

Rental Affordability Snapshot 2016: Tasmania

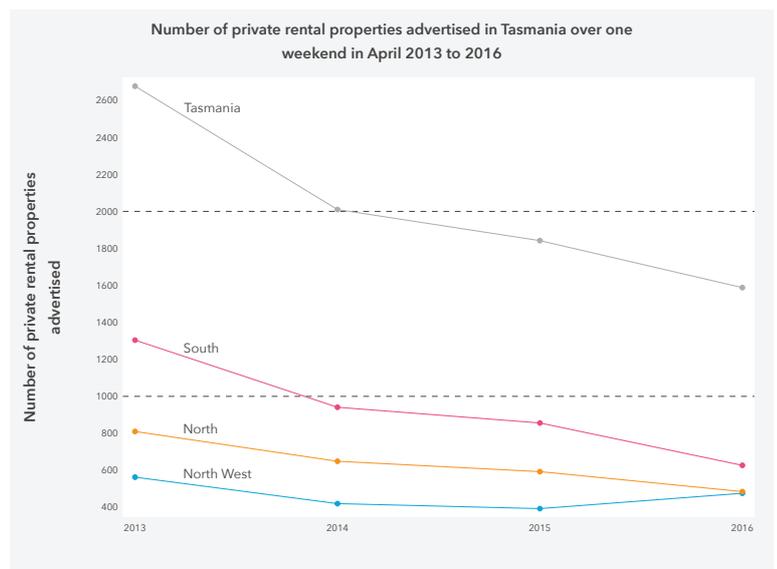
What is the RAS?

- On the weekend of 1-3 April 2016, Anglicare Tasmania's Social Action and Research Centre (SARC) collected information on all the properties advertised as available for rent across the state. This included houses, flats and rooms in share houses. The information was gathered from online real estate sites (realestate.com and Gumtree) and from classifieds in the three main Tasmanian newspapers - the Mercury, The Examiner and The Advocate.
- We worked out whether people who depend on government income support payments could afford to find suitable accommodation for themselves and their families without putting themselves into 'rental stress'.ⁱ We also looked at what properties were suitable for households spending more of their income on their rent - an amount that would put them into rental stress. We also assessed the situation for people who are working and earning the minimum wage. Overall, we looked at 14 different household types - including single person households, couples with no children and those with children.
- Additionally, for each household type, we looked at whether a property was 'appropriate' - i.e. had sufficient bedrooms,ⁱⁱ whether the type of property is appropriate for that household compositionⁱⁱⁱ and whether there were conditions in the advertisement that would rule out households based on their personal profile, or due an exchange of services.^{iv}

What did we find out?

What's happening to the number of private rental properties advertised across Tasmania?

There were 1588 properties advertised for rent in Tasmania over the weekend of 1-3 April 2016. That's 15% fewer rental properties compared to this time last year and 41% fewer rental properties compared to April 2013.^v This decline is occurring consistently in the north and the south of the state. But in Tasmania's north west the number of advertised properties rose this year.



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- i Housing stress describes a household in the lowest 40% of Australia's household income that spends more than 30% of its income on rent or mortgage payments. 'Extreme rental stress' is defined as spending at least 50% of a household's income on rent. See Yates 2007, Housing Affordability and Financial Stress, NRV3 Research Paper 6, AHURI, Melbourne. Cited in Rowley, S & Ong, R 2012, Household Wellbeing in Australia, AHURI Final Report No.192
- ii Our assessment of this uses the Canadian National Occupancy Standards, an internationally recognised measure of the efficiency of usage of residential property.
- iii In determining whether the property is appropriate, we apply the following assumptions:
- A room in a share house is suitable for a single person, except those on disability support pension
 - A room in a share house is not suitable for couples.
 - A bed sit is suitable for all single person with no children. It is not suitable for couples, except those on age pension
 - Households with 2 children require a 3-bedroom property - we assume that it is not appropriate for the children to share a room.
- iv Examples might be a lower rent in exchange for work on the land or for child minding duties.
- v We consistently take a snapshot of advertised rental properties every year over a weekend in April. Over the years we can build a picture of how the Tasmanian rental market might be changing for low income Tasmanians at that time every year. We do not know how the number of adverts fluctuates each month, so we cannot talk about seasonal trends.

What private rental property is affordable and appropriate for low income Tasmanians without and with rental stress?

On average, only a small proportion of advertised properties – 6% (92 properties) – were affordable and appropriate for people who depend on income support payments as their main source of income without going into rental stress. This was a slightly higher proportion of properties compared to 2015 (2% more), but this was from a smaller pool of properties.

For Tasmanian households living on the minimum wage, just over a quarter (424) of advertised rental properties were both affordable and appropriate without going into rental stress. Again, this is a slightly higher proportion compared to 2015 (6% more), but again, this was from a smaller pool of properties.

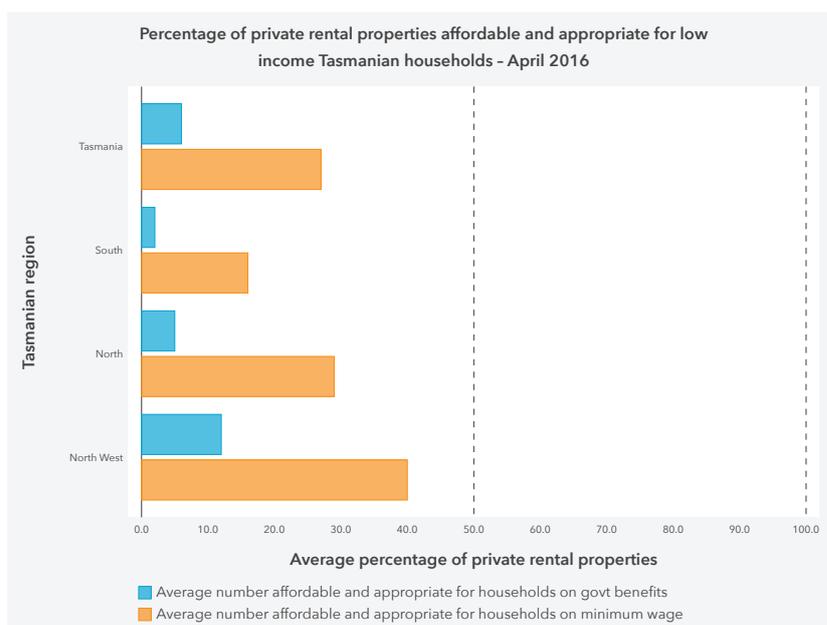


Figure 1. Potential access to affordable and appropriate private rental housing varied for different household compositions and across the state.

Across the state: the most vulnerable households

- Across the state, it is no surprise that single person households had a tougher time than others finding affordable and appropriate housing. In particular:
 - Young people receiving Youth Allowance, single jobseekers on Newstart and single parents receiving Newstart have the least choice of affordable and appropriate properties.
 - For these households looking to spend up to 30% of their income on rent, there were no affordable and appropriate properties in southern Tasmania. There was only 1 affordable and appropriate property for a single jobseeker and 1 for a single parent receiving Newstart in the north of Tasmania.
 - Only by exposing themselves to rental stress (i.e. spending between 30 and 45% of their income on rent) did appropriate properties become available for these groups in the south of Tasmania. But the potential choice was still very limited. For young people, this only opened up an additional 12 properties in each of south and north Tasmania.
 - For these groups, the potential need to stretch their budgets into extreme rental stress (spending 50% or more of income on rent) is high.

Which households had the most choice of affordable and appropriate properties if spending 30% of income on rent?

- The slight improvement in the proportion of affordable and available properties across the state compared to 2015 for low income households looking to spend up to 30% of their income on rent was mainly for households living on the minimum wage, particularly for single people with no children and for couples with children where one adult is working. However, again this increase varied across the regions; the increase was almost exclusively for households looking for properties in the north and north west of the state. And, as previously stated, it was from a smaller overall pool of properties.

Which groups had the most expanded market if exposing themselves to rental stress?

	Households relying on income support payments	Households relying on minimum wage	Overall regional average
North West	26%	18%	22%
North	22%	20%	21%
South	12%	21%	17%
Average for households across state	19%	20%	

Table 1. Percentage of additional advertised properties potentially suitable for low income households exposing themselves to rental stress

- Exposing themselves to rental stress (i.e. spending between 30 and 45% of household income on rent) opened up the potential number of suitable rental properties across the state by an average of 19% for households relying on income support payments and 20% for those relying on the minimum wage.
- The expansion of property choice was larger for some households. Across the state, the largest expansion of affordable and available properties was for single working adults on the minimum wage and for older couples on the Aged Pension, with an additional third or more of the state's advertised private rental properties became potentially suitable for them.
- Other households had expanded markets in specific regions. In the north and north west, this was single parents receiving Parenting Payment with 1 young child; in the north, job seeking couples with young children; and in the south, minimum wage earning single parents with 1 child and minimum wage earning couples with children where one adult is working

People	Household	Payment Type	North West	North	South
 Single working aged adults	Single	Minimum wage	✓	✓	✓
 Single parents	Single, one child (aged less than 5)	Parenting payment single	✓	✓	
	Single, two children (one aged less than 5, one aged less than 10)	Minimum wage + FTB A&B			✓
 Couples with children	Couple, two children (one aged less than 5, one aged less than 10)	Parenting Payment Single		✓	
	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + Parenting Payment (partnered) + FTB A&B			✓
 Older people	Couple, no children	Aged Pension	✓	✓	✓

Table 2. Households with the most expanded choice of properties if exposing themselves to rental stress

What do these findings tell us and what more do we need to know?

What's happening to the supply of private rental housing in Tasmania?

- Our Snapshot tells us that since 2013, the number of private rental properties being advertised in early April has been steadily falling in Tasmania. This decline is mainly occurring in the north and the south of the state. In fact in Tasmania's north west the number of advertised properties rose. We can only speculate what factors might be driving this. The rising popularity of Airbnb may be taking some of the housing stock out of the private rental market in the south and north.^{vi} More family sized rental properties may be available in the north west, as people leave to seek employment elsewhere. We intend to further investigate the factors that might be driving this trend in Tasmania.

Are low income households successfully getting the available lower cost private rental sector properties where they need them in Tasmania?

- We don't know the extent of low income households' demand for private rental properties in each region to be able to analyse whether the supply of affordable and appropriate properties is in areas where the market is looking, or whether low income households are successfully getting these properties. But we can say that:
 - **there are less properties overall to choose from** - Although the proportion of affordable and available private rental housing may have slightly increased since 2015, it is too early to call this a trend.
 - **there is increased competition for low income households for this smaller pool of properties** - low income groups are facing increased competition to successfully acquire a private rental property, both from those with higher incomes who are choosing to pay less and from those with low income who can not access the limited supply of social housing;^{vii} and
 - **the affordable and appropriate properties are more likely to be where less employment opportunities are located**^{viii} - it is notable that affordability and appropriateness has increased mainly in the north west of the state, where there are less employment opportunities and potentially less demand for properties.
- Given this, it is highly likely that many low income households are having to experience rental stress or extreme rental stress in order to secure a property, particularly in the southern and to a lesser extent the northern regions of Tasmania. There are some low income households who are particularly vulnerable - namely young people, single parents on Newstart and, in southern Tasmania, single adults of working age on income support payments (Newstart and Disability Support Pension) and single parents with two young children on income support payments. For these households, pushing their budget into rental stress still does not open up the potential choice of rental properties very much. This means that it is more likely such households will need to stretch their budget further into extreme rental stress (i.e. spending more than 50% of their budget on rent). These are the Tasmanian households who need the most urgent focus on policy and programs that address both the supply of affordable and appropriate housing and ensure that these households have adequate government support to meet the costs of appropriate housing in the private rental sector in locations they need.

vi Tourism is booming in Tasmania, which may be encouraging more housing investors who traditionally rented to tenants to look at Airbnb as a more profitable option:

- The number of international visitors to Tasmania rose by 20% in 2015 compared to 2014. Source: Hodgman, W (Premier) 2016, Massive increase in international visitors to Tasmania, media release, Tourism Tasmania, 2 March.
- 'AirBNB Australian general manager Sam McDonagh said the service had more than doubled its hosts in Tasmania each year.' In article for the Sunday Tasmanian by David Beniuk, 9 April 2015, 'Airbnb presses for State Government for rules clarity'.
- Calculations by finder.com.au show that renting out a room in Howrah on Airbnb receives a profit margin 497% over housing rental Source: finder.com.au 2015, 'Australia's most profitable Airbnb locations revealed', <http://www.finder.com.au/airbnb-australia-rental-profits>.

vii Hulse, K, Reynolds, M, Stone, W, Yates, J, and Wulff, M, August 2015, Shortage of Affordable Private Rental Housing Increasing, AHURI Research and Policy Bulletin; Tasmania's Affordable Housing Strategy, 2015-2015.

viii The unemployment rate in Tasmania's north west is 7%, compared to 6% in the south of Tasmania and 6.9% in Tasmania's north. ABS 2016, Labour Force, detailed, cat. no. 6291.005.001.

What are the policy implications?

- Given that the private rental sector is now the default housing sector for all Tasmanian households looking to rent, regardless of income, there needs to be a range of policies, programs and private rental market responses that ensure that such a commercial market is able to meet the needs of a range of low income households and that low income households can afford to access appropriate and stable housing where they need it.
- We support Anglicare Australia in their calls for federal attention to ensuring low income households' access to affordable, appropriate and secure private rental housing:
 - create a tax system that makes affordable housing more available;
 - increase housing stock that matches changing population needs; and
 - increase social housing stock sustainability and responsibly.
- Anglicare Tasmania plans to further develop a range of state-based priorities for change in liaison with those who rent, those who support low income households to find homes, and those who provide private rental properties. The policy goals we support are:
 - **Increase the affordability and availability of Tasmanian private rental housing** – Our priorities for change include increasing the supply of affordable Tasmanian housing stock across the social and private sectors; recognising the inadequacy of income support payments in meeting basic living costs; expanding government policies and programs that enable low income households to afford rents within areas they need to live and encouraging private rental sector initiatives that also enable low income households to afford rents in areas they need to live.
 - **Making homes for Tasmanians in the private rental sector** – Our priorities for change include improving the security of tenure for low income and vulnerable tenants, continuing to improve the quality of private rental housing stock and discouraging profile and lifestyle gatekeeping within the private rental sector.

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More information

For a more detailed analysis by state and region, please go to the Social Action and Research Centre:
<https://www.anglicare-tas.org.au/service/social-action-and-research-centre>

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Media contact: Meg Webb 0427 911 719

SARC Blog - <https://medium.com/social-action-and-research-centre>

SARC Facebook - <https://www.facebook.com/SocialActionResearchCentre/>

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