

2021 Rental Affordability Index confirms Tasmania's continuing rental crisis

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Shelter Tas, Tasmania's peak body for housing and homelessness is concerned by the growing gap between income and rents. The Rental Affordability Index (RAI) is produced by SGS Economics & Planning, National Shelter, Beyond Bank and the Brotherhood of St Laurence. The latest report confirms worsening conditions for Tasmanian renters.

"Since 2015, the RAI has shown deepening hardship for Tasmanian renters, and this trend is continuing. The report released today shows that Hobart is still the least affordable capital in Australia. Hobart's affordability has fallen to an all-time low of 83 points on the Index," Shelter Tas CEO, Pattie Chugg said.

The RAI compares household incomes with the cost of renting, and shows that Tasmanians are facing a trend of worsening rental stress, where households on the lowest 40% of incomes pay more than 30% of their income in rent. Tasmanian incomes are failing to keep pace with private rents in all regions of the state, and even households on average incomes are now in rental stress.

"Unaffordability has spread from Hobart to the entire state. For the fifth year in a row, the RAI shows declining affordability in Tasmania's regional areas, where Tasmania remains the least affordable of the 'rest of the state' areas nationally. This is confirmed by housing and homelessness services across Tasmania, reporting that rising rents and low income growth are creating unprecedented hardship for many people seeking to find an affordable home," Ms Chugg said.

In the North, affordability in Launceston and Kings Meadows has dropped significantly since last year's RAI. In North West towns such as Burnie, and on the East Coast, a similar decline in affordability can be seen.

"As the state government encourages population growth and tourism, they also need to manage the impact this has on the availability of affordable rental homes for all Tasmanians.

"We are seeing the loss of long-term accommodation to short stay tourism, such as Airbnb. We recognise that short stay visitor accommodation is not the only driver of our current shortage of rental properties, but it is a key factor that needs to be carefully managed," Ms Chugg said.

"Shelter Tas would like to see a re-assessment of housing demand across Tasmania to reflect the reality of the housing crisis in 2021. We calculate that Tasmania needs a level of at least 10% of

dwellings to be affordable social rentals (currently 6.2%), and we call on the state government to support this revised target in the new 20 year Tasmanian Housing Strategy.

“The Covid crisis is not over yet. When our borders re-open, successful management of any cases will depend on everyone having a safe and secure home, where they can recover and self-isolate if needed. Safe homes for all Tasmanians will protect both individual and community health, and boost our economy. Homes will remain essential even when the pandemic has passed,” Ms Chugg said.

The lack of affordable housing puts people at increased risk of housing stress and experiencing homelessness. In the worst cases, when people cannot find an affordable home to rent, they will end up homeless. On any given day in Tasmania, 36 requests for help from homelessness services go unassisted. One third of requests involve family or domestic violence. Most times, requests for help are unassisted because the people need accommodation and it can't be found.

The waiting list for social housing continues to grow, and has now reached 4,468 applications; these applications represent individuals, couples and families.

“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 those 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 and lead author of the RAI report said, “during the pandemic, many households relocated from mainland cities into Hobart – which had a major impact on housing demand – and consequently rental affordability plummeted. Households from mainland cities also tend to have higher incomes, pricing the local community out of the market. At the same time, Hobart was confronted by an increase of people on JobSeeker after losing their jobs during the pandemic as tourism came to a grinding halt.

“The onset of the COVID-19 pandemic saw improved affordability in several parts of the city; including central South Hobart, Tarooma, and Lindisfarne– which notably tend to be in demand by international students and tourists,” Ms Witte said.

“The reprieve in affordability levels was short-lived. Rental affordability is now even lower than pre-pandemic. Overall rental affordability plummeted by 9% compared to last year. The average income rental household is now paying 34% of income on rent to enter a rental agreement. This means even full-time working households are now in housing stress, and struggling to pay for other primary needs such as food, medicine and education for their children.

“As part of the economic recovery out of the pandemic, we need structural adjustments to welfare payments. We need to prioritise those most in need and create jobs; expanding the social and affordable housing stock will achieve both,” Ms Witte said.

To find out more about the Rental Affordability Index and read the full report, go to:

<https://www.sgsep.com.au/projects/rental-affordability-index> (available from Wed 24th November)

To explore the RAI interactive map, go to:

See <https://www.sgsep.com.au/maps/rai/australia-rental-affordability-index-nov21-embargoed/?embedded=1>

About Shelter Tasmania:

Shelter Tasmania is the peak body for housing and homelessness.

www.shelertas.org.au

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