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MEDIA RELEASE

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## **Hobart nosedives to Australia's least affordable capital to rent, with income growth failing to meet soaring prices**

Hobart has nosedived to become Australia's least affordable capital city to rent, with income growth failing to meet soaring rents, according to the May Rental Affordability Index (RAI).

The RAI is a price index for housing rental markets released biannually by National Shelter, Community Sector Banking and SGS Economics & Planning. It's an indicator of rental affordability relative to household incomes.

With an RAI of 102 in the December quarter, greater Hobart is now the least affordable capital city in Australia – knocking Sydney from its perch. Rents in Hobart are now unaffordable to even average income households.

“The latest Rental Affordability Index shows the rental crisis continues. Financial stress, overcrowding and insecurity are the everyday reality of working families,” Ellen Witte, Partner at SGS Economics and Planning said.

“The results for Hobart are a real wake-up call,” Witte said. “There has been a single-minded focus on population growth, but a complete lack of vision of where this growth needs to go and how all households are going to be accommodated. Renting households, many of them working families, are now paying the price.”

Adrian Pisarski, Executive Officer at National Shelter said that while there has been some slight improvement in some capitals, the situation has not improved at all for low income households.

“For Households below the median income rental affordability remains a real problem while for households on moderate and low wages and benefits we have a genuine crisis in rental affordability,” Pisarski said. “The situation in Hobart is alarming with Hobart overtaking Sydney as the least affordable place to rent in the country.”

“The latest RAI shows the serious need for a state and national housing plan – without action, lower income earners will be forced from our cities and capitals like Sydney will lose vital workers, like those in hospitality,” said Andrew Cairns, CEO of Community Sector Banking.

Conny Lenneberg, Executive Director of the Brotherhood of St Laurence, said the data reflected the struggles of low income renters the Brotherhood worked with in outer suburbs of major cities and regional areas.

This is the first release of the Rental Affordability Index since the Brotherhood of St. Laurence joined SGS Economics & Planning, National Shelter and Community Sector Banking as a sponsor.

“This study shows the depths of the housing crisis facing Australian renters on low incomes,” Lenneberg said. “People are facing deep challenges securing affordable housing in the private rental market, pushed further and further away from the areas from where the jobs are located.”

“For some vulnerable people who are unemployed, the combination of very low rates of Newstart - as little as \$38.98 a day for a single unemployed person - and rising rents for even modest accommodation, is proving unbearable. The consequence is that people are being pushed into homelessness.”

The decline in affordability is being driven by low incomes and a lack of rental housing. In Tasmania, household incomes are significantly lower than the national average, while rents are comparable to mainland averages.

The average household in Hobart faces rents at 29% of total income, putting it on the verge of housing stress – when it becomes difficult to afford essentials, like food and healthcare.

And the problem is spreading – areas such as Margate and Sorell are also now unaffordable to median households.

The situation is most dire for those on lower incomes.

A single pensioner faces severely unaffordable rents at 44% of income, while pensioner couples faces rents at 32% of income, which is deemed unaffordable.

It’s worse for a single person on benefits – they face extremely unaffordable rents at 68% of income, while a single part-time worker parent on benefits faces rents at 42% of income, which is severely unaffordable.

Speaking on what could be done to address the crisis, Witte said, “there are opportunities to further streamline development planning processes, but more importantly to invest in social and affordable housing for workers. The use of instruments like the density bonus and inclusionary zoning needs to be maximised.”

National Shelter are also calling for change. “The data demonstrates the need for national leadership and a national housing strategy. We need to bring the threads of tax reform, incentives to encourage greater investment by institutional finance and states, planning reforms and urban and regional development together to tackle this problem,” Pisarski said.

### **Affordability better in regional Tasmania but Launceston declines**

With a RAI of 121, the average household in regional Tasmania faces rent at around 25% of income.

Towns in northern and eastern Tasmania, including Devonport, have relatively acceptable rents compared to regional incomes. However, Launceston has become moderately unaffordable in recent years.

An interactive map of the RAI at the small geographical area level can be found at the following website:

<http://www.sgsep.com.au/maps/thirdspace/australia-rental-affordability-index/>

### **About Community Sector Banking**

[Community Sector Banking](#) is the not-for-profit banking specialist for more than 13,000 organisations; it's a joint venture between Bendigo Bank and the Community 21 consortium of not-for-profit organisations, established 15 years ago.

### **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 community organisation that works to prevent and alleviate poverty across Australia.