The Suburbanisation of the Lower Income Rental Market

Presentation to Shelter NSW seminar, Sydney, 15 June 2006

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Objectives

1. Background – why is lower income private rental important?

2. Findings of AHURI research on the changing location of low-income households in the metropolitan private rental sector.

3. Make some final comments about the implications for housing policy for lower income working Australians who rely on the private rental sector.
Why the Private Rental Sector is Important for the Working Poor

Private rental houses a quarter of all Australian households: 1,633,568 dwellings (ABS 2003)

A third of NSW’s population (NSW Dept of Fair Trading)?

Changing function and location of the private rental market

Entering a Third Age?
- Tenure of life style/stage
- Tenure of arrival
- Tenure of transition
- Tenure of necessity – CRA subsidised and Working poor

Replacement for public rental for the working poor?

Policy neglect – the forgotten housing sector?
Focus on low income working households

Income threshold = 20th percentile of household income for households with at least one person employed. (Approx = the 40th percentile of all household incomes).

2001 Census upper income thresholds:

- $655 for Australia as a whole
- $773 in Sydney
- $707 in Melbourne
- $625 in Adelaide
How many working low income households are there?

In 2001 there were 2,701,069 low income households in Australia (i.e. incomes under an average of $655 p.w.)

35% (931,655) of these were working

In 2001, there were 577,031 low income households in the private rental market in Australia (21% of all low income households)

Of the 243,000 low income household renting privately in the three main cities, 56% (136,789) had at least one person in work:

- Sydney = 117,545 PRLIH of whom 69,873 (60%) working
- Melbourne = 92,982 PRLIH, 51,354 (55%) working
- Adelaide = 32,559 PRLIH, 15,562 (48%) working
Where do private renting low income households live in Sydney (2001)?
Where do private renting low income households live in Melbourne (2001)?
Where do private renting low income households live in Adelaide (2001)?
A brief profile of PRLIHs

- 53% in Sydney, 42% in Melbourne and 36% in Adelaide live in flats
- Between 60% and 70% of PRLIHs in Sydney, Melbourne and Adelaide are lone person or lone parent households – i.e. single incomes
- The proportion aged under 34 is significantly higher than that for the population as a whole
- The proportion aged over 55 is significantly lower
- Overseas born high in Sydney and Melbourne, but not in Adelaide
- Workers (56%) are over-represented in:
  - Elementary and Intermediate Clerical, Sales and Service jobs
  - Intermediate Production and Transport Workers jobs
  - Labourers and Related Workers jobs
- The industry profile of working PRLIHs is similar to the general population - they play a role across the spectrum
Percentage point changes in the proportions of Private Renting Low Income Households by LGA 1991 – 2001: Sydney
Percentage point changes in the proportions of Private Renting Low Income Households by LGA 1991 – 2001: Melbourne
Percentage point changes in the proportions of Private Renting Low Income Households by LGA 1991 – 2001: Adelaide
Change in Location Quotients for CRA Recipients by LGA
2000 – 2005: Sydney post codes
Change in Location Quotients for CRA Recipients by LGA
2000 – 2005: Melbourne post codes
Change in Location Quotients for CRA Recipients by LGA
Correlation Between the Post Code Location of Public Housing Waiting Lists, Rent Assistance Recipients, the Low Cost Rental Stock and PRLIHs

<table>
<thead>
<tr>
<th></th>
<th>Number of PRLIHs</th>
<th>CRA Recipients</th>
<th>Public Housing Applicants</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sydney</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of CRA Recipients</td>
<td>0.93*</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Number of Public Housing Applicants</td>
<td>0.78*</td>
<td>0.83*</td>
<td>-</td>
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<tr>
<td>Number of Low Cost PR Dwellings</td>
<td>0.94*</td>
<td>0.94*</td>
<td>0.79*</td>
</tr>
<tr>
<td><strong>Melbourne</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of CRA Recipients</td>
<td>0.92*</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Number of Public Housing Applicants</td>
<td>0.82*</td>
<td>0.91*</td>
<td>-</td>
</tr>
<tr>
<td>Number of Low Cost PR Dwellings</td>
<td>0.96*</td>
<td>0.93*</td>
<td>0.85*</td>
</tr>
<tr>
<td><strong>Adelaide</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Number of CRA Recipients</td>
<td>0.97*</td>
<td>-</td>
<td>-</td>
</tr>
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</table>

* Correlation is significant at 0.01 level
Workplace locations of low income renters – local and central

The 2 LGAs in each city with the largest number of working PRLIHs

<table>
<thead>
<tr>
<th>LGA</th>
<th>Main workplace LGAs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sydney</td>
<td></td>
</tr>
<tr>
<td>Canterbury LGA:</td>
<td>1 = Canterbury, 2 = Sydney CBD</td>
</tr>
<tr>
<td>Wyong LGA:</td>
<td>1 = Wyong, 2 = Gosford</td>
</tr>
<tr>
<td>Melbourne</td>
<td></td>
</tr>
<tr>
<td>Darebin LGA:</td>
<td>1 = Darebin, 2 = Melbourne CBD</td>
</tr>
<tr>
<td>Moreland LGA:</td>
<td>1 = Moreland, 2 = Melbourne CBD</td>
</tr>
<tr>
<td>Adelaide</td>
<td></td>
</tr>
<tr>
<td>West Torrens East:</td>
<td>1 = Adelaide CBD, 2 = East Torrens</td>
</tr>
<tr>
<td>West Torrens West:</td>
<td>1 = Adelaide CBD, 2 = West Torrens</td>
</tr>
</tbody>
</table>
Largest single workplace destinations of low income renters – the central city

2 largest workplace destinations of working PRLIHs in each city

**Sydney**
- City of Sydney LGA
- Parramatta LGA

**Melbourne**
- City of Melbourne LGA
- Port Phillip LGA

**Adelaide**
- City of Adelaide CBD
- West Torrens East SLA
Conclusions

• Widening role for private rental?
• Numbers of PRLIH increasing
• But low rent stock declining – “up-marketing” of the sector
• Suburbanisation – polarising rental opportunities
• Housing policy implications
• Labour market implications
• What’s the future?
Is the low value private renting sector in the same places? (% of rentals with rents below the 40th percentile by LGA)