

Housing still out of reach for many even as rents fall in post-boom Western Australia

Written by Shae Garwood, Honorary Research Fellow, School of Social and Cultural Studies, University of Western Australia

As rents soar in Melbourne and Sydney, the rental market in Western Australia has become more affordable for low-wage workers since the end of the mining boom. But many households still struggle to find affordable accommodation.

Today Anglicare released its annual national [Rental Affordability Snapshot](#) , which includes a focus on each state.

In WA, 14,123 private rentals were advertised at the beginning of April, up 8% from a year ago. With increased stock, rents are becoming more affordable across the state. The median rent in the Perth metro area fell 11% to A\$350; by 6% in the Southwest and Great Southern regions; and by 7% in the Northwest, including the Pilbara and Kimberley.

Following years of inflated rents during the mining boom, working families in WA are seeing some real improvement in rental affordability – defined as less than 30% of household income. More than 46% of properties listed in Perth were found to be affordable for a couple both earning minimum wages and receiving Family Tax Benefit in 2017, compared to 39% in 2016. Similar families could afford 23% of properties in Melbourne and only 4% in Sydney.

Single parents on a minimum wage had far fewer options. They could afford only 6% of listed properties in Perth. In all of Sydney and Melbourne, only one property was affordable for single parents on a minimum wage.

The situation remains dire for households on fixed incomes in WA – as it does for similar households across Australia. A person on a disability pension could afford only 25 properties (0.2% of available properties). A single parent could afford 48 (0.3%). And pensioners could afford 105 (2.7%) in all of WA.

People on Newstart or Youth Allowance had no affordable options in the entire state. This includes boarding houses and share houses, where rooms are rented out individually.

What are the consequences?

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With more than 18,500 households on the waiting list for social housing and an average wait time of three years, most low-income households must find somewhere to live in the private rental market. When housing is unaffordable, low-income households end up paying a large percentage of their income on rent. Doing this means they forgo basic necessities, borrow money to stay afloat and, in some cases, experience homelessness.

The number of people at risk of homelessness is increasing every year. More than 24,000 Western Australians sought help from a homelessness service in 2016, an increase of 5% from the previous year.

The slowing state economy has brought insecurity and uncertainty to many working families. With growing rates of unemployment and under-employment, and increased casualisation of the workforce, many WA households are in precarious financial circumstances.

Anglicare WA financial counsellors report an increase in requests from tenants who have had to break their lease due to a job loss or needing to move interstate for employment. They find themselves liable for the period the rental remains vacant in the soft housing market, as well as the difference between the rent they paid and the likely reduced rent for new tenants.

Landlords remain protected from the loss, while the tenants often end up paying for a home they no longer live in.

What can be done?

To start with, [increasing the stock of social housing](#) would go some way to overcoming the lack of affordable options for people on low incomes.

The creation of [affordable housing bonds](#), similar to those discussed by Treasurer Scott Morrison in [his address](#) to the Affordable Housing and Urban Research Institute earlier this month, would create a pool of funds for social housing providers to use to build more stock. However, such a mechanism is still many years off.

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In the meantime, increasing the rate of Newstart from the current \$268 per week to ensure a basic standard of living for job-seekers would bring households living in poverty back from the brink of homelessness.

Two other policy options would also help improve housing affordability for people on low incomes. The [government should remove distortions](#) in the tax system that inflate the cost of housing and discourage institutional investment in the private rental sector. Commonwealth Rent Assistance could also be increased and better targeted.

The main conclusion from this study is that broader discussions about housing affordability overlook the fact that the private rental market is not capable of meeting the needs of many people on low and fixed incomes without trapping them in poverty by consuming most of their available funds.

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