

Severe housing stress for private renters



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Recent studies have confirmed that the high cost of private rental is a serious and worsening housing burden for low income people. New data on low income private renters throughout Australia is contained in the Department of Social Security's Submission to the Senate Community Affairs References Committee Inquiry into Housing Assistance.

One of the most disturbing findings of the Inquiry is the high proportion of low income people (defined as those receiving Rent Assistance) who are paying more than 30 per cent of their income in rent (*see table*). While it is clear that the situation is worst in Sydney, which is notorious for its exorbitant rents, it is also clear that this situation is by no means just confined to Sydney.

Research on housing costs undertaken by the Social Policy Research Centre also indicates the high costs of housing, and the extent to which rent impinges on other items in the household budget. The low rate of Rent Assistance, in

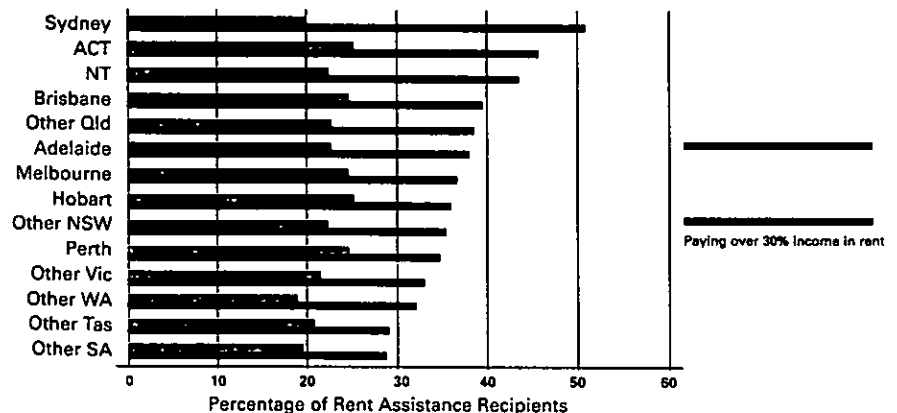
comparison with the private rent paid by a typical range of households in suburban Sydney, exacerbates this problem. Given these findings, it is particularly worrying that single people who are in a house share situation to reduce their living costs, have had their rates of Rent Assistance cut by a third.

Another indicator of problems in the market comes from the number of people applying for emergency financial relief. A recent ACOSS report, *People in Financial Crisis*, which drew together nationwide data on people seeking such relief, found that 47.2 per cent were renting privately, yet the total proportion of people in the private rental market is only 20 per cent. A recent report from the Smith Family confirms this situation, finding that applicants for relief spending an average of 38.9 per cent of their income on housing, compared to the 15.9 per cent average used in calculations in the Consumer Price Index.

At a recent conference on Public and Community Housing, a number of speakers drew attention to these pressing concerns. John Nicolades, ACOSS Principal Policy Resource Coordinator for Housing, warned that people on low incomes were at risk of serious hardship if there is not an increase in the supply of affordable public housing. Meanwhile the waiting lists for public housing have increased, with currently 600,000 Australians waiting to be housed. This group is often forced into the private rental market, where they pay high rents and might even become at risk of homelessness. John Nicolades cited overseas evidence which showed that shifting the focus away from direct provision of housing, and towards rental subsidies, had led to worsening affordability problems for people on low incomes.

For further details on any of the research or publications mentioned in this article contact Liz Webb at ACOSS phone: (02) 9310 4844 fax: (02) 9310 4822.

Proportion of Rent Assistance recipients paying 25-30% and over 30% of their income in rent



Source: Department of Social Security (1997) Submission to the Senate Community Affairs References Committee Inquiry into Housing Assistance.
Note: Income includes Rent Assistance. March, 1996.

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COMMENTS:

Please forward by mail one copy of

the "Summary of the Report of the Ministerial
Task Force on Affordable Housing"

Thanking you.

P. Hamilton (Architect)