Research at Bendigo and Adelaide Bank, said: "We're seeing more people working from home – even as we emerge out of the COVID-19 crisis – and greater movements from capital cities to regional centres. As more people move into regional areas and the outer fringes of our cities, we need to consider infrastructure and opportunities for employment and training."

"Looking beneath the headline figures, rental stress is affecting the majority of very low-income households in Australia. This trend is creating pressure on regional rental markets and their associated infrastructure. Even in cities with higher than average incomes and better than average rental affordability, the plight of low-income renters continues to remain dire."

Professor Shelley Mallett, Director of Research and Policy Centre at Brotherhood of St Laurence, said that despite the additional support from the JobSeeker Supplement, many Australians receiving this support continue to face severe rental affordability.

"Rental stress has become so entrenched and severe for low-income households that the JobSeeker supplement has brought little relief – with the situation for most low-income households in these metropolitan areas remaining untenable," Professor Mallett said.

"We can expect that the September reduction to JobSeeker will further increase rental stress and disparities of this cohort. Coupled with the economy not re-creating jobs and a relatively high unemployment rate, many households are being trapped in a poverty cycle."

Youth and pensioners hit hardest

A score of 100 and below on the RAI shows that households would be required to spend at least 30 per cent of their income on rent. While a score of 100-120 indicates households are facing moderately unaffordable rents.

Young people (25-34) have increased from 185,000 to 515,000 JobSeeker recipients due to the pandemic. They have been most severely affected by job losses due to COVID-19.

"These young people would often have been hospitality workers, paying about 35% of income on rent in Sydney. Then, on JobSeeker, this became 69%. And now the fortnightly payments are being reduced. Without the jobs to back it up, this policy is unjust. It is punishing people for losing their job during the pandemic," Ms Witte said.

Pensioners continue to face extremely and severely unaffordable rents, despite the improvement in rental prices due to the pandemic. In Greater Sydney and ACT, single pensioners may need to spend 74% to 79% of their income to enter into a rental agreement. For couple pensioners this is 52% to 53%.

MEDIA CONTACTS:

- **Julia Macerola on 0422 337 332 or julia@fiftyacres.com**
- **Lex La Sala on 0466 258 343 or lex@fiftyacres.com**

Interview opportunities are available with:

- Adrian Pisarski, Executive Officer of National Shelter – Noosa, QLD
- Ellen Witte, Partner at SGS Economics and Planning – Hobart, Tasmania
- David Robertson, Head of Economic and Market Research at Bendigo and Adelaide Bank – Melbourne, Victoria
- Professor Shelley Mallett, Director of Research and Policy at Brotherhood of St Laurence – Melbourne, Victoria

Link to interactive map:
https://www.sgsep.com.au/projects/rental-affordability-index

About the Rental Affordability Index

National Shelter, Bendigo and Adelaide Bank, SGS Economics & Planning and the Brotherhood of St Laurence 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 Bendigo and Adelaide Bank

Bendigo and Adelaide Bank is Australia's 5th biggest retail bank, with more than 7,400 staff helping our more than 1.9 million customers to achieve their financial goals.

About Brotherhood of St Laurence

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