

MEDIA**RELEASE:****November 2017****EMBARGOED UNTIL 00:01 29 November, 2017****Hobart rental affordability declines, with average income households on the brink of rental stress and young generations suffering**

The latest release of the Rental Affordability Index (RAI) has found Hobart is the second least affordable capital in Australia, with average income households paying 28 percent of income on rent. This is close to the stress threshold of 30 percent, where people experience difficulty paying for primary needs, such as food, heating, medicine and transport.

The RAI is an indicator of the price of rents relative to household incomes based on new rental agreements. It is released biannually by National Shelter, Community Sector Banking and SGS Economics & Planning.

With a RAI of 106 in the June quarter of 2017, affordability in Greater Hobart has fallen to its lowest level since the September quarter of 2012. Average income households in Greater Hobart face rents of around 28 percent of total income. Hobart is currently experiencing a booming housing market and shortage of rental housing.

The least affordable suburbs include Battery Point, Sandy Bay and Otago, where average income households would pay up to 36 percent of income on rent. Parts of Kingston have also declined from moderately unaffordable to unaffordable.

Ellen Witte, Partner at SGS Economics and Planning, said renting was unaffordable in Australia and more so in cities including Hobart, which have more employment opportunities. "Renting fails to provide a secure roof over the heads of students, pensioners and working families with children," she said.

Witte also pointed out that: "The reality is, 31% of households rent and many will never have the opportunity to purchase their own home. In many countries renting is an affordable, long term and secure way of living but barriers to large scale investment in delivery models such as 'build to rent' put the Australian market in a headlock."

Jim Barron, Head of Relations, Community Sector Banking, said: "The latest RAI shows we need a new collaborative approach to addressing rental affordability. If the availability of affordable rental housing is not addressed, we risk jeopardising the productivity and wellbeing of our communities, and leaving behind those who are already disenfranchised"

"New financial models are key to unlocking growth in affordable rental housing but we need action from all parties to bring them to the Australian market - government, private developers, not-for-profits and financing organisations," said Barron.

Adrian Pisarski, Executive Officer, National Shelter, said: “Soaring rents lead to overcrowding and force people into homelessness. The situation is particularly dire for pensioners whose rents often exceed their fortnightly pension payments.”

“Not only is housing a human right, but a lack of secure and affordable housing can have flow-on effects for the community and economy. We need more affordable housing close to job opportunities, schools, hospitals and other infrastructure critical to healthy communities to foster social, economic and cultural participation,” Pisarski said.

Hobart rents extremely unaffordable for pensioners, young suffering

After Melbourne and Sydney, Hobart is the least affordable place to rent for students. A student with a job on the side earning the maximum allowable wage, and living in share house pays 25 percent of income for a new rental.

Hobart is also extremely unaffordable for pensioners, with couples paying 48 percent of their income, and singles 68 percent for a new lease. This leaves very little for any medical and other fundamental needs.

Single income families with children pay 21 percent of their income for a new rental, leaving little for the cost of childcare and education.

Regional rental affordability improves

With an RAI of 122, rental affordability has improved slightly in regional Tasmania since the last release. Average households face rents around 25 percent of income.

MEDIA

Interview opportunities are available with:

- James Barron, Head of Relations, Community Sector Banking, 0447 174 366
- Ellen Witte, Partner at SGS Economics and Planning, 0421 372 940
- Adrian Pisarski, Executive Officer of National Shelter, 0417 975 270

About the Rental Affordability Index

National Shelter, Community Sector Banking and SGS Planning & Economics have released the Rental Affordability Index (RAI) biannually since 2015. The RAI is an easy to understand indicator of rental affordability relative to household incomes, and is intended to complement the Housing Affordability Index (HAI) which is a price index for the purchase of houses.

About Community Sector Banking

[Community Sector Banking](#) is Australia’s first not-for-profit banking specialist, supporting more than 10,000 organisations; it’s a joint venture between Bendigo and Adelaide Bank and a consortium of not-for-profit organisations.

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.