



Rental Affordability Snapshot 2017: Northern Tasmania

What is the RAS?

On the weekend of 1-2 April 2017, Anglicare Tasmania's Social Action and Research Centre (SARC) collected information on all the properties advertised for rent across the state. This included houses, flats and rooms in share houses. The information was gathered from online real estate sites (realestate.com, Flatshare and Gumtree) and from classifieds in the three main Tasmanian newspapers – The Mercury, The Examiner and The Advocate.

Spending more than 30% of a household's income on rent is commonly used as an indicator of 'housing stress' for low income households.¹ We worked out whether people in 10 household types who depend on government income support payments could afford to find suitable accommodation for themselves and their families without putting themselves in 'rental stress'. Additionally, we looked at what properties were suitable if those same households spent between 31% and 49% of their income on their rent – a proportion of their income amount that would put them in rental stress. We also assessed the situation for people in 4 household types who are working and earning the minimum wage.

For each household type, as well as affordability, we looked at whether a property was 'appropriate' – whether a property had sufficient bedrooms,² whether the type of property was appropriate for that household composition³ and whether there were conditions in the advertisement that would rule out households based on their personal profile, or due to an exchange of services.⁴

For more information about how we analysed affordability and for more information about our 14 household types, please see the full RAS2017 report and technical appendix.⁵



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What's happening to the number of private rental properties advertised across Tasmania?

There were 1,363 properties advertised for rent in Tasmania over the weekend of 1-2 April 2017. That's 15% (n=-72) fewer rental properties compared to this time last year and 49% fewer rental properties compared to the number of properties advertised over the snapshot weekend in April in 2013 (see Fig 1).⁶ There were 413 properties advertised in Tasmania's north. The north is experiencing a continuing decline in the number of advertised properties year on year (see Fig. 1), and tracks the state average, with a 49% decline over five years. (n=-397)

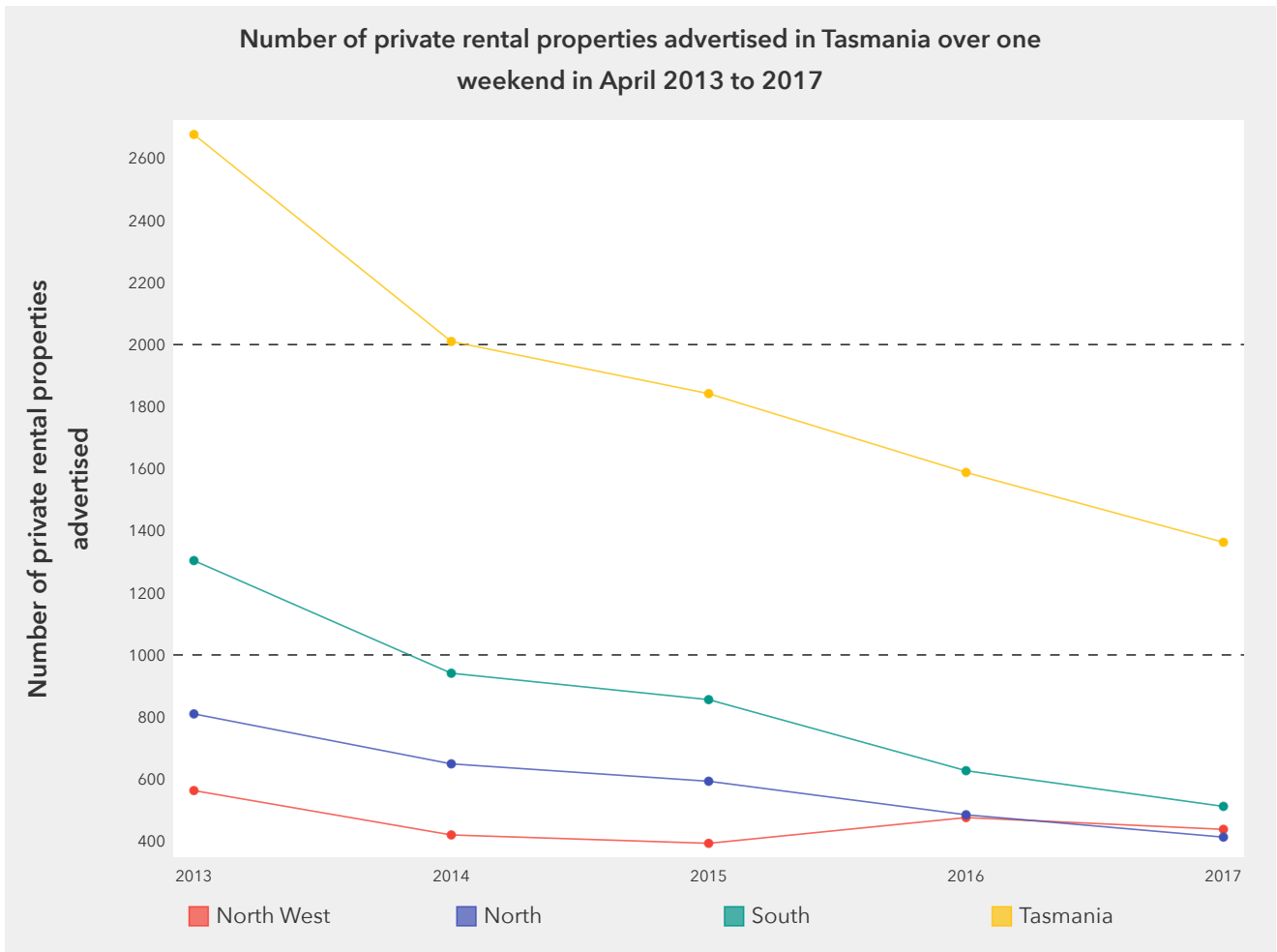


Figure 1: Number of advertised rental properties over the snapshot weekend 2013 to 2017: Tasmania and each region

What private rental property is affordable and appropriate for low income Tasmanians?

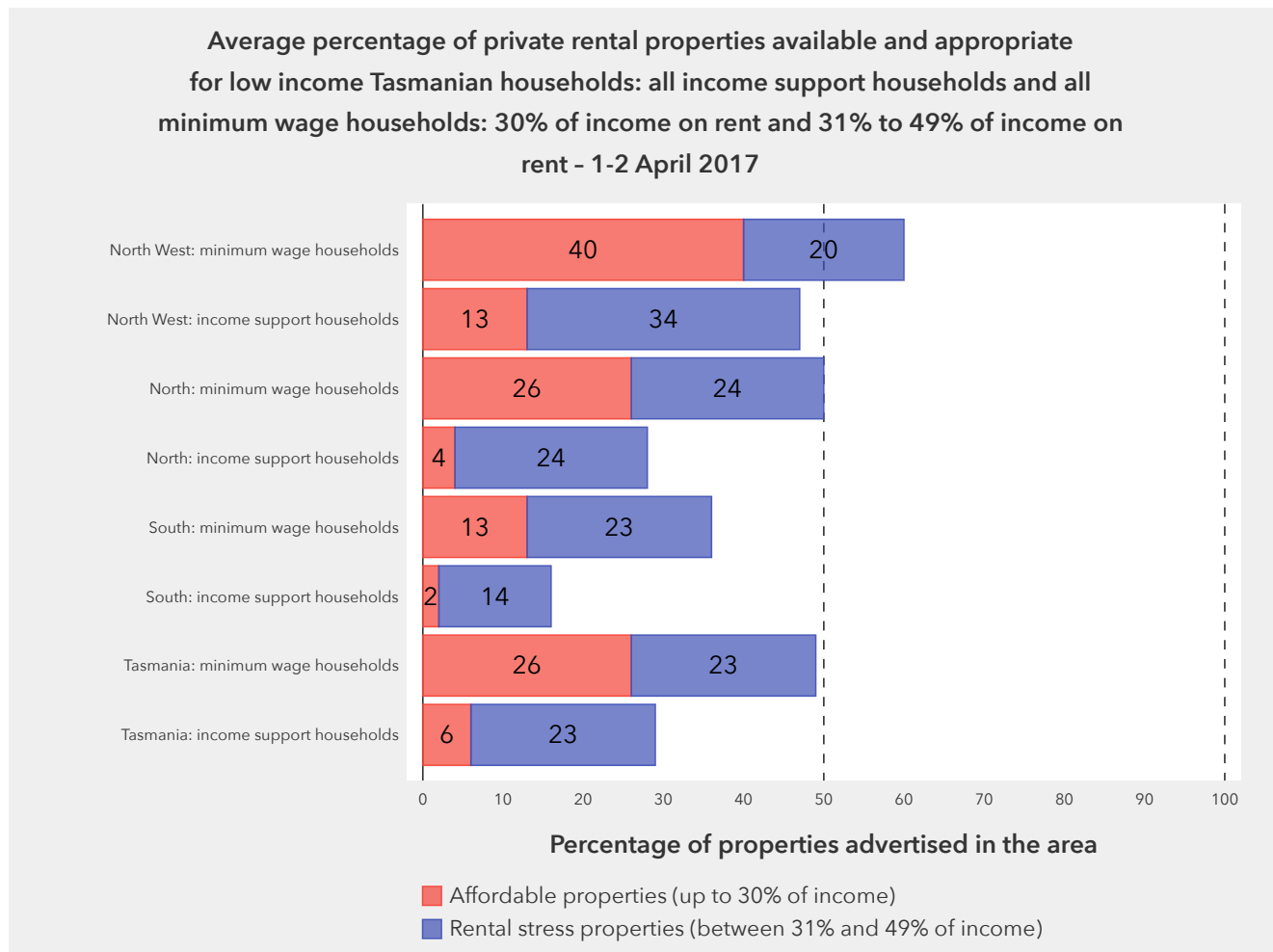


Figure 2: Average percentage of private rental properties available and appropriate for low income Tasmanian households: all income support households and all minimum wage households: 30% of income on rent and 31% to 49% of income on rent - 1-2 April 2017

N of properties state wide, 1-2 April 2017 = 1363

N of properties in the northern market, 1-2 April 2017 = 413

The northern market has shifted the most year on year.





Whereas the north west and southern markets have retained their relationship to affordability this year, the northern rental market has shifted to becoming more unaffordable for low income households. The northern market has usually tracked the state's 'average' in affordability and did so this year in relation to affordability for the group of household types reliant on government income (4% of advertised properties), the group of households reliant on minimum wage (26% of advertised properties) as well as the average across all 14 household types (34% of advertised properties in the northern market, compared to 35% across the state) (see Fig 2 and Table 1).

But, for certain household types, affordability in the northern market has declined more than anywhere else in the state; particularly for families. Minimum wage earning families lost the biggest market share of affordable properties year on year within the northern market (a 2 and 5 percentage point decrease for the two household types), along with couples receiving the Age Pension (a 9 percentage point decrease) (see Fig.3).

The most vulnerable households

There were household types vulnerable to extreme rental stress in the north: those who have the least access to properties in the northern rental market even when going into rental stress were young people on Youth Allowance (access to only 10-12% of the rental market), single adults on Newstart (17%) and single parents on Newstart (16%) (see Table 1).

Given the competition within the Tasmanian rental market for a declining number of properties, these groups are likely to be the most vulnerable to being forced into extreme rental stress to secure a home.

Cohort	Household	Payment Type	Total proportion of the rental market available and appropriate if spending up to 49% of income on rent			
			north west	North	South	Across Tas
 Young people	Single aged over 18 in shared house	Youth Allowance	8%	10%	4%	7%
	Single aged over 18	Youth Allowance	12%	12%	5%	9%
 Single adults	Single adult	Newstart	22%	17%	11%	16%
	Single aged over 21	Disability Pension		21%	9%	27%
 Single parents	Single, one child (aged over 8)	Newstart	49%	16%	6%	23%
	Single, two children (one aged less than 5, one aged less than 10)	Parenting payment single	47%	31%	12%	29%
	Single, one child (aged less than 5)	Parenting payment single		33%	20%	
 Couples with children	Couple, two children (one aged less than 5, one aged less than 10)	Newstart			21%	
Regional Average			50%	34%	22%	35%

N of properties state wide, 1-2 April 2017 = 1363

Table 1: Households with the least choice of properties when stretching their budgets into rental stress, compared to the state wide and regional averages, 1-2 April 2017

Key:

- State and regional averages
- ≥20 percentage points below regional average
- ≥15 percentage points below regional average

Notable changes year on year

The biggest changes to affordability this year are for those households whose main income is through the minimum wage, particularly in the north of the state (see Fig 3). There was a 2 percentage point decline in the proportion of affordable and appropriate northern Tasmanian properties for working couples with two children whose main income is two minimum wages (n=-41), and a 5 percentage point decline for couples where one adult is working for the minimum wage and the other adult receives Parenting Payment (partnered) to care for their children (n=-43). This compares to a decline of 2 percentage points (n=-112) and 1 percentage point (n=-81) respectively across the state. (see Fig 3).

Similarly, there has been a 4 percentage point (n=-31) decline in the proportion of northern Tasmanian properties affordable and appropriate for a single parent household with two children whose main income is the minimum wage. This compares to a 1 percentage point (n=-53) decline across the state. (see Fig 3)

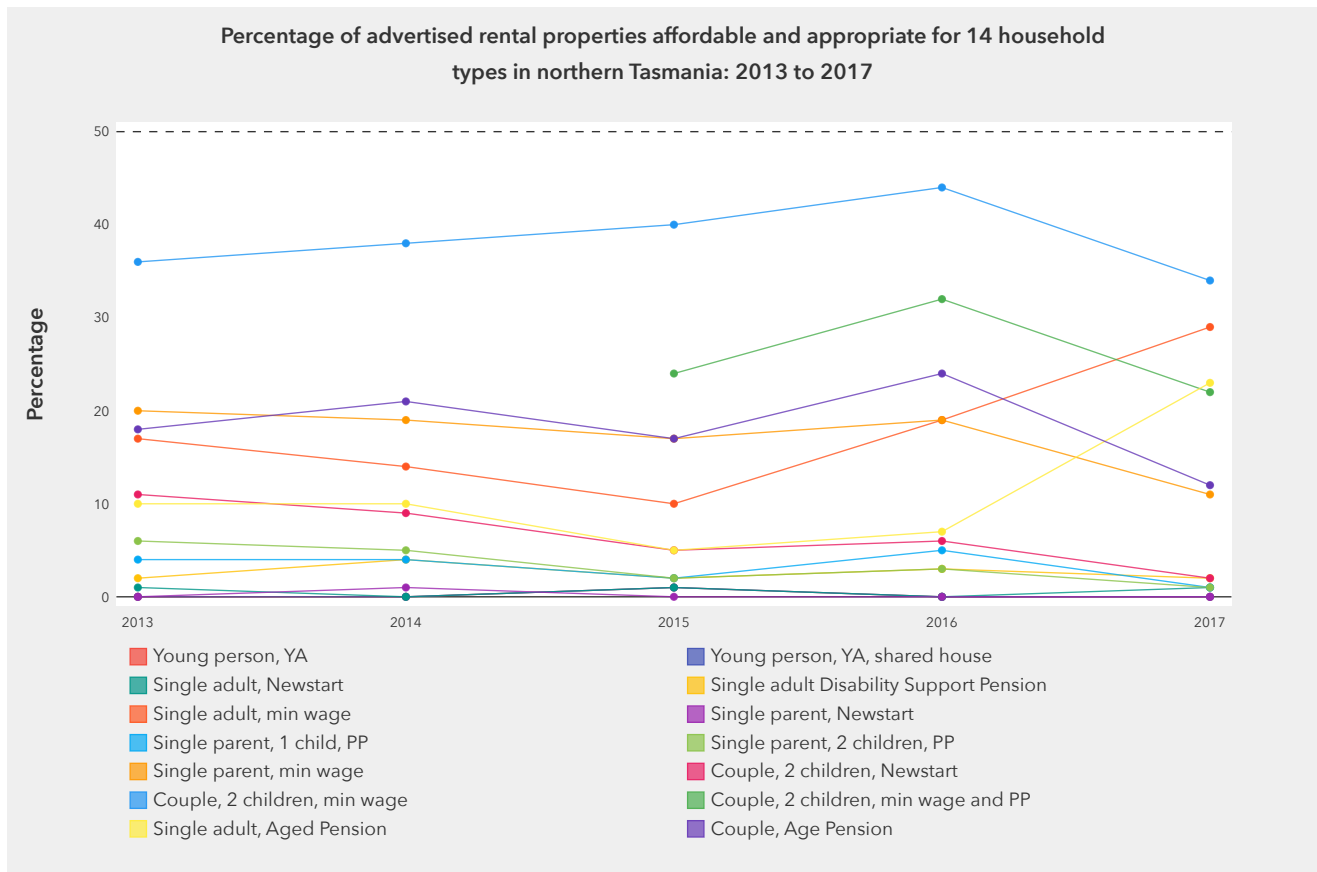


Figure 3: Percentage of advertised rental properties affordable and appropriate for 14 household types in northern Tasmania: 2013 to 2017

N of properties in the northern market, 1-2 April 2017 = 413

What's happening to the Tasmanian rental market?

This year's snapshot indicates that Tasmania's private rental market remains a challenge for single adults and young people. But, relatively, it appears to have become more of a challenge for minimum wage families in the south and north of the state. This may have been driven by a number of changes:

a shrinking in the number of advertised private rental properties, possibly impacted by demands from the burgeoning tourist economy for short term rentals, such as through Airbnb.

- increased competition for rental properties for low income households, from very low income households who cannot access social housing due to long wait lists; from more affluent households who are unable to afford to buy a property, or choose to rent in areas they cannot afford to buy in; and from more affluent transient renters, such as fly-in fly-out workers, sea and tree changers, academics, health staff and international students.

- increased rental prices – Tasmania’s rental values have increased by 41% between February 2016 and February 2017. This may be driven both by increased competition for properties and by a change in the types of rental properties being offered, from unfurnished longer term properties to the more profitable furnished and transient rental market.

What are the policy implications?

Housing affordability is a complex issue to address. It requires a strategic and deliberate approach to steer markets and policies in a way that serves a broad range of households and interest groups that may have competing needs. Purposefully addressing housing affordability requires a refocus of federal and state housing policy goals towards creating homes for more households, as well as encouraging investments for wealth creation. Housing policies need to be rebalanced to ensure that investment is not encouraged to the detriment of creating homes.

Anglicare Tasmania supports the development of federal and state government policies that will deliver the policy goals of increasing the supply of appropriate housing and reducing competition within the private rental sector. Anglicare Tasmania recognises that achieving these goals requires adjustments across three housing sectors – social housing, private sector rentals and house purchasing. It requires consideration of a range of strategic initiatives, which may include:

- Incentives that stimulate the development of more affordable housing for rent and purchase, for example through federal and state government policy levers across taxation and planning such as inclusionary zoning, impact fees for developments that remove properties from the rental market, incentives for private developers and investors to invest in appropriate development that meets the needs of a range of low income households, and bond aggregators that boost finance available to entities to build social housing.
- Incentives that encourage landlords to embrace low income households as tenants, such as government-funded risk management initiatives and broader encouragement of landlord insurance to minimise landlords’ perceived risks associated with having low income tenants.
- Incentives that enable more households currently in rental accommodation to transfer to home ownership, including within the social housing sector. There is, of course, a danger such schemes can inflate house prices. Policy levers need to be designed in conjunction with other initiatives which may prevent or minimise that risk.
- Reviewing government support for low income households to ensure government payments meet the costs of living.

Anglicare Tasmania is also aware that housing markets shift quickly; residential development and availability can be easily affected by other sectors of the economy such as tourism. So we also support initiatives that work to better understand the impacts that market dynamics elsewhere are having on affordable housing stock, such as the impacts of Airbnb on the private rental sector stock.⁸

Endnotes

- ¹ Housing stress describes a household in the lowest 40% of Australia's household income that spends more than 30% of its income on rent or mortgage payments. 'Extreme rental stress' is defined as spending at least 50% of a household's income on rent. See Yates 2007, Housing Affordability and Financial Stress, NRV3 Research Paper 6, AHURI, Melbourne. Cited in Rowley, S & Ong, R 2012, Household Wellbeing in Australia, AHURI Final Report No.192.
- ² Our assessment of this uses the Canadian National Occupancy Standards, an internationally recognised measure of the efficiency of usage of residential property.
- ³ In determining whether the property is appropriate, we apply the following assumptions:
 - A room in a share house is suitable for a single person, except those on disability support pension
 - A room in a share house is not suitable for couples
 - A bedsit is suitable for a single person with no children. It is not suitable for couples, except those on age pension
 - Households with 2 children require a 3-bedroom property - we assume that it is not appropriate for the children to share a room.
- ⁴ Examples might be a lower rent in exchange for work on the land or child-minding duties.
- ⁵ RAS2017 can be found at <https://www.anglicare-tas.org.au/sarc>.
- ⁶ We consistently take a snapshot of advertised rental properties every year over a weekend in April. We do this so that, over the years, we can build a picture about how the Tasmanian rental market might be changing for low income Tasmanians at that time every year. We can talk about trends at that point each year. We do not know how the number of adverts fluctuates each month over a year and each month between years. So we cannot talk about seasonal trends.
- ⁷ REA Group 2017, Property Demand Index (March 2017), REA Group.
- ⁸ Existing literature includes Gurran, N & Phibbs, P 2017, 'When Tourists Move In: how should urban planners respond to Airbnb?', in the Journal of American Planning Association, Vol.83, No.1, Winter 2017, American Planning Association, Chicago.

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More information

For a more detailed analysis by state and region, please go to the Social Action and Research Centre:
<https://www.anglicare-tas.org.au/service/social-action-and-research-centre>

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SARC Blog - <https://medium.com/social-action-and-research-centre>

SARC Facebook - <https://www.facebook.com/SocialActionResearchCentre/>

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