

Homelessness and housing affordability

People with low income are less likely to find suitable and affordable housing, and more likely to experience homelessness

1%

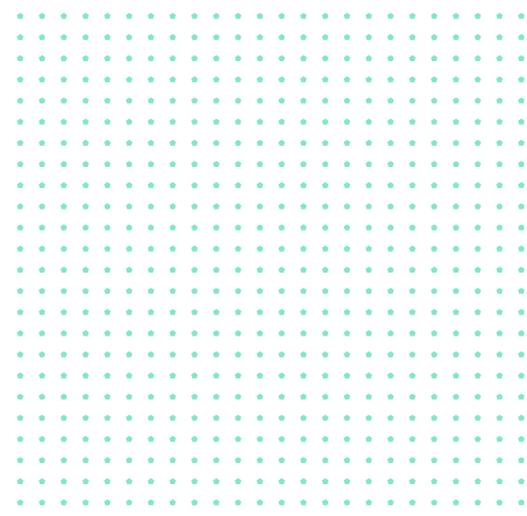
of Victorian properties are affordable for a person on minimum wage¹

5th

most unaffordable housing market in the world is Melbourne²

9,500+

people per month come to Victorian homelessness services due to housing affordability stress³



Housing affordability is a major problem contributing to homelessness in Victoria. When people on low income can't find housing they can afford, they are forced to spend a large proportion of their income on housing costs, resulting in financial pressure, precarious housing and risk of homelessness.

Housing affordability in Victoria

Ensuring that people have access to appropriate and secure housing is a key marker of a functioning housing market. But in Victoria, housing on the private market is becoming increasingly unaffordable, leaving thousands in precarious housing situations.

While house prices in Victoria have increased dramatically over past decades, income growth has failed to keep up. As a result, more people are unable to find affordable housing, or they struggle to maintain accommodation on the private market.

Key statistics

7.7% increase in Melbourne rental prices in one year⁴

8.9% increase in regional Victoria rental prices in one year⁵

48% of low-income rental households in Victoria are in housing stress⁶

Housing stress and homelessness

Housing stress can have a significant impact on the lives and wellbeing of people experiencing it, with less money to spend on necessities such as food, education and health care, and a greater risk of homelessness.

Living in a precarious housing situation can mean a sudden life event—such as income loss, illness or an unexpected bill—may result in already-stretched budgets becoming untenable. In these cases, households can easily fall behind on payments and become vulnerable to homelessness.

30:40

Housing stress occurs when housing costs exceed 30 per cent of income for households in the lowest 40 per cent of income distribution.

Rental market competition

Rapidly increasing housing costs and dwindling average incomes means that competition is especially high at the lower end of the rental property market.

With demand consistently outweighing supply for affordable homes, landlords and agents are prone to “cherry-picking” applications, making it more difficult for certain cohorts to access the private market, including:

- students and young people
- Aboriginal and Torres Strait Islander peoples
- non-white Australians
- migrants and refugees
- people with physical disability and mental illness
- single parents
- older people
- LGBTIQ+ people
- women fleeing domestic violence⁷.

Income support

Access to private rental properties can be improved through programs such as Commonwealth Rent Assistance (CRA) and other income support payments. However, current rates are inadequate to address the soaring house prices in Victoria, meaning that many recipients remain at risk of homelessness: in Victoria, 47 per cent of households receiving CRA are in rental stress⁸.

References

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