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Rooming house residents living in poverty, paying exorbitant rents

A six-month snapshot of Melbourne rooming houses has revealed a significant ongoing problem of illegal rooming houses and revealed tenants are paying rents far in excess of affordable rates, of up to \$235/week. The data, collected by the Tenants Union of Victoria (TUV), collated information about 108 rooming houses and found that only two rooming houses offered rent that was affordable to someone on a low income and nearly half were unregistered.

The Council to Homeless Persons (CHP) says the severe shortage of social housing suited to low-income single people is contributing to ongoing demand for expensive rooming houses.

“Long waiting lists for public housing for singles are pushing vulnerable people into rooming houses or onto the streets,” said Jenny Smith, CEO, Council to Homeless Persons.

“The data shows the median rent for a room was \$195 per week. For a single person on Newstart that’s two-thirds of their income, leaving only \$19 a day for all other expenses including food, transport, clothing and medical costs,” said Ms Smith.

‘Operating an illegal rooming house is a license to print money. Vulnerable residents with no other option are paying up to 83% of their income on rent for a single room across Melbourne’s suburbs,’ says Mark O’Brien CEO, TUV.

“A fear of retaliation is a major barrier to reporting issues, and unfortunately this is a well-founded fear as residents seen as a problem can be subject to intimidation and eviction.”

“It is not only unregistered rooming houses where we are seeing problems. Over half of the registered rooming houses visited by our team presented substantial issues of repairs and maintenance, cleaning, and fire and electrical safety,” he said.

“The result of this is that we have an underclass of people paying exorbitant figures for living conditions that fall well below community expectations, simply because they have no other choice,” Mr O’Brien said.

“Surprisingly rents across both community and privately run rooming houses were similarly sky high. We expect that residents in rooming houses run by not-for-profits to be affordable; unfortunately, this was not always the case.” said Mr O’Brien.

“This is simply not a sustainable housing model,” he said.

The data smashes the perception that rooming houses are a low-cost housing option, with only two of the surveyed rooming houses offering rent that would be affordable to someone on a low income.

TUV and CHP say that the simplest way to stamp out illegal rooming houses is for the Government to boost the supply of one-bedroom affordable housing for single people, where the demand is greatest. A Victorian Government report on social housing showed that there were 20,000 households waiting for one-bedroom homes, in a public housing system that has just 18,000 one-bedroom units (Victorian Government Pathways to a Fair and Sustainable Social Housing System, 2012).

“We need to tackle the housing crisis to solve homelessness, and that will need both Federal and State governments to put their shoulder to the wheel,” said Ms Smith.

CHP says that increased supply can be achieved through a combination of direct purchase of properties, partnerships with community housing organisations and legislation that requires new building developments to include 10% dedicated social housing (a process called Inclusionary Zoning).

Despite the rent for some rooming houses being almost equivalent to a one-bedroom flat, rooming house residents find it impossible to break into the private rental market due to the fierce rental competition and discrimination from real estate agents.

Ms Smith says homelessness services are being swamped by single people trying to avoid the streets, but that with 32,000 people waiting for public housing, agencies often have no choice but to send people to registered rooming houses.

“Every day agencies are faced with the dilemma of putting someone who’s homeless into a rooming house that is more than they can afford to pay, or turning them away altogether,” she said.

Infrastructure Victoria’s recent 30-year Draft Strategy recommended an additional 30,000 affordable dwellings be created for low-income Victorians, a proposal which CHP says would tackle homelessness head-on.

“We’d be thrilled to see this very sensible advice put into action, and for at least 10,000 of those properties to be dedicated to single people,” said Ms Smith.

At the 2011 Census 4,150 people were recorded as living in rooming houses in Victoria (3,900 in metro Melbourne), though because it’s difficult to count people in rooming houses, some argue that this number is closer to 12,000. Australian Institute of Health and Welfare (AIHW) data shows that Victorian homelessness services saw a 20% increase in clients living in rooming houses last year.

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Quick affordability stats

Median rent per room	\$195 per week (\$845 per month)
Rental range	\$120 - \$235 (\$520 - \$1018 per month)
Average rent paid as a percentage of income	50%
Highest rent paid as a percentage of income	83%
Number of rooming houses offering affordable rent (less than 30% of income spent on rent)	2 (out of 56 surveyed)

Rooming house statistics

Age of residents	20-29yrs: 38 30-39yrs: 41 40-49yrs: 11 50-59yrs: 27 60-69yrs: 9 70-79yrs: 1
Gender	42.5% female 57.5% male

An average rooming house resident on Newstart

Income (Newstart + Rent Assistance)	\$329 per week
Rent	\$195 per week
Rent as percentage of income	59%
Income remaining after rent	\$134
Difference from After Housing Poverty Line	-\$121

Suburbs visited

North - North West North Melbourne, Brunswick, Brunswick West, Coburg, Preston, Fawkner, Reservoir, Oak Park, St Albans, Glenroy, Lalor, Epping, Jacana	South – South East Richmond, Hawthorn, Kew, Clayton, Caulfield, Elsternwick, Frankston, Langwarrin, Hoppers Crossing
North East Kingsbury	West – South West Albion, Werribee