

Tasmania's continuing rental crisis confirmed by latest data

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Shelter Tas, Tasmania's peak body for housing and homelessness is deeply concerned that the gap between income and rents has widened in the State over the last three years. The Rental Affordability Index (RAI) is produced by SGS Economics & Planning, National Shelter, Community Sector Banking and the Brotherhood of St Laurence, and its latest report has confirmed worsening outcomes for renters.

"The report released today shows that Hobart is still the least affordable capital in Australia. Since 2015, the Rental Affordability Index has shown deepening hardship for Tasmanian renters, and this report shows no relief for low income renters either. In spite of COVID-19, and compared to five years ago, statewide rents are up 37%, significantly outpacing any increases in people's incomes," Shelter Tas CEO Pattie Chugg said.

Tasmanian incomes are failing to keep pace with private rents, and even households on average incomes are paying over 30% of their income in rent. Hobart remains Australia's only capital city below the critical affordability threshold of 100. Hobart reached this dire point last year, and has not recovered. When the affordability is so troubling for average income households, things will be much worse for those on lower incomes.

"COVID-19 has shown the importance of everyone having a safe and secure place to live. This report shows people across Tasmania are facing an increasingly competitive and expensive private rental market. Tasmania needs to reverse this long term trend of sustained rental hardship and continue to build more affordable and social rental homes. We have seen that the Tasmanian government can act quickly to support people in housing hardship and facing homelessness, and this report shows the need to build new housing supply and extend the social housing target to achieve 10% of dwellings," Ms Chugg said.

Ellen Witte, Tasmania-based Partner at SGS Economics & Planning said, "Hobart was confronted by an increase of people on JobSeeker after losing their jobs and a complete stop on short-term rental demand.

"As a result, the onset of the COVID-19 pandemic has significantly improved affordability in several parts of the city including central Taroona, Mount Nelson, Battery Point, Dynnyrne and Cornelian Bay – which notably tend to be in demand by international students and tourists.

"However, this short-term improvement is overshadowed by a persistent trend of declining affordability, with the three-year trend for Greater Hobart showing a decrease in affordability of 9.4%. Although household incomes in Tasmania are significantly lower than the national average, rents are only marginally lower than mainland averages. The gap between income and rent has been widening over the past three years.

“JobSeeker was a welcome boost to many low-income renters, but it was not enough to lift them out of rental stress. There is not one capital city in Australia where a JobSeeker recipient can rent affordably. With the government now reducing JobSeeker allowances dramatically, and the economy not recreating jobs, many households are being trapped in a poverty cycle, seeking affordable rents in areas further away from jobs and services.

“Young people would often have been hospitality workers, paying about 24% of income on rent in Hobart. Then on JobSeeker, this became 43%, and now the fortnightly payments are being reduced. Without the jobs to back it up, this policy is unjust,” Ms Witte said.

The RAI compares household incomes with the cost of renting. The index shows Tasmanians facing a deepening trend of rental stress, where the households on the lowest 40% of incomes pay 30% or more of their income in rent.

“Data from the latest RAI is consistent with what our members tell us on a daily basis: the extreme difficulty of finding affordable rental properties in all regions of Tasmania. With over 40,000 households renting in Tasmania, it is concerning to see that affordable options are so scarce, especially at the lower end of the market,” Ms Chugg said.

“The latest CoreLogic report shows that Hobart rents remain on a par with those in Melbourne, while Tasmanian incomes are \$226 per week below the national average. Job Seeker and JobKeeper payments have been helping many households, and the statewide rental freeze may also be masking a level of hardship that will only intensify as these supports are reduced and removed.

“As we know, people on the lowest incomes face the worst impacts of an expensive and competitive private rental market, and Tasmania’s vacancy rate is as low as .6%. The State’s social housing waiting list is at 3,373 applications, the average time to house priority applicants is at 64 weeks, and over 8 000 households in the private rental market are in housing stress. Shelter Tas calls for 10% of dwellings to be affordable social housing.

“The COVID-19 emergency has reinforced the necessity of everyone having a safe and secure home, where they can self-isolate if needed and protect both individual and community health. COVID-19 has changed work patterns, and homes are increasingly becoming the site of employment, thus strengthening the link between housing and work. This is vital for renters as well as people with a mortgage. Housing is the most essential infrastructure we could build.

“The Index shows declining affordability in Tasmania’s regional areas, where Tasmania remains the least affordable of the rest of the state areas. Our members are reporting that across the State, rising rent and low income growth is creating unprecedented hardship for many people seeking to find an affordable home,” Ms Chugg said.

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

The only suburbs of Hobart with acceptable or better affordability are the fringe urban areas of Granton, Gagebrook, Bridgewater, and Brighton.

“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,” Ms Witte said.

“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 2% and 7% nationwide. 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.

To find out more about the Rental Affordability Index and explore its interactive map:

See <https://www.sgsep.com.au/projects/rental-affordability-index>

[Click here](#) to view the full RAI report.

About Shelter Tasmania:

Shelter Tasmania is the peak body for housing and homelessness.

www.shelertas.org.au

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