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Households on \$50K must live 115km out of Melbourne to avoid rent stress: report

Not a single neighbourhood in Melbourne, Geelong, Ballarat or Bendigo affordable for low-income households.

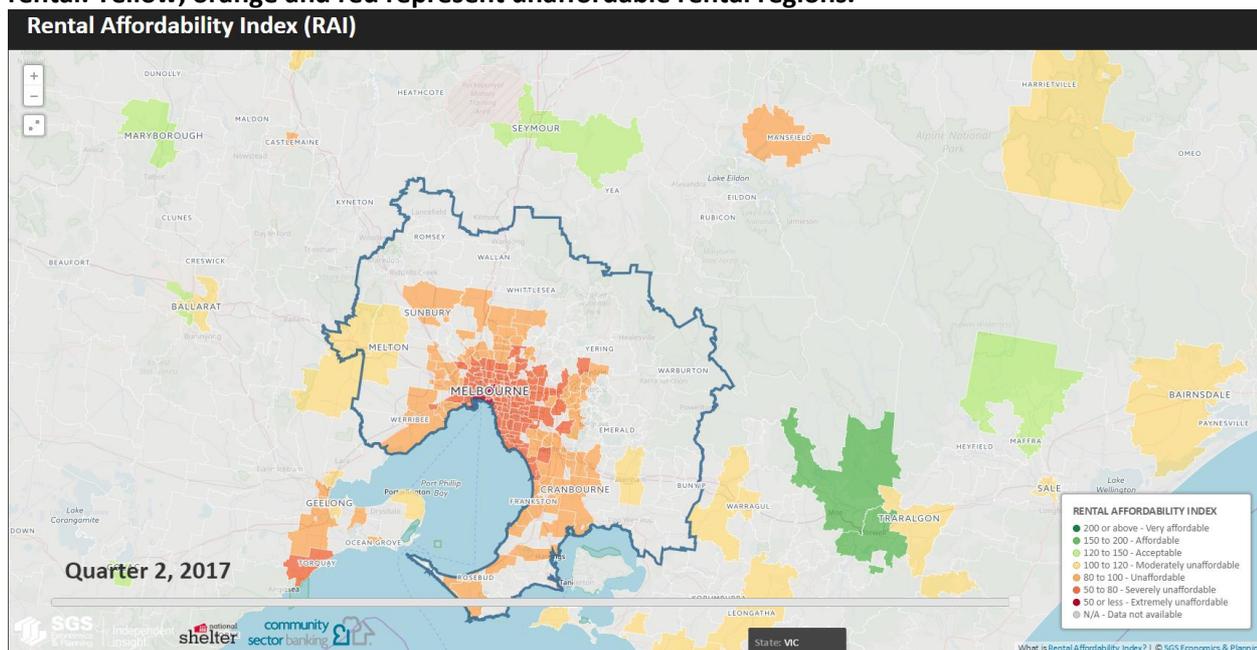
Low income households, including pensioners and single parents, can no longer afford to live anywhere in Melbourne, Geelong, Ballarat or Bendigo, according to the latest [Rental Affordability Index \(RAI\)](#).

“There is now not a single neighbourhood in Melbourne or Victoria’s regional cities that is affordable for a single person on Centrelink, a single pensioner, or a single parent on a low part-time income,” Jenny Smith, CEO, Council to Homeless Persons (CHP) said.

[CHP’s submission to the 2017-18 State Budget](#), to be released on Wednesday, calls for 14,5000 new social housing properties to be built over the next five years, to level the playing field for low-income earners.

The RAI shows that households earning \$50,000 p.a. looking for a two-bedroom rental must move at least 115km from Melbourne to escape unaffordable rent (affordable defined as not paying more than 30 per cent of income on rent).

Image: Green depicts areas where a \$50K p.a. household can find an affordable two-bedroom rental. Yellow, orange and red represent unaffordable rental regions.



“Vulnerable Victorian households have barely anywhere to live or anything to live on, forcing too many into unsafe or severely crowded accommodation or out on the streets,” said Ms Smith.

The RAI, produced by National Shelter, SGS Economics and Community Sector Banking, tracks rental affordability relative to household income for a number of hypothetical household types. It shows:

- Every suburb in Melbourne, Geelong, or Bendigo is rated as “extremely unaffordable” for people on Newstart, meaning they would have to pay at least 60 per cent of their income on rent and, in some areas, over 100 per cent.
- All of Melbourne is either “extremely” or “severely unaffordable” for single pensioners, who would have to pay nearly 70 per cent of their income for a new lease.
- A single parent working part-time and relying on some benefits cannot afford to live anywhere in Melbourne, the major regional cities, and even in major regional centres like Warrnambool
- The closest areas for a \$50K p.a. income household to live without being in rent stress are Seymour (115kms from Melbourne), Moe (160kms from Melbourne), Ballarat East (113kms).

“This is a problem that needs both state and federal governments to pull together to fully resolve – and the Federal Government is currently asleep at the housing affordability wheel.”

[CHP’s submission to the 2017-18 State Budget](#), to be released on Wednesday, calls on the State Government to commit to building 14,500 new social housing dwellings in Melbourne and key regional centres over the next five years - three times the current plan.

“In their next budget we are calling on the Victorian Government to step in and accelerate its social housing program,” Ms Smith said.

“Private rental is now out of reach for low income Victorians and more and more are living on the precipice, where they are spending so much on housing that they cannot afford other essentials, including food and medication.”

“The good news is that the Government can afford this, with tax revenue from stamp duty having nearly doubled over the past five years to \$6.2 billion a year,” Ms Smith said.

“The windfall gains to the budget from skyrocketing house prices should be used to mitigate the pain that the housing crisis has caused. The maths are pretty simple,” she said.

CHP’s submission notes that Victoria is Australia’s economic success story, with thousands of new jobs driving unprecedented labour market participation and, as a consequence, more people doing well.

“However the success has a dark flipside, manifesting in fierce and growing competition for rental properties, with those able to benefit from economic growth crowding out those left behind – with growing homelessness as a consequence,” it says.

The RAI defines “extremely unaffordable” spending 60 per cent of household income on rent, “severely unaffordable” as spending 38-60 per cent on rent, “unaffordable” as 30-38 per cent on rent, and “moderately unaffordable” 25-30 per cent of income.

Read the Rental Affordability Index: <http://chp.org.au/wp-content/uploads/2017/11/RAI-2017-NOV-embargoed-low-res-6.49MB.pdf>

Read CHP’s State Budget Submission: <http://chp.org.au/wp-content/uploads/2017/11/Council-to-Homeless-Persons-State-Budget-Submission-2018-final.pdf>

Media Enquiries: Lanie Harris, 0418 552 377 or lanie@chp.org.au

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