

MEDIA RELEASE:**EMBARGOED UNTIL 00:01 29 November 2018****Hobart the least affordable city in Australia for renters, putting average income households into rental stress and hurting pensioners and young people**

Rental affordability has nosedived in Hobart over the past year, the latest release of the Rental Affordability Index (RAI) has found.

Hobart is the least affordable capital city in Australia, with households earning a moderate income paying close to 30 percent of their income on rent. This is on the cusp of the rental stress threshold, where low-income households are likely to experience difficulty affording essential cost of living, such as food, heating, medicine and transport.

Affordability for renters in Hobart has fallen 12 per cent in the past two years as income growth has failed to meet increasing rent levels in the city. Household incomes in Tasmania are significantly lower than the national average, while rents are more comparable to mainland averages.

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, SGS Economics & Planning and the Brotherhood of St Laurence.

A RAI of 100 shows that low-income households are suffering rental stress, spending at least 30 percent of their income on housing. A RAI of 100-150 shows that low-income households are facing unaffordable rents.

With a RAI of 101 in the June quarter of 2018, affordability in Greater Hobart has fallen to its lowest level since the September quarter of 2012. Low incomes and an inadequate supply of rental housing continue to drive the decline in rental affordability in Hobart.

Areas including Hobart, Sandy Bay, West, South and North Hobart, Kingston and Margate are now unaffordable to the median household. Since the last RAI release, areas including New Town and Lenah Valley have shifted from acceptable to moderately unaffordable.

Ellen Witte, Partner at SGS Economics and Planning, said: "Tasmania's capital city is in housing gridlock. Rental affordability in Hobart dived even lower during winter. Working families are now facing rental stress with the average income household now paying 30 percent of income on rent. This means these households are unable to save for a deposit on a mortgage. While the government has implemented some initiatives, no comprehensive vision or structural change has been announced."

"The city needs a comprehensive housing strategy with commitment and initiatives from both State and local government to address the issue. These initiatives should include the release of more government-owned land for housing, substantial inclusion of affordable housing in new developments, the trial of new planning measures to boost affordable housing and capacity building in the construction industry."

"Short-term rental accommodation needs to be curbed until the rental affordability situation improves."

Rents remain unaffordable to low income households:

- Single pensioners face rents at 46 percent of income (severely unaffordable)
- Pensioner couples face rents at 36 percent of income (unaffordable)
- Single person on benefits: 70 percent of income (extremely unaffordable)
- Single part-time worker parent on benefits: 32 percent of income (severely unaffordable)
- A single part-time working mother would have to pay 42 percent of income on rent.

Andrew Cairns, Chief Executive Officer, Community Sector Banking, said: “Low incomes and an inadequate supply of rental housing continue to drive this decline in rental affordability in Hobart. Rental stress is the everyday reality for the majority of single parents and single person households on low incomes. A single part-time working mother would have to pay 42 per cent of income on rent. On top of that come costs for childcare and education.”

Pattie Chugg, Executive Officer, Shelter Tasmania, the peak body for housing and homelessness in Tasmania, said: “Rental affordability continues to decline throughout Tasmania. Hobart remains the least affordable capital in Australia. Tasmanian household incomes are on average \$300 less per week than the national average and are failing to keep pace with soaring rental prices. The combination of rising rents and low incomes is increasing financial hardship for many households.”

“Our members tell us daily is such a competitive and unaffordable rental market more and more people are a risk of homelessness across Tasmania. This report puts to bed that Hobart is an affordable place to live for low income renters. The focus on building more affordable rental properties must remain a priority for the Tasmanian government.” Ms Chugg said.

Conny Lenneberg, Executive Director of the Brotherhood of St Laurence, said: “There is a housing crisis in Australia and this report starkly shows those who can least afford to pay are paying the highest price.

“High rents are pushing unemployed people on very low Newstart payments into deeper poverty. Jobseekers are forced out to the urban fringes of our cities to find suitable accommodation but that places them far from jobs and public transport connections. Housing costs pressure means some renters on Centrelink are being pushed into homelessness. We need to raise Newstart and its very modest rental supplement as a priority.”

Ms Lenneberg said there was also an urgent need to increase subsidised social housing. “The cost of renting in the private market puts many low-income single parents, usually women, under extreme pressure. Many parents forgo basics such as food and paying household bills to keep a roof over their family.”

Hobart rents extremely unaffordable for pensioners

Hobart is also unaffordable for pensioners, with couples paying 36 percent of their income, and singles an untenable 46 percent for a new lease. This leaves very little for any medical and other fundamental needs.

Regional rental affordability improves

With a RAI of 121, the average household seeking to rent in regional Tasmania would be facing rent levels at around 25 per cent of its income.

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

MEDIA: For further information and interviews please contact Frankie Harrington on 0410 409 281 or frankie@fiftyacres.com

Interview opportunities are available with:

- James Barron, Head of Relations, Community Sector Banking
- Ellen Witte, Partner at SGS Economics and Planning
- Pattie Chugg, Executive Officer of Shelter Tasmania
- Conny Lenneberg, Executive Director of the Brotherhood of St Laurence

Link to interactive map:

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

About the Rental Affordability Index

National Shelter, Community Sector Banking, SGS Planning Economics & Planning and the Brotherhood of St Laurence 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 the not-for-profit banking specialist for more than 15,000 organisations; it's a joint venture between Bendigo Bank and the Community 21 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.

About Brotherhood of St Laurence

The [Brotherhood of St Laurence](#) is a community organisation that works to prevent and alleviate poverty across Australia.