



Rent Assistance: does it deliver affordability?

By National Shelter and the Australian Council of Social Service (ACOSS)

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Abstract

This paper explores the effectiveness of the Rent Assistance program in providing housing affordability to people who receive income support payments. It finds that although Rent Assistance does assist with affordability for many recipients in many areas, it fails to deliver affordability for over one third of Rent Assistance recipients. The paper recommends a review of the adequacy and structure of Rent Assistance.

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Contents

Overview	4
1. About Rent Assistance	5
2. Who Receives Rent Assistance?	6
3. Spending on Rent Assistance	7
4. Measuring Housing Affordability	7
5. Rent Assistance and Unemployment	14
6. Affordability Impact of Rent Assistance	10
7. Housing Stress Over Time	12
8. Rent Disparities	12
9. Affordable Locations	14
10. Affordable Rent Levels	17
11. Conclusion	18
Appendix	20

List of Figures

Figure 1(a): Rates of Rent Assistance under the <i>Social Security Act</i> (March 2003)	5
Figure 1(b): Rates of Rent Assistance under the <i>Family Assistance Act</i> (March 2003)	6
Figure 2: Number of persons or couples receiving Rent Assistance (as at 14 June 2002)	6
Figure 3: Government spending on Rent Assistance and the CSHA (1993-94 to 2003-04)	7
Figure 4: Housing stress in top ten areas with highest concentrations - single RA recipients ..	11
Figure 5: Housing stress in top ten areas with highest concentrations - sharer RA recipients	11
Figure 6: Housing stress among private tenants receiving Rent Assistance, 1986-1996	12
Figure 7: Average difference in rents based on location	13
Figure 8: Rent Assistance recipients by location - December 2002	13
Figure 9(a): Rent Assistance and unemployment – NSW	14
Figure 9(b): Rent Assistance and unemployment Victoria	15
Figure 9(c): Rent Assistance and unemployment – Queensland	15
Figure 10: Australia's ten cheapest rent postcodes for RA couples with children	17
Figure 11: Target affordable rents for selected households	18
Figure 12: Affordability for single Rent Assistance recipients in Australian capital cities	20
Figure 13: Affordability for sharer Rent Assistance recipients, Australian capital cities	21
Figure 14: Affordable rents for selected households – assumptions	22
Figure 15: Affordable rents for selected households using the four affordability measures	22
Figure 16: Single unemployed person - median rents, inner cities	24
Figure 17: A shared household - renting a three bedroom house	24
Figure 18: A single parent - renting a three bedroom house, selected suburbs	25

Overview

This paper explores the effectiveness of the Rent Assistance program in providing housing affordability to people who receive income support payments. It finds that although Rent Assistance does *assist with affordability* in many areas and for many recipients it is failing to achieve its goal of delivering affordability:

- Over one third (35%) of Rent Assistance recipients – around 330,360 people – exceed the Government's own measure for housing affordability by spending more than 30% of their income on rent.¹
- Almost one in ten (9%) recipients – around 85,000 people – spend more than 50% of their income on rent.²
- A substantial shift in housing support has taken place over the past decade away from the supply of low-cost public and community housing towards 'in the pocket' financial assistance. In the ten years to 2003-04, Commonwealth spending on Rent Assistance increased by 7% in real terms to \$1.92 billion while base grant funding to the Commonwealth-State Housing Agreement (CSHA) decreased by 54% to \$1.28 billion.
- There are higher numbers of Rent Assistance recipients in areas where there is also high unemployment. This suggests that, on its own, Rent Assistance is not providing low income people with flexibility to 'move to where the jobs are'.
- There are significant disparities between capital city rents paid by low income people and those paid in regional areas which the current level and structure of Rent Assistance fails to adequately address. Rents in Sydney are on average \$68.86 a fortnight higher than those elsewhere in NSW and Melbourne rents are \$35.94 a fortnight higher than the rest of Victoria.
- Rent Assistance is not available to students over 25 years in receipt of Austudy or people on low wages (although some low income couples with children are eligible due to family payments). It therefore has limited impact on the housing affordability issues faced by mature age students and many low income workers.
- While different affordability measures produce somewhat different results, especially in the less expensive cities, this research shows that in most of the major population areas the maximum amount of Rent Assistance paid is insufficient to ensure households can live free of housing stress. This is especially so in inner Sydney and Melbourne. For example, in the Melbourne suburbs of Hawthorn to Moorabbin (postcodes 3181-3210) and Sydney suburbs of Bankstown to Campbelltown (2160-2202), 45% of single people in receipt of Rent Assistance are in housing stress.³

These results call into question the adequacy and structure of the Rent Assistance program.

ACOSS and National Shelter recommend that a more thorough review be undertaken of the efficacy of the Rent Assistance program in delivering housing affordability to low income Australians. Such a review should examine regional variations in rent; the effectiveness of the program to assist people to 'move to where the jobs are'; and the benefits of a possible rebalancing of Australian Government funding for housing assistance towards improving the supply of affordable housing.

¹ Using the conservative measure of housing affordability: 30% of Net Income: Net Rent – see below for discussion of the different measures.

² As above.

³ As above.

1. About Rent Assistance

A key objective of the Rent Assistance program is to improve housing affordability for low income people living in private rental accommodation. Its impact on housing affordability is one of the key performance criteria:

Rent Assistance provides supplementary income to around 1 million Australians in recognition of the additional cost of private rental housing... It makes housing more affordable for people renting privately, including site fees for a mobile home, service fees in a retirement village, and board and lodgings... Performance is monitored and measured by changes in client numbers and outlays, *the impact on housing affordability*, and the extent to which assistance is directed to those in most need⁴.

Rent Assistance is provided as a non taxable income supplement to people receiving income support payments (except Austudy), including those who receive more than the base rate of Family Tax Benefit Part A (FTB A). The amount of Rent Assistance provided is calculated according to the following formula⁵:

Rent Assistance is paid at the rate of 75 cents for every dollar of rent paid above the specified minimum rent threshold until the maximum rate is reached. The maximum rates and thresholds vary according to a customer's family situation and the number of children they have. For singles without children, the maximum rate also varies according to whether or not accommodation is shared with others. Rent thresholds and maximum rates are indexed in March and September each year to reflect increases to Consumer Price Index.

The payment levels and the rent thresholds are uniformly applied across Australia, so it does not take into account significant regional variations in rents. Rent Assistance is only available to people paying rent over certain thresholds. In this way it is targeted to those paying larger proportions of their income in rent. Current maximum rates of Rent Assistance range from \$62.13 per fortnight for single people (no children) in shared accommodation to \$123.76 per fortnight for couples with three or more children. Figures 1(a) and 1(b) show rent assistance rates under the *Social Security and Family Assistance Acts*⁶.

Figure 1(a): Rates of Rent Assistance under the *Social Security Act* (March 2003)

Family Situation	Maximum rate of Rent Assistance per fortnight	Rent threshold per fortnight	Rent at which maximum rate is payable per fortnight
Single, no children	\$93.20	\$82.80	\$207.07
Single, no children, sharer	\$62.13	\$82.80	\$165.64
Couple, no children	\$88.00	\$134.80	\$252.13
Partnered, illness separated, no children	\$93.20	\$82.80	\$207.07
Partnered, temporarily separated, no children	\$88.00	\$82.80	\$200.13

⁴FaCS (2002) 'Annual Report 2001-2002' - www.facs.gov.au. *Emphasis added.*

⁵FaCS (2003) 'Rent Assistance & Centrepay' - www.facs.gov.au/internet/facsinternet.nsf/aboutfacs/programs/house-rentassist.htm

⁶As above.

Figure 1(b): Rates of Rent Assistance under the *Family Assistance Act* (March 2003)

Family Situation	Maximum rate of Rent Assistance per fortnight	Rent threshold per fortnight	Rent at which maximum rate is payable per fortnight
Single, 1 or 2 children	\$109.48	\$109.06	\$255.03
Single, 3 or more children	\$123.76	\$109.06	\$274.07
Couple, 1 or 2 children	\$109.48	\$161.42	\$307.39
Couple, 3 or more children	\$123.76	\$161.42	\$326.43

For further information on eligibility and payment rates see www.centrelink.gov.au

2. Who Receives Rent Assistance?

The table below shows the number of income support recipients receiving Rent Assistance by type of payment and gender⁷. It shows that:

- Roughly one million (943, 877) Australians are currently in receipt of Rent Assistance.
- Unemployed people receiving Newstart are the largest group of Rent Assistance recipients comprising 22% of the total number of recipients.
- Sole parents are the second largest group of Rent Assistance recipients (20%).
- Almost two thirds (64%) of all Rent Assistance recipients are women⁸.

Figure 2: Number of persons or couples receiving Rent Assistance (as at 14 June 2002)

Payment	Income units receiving Rent Assistance		Gender of recipients (%)		
	Number	%	Female only	Male only	Both members of a couple
Age Pension	151 120	16	56	26	17
Disability Support Pension	162 048	17	40	52	8
Newstart Allowance	206 317	22	41	55	4
Parenting Payment (single)	189 782	20	93	7	0
Parenting Payment (partnered)*	26 160	3	93	6	1
Youth Allowance	90 741	10	58	40	1
Family Tax Benefit*	81 179	9	88	12	0
Other payments	36 530	4	58	31	11
Total	943 877	100	61	33	6

* Counted only if neither they nor their partner receives any other income support payments.

⁷As above, table 41.

⁸This includes 61% women and half of the 6% of both members of a couple. Also see ACOSS Information Paper 323, 'Public and Community Housing - a rescue package needed' October 2002.

Other characteristics of the 943,877 Rent Assistance recipients paid in the fortnight ending 14 June 2002 are:⁹

- 57% of the total recipients were receiving the maximum amount of Rent Assistance payable;
- 54% were single without children; 23% were single with children;
- 15% were couples with children, and 8% were couples without children;
- 39% of recipients were families (single parents and couples) with children;
- 14% were single sharers and 39% single non sharers 39% (total single = 53%).

3. Spending on Rent Assistance

Spending on Rent Assistance has increased while spending on public and community housing programs – the other major form of housing assistance to low income Australians – has declined. In effect, there has been a substantial shift in Government support away from the supply of affordable housing under the CSHA, and towards the demand side Rent Assistance program.

While the Commonwealth provided \$1.922 billion in 2003-04 to Rent Assistance, in the same year, the Commonwealth, State and Territory Governments provided \$1.284 billion for social housing programs under the CSHA (the Commonwealth's contribution is \$929.9 million).¹⁰

Expenditure on Rent Assistance has increased by 7% in real terms from 1993-94 to 2003-04. Over the same ten year period, total Government expenditure under the CSHA has declined by 54% in real terms.

Figure 3: Government spending on Rent Assistance and the CSHA (1993-94 to 2003-04)

Housing program	Funding level 1993-94 (2003\$)	Funding level 2003-04	Real growth/decline
Rent Assistance	\$1.793 billion	\$1.922 billion	7%
CSHA	\$2.797 billion	\$1.284 billion	-54%

Source: FaCS Annual Reports: 2001-02 (figure 11) and 2002-03 and FaCS unpublished data.

⁹Rent Assistance Quarterly Report October 2002 - December 2002, FaCS; & FaCS (2002) 'Annual Report 2001-2002' - www.facs.gov.au/annreport_2001-02/volume2/part1/outcome2/2.1.html

¹⁰The States/Territories match Commonwealth base funding grants by approximately 50%. Note: in 2002-03 GST compensation payments to the States/Territories ceased. CSHA funding source: The Housing Assistance Act 1989 Annual Report for 1993-94.

4. Measuring Housing Affordability

There are two main measures of calculating housing affordability currently in use by Government and researchers in Australia, and two benchmarks of affordability used within each of these (see below).

While there is no specific benchmark level of affordability for the Rent Assistance Program, FaCS uses measure A – which subtracts Rent Assistance from the actual rent paid, and then divides this by income (not including Rent Assistance).

Academic and other housing researchers usually divide rent into total income (from whatever source) to give a measure of affordability – see B below. Banks and other lending institutions also use this method to determine ability to pay mortgages.

It should be noted that all of these measures were specifically developed for the poorest 40% of households, since wealthier households can bear higher rents (as a proportion of income) because they have higher disposable incomes overall.

Measure A: Net Rent: Net Income

In this indicator, Rent Assistance is assumed to be wholly applied to rent. Rent Assistance is subtracted from rent paid, and then divided by total income received (ie the base income support payment plus any private income earned), and expressed as a percentage:

$$\frac{\text{Rent} - \text{Rent Assistance}}{\text{Income (base payment only)}}$$

Benchmarks

1. If the net rent (rent less Rent Assistance) is less than 30% of income, affordability is considered to be achieved.
2. If the net rent (rent less Rent Assistance) is less than 25% of income, affordability compared to most public housing tenancies is achieved.

Measure B: Total Rent: Total Income

This indicator is calculated by dividing rent paid by total income received (ie the base income support payment as well as Rent Assistance, plus any private income earned), and expressed as a percentage.

$$\frac{\text{Rent}}{\text{Total income (including Rent Assistance)}}$$

Benchmarks

3. If rent exceeds 30% of total income, the tenant is deemed to be in housing stress.
4. If rent exceeds 25% of total income, the tenant is deemed to be in housing stress.

Most State Housing Authorities set rents as 25% of gross income as a method of rent setting. However, most housing researchers have now moved away from the 25% affordability measure and adopted the more conservative 30% of total income measure.

The 30% measure is widely accepted by housing researchers as a simple way of comparing affordability across tenure types. For example, banks and lending institutions use a variant of the 30% Total Rent: Total Income measure (B) when they assess applicants for home loans.

Some researchers argue that all of these measures are problematic because they do not take into account what people actually have left over in their pockets after housing costs. For example, Burke (2003) argues that even the 25% of income paid as rent by many public housing tenants may leave them with inadequate disposable income, and the proportion of income paid in rent could be reduced¹¹. Also, the measures do not take into account (a) household size and (b) a reasonable standard of living after housing costs.

However, in the absence of a better measure, our analysis incorporates both of the commonly used measures of affordability. We have predominantly used the most conservative 30% benchmark when providing examples of housing affordability in the body of this research (see Figures 12-15 in the Appendix for a full analysis). Affordability outcomes do change depending on what measure is used, but in the most expensive areas, the outcomes are much the same.

Hypothetical case study: a Sydney Boarder

An unemployed single person 21 years or over living in Sydney has an income of \$374 a fortnight as a Newstart recipient, and rents privately.¹² Assuming this person lived alone in a boarding house, and paid \$210 a fortnight in rent¹³, they would receive \$92 a fortnight in Rent Assistance.¹⁴ Their total fortnightly income is therefore \$466.

The Net Rent: Net Income measure says that rent payable accounts for 31% of income. Their disposable income (what is left over after housing costs) is \$256 a fortnight.

Using the Total Rent: Total Income measure, the person is paying 46% of income in rent.

The boarder has not met either affordability measure and is thus in housing stress – even though they occupy one of the cheapest forms of private housing available.

¹¹Burke, T. Analysis of Expenditure Patterns and Levels of Household Indebtedness of Public and Private Rental Households, 1975 to 1999, AHURI, 2002.

¹²Newstart and Rent Assistance Rates at December 2002.

¹³This example presumes they can find a rental dwelling for as little as \$210 per fortnight. Such low rent dwelling stock is in increasingly limited supply and there is no guarantee that it will be available. In addition, boarders have no tenancy rights in NSW.

¹⁴The person receives the maximum amount of Rent Assistance since the upper rental cap for the maximum allowance is \$204 a fortnight, and the person's rent exceeds this.

5. Affordability Impact of Rent Assistance

Overall, for the 943,877 low income Australians receiving Rent Assistance, FaCS data for 2001-02 shows that:

- 35% (around 330,360 people) spend more than 30% of their income on rent; and
- 9% (around 85,000 people) spend more than 50% of their income on rent.¹⁵

In other words, Rent Assistance does not provide affordability for over a third of those who receive it, and nearly one in ten of all recipients spend over half their total income on rent.

Low income earners that pay more than 30% of their income in housing costs are said to be in housing stress. Those households in receipt of Commonwealth Rent Assistance who pay more than 50% of their income in rent are in extreme housing stress.

Affordability Analysis for Singles and Sharers

Data supplied by FaCS for the purposes of this research project, provides a detailed picture of the actual income and rental costs for around 500,000 income support recipients.

The data is collated from fortnightly income support payment forms submitted to Centrelink and is grouped by postcode area. It presents the number of single (356,908) and sharer (142,696) Rent Assistance recipients in capital cities, the average rent paid, the average private income and the total income (includes income support payments and private income but not Rent Assistance), and the Rent Assistance paid. The full set of data is presented in the Appendix.

This information is used here to calculate the proportion of people achieving housing affordability, according to the measures outlined above.

The following two tables present the postcode groups with large concentrations of single and sharer Rent Assistance recipients. They show the top ten areas with the highest numbers of single and sharer Rent Assistance recipients.

The table below shows that the south eastern suburbs of Melbourne and the western suburbs of Sydney have the highest proportion of Rent Assistance recipients living in housing stress. In both areas, 45% of Rent Assistance recipients are paying over 30% of their income in rent according to the conservative Net Rent: Net Income measure.

¹⁵FaCS (2001): Table 39 'Ratio of housing costs to income, before and after Rent Assistance'.
www.facs.gov.au/annreport_2001-02/volume2/part1/outcome2/2.1.html

Figure 4: Housing stress in top ten areas with highest concentrations of single Rent Assistance recipients¹⁶

Area	Postcodes	No. of people in housing stress	Housing stress (%)
Melbourne, VIC (from Hawthorn to Moorabbin)	3181-3210	4,390	45%
Sydney, NSW (Bankstown, Campbelltown)	2160-2202	4,163	45%
Brisbane, QLD (Northgate Central)	4005-4072	5,018	44%
Melbourne, VIC (Mulgrave, Ferntree Gully, Dandenong)	3149-3180	4,027	44%
Melbourne, VIC (from Melbourne North West to Preston)	3047-3100	4,793	43%
Brisbane, QLD (city suburbs)	4073-4209	6,951	42%
Perth, WA (from Tangney to Brand)	6100-6214	5,287	41%
Adelaide, SA (city suburbs)	5006-5098	6,271	40%
Central/Northern NSW	2255-2574	20,183	39%

The next table shows that in the north west of Melbourne, 57% of sharer Rent Assistance recipients failed to achieve affordable housing and were in housing stress. Sydney postcodes are generally unaffordable across the whole city. In Sydney, it makes little difference what type of housing is chosen, as even the cheapest options are not cheap enough to keep a Rent Assistance recipient out of rent stress. Some parts of Melbourne are marginally more affordable. Hobart and Perth are more affordable, as is the NT.

Figure 5: Housing stress in top ten areas with highest concentrations of sharer Rent Assistance recipients¹⁷

Area	Postcodes	No. of people in housing stress	Housing stress (%)
Melbourne, VIC (from Melbourne North West to Preston)	3047-3100	6,895	57%
Sydney, NSW (Bankstown, Campbelltown)	2160-2202	5,154	56%
Melbourne (Footscray, western suburbs)	3011-3046	3,630	54%
Brisbane, QLD (Northgate Central)	4005-4072	5,760	51%
Melbourne, VIC (Mulgrave, Ferntree Gully, Dandenong)	3149-3180	3,329	51%
Central/Northern NSW	2255-2574	12,924	50%
Brisbane, QLD (city suburbs)	4073-4209	6,612	48%
Adelaide, SA (city suburbs)	5006-5098	4,057	44%
Perth, WA (from Tangney to Brand)	6100-6214	3,982	44%

In summary, the tables illustrate that, although it has been assumed that Rent Assistance is least effective in Sydney, the problem is also evident in the inner parts of other capital cities and in a number of regional areas. It shows that inner suburbs in the major capital cities perform poorly against a range of affordability measures, due to high rents and low levels of income and Rent Assistance.

¹⁶Using the Net Income: Net Rent 30% method.

¹⁷Using the Net Income: Net Rent 30% method.

6. Housing Stress Over Time

The table below shows the decreasing effectiveness of Rent Assistance over time in many capital cities. As Berry and Hall have shown¹⁸, affordability in the capital cities declined significantly between 1986 and 1996 using the Total Rent: Total Income measure. Only in Darwin and Perth has housing stress eased (although it may have deteriorated between 1996 and present day). The figures show the proportion of Rent Assistance recipients paying more than 30% of their income on rent.

Figure 6: Housing stress among private tenants receiving Rent Assistance, 1986-1996¹⁹

City	1986 %	1996 %
Sydney	67.3	80.7
Adelaide	63.4	76.1
Melbourne	60.5	74
Brisbane	63.7	64.3
Darwin	70.7	63.7
Hobart	57.7	62.4
Perth	59.9	56.1
All capital cities	64.1	72.7

7. Rent Disparities

The tables below use FaCS data to examine the affordability of different areas in capital cities for Rent Assistance recipients.²⁰

They show there are significant disparities between the rents paid by Rent Assistance recipients living in capital cities versus those living in other areas. These disparities are most pronounced in Sydney and Melbourne. Sydney rents are on average \$68.86 per fortnight higher than those paid in the rest of New South Wales, while Melbourne rents paid are on average \$35.94 per fortnight higher than those paid in the rest of Victoria.

Conversely, the rental disparity between Darwin and other parts of the NT is only \$5.25 a week. The low disparity in Queensland probably reflects the fact that the population is dispensed more evenly into medium towns, such as the Gold Coast area and other medium-sized coastal cities of Queensland.

¹⁸Berry, M.(2002) 'New Approaches to Expanding the Supply of Affordable Housing in Australia: An Increasing Role for the Private Sector' Paper presented at the National Housing Conference, 24-26 October 2001.

¹⁹Proportion paying more than 30% of income in rent using Total Rent: Total Income measure.

²⁰The ACT is not included due to insufficient data.

Figure 7: Average difference in rents based on location – December 2002

Location	Average difference in rents per fortnight
Sydney and Rest of NSW	+\$68.86
Melbourne and Rest of VIC	+\$35.94
Adelaide and Rest of SA	+\$16.70
Hobart and Rest of TAS	+\$11.56
Perth and Rest of WA	+\$9.95
Darwin and Rest of NT	+\$5.25
Brisbane and Rest of QLD	+\$2.10

The table below shows that there are also significant rental disparities across Australia. Average rents range from \$210.27 per fortnight in Tasmania outside Hobart, to \$310.11 per fortnight in Sydney.

Figure 8: Rent Assistance recipients by location - December 2002

Location	Household Income Units	Average fortnightly Rent Assistance entitlement	Average fortnightly rent
Sydney	166,787	\$76.60	\$310.11
Rest of NSW	140,013	\$71.96	\$241.25
Melbourne	138,197	\$73.54	\$263.65
Rest of VIC	55,351	\$69.73	\$227.72
Brisbane	99,435	\$74.71	\$259.42
Rest of QLD	130,132	\$74.68	\$257.32
Adelaide	49,970	\$72.05	\$241.36
Rest of SA	13,586	\$68.95	\$224.66
Perth	64,867	\$73.39	\$243.13
Rest of WA	19,753	\$70.68	\$233.18
Hobart	9,599	\$71.16	\$221.82
Rest of TAS	12,582	\$67.27	\$210.27
Darwin	3,732	\$73.37	\$269.18
Rest of NT	1,704	\$71.36	\$263.93
Canberra	7,548	\$69.32	\$275.22
Unknown	1,391	\$70.04	\$238.36
Australia	914,647	\$73.54	\$260.21

Source: FaCS. Note: the figure quoted for income units includes some people with no ongoing entitlement to Rent Assistance. The average fortnightly rent and Rent Assistance amounts have been calculated with regard to those income units with an ongoing entitlement to Rent Assistance.

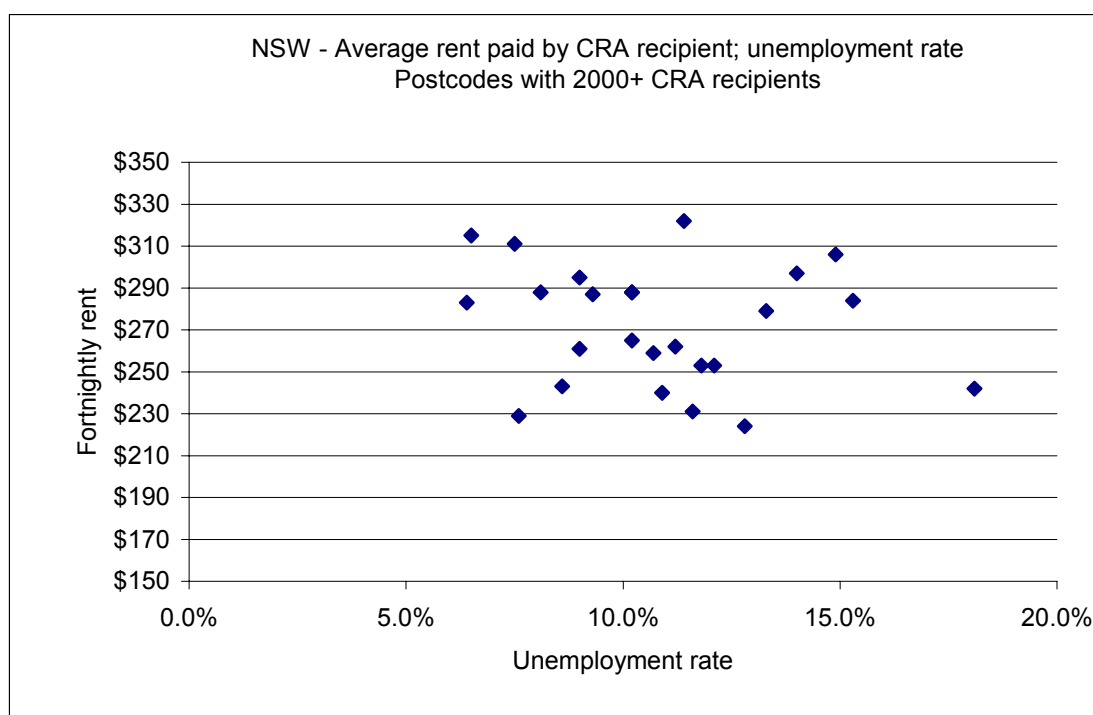
8. Rent Assistance and Unemployment

Rent Assistance is claimed to have the advantage over investments in public or community housing stock as it enables income support recipients greater flexibility in their choice of location, and housing type. In particular, it is claimed to potentially enable recipients to move to locations where there may be better employment prospects.

Our research using FaCS data according to postcode areas has found that it is typical for high numbers of Rent Assistance recipients to live in areas with low rents but above average unemployment levels.

Figures 9 (a) (b) and (c) show the relationship between rent levels and unemployment rates in postcodes where high numbers of Rent Assistance recipients live. The graphs show a trend towards the co existence of low rent, low income and unemployment (which is more geographically pronounced in NSW and Queensland than in Victoria). Other States/Territories were not included due to the low numbers of postcodes matching the criteria.²¹

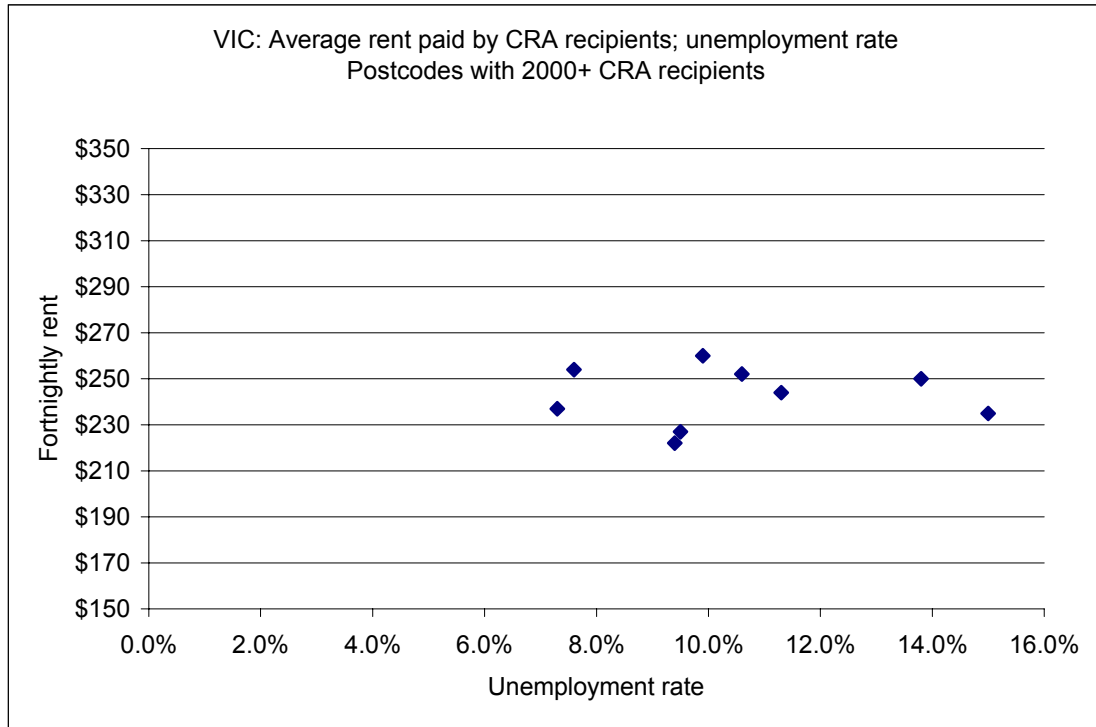
Figure 9(a): Rent Assistance and unemployment – NSW



Postcodes: 2144 Auburn; 2145 Greystanes; 2148 Blacktown; 2166 Cabramatta, Canley Vale, Lansvale; 2170 Liverpool; 2250 Gosford; 2261 Bateau Bay; 2165 Fairfield; 2195 Lakemba, Wiley Park; 2200 Bankstown; 2257 Booker Bay; 2259 Wyong; 2261 Long Jetty; 2340 Tamworth; 2430 Taree; 2444 Port Macquarie; 2450 Coffs Harbour; 2478 Ballina; 2480 Lismore; 2486 Tweed Heads South; 2500 Wollongong; 2540 Jervis Bay; 2560 Campbelltown; 2650 Wagga Wagga; 2770 Bidwill. **Source:** FaCS data 2001-2002; ABS Census 2001, postcode level data.

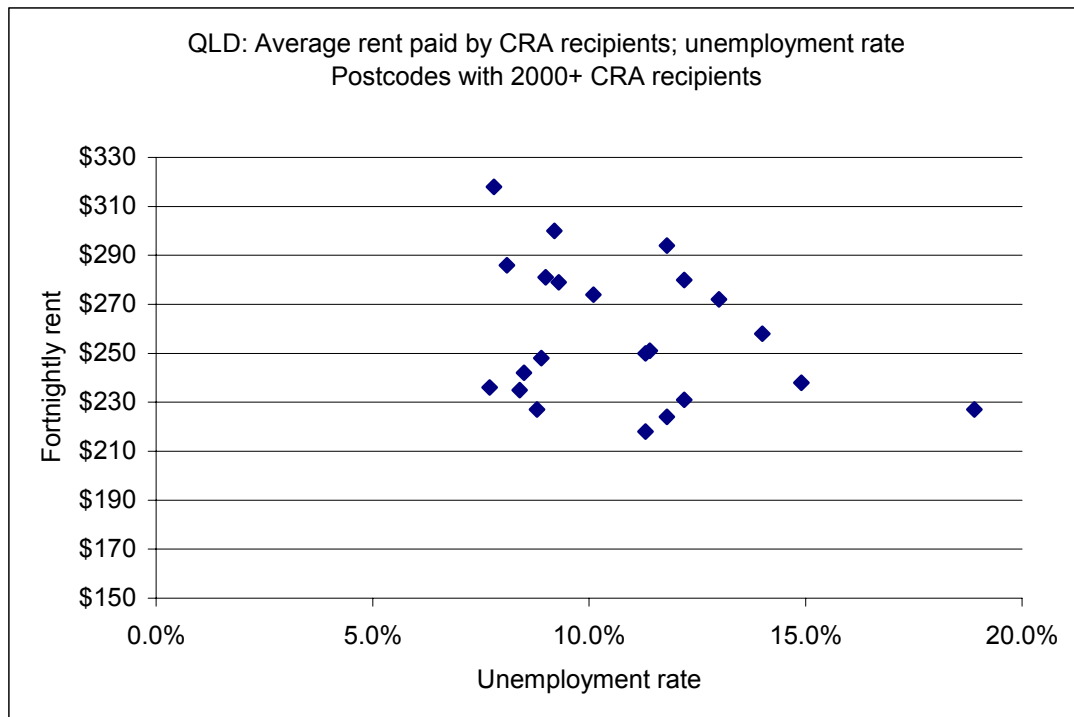
²¹The postcodes are in NSW, Victoria and Queensland where 2,000 or more Rent Assistance recipients reside. Other States/Territories were not included because of the zero or very low number of postcodes with 2,000+ recipients resident.

Figure 9(b): Rent Assistance and unemployment Victoria



ostcodes: 3020 Albion, Sunshine; 3021 St Albans; 3073 Keon Park, Reservoir; 3174 Noble Park; 3175 Bangholme, Dandenong; 3182 St Kilda; 3199 Frankston, Karingal; 3350 Ballarat; 3550 Bendigo. **Source:** FaCS data 2001-2002; ABS Census 2001, postcode level data.

Figure 9(c): Rent Assistance and unemployment – Queensland



Postcodes: 4114 Logan; 4207 Yatala; 4211 Neerang; 4214 Arundel; 4215 Southport; 4216 Paradise Point; 4217 Bundall; 4218 Broadbeach; 4220 Burleigh Heads; 4221 Elanora, Palm Beach; 4305 Ipswich; 4350 Toowoomba; 4510 Caboolture; 4551 Caloundra; 4560 Nambour; 4570 Gympie; 4650 Maryborough; 4655 Hervey Bay; 4670 Bundaberg; 4701 North Rockhampton; 4740 Mackay; 4870 Cairns. **Source:** FaCS data 2001-2002; ABS Census 2001, postcode level data.

Overall, these figures show that postcode areas with a high proportion of Rent Assistance recipients generally have the characteristics of being:

- (i) Coastal tourist towns
- (ii) Suburbs close to industrial areas on city fringes/hinterland/coast
- (iii) Large regional towns
- (iv) Suburbs in cities with substantial new migrant populations

The figures also show that all postcode areas with high concentrations of Rent Assistance recipients also have an unemployment rate roughly equal to or greater than the average unemployment rate for that State. To illustrate, the May 2003 unemployment rates, total persons, are:²²

- NSW – 6%; Victoria – 5.9%; Queensland – 6.7%.

This suggests that Rent Assistance is currently not effective, on its own, in encouraging and/or allowing recipients to locate to areas with better job prospects.

Recent research by AHURI has found that “inequalities arising from the labour market and housing market are tending to reinforce one another – these mutually reinforcing processes of social disadvantage can take a spatial dimension whereby the disadvantaged are confined to particular parts of cities of outside cities”.²³

The study further notes that “when they (unemployment payment recipients) do move to areas with better labour markets their likelihood of leaving income support is increased” and that “these results are important for housing, income support and other policies designed to help those most disadvantaged in the labour markets”.

Other recent research by the Social Policy Research Centre and AHURI also looks into the relationship between housing, location and employment with somewhat contrasting results. Overall it finds that “people with low skills levels can only afford to live in high unemployment regions”. However it also finds that ‘discouraged’ job seekers are attracted to low rent areas (with high unemployment) and active job seekers tend to the parts of major cities where there is lower unemployment but higher rents.²⁴ This implies that many ‘discouraged’ jobseekers are likely to live in areas of higher unemployment.

Together, our findings and other research point to the fact that Rent Assistance does not allow choice of location, however, we fail to resolve the issue and important policy questions remain. If cheap rents and housing attracts people to areas where they have little chance of finding employment, how can housing and income support policies attempt to address this? What is the right mix between Rent Assistance and the supply of public, community and affordable housing in job rich areas?

²²Australian Labour Market Statistics, ABS Issue 6105.0, July 2003.

²³‘Has home ownership in Australia declined?’, AHURI Research and Policy Bulletin, Issue 21 May 2003.

²⁴See Bradbury, B. and Chalmers, J. (revised July 2003) ‘Housing, Location and Employment’ project and final report available from www.ahuri.edu.au

9. Affordable Locations

So where is Rent Assistance the *most* effective in meeting affordability? The next table lists the twenty cheapest rent areas for couples with children. Most of these postcodes are in rural or remote areas such as Quirindi in NSW, or in depressed industrial areas, such as Moe in Victoria's La Trobe Valley or in northern Tasmania.

Anecdotal evidence from community service providers indicates that significant numbers of people in receipt of income support are moving to rural and regional areas because the rents are cheaper. However, under current Social Security rules designed to discourage relocation to areas where there are low employment prospects, when they do make this move, a breach penalty can be applied which results in a total loss of income support for 26 weeks.

Figure 10: Australia's ten cheapest rent postcodes for Rent Assistance recipients (couples with children)

Postcode	Average rent per fortnight
4605 Murgon, QLD	\$205
7321 Black River, TAS	\$216
7330 Smithton, TAS	\$224
2469 Bonalbo, Mummulgum, NSW	\$224
4413 Chinchilla, QLD	\$226
2880 Broken Hill, NSW	\$226
4361 Clifton, QLD	\$227
2372 Tenterfield, NSW	\$227
5280 Millicent, SA	\$227
7253 Bell Bay, TAS	\$229

Source: 2001 - 2002 FaCS data.

10. Affordable Rent Levels

The ineffectiveness of Rent Assistance to meet its goal of providing affordability for jobless people solely reliant on income support payments can also be demonstrated by calculating the levels of rent that allow people to meet the housing affordability benchmarks.

The table below shows the different target affordable rents for different household types. This is the maximum rent that could be paid by household with no private income, and still meet the affordability benchmark.

Figure 11: Target affordable rents for selected households (Sept - Dec 2002)

Households	Target affordable rent per fortnight	Rent Assistance at target affordable rent per fortnight	Net income (excluding Rent Assistance and private income) per fortnight	Net Rent: Net Income benchmark
Single	\$204.47	\$92.00	\$374.90	30%
Sharer	\$173.80	\$61.33	\$374.90	30%
Sole parent 1 child 5-13	\$299.27	\$107.94	\$637.78	30%
Couple no children	\$289.66	\$86.80	\$676.20	30%

The table shows that target affordable levels of rent for low income single people, sharers and couples without children range from \$173.80 a fortnight to \$289.66. However the target affordable rent for a sole parent with one child – in need of a two bedroom flat or house – is only \$10 a fortnight higher than for couples who would most likely only need one bedroom accommodation.

The target affordable rents indicated here are low compared to the median rents available in most areas of our capital cities. As already noted, private rental properties below these target affordable levels are not readily available in most areas within our capital cities (also see Figures 16-18 in the Appendix). And, it is typical that where cheaper housing is more readily available, employment opportunities are lower or more remote.

The difficulty of finding accommodation at an affordable level is even greater when other affordability measures are used. For example, using the Total Rent: Total Income 30% measure, rent should ideally be no more than \$121 per fortnight for singles or sharers.

11. Conclusion

This research shows that Rent Assistance is severely limited in its capacity to provide housing affordability for low income households.

All the evidence suggests that a significant proportion of Rent Assistance recipients are not affordably housed in the private rental market. Rent Assistance does not provide affordability for over a third of those who receive it, and nearly one in ten of all recipients spend over half their total income on rent. Recent upward trends in housing prices and rents indicate that this situation is unlikely to improve.

Many low income families and individuals cannot afford to live in areas where employment is more plentiful, and many more are forced to pay so much of their income in rent that they cannot live decently or participate fully in Australia's social and economic life. This can lead to further poverty, poor health, lower employment prospects and social exclusion.

As a step towards fulfilling the basic goal of housing affordability for all Australians, in the short term, ACOSS and National Shelter recommend further investigation of targeted improvements to Rent Assistance, including:

- Further investigation of a 'zoning' model. There is a case that Rent Assistance should take account of geographical variations in rents, possibly by the introduction of a 'zoning' system (noting that no recipient should be made financially worse off if a zoning model

was adopted).²⁵ Under such a model the upper rent threshold could be set at the median rent of the zone.

- Dropping the threshold that must be reached before Rent Assistance is paid. This would allow more income recipients to receive Rent Assistance and more to receive the maximum rate. However this measure will not assist those people already in receipt of the maximum Rent Assistance and who are still failing to achieve the benchmark of affordable housing.
- Consider an increase in social security payments to better reflect current living costs (including housing) for people and families with low incomes.²⁶ The first step should be to extend access to Rent Assistance to students over 25 years on Austudy.

In the longer term, a more comprehensive strategy to address housing affordability for low income Australians should be undertaken. This should include:

- Reviewing the efficacy of Rent Assistance - including the effectiveness of the program to assist people to 'move to where the jobs are'; and exploring options such as the introduction of housing standards and revising affordability targets.²⁷
- Examining the role of improving the supply of affordable housing²⁸ - Governments should continue to examine supply side solutions to affordable housing, including those suggested by the Affordable Housing National Research Consortium²⁹, and now furthered by the Brotherhood of St Laurence and the Committee for Economic Development Australia.

It would be appropriate and timely for this work to be pursued over the term of the next CSHA, in consultation with all levels of Government, industry and the community sector. This would sit alongside research into workforce disincentives for social housing tenants, and ways to attract private sector investment in social housing - two of the outcomes sought by the Government under the current CSHA.

²⁵As argued by Ecumenical Housing in AHURI (2003) positioning paper, 'The Regional Impact of Commonwealth Rent Assistance', Anthony King and Tony Melhuish - this research will be available in 2004.

²⁶ Care should be taken to ensure there are no adverse impacts on the housing market as a result. That is, there is anecdotal and other evidence that some landlords raise rents whenever increases to Rent Assistance occur.

²⁷See 'Piecing it Together, Federal Budget Priorities Statement 2003-04', ACOSS Paper 124, January 2003.

²⁸See 'Rebuilding the Australian Dream: National Shelter Policy Platform 2003'.

²⁹See <http://www.consortium.asn.au/>

Appendix

Figure 12: Affordability for single Rent Assistance recipients – June 2002³⁰

Postcode range	Persons getting Rent Assist.	Ave rent /wk	Ave private income /wk	Total income exc Rent Assist. /wk	Current Rent Assist. /wk	Proportion paying less than 30% of total income on total rent	Proportion paying less than 30% of net income on net rent	Proportion paying less than 25% of total income on total rent	Proportion paying less than 25% of net income on net rent
OTHER	105,679	\$101	\$27	\$219	\$35	23%	61%	12%	41%
0800-0869	1,876	\$110	\$21	\$217	\$38	14%	54%	6%	34%
2000-2005	325	\$127	\$13	\$213	\$42	5%	48%	2%	15%
2006-2009	393	\$139	\$34	\$209	\$40	14%	37%	8%	24%
2010-2011	2,149	\$135	\$20	\$213	\$39	11%	37%	5%	22%
2012-2020	933	\$124	\$17	\$213	\$39	11%	45%	4%	26%
2021-2030	1,848	\$148	\$30	\$226	\$40	15%	36%	8%	23%
2031-2054	4,859	\$129	\$25	\$218	\$39	13%	41%	7%	24%
2055-2114	6,209	\$130	\$39	\$234	\$37	23%	47%	14%	34%
2115-2126	1,261	\$108	\$36	\$232	\$33	34%	61%	20%	47%
2127-2144	3,354	\$118	\$19	\$218	\$37	19%	48%	10%	31%
2145-2159	4,059	\$111	\$26	\$225	\$35	25%	52%	15%	38%
2160-2202	9,252	\$108	\$13	\$212	\$35	21%	55%	9%	35%
2203-2249	5,609	\$122	\$25	\$223	\$37	20%	49%	10%	32%
2255-2574	51,751	\$102	\$23	\$218	\$35	23%	61%	10%	40%
2600-2617	2,259	\$105	\$40	\$217	\$35	27%	52%	13%	39%
2740-2786	6,379	\$108	\$24	\$220	\$35	22%	55%	12%	37%
3000-3010	497	\$124	\$21	\$209	\$40	6%	47%	2%	22%
3011-3046	9,295	\$106	\$23	\$218	\$35	22%	59%	10%	37%
3047-3100	11,146	\$109	\$26	\$219	\$36	22%	57%	11%	37%
3101-3148	9,442	\$118	\$35	\$231	\$36	23%	55%	13%	38%
3149-3180	9,152	\$110	\$28	\$224	\$35	23%	56%	11%	38%
3181-3210	9,756	\$113	\$31	\$226	\$37	21%	55%	10%	37%
3335-3341	733	\$104	\$24	\$219	\$34	23%	56%	10%	36%
3425-3443	538	\$112	\$34	\$230	\$35	25%	58%	12%	41%
3765-3799	935	\$107	\$27	\$223	\$36	20%	55%	12%	36%
3800-3811	1,134	\$113	\$34	\$228	\$34	27%	57%	14%	42%
3910-3920	782	\$99	\$38	\$234	\$33	37%	64%	20%	51%
3926-3944	1,822	\$108	\$31	\$228	\$36	24%	56%	12%	38%
3972-3978	690	\$107	\$24	\$221	\$35	23%	52%	12%	36%
3980-3983	63	\$98	\$10	\$206	\$36	14%	63%	5%	27%
4000-4004	611	\$98	\$13	\$204	\$34	20%	69%	8%	39%
4005-4072	11,404	\$109	\$29	\$223	\$37	18%	56%	8%	36%
4073-4209	16,549	\$106	\$26	\$220	\$36	21%	58%	9%	38%
4500-4549	4,211	\$103	\$24	\$222	\$35	23%	61%	9%	42%
4619-4689	5,797	\$95	\$22	\$218	\$34	26%	68%	12%	44%
5000-5005	666	\$91	\$15	\$209	\$30	28%	67%	18%	47%
5006-5099	15,677	\$101	\$32	\$226	\$34	28%	60%	19%	41%
5100-5199	5,203	\$99	\$31	\$223	\$33	30%	60%	17%	41%
6000-6005	1,189	\$101	\$19	\$212	\$36	17%	64%	5%	37%
6006-6026	5,022	\$108	\$36	\$225	\$37	20%	58%	10%	36%
6027-6028	403	\$107	\$50	\$231	\$35	27%	54%	11%	42%
6030-6099	8,350	\$103	\$30	\$223	\$36	22%	58%	11%	37%
6100-6214	12,896	\$102	\$32	\$224	\$35	24%	59%	13%	39%
7000-7003	674	\$96	\$23	\$211	\$35	17%	66%	8%	37%
7004-7199	4,076	\$96	\$29	\$218	\$34	23%	66%	12%	41%

Source: FaCS data, June 2002. Australia Post sorting divisions used.

³⁰Single persons not subject to the sharer rules may not be living alone.

Figure 13: Affordability for sharer Rent Assistance recipients – June 2002³¹

Postcode range	Persons getting Rent Assist.	Ave rent /wk	Ave private income /wk	Total income exc Rent Assist. /wk	Current Rent Assist. /wk	Proportion paying less than 30% of total income on total rent	Proportion paying less than 30% of net income on net rent	Proportion paying less than 25% of total income on total rent	Proportion paying less than 25% of net income on net rent
OTHER	31,690	\$83	\$33	\$192	\$24	22%	53%	11%	29%
0800-0869	855	\$94	\$30	\$200	\$27	15%	40%	8%	20%
2000-2005	97	\$143	\$28	\$199	\$29	2%	11%	0%	4%
2006-2009	373	\$131	\$40	\$195	\$29	3%	13%	1%	7%
2010-2011	722	\$136	\$27	\$195	\$30	3%	11%	1%	5%
2012-2020	586	\$127	\$28	\$197	\$29	5%	15%	2%	7%
2021-2030	1,407	\$144	\$32	\$200	\$29	2%	8%	1%	4%
2031-2054	3,864	\$126	\$44	\$203	\$29	5%	16%	2%	7%
2055-2114	2,925	\$128	\$35	\$203	\$29	7%	17%	3%	10%
2115-2126	668	\$112	\$38	\$206	\$28	10%	27%	3%	14%
2127-2144	2,295	\$103	\$17	\$194	\$28	8%	33%	3%	15%
2145-2159	1,775	\$105	\$23	\$197	\$28	9%	31%	3%	16%
2160-2202	5,857	\$96	\$10	\$193	\$27	12%	44%	4%	21%
2203-2249	3,195	\$112	\$20	\$195	\$28	7%	24%	3%	12%
2255-2574	15,955	\$86	\$29	\$193	\$25	19%	50%	8%	25%
2600-2617	1,769	\$97	\$53	\$202	\$28	18%	39%	8%	22%
2740-2786	2,594	\$97	\$21	\$194	\$27	12%	37%	5%	18%
3000-3010	338	\$113	\$52	\$206	\$29	11%	26%	4%	13%
3011-3046	4,322	\$93	\$25	\$195	\$26	16%	46%	6%	23%
3047-3100	8,208	\$96	\$40	\$200	\$27	16%	43%	7%	23%
3101-3148	5,045	\$99	\$48	\$206	\$28	17%	40%	7%	23%
3149-3180	4,110	\$91	\$27	\$198	\$26	19%	49%	8%	28%
3181-3210	3,949	\$102	\$33	\$199	\$28	13%	37%	6%	18%
3335-3341	191	\$86	\$23	\$194	\$25	15%	53%	8%	24%
3425-3443	162	\$90	\$32	\$199	\$25	19%	49%	9%	28%
3765-3799	229	\$89	\$22	\$194	\$26	16%	45%	8%	22%
3800-3811	452	\$95	\$25	\$197	\$27	12%	43%	5%	22%
3910-3920	190	\$86	\$22	\$194	\$25	18%	54%	7%	28%
3926-3944	417	\$90	\$33	\$197	\$25	21%	53%	8%	29%
3972-3978	260	\$89	\$26	\$198	\$26	23%	50%	11%	32%
3980-3983	17	\$94	\$20	\$174	\$27	12%	24%	6%	18%
4000-4004	234	\$94	\$38	\$192	\$27	15%	38%	7%	18%
4005-4072	7,480	\$88	\$50	\$202	\$26	23%	49%	10%	30%
4073-4209	8,369	\$85	\$35	\$196	\$25	21%	52%	9%	28%
4500-4549	1,114	\$84	\$24	\$194	\$25	21%	58%	8%	30%
4619-4689	961	\$78	\$24	\$190	\$22	27%	63%	12%	36%
5000-5005	220	\$93	\$44	\$194	\$27	18%	42%	6%	25%
5006-5099	5,409	\$82	\$41	\$197	\$24	25%	56%	12%	32%
5100-5199	1,474	\$82	\$25	\$190	\$23	20%	57%	8%	26%
6000-6005	429	\$91	\$31	\$193	\$26	17%	44%	7%	23%
6006-6026	2,757	\$84	\$42	\$199	\$25	24%	54%	12%	31%
6027-6028	282	\$86	\$43	\$201	\$26	22%	53%	10%	28%
6030-6099	2,761	\$82	\$28	\$193	\$24	23%	58%	10%	30%
6100-6214	5,172	\$82	\$34	\$195	\$24	23%	56%	11%	30%
7000-7003	294	\$77	\$40	\$193	\$23	25%	57%	14%	28%
7004-7199	1,223	\$78	\$33	\$189	\$23	24%	58%	12%	31%

Source: FaCS data, June 2002. Australia Post sorting divisions used.

³¹Sharers are subject to a lower rate of Rent Assistance than those classified as singles.

Figure 14: Affordable rents for selected households – assumptions (Sept. 01 payment rates)

Household	Assumed payment type(s)	Base payment	FTB (Part A & B)	Pharm. Allowance	Total exc Rent Assistance	Maximum Rent Assistance	Rent Assistance rent threshold	Rent for maximum Rent Assistance
Single	Newstart, 21+, no children	\$374.90	\$0.00	\$0.00	\$374.90	\$92.00	\$81.60	\$204.27
Sharer	Newstart, 21+, no children	\$374.90	\$0.00	\$0.00	\$374.90	\$61.33	\$81.60	\$163.38
Sole parent,1 child 5-13	PPS, FTB A & B	\$429.40	\$202.58	\$5.80	\$637.78	\$107.94	\$107.52	\$251.44
couple no children	Newstart (both)	\$676.20	\$0.00	\$0.00	\$676.20	\$86.80	\$133.00	\$248.73

Figure 15: Affordable rents for selected households using the four affordability measures

Benchmark: Total Rent: Total Income - 30%	Target rent per fortnight	Rent Assistance at target rent	Total Income (inc Rent Assistance)	Total Rent: total Income
Single	\$121.43	\$29.87	\$404.77	30%
Sharer	\$121.43	\$29.87	\$404.77	30%
Sole parent,1 child 5-13	\$215.67	\$81.11	\$718.89	30%
Couple no children	\$223.14	\$67.61	\$743.81	30%
Benchmark: Total Rent: Total Income - 25%	Target rent per fortnight	Rent Assistance at target rent	Total Income (inc Rent Assistance)	Total Rent: Total Income
Single	\$96.52	\$11.19	\$386.09	25%
Sharer	\$96.52	\$11.19	\$386.09	25%
Sole parent,1 child 5-13	\$171.43	\$47.93	\$685.71	25%
Couple no children	\$177.37	\$33.28	\$709.48	25%
Benchmark: Net Rent: Net Income - 30%	Target rent per fortnight	Rent Assistance at target rent	Net income (excl Rent Assistance)	Net Rent: Net Income
Single	\$204.47	\$92.00	\$374.90	30%
Sharer	\$173.80	\$61.33	\$374.90	30%
Sole parent,1 child 5-13	\$299.27	\$107.94	\$637.78	30%
Couple no children	\$289.66	\$86.80	\$676.20	30%
Benchmark: Net Rent: Net Income - 25%	Target rent per fortnight	Rent Assistance at target rent	Net income (excl Rent Assistance)	Net Rent: Net Income
Single	\$185.00	\$92.00	\$374.90	25%
Sharer	\$155.00	\$61.33	\$374.90	25%
Sole parent,1 child 5-13	\$265.00	\$107.94	\$637.78	25%
Couple no children	\$257.00	\$86.80	\$676.20	25%

Rent Assistance and Median Rents

In Australia median rents have risen at a rate greater than the Consumer Price Index. The tables following are based on median rent data from State Bond Boards (these utilise the areas used by those authorities rather than ABS areas) and Centrelink payment rates (Newstart plus Rent Assistance). Because of lack of median rent data in some States and Territories³², they are restricted to examples from NSW, Victoria, WA and Queensland.

The lowest quartile rents were used where available (low income people are more likely to inhabit the lowest rent stock). Rental bond data is included as it represents all recent bonds lodged. These tables are most relevant when we are talking about someone who is seeking accommodation (rather than someone who already has it) as bond data shows the rent levels for the newest tenancies.

The tables examine affordability for different household compositions against median rents. Two different affordability measures are used. All figures are per fortnight and based on Centrelink payment rates at December 2002. Regional and rural examples are drawn from different cost areas.

The data in Figure 16 shows that single unemployed Rent Assistance recipients³³ living in Sydney and looking to rent a one bedroom flat would have to pay between 56% to 94% of their total income in rent, assuming they could gain access to a one bedroom dwelling at the first quartile rent for such dwellings. Rent Assistance did not deliver affordability for any single person in Sydney, even someone living in the cheapest form of accommodation, a boarding house. Using the Net Rent: Net Income measure, some households achieved affordability - in Brisbane boarding houses.

Figure 17 shows that for many students, *even after taking on part time work*, housing costs are still unaffordable. For share housing tenants living in areas near educational institutions, nearly all were paying over 50% of their total incomes (which includes part-time earnings) in rent. For example, a student on Youth Allowance attending Monash University and living in a share house in Caulfield in Melbourne would be spending 43% of their total income on rent. In a share household scenario, some savings are made due to economies of scale, but because Rent Assistance is paid at a 'sharer's rate', the renters lose any significant allowances accrued from economies of scale that might be achieved through sharing.

Figure 18 shows that for some families with children, Rent Assistance delivers greater affordability only where such households locate themselves outside of the major cities in the cheapest rental areas such as in Corio, Victoria or Ipswich, Queensland. Such areas also have relatively high unemployment rates - 11.5% and 9.3% respectively.³⁴

These tables illustrate that if median rent data is used, the affordability outcomes are worse than when using the current FaCS data. New entrants to the rental market who are receiving income support payments would therefore find it even harder to rent affordably in many city areas than existing Rent Assistance recipients.

³²For example, Tasmania and the NT have no requirement that bonds be lodged, hence no reliable data is available. While these States/Territories may have lower housing costs, they are not the most populous.

³³Single persons renting a bedsit or flat and living alone only comprise 10% of all Rent Assistance recipients.

³⁴ABS 2001 Census Community Profiles.

Figure 16: Single unemployed person 21+ living alone and renting a room or one bedroom flat privately - median rents, inner cities

Rent per fortnight(1)	Total household income(2)	Disposable income (after housing costs)	Total Rent: Total Income	Net Rent: Net Income	Location(3)
\$440*	\$466.90	\$26.90	94%	93%	Inner Sydney
\$400	\$466.90	\$66.90	85%	82%	Inner Melbourne
\$360	\$466.90	\$106.90	77%	71%	Inner City Brisbane
\$340*	\$466.90	\$126.90	73%	66%	Sydney Middle Ring
\$330	\$466.90	\$136.90	71%	63%	Inner Perth
\$320	\$466.90	\$146.90	68%	61%	Melbourne Metro
\$298	\$466.90	\$168.90	64%	55%	Brisbane
\$280	\$466.90	\$186.90	60%	50%	Southern Melbourne
\$260*	\$466.90	\$206.90	56%	45%	Sydney Outer Ring N
\$260	\$466.90	\$206.90	56%	45%	North Western Melbourne
\$250	\$466.90	\$216.90	53%	42%	Outer Eastern Melbourne
\$250	\$466.90	\$216.90	53%	42%	Outer South West Brisbane
\$230	\$466.90	\$236.90	49%	37%	Outer North West Brisbane
\$220	\$466.90	\$246.90	47%	34%	Outer Western Melbourne
\$210*	\$466.90	\$256.9	45%	31%	Sydney boarding house
\$210	\$466.90	\$256.90	45%	31%	Melbourne Boarding House
\$206	\$466.90	\$260.90	44%	30%	Middle Perth
\$190	\$466.90	\$276.90	41%	26%	Brisbane boarding house

Notes: (1) Rent data NSW: Rent and Sales Report no. 61, September Quarter 2002. Rent data VIC: Rental Report, March Quarter 2002. Rent data QLD: Rental Report September Quarter 2002. Rent Data WA: Average rent for 10 inner and middle suburbs with reference to REI WA median rents. Boarding house data: average rents taken from newspaper advertisements in Brisbane. * All NSW rents are median first quartile. (2) Centrelink Data: Income support payments as of September-December quarter 2002. (3) Location classifications as defined by the States bond agencies.

Figure 17: A shared household of one unemployed person and one Youth Allowance recipient and one Austudy recipient renting a three bedroom house

Rent per fortnight	Total household income	Disposable household income (after housing costs)	Total Rent: Total Income	Net Rent: Net Income	Location
\$800	\$1517	\$717	53%	49%	Randwick NSW
\$680	\$1517	\$837	45%	40%	Brisbane City - Inner QLD
\$660	\$1517	\$857	44%	39%	Carlton North VIC
\$640	\$1517	\$877	42%	37%	Caulfield VIC
\$630	\$1517	\$887	42%	36%	Marrickville NSW
\$596	\$1517	\$921	39%	34%	Northcote VIC
\$550	\$1517	\$967	36%	31%	Parramatta NSW
\$440	\$1517	\$1077	29%	23%	Fremantle WA
\$418	\$1517	\$1099	27%	21%	Murdoch WA
\$330	\$1517	\$1,187	22%	15%	Toowoomba QLD
\$310	\$1517	\$1,207	20%	13%	Como WA

Notes: Rent data NSW: Rent and Sales Report no. 61, September Quarter 2002. Rent data VIC: Rental Report, March Quarter 2002. Rent data QLD: Rental Report September Quarter 2002. Rent Data WA: Selected suburbs median rents with reference to REI WA website. *To find out the individual rents (assuming rent is evenly divided into thirds), divide by 3. All NSW rents except rural rents are first quartile rents. Centrelink Data: Income support payments as of September-December quarter 2002. Assumes the 2 students each earn \$200 extra a fortnight from part-time work. Assumes maximum Rent Assistance is paid. Austudy recipients do not receive Rent Assistance.

Figure 18: A single parent receiving the maximum rate of Parenting Payment with two children under 13, renting a three bedroom house, selected suburbs

Rent per fortnight	Total household income	Disposable income (after housing costs)	Total Rent: Total Income	Net Rent: Net Income	Location
\$450	\$807.44	\$357.44	56%	49%	Auburn NSW
\$420	\$807.44	\$387.44	52%	45%	Clayton VIC
\$420	\$807.44	\$387.44	52%	45%	Gosford NSW
\$400	\$807.44	\$407.44	50%	42%	North Brisbane - Outer QLD
\$360	\$807.44	\$447.44	45%	36%	Warrnambool VIC
\$350	\$807.44	\$457.44	43%	35%	Lower South Coast NSW
\$310	\$807.44	\$497.44	38%	29%	Logan QLD
\$294	\$807.44	\$513.44	36%	27%	Langford WA
\$280	\$807.44	\$527.44	35%	25%	Corio VIC
\$280	\$807.44	\$527.44	35%	25%	Koondoola WA
\$280	\$807.44	\$527.44	35%	25%	Ipswich QLD

Notes: Rent data NSW: *Rent and Sales Report no. 61, September Quarter 2002*. Rent data VIC: *Rental Report, March Quarter 2002*. Rent data QLD: *Rental Report September Quarter 2002*. Rent Data WA: Median rents, REI WA, May 2003. Centrelink Data: Income support payments (Parenting Payment, Family Tax Benefit A, Pharmaceutical Allowance and Rent Assistance) as of September - December quarter 2002. All NSW rents except rural rents are first quartile rents. Rural NSW rents are median rents. Location classifications as defined by the Rent and Sales Reports and Rental Reports.