

Housing Affordability

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Overview

The QYHC Bulletin on housing affordability attempts to collate data across the housing system to explore the ability for young people to access housing across the housing spectrum.

The QYHC Bulletin utilises data from a range of sources including the Productivity Commission, Residential Tenancies Authority, Queensland Government Office of Economic and Statistical Research , Housing Industry Association (HIA) and the Commonwealth Bank.

The data demonstrates that most young people are housed in the private rental market (if they chose or cannot stay in the family home). The data is showing that the private rents are very high in relation to incomes and that in some regional areas lower rents are offset by higher living costs. Further that both income support measures and the Commonwealth Rent Assistance (CRA) are insufficient to provide young people on low incomes with a reasonable after housing income

Clearly the data is showing is there are a number of housing factors that are creating a very tight private rental market. These factors include:

- High cost of entry to home ownership
- Low level of government investment into housing supply for public and community housing

Young people who are independent of family support, on income support and may be dealing with other complex social/emotional issues or who have been homeless or at risk of homelessness are clearly very vulnerable in the current housing environment.

In terms of the current affordable housing debate there have been very few real outcomes. Those solutions that have been developed have required large government subsidies. Further the current planning laws do not facilitate the ability to explore affordable housing solutions.

Non Government Organisations (NGO's) continue to work on local solutions to improve young peoples access to housing within the parameters of the current housing market.

Special point of interest

QYHC Affordable Housing forum

- This forum will outline our recent research paper that examined Affordable Housing in Queensland. It is anticipated that the Forum will also explore the current Local Government Planning laws.
- Date: Friday 15th June 2007
- Venue: TBA

For more information contact QYHC on (07) 3876 2088.

Census data

The Australian Bureau of Statistics (ABS) 2001 Census of Population and Housing (ABS 2002) identified just under 7.1 million households in Australia, where 'household' is classified as a person living alone or as a group of related or unrelated people who usually reside and eat together. Of these households;

- 66.2 per cent owned or were purchasing their own home
- 21.8 per cent rented in the private sector
- 4.5 per cent were in public rental accommodation; and
- 2.8 per cent resided in other tenure types

In the 1996 Census data young people between 15 –24 years of age represented 15% of the population in Queensland, or approximately 500,000 people. Census data from 1996 shows that 31% of these young Queenslanders were living independently. Of those young people living independently, 37% lived in shared households, 28% lived with a partner, 12% lived as a sole person, 16% were partnered with children and 7% were sole parents.

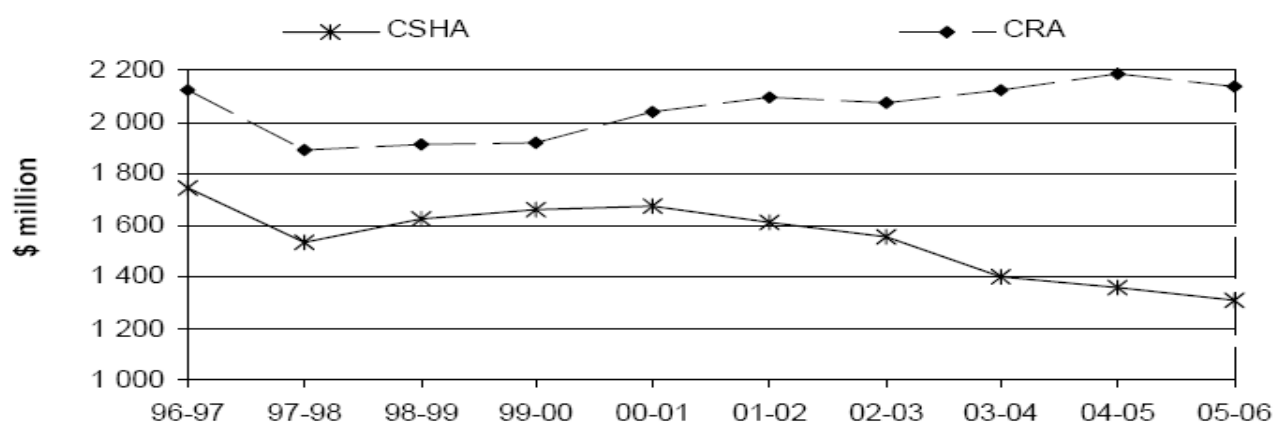
Commonwealth/State Housing Agreement and Commonwealth Rent Assistance

Governments at the National and State level all have a role in the provision of housing and all in turn effect how the housing market acts in responding to the needs of young people—this ranges from direct assistance such as the Commonwealth/State Housing Agreement (CSHA), Commonwealth Rent Assistance (CRA) and First Home Owners Grant to indirect assistance such as land planning and taxation to name a few.

The Commonwealth State Housing Agreement (\$1.3b in 2005/06) has decreased in funding by 25.1% between 96/97 and 05/06. An increase in Commonwealth Rent Assistance (\$2.1b in 2005/06) in the same period was only 0.5%. The number of applicants on waiting lists for public housing increased from 24,400 to 38,300 between 2001 and 2005 while only 4,100 households received an offer of housing in 2005 (QCOSS – UQSRC Report on Poverty in Queensland). The effect of the whole of government spending decline in terms of public and community housing has meant in Queensland a rationalizing of the housing product. The One Social Housing System has meant that public and community housing is now targeted at those most in need as opposed to being a generic low income housing product. In terms of the Commonwealth Rent Assistance this has increased over time and will continue to do so as long as there is a expectation by the Federal government that the private rental market is the main provider of housing. **What the Commonwealth has failed to take notice of is that the private rental market (which is predominately an investor market) will not fill the gap of in housing for people on low incomes.**

The data shows that the majority of public housing in Queensland is in major cities at 61.5%. The concentration of public housing in major cities has seen an increased reliance in other areas on private rental housing. It is interesting to note that Community Housing currently does not have the level of concentration in major cities and has more housing located in regional and remote locations. In moving towards a One Housing System the Department of Housing must recognise the role that community housing plays outside of the major cities.

Figure 16.1 Real government expenditure on CSHA assistance and CRA (2005-06 dollars)^a



^a Data may not be comparable over time and making comparisons between them could be misleading. Reasons for this are provided in table 16A.73.

Source: CSHA (1999); FaCS (1999); FaCS (various years); FaCSIA (2006); FaCSIA (unpublished); table 16A.73.

Table 16.5 Public housing — regional and remote area concentrations, 2005-06 (per cent)^a

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>WA</i>	<i>SA</i>	<i>Tas</i>	<i>ACT</i>	<i>NT</i>	<i>Aust</i>
Major cities	80.8	72.1	61.5	70.5	77.5	—	99.9	—	71.5
Inner regional	15.2	22.4	19.6	9.6	6.9	72.8	0.1	—	16.8
Outer regional	3.7	5.4	16.5	9.6	13.8	26.3	—	69.2	9.4
Remote	0.3	—	1.8	7.0	1.8	0.6	—	26.9	1.7
Very remote	0.1	—	0.6	3.3	0.2	0.3	—	3.9	0.5

^a Further information to the data included in this table and/or its interpretation is provided in table 16A.1. — Nil or rounded to zero.

Source: AIHW (2006b); table 16A.1.

Table 16.8 Community housing — regional and remote area concentrations, 2005-06 (per cent)^a

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>WA</i>	<i>SA</i>	<i>Tas</i>	<i>ACT</i>	<i>NT</i>	<i>Aust</i>
Major cities	68.5	71.6	37.3	54.6	85.8	—	100.0	—	64.5
Inner regional	23.9	23.7	24.9	25.9	8.4	63.7	—	—	21.9
Outer regional	7.4	4.4	26.9	13.4	4.4	35.7	—	71.3	10.9
Remote	0.1	0.3	4.2	5.8	1.3	0.6	—	20.7	1.5
Very remote	—	—	6.6	0.3	0.1	—	—	8.0	1.3

^a Further information to the data included in this table and/or its interpretation is provided in table 16A.25. — Nil or rounded to zero.

Source: AIHW (2007c); table 16A.25.

Housing affordability in the Private Rental Market

The Housing Affordability Fact Sheet is an annual snapshot of rents in the private rental market as at the end of the December quarter,

QYHC has chosen 6 locations in Queensland from metro, regional and rural areas for comparative purposes.

QYHC has utilised government income support levels and cross referenced this to the average rental costs for one and two bedroom units, we have then calculated cost of housing as a % of their income.

[QYHC is using the Youth Allowance for an independent single person (or coupled) with no children.]

QYHC acknowledges that young people on apprenticeships and traineeships also have low levels of income. Further that young people generally have lower incomes than other age groups.

In developing the Affordability Fact Sheets we acknowledge that there are a range of factors that impact on housing affordability, these include:

- Housing market changes
- Labour market changes
- Income support measures
- Independence status and support from family

In all six regions:

- the % of income spent of housing has increased from 2004—2006
- after housing income decreased

Most young people are in share house accommodation in order to improve housing affordability. In the six regions where young people may share a two bedroom unit housing

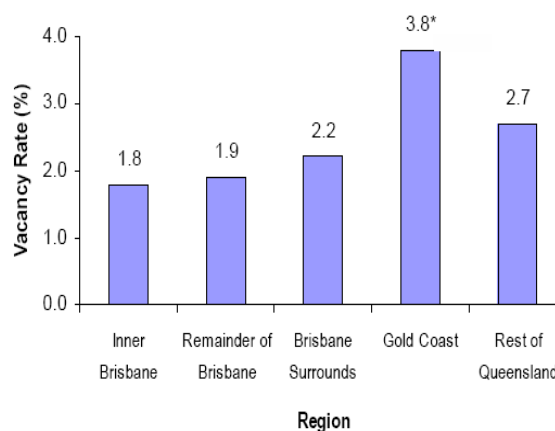
costs averaged **\$192.00 per week**, or 95.8 % of income. Whilst there is regional variation in the after housing income for young people this is diminished by the increased cost of living in most regional areas. Further the after housing income is clearly insufficient to meet the living costs for young people.

Living costs (over and above housing cost) for young people includes;

- Food
- Hygiene products
- Electricity and/or gas
- Clothes
- Phone/telecommunications
- Transport
- Education or training costs
- Social/recreational opportunities

The vacancy rate in the December 2006 quarter for all types of residential rental accommodation was 2.6% (Source: Office of Economic and Statistical Research). Obviously there is variance across Queensland .

Figure 1: Vacancy rates, by region



*this estimate has a relative standard error of between 25% and 50% and should be used with caution

2006							
City	1 bedroom * pw	% of income ^ \$174.05	after housing income pw	2 bedroom* pw	% of Income ^ \$174.05	after housing income pw	% of regional variation #
Brisbane	210	121.00%	-\$35.95	280	161%	-\$106	0
Rockhampton	115	67%	\$59.05	160	92%	\$14.05	0.4
Townsville	160	92%	\$14.05	210	121%	-\$35.95	1.7
Kingaroy	na	na	na	165	95%	\$9.05	-2.6
Charters Towers	na	na	na	145	83.00%	\$29.05	1.8
Mt Isa	160	92%	\$14.05	190	109%	-\$15.95	2.6
*RTA median rent for quarter ending Dec 2006							
^Based on average income for Youth Allowance 2006							
#spacial price index all items less housing OESR May 2006 % difference from Brisbane							
1 July - 31 December 2006 +							

2005							
City	1 bedroom * pw	% of income ^ \$167.35	after housing income pw	2 bedroom* pw	% of Income ^ \$167.35	after housing income pw	% of regional variation #
Brisbane	190	113.00%	-\$22.65	250	149%	-\$83	na
Rockhampton	100	60%	\$67.35	140	84%	\$27.35	na
Townsville	150	90%	\$17.35	185	111%	-\$17.65	na
Kingaroy	na	na	na	150	90%	\$17.35	na
Charleville+	38	23%	\$129.35	100	59.75%	\$67.35	na
Mt Isa	120	72%	\$47.35	160	96%	\$7.35	na
*RTA median rent for quarter ending Dec 2005							
^Based on average income for Youth Allowance 2005							
no data analysis by OESR							
1 July - 31 December 2005 +							

2004							
City	1 bedroom * pw	% of income ^ \$159.25	after housing income pw	2 bedroom* pw	% of Income ^ \$159.25	after housing income pw	% of regional variation #
Brisbane	175	110%	-\$15.75	230	144%	-\$70.75	na
Rockhampton	90	57%	\$69.25	125	78.50%	\$34.25	na
Townsville	150	94%	\$9.25	170	107%	-\$10.75	na
Kingaroy	90	57%	\$69.25	130	82%	\$29.25	na
Charleville	na	na	na	na	na	na	na
Mt Isa	100	63.00%	\$59.25	145	91%	\$14.25	na
*RTA median rent for Dec 2004							
^Based on June income for Youth Allowance 2004							
no data analysis by OESR							

Young people are also eligible for the Commonwealth Rent Assistance (CRA), and in fact single people are the majority of CRA recipients, with a range of payments depending on a persons circumstances (see page 6). The max rate for a single person with no dependents being \$50.30 per week and for a sharer \$33.54 (dependent of level of rent).

The Commonwealth Rent Assistance at the minimum level is currently set to kick in for a single young person on income benefits when rent reaches 25.7% of income, however to receive maximum rent assistance young people must spend 62.3% of their income on rent.

Table 16.3 Eligibility and payment scales for CRA, 20 March to 19 September 2006 (\$ per fortnight)^a

<i>Income unit type</i>	<i>Minimum rent to be eligible for CRA</i>	<i>Minimum rent to be eligible for maximum CRA</i>	<i>Maximum CRA</i>
Single, no dependent children	89.60	223.73	100.60
Single, no children, sharer	89.60	179.02	67.07
Couple, no dependent children	145.80	272.47	95.00
Single, one or two dependent children	117.88	275.61	118.30
Single, three or more dependent children	117.88	296.15	133.70
Partnered, one or two dependent children	174.44	332.17	118.30
Partnered, three or more dependent children	177.44	352.71	133.70
Partnered, illness separated, no dependent children	89.60	223.73	100.60
Partnered, temporarily separated, no dependent children	89.60	216.27	95.00

^a Further information pertinent to the data included in this table and/or its interpretation is provided in table 16A.41.

Source: FaCSIA (unpublished); table 16A.41.

Source Productivity Commission: Report on Government Services 2007

Table 16.27 Income units receiving CRA, by income unit type, 2006^a

<i>Type of income unit</i>	<i>Income units</i>	<i>Proportion of CRA recipients</i>	<i>Proportion of Indigenous CRA recipients</i>	
			<i>Indigenous income units</i>	
	no.	%	no.	%
Single, no dependent children aged under 16	363 736	38.6	8 741	29.0
Single, no children, sharer	121 227	12.9	2 583	8.6
Single, one or two dependent children aged under 16	189 598	20.1	8 152	27.0
Single, three or more dependent children aged under 16	36 746	3.9	2 708	9.0
Partnered, no dependent children aged under 16	79 965	8.5	1 610	5.3
Partnered, one or two dependent children aged under 16	102 456	10.9	3 738	12.4
Partnered, three or more dependent children aged under 16	44 803	4.8	2 508	8.3
Partnered, illness or temporarily separated	2 594	0.3	na	na
Partnered, temporarily separated	194	–	na	na
Unknown income unit	na	na	na	na
Total	941 306	100.0	30 168	100.0

^a Further information pertinent to the data included in this table and/or its interpretation is provided in tables 16A.42, 16A.43, 16A.44 and 16A.44. **na** Not available. – Nil or rounded to zero.

Source: FaCSIA (unpublished); tables 16A.42, 16A.43, 16A.44 and 16A.45.

First Home Owners

The HIA-Commonwealth Bank Affordability Report has released their report on the “... Quarterly Review of Housing Affordability for First Home Buyers” exploring what was occurring in the market as at December quarter 2006. This report which can be found at

<https://research.comsec.com.au/ResearchFiles/H/HIA%20December%20Quarter%202006.pdf>

outlines that affordability is continuing to decline. The reports notes that the cost for typical first-home mortgage rose from \$2,194 to \$2,332 per month. The report goes further and identified that with the median first home costing \$376,000 in the December quarter, buyers needed a gross household income of \$93,300 to adequately cover the mortgage bill of \$2332 a month however the average household income, is estimated at just \$91,300.

The Federal Government introduced the First Home Owners Grant in 2000 to offset the impact of the Goods and Service Tax (and in turn keep the building industry stimulated). Since its introduction its focus has changed to being a subsidy for home purchasers—\$7000. There are a number of issues in relation to the FHOG including;

- it's efficacy to other funding grants such as CSHA;
- the untargeted nature in terms of cost of housing and the income of recipients; and
- lastly there is no understanding of the nature of the grant in terms of the pressure that it may or may not be having on housing cost.

Housing Affordability Index, Australia

Year	Quarter	Median First Home Price	Interest Rate	Monthly Payment	Average Annual Household Income		Qualifying Annual Income		Housing Affordability Index
		\$	%	\$	Total \$	Disposable \$	Total \$	Disposable \$	
2004	Dec	328,700	7.05	1,967	93,400	72,400	74,700	64,800	111.7
	Mar	334,100	7.30	1,941	84,800	73,600	77,600	67,400	109.2
	Jun	337,000	7.30	1,957	85,700	73,800	78,300	67,400	109.5
2005	Sep	341,900	7.30	1,986	87,100	75,100	79,400	68,500	109.6
	Dec	327,400	7.30	1,902	88,200	75,900	76,100	65,500	115.9
	Mar	334,200	7.30	1,941	89,300	76,300	77,600	66,300	115.1
2006	Jun	350,000	7.55	2,078	90,500	77,100	83,100	70,800	108.9
	Sep	361,500	7.80	2,194	90,900	77,900	87,800	75,200	103.6
	Dec	376,000	8.05	2,332	91,300	78,600	93,300	80,300	97.9

Affordability Index by Region

Quarter	NSW		Vic		Qld		WA		SA		Tas		ACT
	Sydney	Rest	Melb	Rest	Brisb	Rest	Perth	Rest	Adel	Rest	Hobart	Rest	
Sep-05	83.6	110.6	103.2	142.0	103.4	111.6	124.5	124.3	136.3	156.8	156.1	157.1	100.1
Dec-05	87.3	120.5	110.0	152.1	110.6	121.2	126.3	121.8	145.1	177.3	148.5	167.2	110.3
Mar-06	92.0	118.7	110.7	147.6	113.0	113.0	116.1	112.4	141.3	167.3	154.5	153.2	112.4
Jun-06	87.2	114.1	107.1	148.0	110.3	109.4	105.8	105.6	134.3	161.6	147.1	150.3	105.9
Sep-06	87.3	115.8	103.2	133.2	99.6	104.7	89.3	97.0	127.7	174.3	140.6	155.8	97.4
Dec-06	83.3	109.8	99.2	139.6	95.7	97.2	82.7	87.0	118.6	145.6	134.6	143.4	89.7
Required Loan Repayments by Region (\$ per month)													
Sep-05	2603	1970	2111	1535	2106	1950	1747	1749	1597	1388	1394	1385	2176
Dec-05	2524	1830	2006	1450	1992	1817	1745	1810	1519	1242	1485	1320	1997
Mar-06	2426	1882	2016	1512	1975	1974	1923	1988	1580	1334	1445	1457	1988
Jun-06	2595	1984	2113	1531	2049	2068	2140	2142	1684	1401	1537	1505	2136
Sep-06	2602	1963	2203	1708	2279	2170	2543	2343	1780	1304	1616	1458	2332
Dec-06	2741	2080	2301	1636	2384	2351	2759	2623	1926	1568	1695	1593	2544

Aboriginal and Torres Strait Islander young people's housing issues

The QCOSS – UQSRC Report on Poverty in Queensland October 2006 states that;

“Indigenous communities experience higher levels of disadvantage compared to other Queenslanders. Aboriginal and Torres Strait Islander people are more likely to live in some form of social housing or in overcrowded housing situations, are less likely to have tertiary qualifications and experience poorer health and life expectancies. Queensland has a relatively large Aboriginal and Torres Strait Islander population representing 27percent of Australia’s total Indigenous population.”

The Productivity Commission in their report ‘Government Services 2007‘ states that:

“People who own their own home are not entitled to CRA. Indigenous people receiving social security benefits are less likely to own their own home, and therefore are more likely to receive CRA. Nationally, 6.4 per cent of Indigenous income units are home owners receiving social security benefits, while 44.1 per cent of non-Indigenous income units are home owners receiving social security benefits (FaCSIA unpublished).”

In essence when exploring the housing issues facing young people there is an understanding by the Queensland Youth Housing Coalition that some young people from Aboriginal and Torres Strait Island background are more disadvantaged in terms of their access to housing and housing products.

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Advocating for homeless and at risk young people and the services that work with them

Queensland Youth Housing Coalition Incorporated (QYHC) is a coalition of organisations and individuals advocating for, and improving young people's housing options and related issues.

QYHC has been operational since 1984 and has contributed at both a policy and service delivery level to the provision of services for homeless young people, Supported Accommodation Assistance Program (SAAP) services, young people at risk of homelessness and Youth Support Coordinators throughout the State.

QYHC assists in the development, extension, resourcing and supporting of young people to enable them to undertake life opportunities.