

## Snapshot: Anglicare WA – Western Australia

### Introduction

Western Australia is home to 2.9 million people including 240,000 who are living below the poverty line with a further 150,000 at risk of financial hardship.<sup>i</sup> Anglicare WA works together with people, their families and their communities to enhance their abilities to cope with the challenges of life and relationships. Anglicare WA's vision is that 'we live in a just and fair society in which all people thrive'. As a leading not-for-profit organisation, providing services in 48 locations across the state, Anglicare WA plays an important role in building strong communities and supporting families to enhance their resilience and capacity to thrive.

The Rental Affordability Snapshot highlights the challenges low income households face in obtaining rental accommodation at an affordable rate. People on the lowest incomes, and those at greatest disadvantage in the rental market, are those on fixed incomes including pensioners, people living with disability, job seekers and single parents. In many cases, the social safety net provided by Government is simply not enough to meet the cost of housing and other living expenses. Being able to access affordable housing can mean the difference between a daily struggle to survive and thriving as a valued member of society.

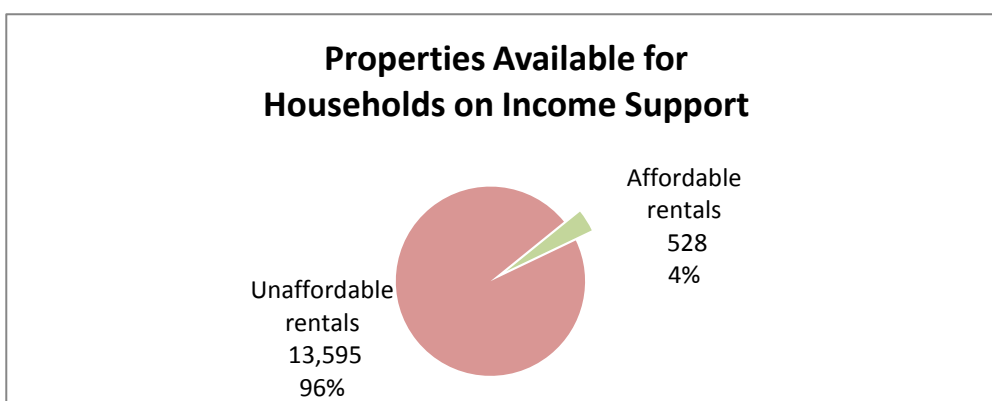
### Findings

On 1 April 2017, 14,123 private rentals were advertised for rent in three regions of Western Australia covering (1) Perth metropolitan area including Peel, (2) South West and Great Southern including Bunbury and Albany, and (3) the North West including Pilbara and Kimberley. The number of rentals listed was up 8% from 2016.

Private rentals were surveyed from realestate.com.au. While a property could be affordable and appropriate for more than one household type, any individual property can only be rented out by one household type at any time. To this end, we found that across the three regions:

- 528 individual properties (3.7%) were suitable for at least one household type living on income support payments without placing them in housing stress.<sup>ii</sup>
- 6,840 individual properties (48%) were suitable for at least one household type living on minimum wage without placing them in housing stress.

Families on a minimum wage fared better this year compared to last year, while households on income support still struggled to find any affordable rental accommodation across the three regions.



## Perth Metropolitan Area, WA

On the Snapshot weekend, these are the number of unique properties affordable and appropriate for:	
Households on income support payments (#1-10)	Households on minimum wage (#11-14)
379	5,941

*Table 1: Rental Affordability, Perth Metropolitan Area, by household type and percentage*

#	Household Type	Payment Type	Number Affordable & Appropriate	Percentage Affordable & Appropriate
1	Couple, two children (one aged less than 5, one aged less than 10)	Newstart Allowance (both adults)	55	0.4%
2	Single, two children (one aged less than 5, one aged less than 10)	Parenting Payment Single	11	0.1%
3	Couple, no children	Age Pension	257	2.1%
4	Single, one child (aged less than 5)	Parenting Payment Single	9	0.1%
5	Single, one child (aged over 8)	Newstart Allowance	1	0.0%
6	Single	Age Pension	83	0.7%
7	Single aged over 21	Disability Support Pension	5	0.0%
8	Single	Newstart Allowance	0	0.0%
9	Single aged over 18	Youth Allowance	0	0.0%
10	Single in share house	Youth Allowance	0	0.0%
11	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A (both adults)	5817	46.8%
12	Single, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A & B	764	6.1%
13	Single	Minimum Wage	124	1.0%
14	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + Parenting payment (partnered) + FTB A & B	2244	18.0%
Total No of Properties		12,437		

### Median Rent

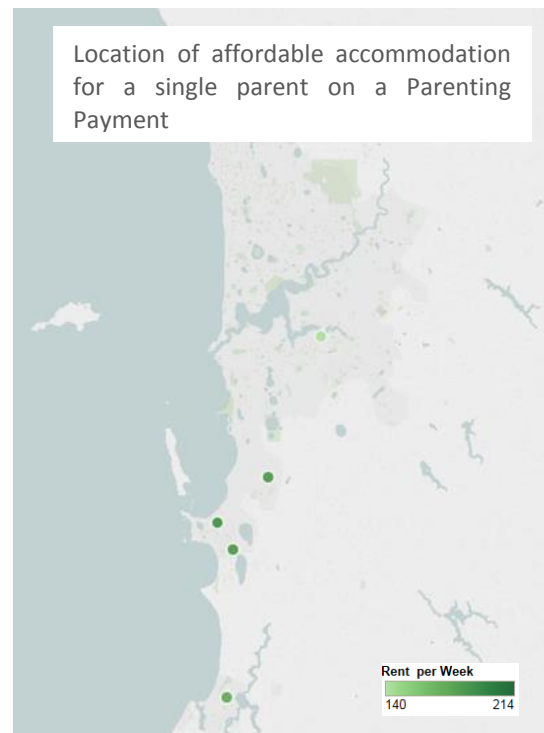
Following the same trend of the past two years, the number of private listings in the Perth metropolitan area increased in 2017 and the median rent per week decreased. There were 12,437 private rental listings in the Perth metropolitan area, up 11% from 2016. The median weekly rent decreased by 10% from \$390 per week in 2016 to \$350 per week in 2017.

### Government Benefits

This year's Snapshot found an increase in the number of unique properties that were appropriate and affordable for households on income support payments, from 57 properties in 2016 to 379 properties in 2017. Although this appears to be a significant improvement, it is still insufficient as 8 of the 10 household types on benefits were virtually locked out of the private rental market altogether with less than 1% of the listed properties found to be affordable and appropriate. The only household types that saw a marginal improvement were couples on an Age Pension, which increased from 0.3% in 2016 to 2% in 2017 and singles on an Age Pension which increased half of a percent (0.5%) from 0.2% in 2016 to 0.7 in 2017.

There were no properties in the entire Perth metropolitan area that were affordable for people on Youth Allowance or Newstart Allowance, even when including boarding houses and share houses where rooms are rented out individually.

Less than one percent of listings (n=55) were affordable and appropriate for couples on Newstart with two children. Single parents with two children on a Parenting Payment had even fewer options with only 11 properties found to be affordable and appropriate. Single parents on a Parenting Payment with one child could only access 9 properties in the entire Perth metro area, which were located in Shelley, Kwinana, Rockingham and Mandurah



### Minimum Wage Earners

Households on minimum wages had more affordable housing options than those on government benefits. In this year's Snapshot, there were a total of 5,941 properties that were affordable and appropriate for minimum wage earners, a 36% increase from 2016.

Families where both parents earn a full-time minimum wage had the highest proportion of appropriate and affordable properties (47%) of all household types. Families where one parent worked full time and the other was in receipt of a Parenting Payment had fewer housing options (18%). Single parents on a minimum wage saw a considerable increase in the number of properties that were affordable and appropriate for them, from 0.6% in 2016 to 6.1% in 2017.

Only 1% of listed properties were affordable for a single person on a minimum wage, which included boarding houses or renting a room in a share house.

## Southwest and Great Southern, WA

On the Snapshot weekend, these are the number of unique properties affordable and appropriate for:	
Households on income support payments (#1-10)	Households on minimum wage (#11-14)
103	654

*Table 2: Rental Affordability, Southwest and Great Southern WA, by household type and percentage*

#	Household Type	Payment Type	Number Affordable & Appropriate	Percentage Affordable & Appropriate
1	Couple, two children (one aged less than 5, one aged less than 10)	Newstart Allowance (both adults)	40	4.1%
2	Single, two children (one aged less than 5, one aged less than 10)	Parenting Payment Single	21	2.2%
3	Couple, no children	Age Pension	84	8.7%
4	Single, one child (aged less than 5)	Parenting Payment Single	32	3.3%
5	Single, one child (aged over 8)	Newstart Allowance	4	0.4%
6	Single	Age Pension	12	1.2%
7	Single aged over 21	Disability Support Pension	12	1.2%
8	Single	Newstart Allowance	0	0.0%
9	Single aged over 18	Youth Allowance	0	0.0%
10	Single in share house	Youth Allowance	0	0.0%
11	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A (both adults)	635	65.5%
12	Single, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A & B	146	15.1%
13	Single	Minimum Wage	27	2.8%
14	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + Parenting payment (partnered) + FTB A & B	275	28.4%
Total No of Properties		970		

### Median Rent

In WA's Southwest and Great Southern there was a slight increase in the number of private listings from 902 in 2016 to 970 in 2017, an increase of 7.5%. The median rent per week dropped from \$350 in 2016 to \$330 in 2017.

### Government Benefits

The total number of dwellings in the Southwest and Great Southern that were appropriate and affordable for households on government benefits rose from 54 in 2016 to 103 in 2017. Couples on an Age Pension were able to afford 9% of the listed properties, up from 5% in the previous year.

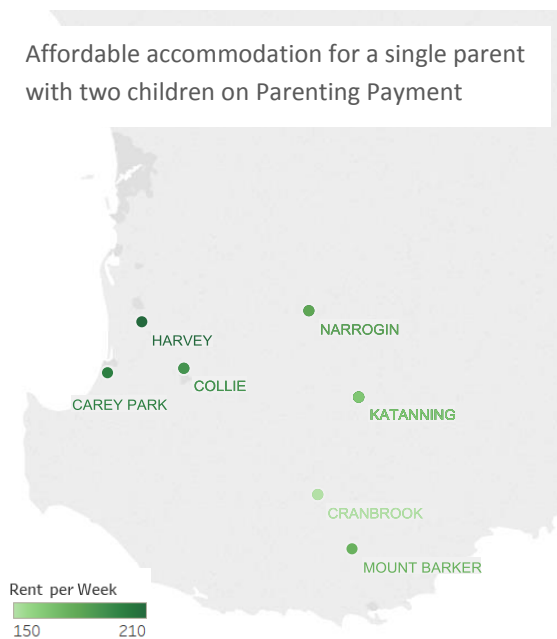
Families where both parents were on Newstart saw an improvement in affordability from 1.7% to 4.1%. Single parent households with two children on a Parenting Payment could access 21 properties (2.2%) across the Southwest and Great Southern.

Similar to the Perth metropolitan area, there were no affordable properties in the Southwest and Great Southern region for singles on Youth Allowance or Newstart.

### Minimum Wage Earners

The circumstances for households earning a minimum wage improved in the Southwest and Great Southern from the previous year, nevertheless there were still limited options for singles. A single person on a minimum wage had access to less than 3% of the total properties. Single parents on a minimum wage had more options with 15% of properties deemed to be affordable and appropriate.

Two parent households, both earning a minimum wage, could access 65% (n=645) of total properties. Two parent households with only one wage earner had fewer options, but could still access 28% of listed properties.



## Northwest, WA

On the Snapshot weekend, these are the number of unique properties affordable and appropriate for:	
Households on income support payments (#1-10)	Households on minimum wage (#11-14)
46	245

*Table 3: Rental Affordability, Northwest WA, by household type and percentage*

#	Household Type	Payment Type	Number Affordable & Appropriate	Percentage Affordable & Appropriate
1	Couple, two children (one aged less than 5, one aged less than 10)	Newstart Allowance (both adults)	18	2.5%
2	Single, two children (one aged less than 5, one aged less than 10)	Parenting Payment Single	11	1.5%
3	Couple, no children	Age Pension	37	5.2%
4	Single, one child (aged less than 5)	Parenting Payment Single	7	1.0%
5	Single, one child (aged over 8)	Newstart Allowance	0	0.0%
6	Single	Age Pension	10	1.4%
7	Single aged over 21	Disability Support Pension	8	1.1%
8	Single	Newstart Allowance	0	0.0%
9	Single aged over 18	Youth Allowance	0	0.0%
10	Single in share house	Youth Allowance	0	0.0%
11	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A (both adults)	234	32.7%
12	Single, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A & B	55	7.7%
13	Single	Minimum Wage	13	1.8%
14	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + Parenting payment (partnered) + FTB A & B	103	14.4%
Total No of Properties		716		

### Median Rent

Unlike the Southwest where the number of listed properties remained consistent between 2016 and 2017, and in Perth where the number of properties increased, the Northwest region had a significant drop in the number of listed properties. In 2016, there were 1,009 properties compared to 716 in 2017, a decrease of 29%.

The median weekly rental price in the Northwest decreased by 7% from \$400 in 2016 to \$375 in 2017.

### Government Benefits

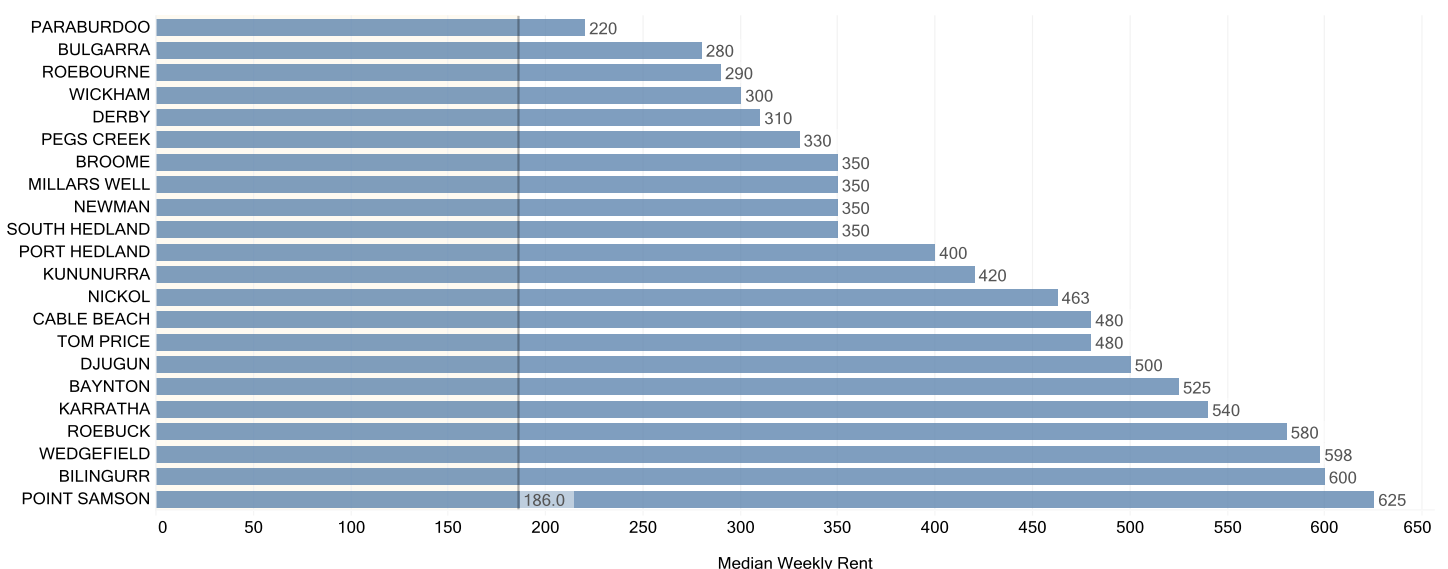
Despite the drop in rents, there remained few housing options for people on income support in the Northwest. Only 1.5% of properties were affordable and appropriate for a single parent on a Parenting Payment and only 2.5% of properties were suitable for a two parent household with children in receipt of Newstart.

Seniors fared slightly better, but in the entire Northwest region there were only 37 affordable properties for couples and 10 properties for singles on an Age Pension.

There were no affordable properties for people on Newstart or a Youth Allowance in the entire Northwest region.

Median rents in every suburb in the Northwest exceed the amount affordable for a single parent with one child on Parenting Payment (\$186 pw), shown below.

**Median Rent, Northwest WA, by suburb**



### Minimum Wage Earners

Almost 33% of properties were suitable for families with two parents earning a minimum wage; 14% were affordable and appropriate for families on one minimum wage and in receipt of Parenting Payment. Singles on a minimum wage had fewer options, with only 1.8% (n=13) affordable and appropriate for singles without children and 7.7% (n=55) for singles with children.

These were worrying figures as apart from the single parent with two children household all other minimum wage earners saw a decrease in the number of appropriate and affordable properties available to them this year due to decreasing overall stock.

## Discussion

Consistent with previous years, this year's Snapshot found a severe lack of housing options in WA for people on income support payments. With over 18,500 households on the waitlist for social housing with an average wait time of three years, most low income households must find somewhere to live in the private rental market.<sup>iii</sup>

When housing is unaffordable, low income households end up paying a large percentage of their income on rent causing significant financial hardship, foregoing basic necessities, borrowing money from friends or family and, in some cases, experiencing homelessness.

The number of people at risk of homelessness is increasing every year, with 24,203 Western Australians seeking assistance from a homelessness specialist service in 2015/2016, an increase of 5% from the previous year.<sup>iv</sup>

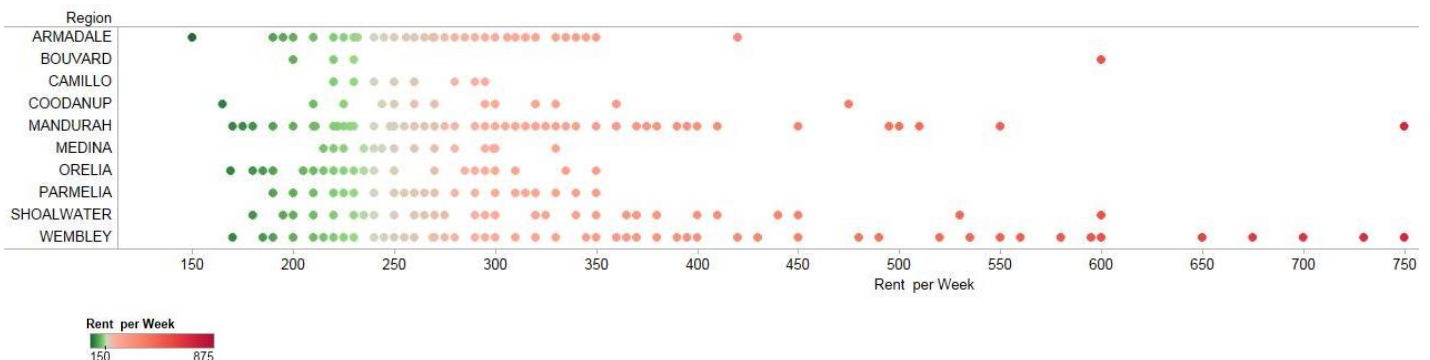
**CASE STUDY 1:** Sally (52) and her husband both lost their jobs in December 2015 and quickly began to struggle on Newstart. Sally's husband has health problems but both are actively seeking employment.

To help reduce their expenses Sally, her husband and their two children moved to the cheapest rental they could find, but at \$315 per week, it was still a struggle as it was 61% of their income-leaving only \$209 per week for food, utility bills, petrol and medical bills.

Sally is trying to find accommodation for her children, who are full-time students, so that she can stay with family and friends or sleep in the family car as this will free up some money to help pay for her husband's medical expenses.

Even in the most affordable suburbs the majority of rentals were out of reach for a couple with two children on Newstart. Affordable properties for this household type (below \$238 pw) are shown in green in the chart below.

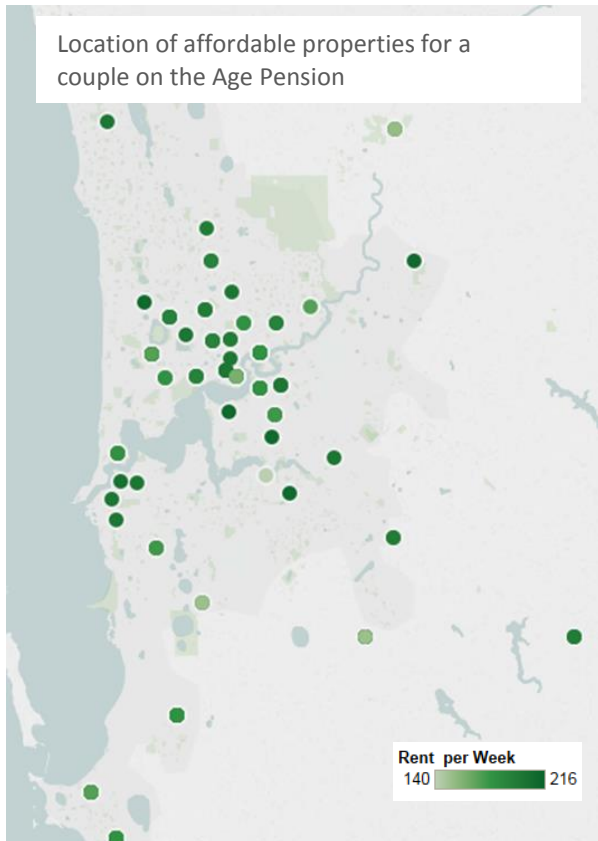
### Scarcity of affordable properties even in most affordable suburbs



Households with two parents working full-time fared better in this year's Snapshot than in previous years. Falling rents, following the highs during the mining boom, have brought some relief to working families struggling to keep up with bills, although many working families continue to struggle to cover the cost of childcare to enable full time employment. Nevertheless, lower rents mean more household funds are available for other living expenses including food, school uniforms, family outings and saving for the future. Alongside lower housing costs, the slowing of



the WA economy has also brought economic uncertainty to many working families. With growing rates of unemployment, under-employment and increased casualisation of the workforce, many Western Australian households are in precarious financial circumstances.



There are 57,000 Western Australians in receipt of a Disability Support Pension with limited options in the private rental market. Less than 0.2% (n=25) of the properties across all three regions were affordable for someone on a Disability Support Pension. While those 25 properties were deemed affordable, they may not be suitable for a tenant's individualised needs in terms of location or universal design.

Over 220,000 people receive the Age Pension in WA, approximately a quarter of whom are renters.<sup>v</sup> Decreasing rates of homeownership suggest there will be a growing number of retirees who will be renting in the future.<sup>vi</sup> Less than 1% of properties in the Snapshot were affordable and appropriate for a single person on the Age Pension. Couples on an Age Pension had a few more options, with access to 2.1% (n=257) of properties in the Perth metro area, however, it is unclear how many would be suitable for people with mobility issues.

The changing rental market in WA will provide a bargain for some and create a burden for others. For example, in this year's Snapshot there were a substantial number of properties that offered incentives to prospective tenants including one or two weeks free rent or a \$100 gift card to entice potential tenants. The flipside of falling rents are challenges facing tenants when they have to break a lease, often due to poor health or a job loss. When a tenant breaks their lease, they are liable for the difference between the original rent on their lease and the reduced rent for new tenants. This can cause considerable financial hardship as they end up paying partial rent for a home they no longer live in.

**CASE STUDY 2:** Beth and Kevin live with their three young children (ages 1, 3 and 5) in a private rental. They signed a 12 month lease for a 3 bedroom house at \$450 per week. Soon after, Kevin's employer went through a restructure and he lost his job. Beth receives Family Tax Benefit and a part-Parenting Payment. After the job loss, rent took up 55% of their income, leaving them unable to keep up with living expenses and make payments on existing debt. They feel locked into the lease and are likely to fall behind in rent if they cannot increase their income soon.

## Policy Implications

Commonwealth and State Governments need to work together to improve affordability in the rental market.

### *Increase supply of social housing*

- Increase the net supply of social housing to provide safe, affordable accommodation for those priced out of the private rental market. Target 6% of total housing stock to be social housing by 2025.
- Develop financing mechanisms, such as affordable housing bonds, to provide capital for social housing providers to build more housing.

### *Increase adequacy of income support*

- The current rate of Newstart (\$268 per week) is insufficient to cover accommodation and living expenses and must be increased to ensure a basic standard of living for jobseekers.
- The Disability Support Pension should be increased to provide a basic standard of living for people with disability in the private rental market.

### *Support long-term investment and sustainability in the rental market*

- Remove distortions in the tax system that inflate the cost of housing and discourage institutional investment in the private rental sector.
- Increase Commonwealth Rent Assistance to improve housing affordability for people on low incomes.

## Conclusion

Affordable housing provides the foundation people need to engage in employment, attend school and maintain healthy relationships.

Following years of inflated rents during the mining boom, Western Australia is seeing some marked improvements in rental affordability. Downward pressure on rents has been particularly pronounced for higher-end properties; however rents for more moderate properties have also come down creating more favourable conditions for working families. For households with two full-time minimum wage earners, there are more affordable and appropriate properties available this year than were available at the same time last year.

Nevertheless, the situation remains dire for households on fixed incomes including pensioners, people with disability, job seekers and single parents. These households will continue to struggle unless rental accommodation becomes more affordable.

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<sup>i</sup> Unpublished figures produced for WACOSS by the Social Policy Research Centre at UNSW and ACOSS

<sup>ii</sup> A household is considered to be in housing stress when rent exceeds 30% of income.

<sup>iii</sup> WA Housing Authority Annual Report 2015-2016

<sup>iv</sup> Australian Institute of Health and Welfare 2017. Specialist homelessness services 2015–16: Western Australia fact sheet. Cat. no. HOU 287. Canberra: AIHW.

<sup>v</sup> Based on 52,482 renters over 60 years of age as of ABS (2011) Census.

<sup>vi</sup> Australian Institute of Superannuation Trustees (2017) No Place Like Home: The impact of falling rates of homeownership on retirement.