

Report underscores Australian rental affordability crisis

By Oscar Grenfell
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Anglicare Australia's "2018 Rental Affordability Snapshot" has provided a glimpse into a deepening housing crisis affecting millions of workers and young people across Australia. The worst impacted are the most vulnerable layers of the population, who have been the victims of cutbacks to welfare, pensions and the gutting of public housing stocks by successive state and federal governments.

The charity's annual snapshot, released late last month, was based on a survey of over 67,000 properties listed on the national rental market over a single weekend in late March. The report examined whether they were "appropriate and affordable," defined as costing less than 30 percent of household income for a range of demographics, including pensioners, welfare-recipients and workers on the minimum wage.

Commenting on the results, Anglicare Australia CEO Kasey Chambers noted that "Sydney and Melbourne now outstrip London, New York, and Los Angeles for expensive housing." Along with Australia's other capital cities, including Perth, Brisbane and Adelaide, they "rank as among the most expensive cities in the world for housing."

The survey found that just three properties across the country were "appropriate and affordable" for a single person living on the Newstart unemployment allowance. None of the homes were located in a major capital city. For an unemployed couple with two children, just 1,097, or 1.63 percent of the listed properties, were "affordable and appropriate."

Successive Labor and Liberal-National federal governments have frozen unemployment benefits for decades. A single jobseeker on Newstart receives an average of just \$535 per fortnight.

For unemployed young people on Youth Allowance—a payment even lower than Newstart—just

two properties were "affordable," along with just two rooms in share houses across the entire country.

The official unemployment figures for April, which substantially understate the extent of the jobs crisis, showed that over 730,000 people were actively looking for work. The growth of joblessness is a result of widespread sackings and the destruction of full-time positions, overseen by Labor and Liberal-National governments alike, and enforced by the corporatised trade unions, especially since the 2008 financial crisis.

Single parents similarly have been priced out of the rental market. For a single parent with two children receiving the Parenting Payment only 530 properties were affordable.

Just 180 homes, or 0.27 percent of the total, were within the price range of a single parent receiving Newstart with one child. In 2012, the Labor government of Prime Minister Julia Gillard forced around 100,000 single parents off their Parenting Payment, and onto unemployment benefits. The austerity measure reduced the fortnightly income of many affected families by \$118.70.

Single individuals on the Disability Support Pension were able to afford 485 properties, less than 1 percent of the total. For a couple on the aged pension, less than 5 percent of homes were affordable. The statistics highlight the impact of the cuts to every form of social welfare over recent decades.

Sydney, the centre of the speculative property boom, is among the most unaffordable cities in the world. Median house prices reached over \$1 million last year. Rental costs have also risen dramatically. Median unit rental prices now stand at \$525 per week.

No properties in Sydney were "appropriate and affordable" for single individuals on Newstart, Youth Allowance or the Parenting Payment.

Only 2,709 properties, out of over 18,000, were affordable for a family of four with both parents working on the minimum wage. The overwhelming majority were located in the western and southwestern suburbs, in the far reaches of greater Sydney, or even further out, on the Central Coast and the Blue Mountains—both more than an hour-and-a-half from the Sydney central business district by train.

The report noted that over 266,000 workers are employed on the minimum wage of \$17.70 per hour, or just \$672.70 per week on a full-time basis. Wage growth fell to its lowest recorded level last year, at just 1.9 percent, which is less than the rising cost of living, as a result of pay-cutting agreements imposed by big business and the unions.

Case studies from Sydney demonstrated the deepening social crisis resulting from soaring housing costs. Louise, a single parent in a three-bedroom rental paid “\$400 per week in rent but receives only \$600 per week in income.” The report noted: “Although she finds it hard to make ends meet, she has been in her current rental for three years. However, the landlord has refused to carry out requested repairs and has threatened to evict her if she perseveres with her requests.”

Unaffordability was increasing outside Sydney and Melbourne. In Tasmania, the situation had gone from “bad to worse.” “Affordability in and around the state’s capital is at such a low point that more than half of the low-income household types measured had no affordable rental options available,” the report stated.

In South Australia’s capital, Adelaide, the number of affordable properties for a couple on the minimum wage declined by almost 2 percent over the past year.

Anglicare Australia pointed to a number of the factors underlying the housing crisis. Successive governments, both Labor and Liberal-National, have encouraged a speculative frenzy in the property market, through incentives to investors, including “negative gearing,” which allows them to claim rental property costs as tax deductions. The influx of hot money into housing has coincided with a collapse of confidence among investors in productive investments, amid a deepening slump of the real economy.

At the same time, amid the ongoing destruction of public housing stocks, almost 200,000 people across the country are on waiting lists for

government-provided properties.

Anglicare called on the major parties to boost public housing, and to increase poverty-level welfare payments. The commitment of Labor and the Liberal-Nationals to the austerity dictates of the corporate and financial elite, however, makes clear that such calls are destined to fall on deaf ears.

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