

## Unaffordable rent reinforced by national report

Thursday 16<sup>th</sup> June 2016

The release of the second biannual Rental Affordability Index (RAI) report has been welcomed by Shelter Tas, but the State's peak body for affordable housing and homelessness finds the results concerning.

The report has found that after Sydney, Greater Hobart is the least affordable city for renters, due to relatively lower incomes and high rental costs.

"This report dispels the myth that Tasmania is an affordable place to live for many people. Whilst we do have comparatively low rental costs in Tasmania, we also have the lowest incomes nationally. There are 14,600 households, almost one quarter of those on low incomes, experiencing housing stress in the State", Shelter Tas Executive Officer, Pattie Chugg said.

Housing stress occurs when households on the lowest 40% of income pay more than 30% of their income on rent. The RAI is the first report to examine trends in the rental market, with a particular focus on low income households.

"The RAI is different from other housing reports because it compares incomes to the cost of renting. We know that housing affordability must be assessed against income, which makes this report particularly relevant to Tasmania, where incomes are on average \$100 less than in other States", Ms Chugg said.

The idea that housing is more affordable in Tasmania is simply not true for people living on low incomes. For example, family households in the lowest 20% of earners spend 60% of their weekly income on rent. This means that a single parent with two children would have as little as \$270 after paying rent, for all other expenses such as food, clothing, school costs, health care and other essential expenses.

"The RAI is the flipside of other reports which show that Tasmania is affordable, it is particularly valuable because it is measured across different income levels and provides a holistic view. A lack of affordable accommodation is the major cause of homelessness in Tasmania. This is why we need continued support of the Affordable Housing Strategy to create more homes in Tasmania", Ms Chugg said.

The report focuses attention on the need to reform the rental system and increase new affordable housing supply, because the private rental market is unaffordable to over 8,000 people on low incomes in Tasmania.

The RAI has been produced in a partnership between National Shelter, independent economic consultants SGS Economics & Planning, and was sponsored by Community Sector Banking.

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