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## Shortage of affordable and available rentals for very low-income Australians exceeds 300,000

- The private rental sector is growing strongly—by more than twice the rate of household growth.
- Greater overall supply does not translate into increased supply for lower income households who face increasing shortages.
- There is a shortage of 305,000 affordable and available rental properties for **very low-income** households (i.e. those with a household income in the bottom 20% of Australia's income distribution) - and the shortage has been increasing.
- As a result, 80 per cent of **very low-income** private renter households pay unaffordable rents (nearly 90 per cent in metropolitan areas).
- There is a shortage of 173,000 affordable and available rental properties for **low-income** households (i.e. those with a household income in the bottom 21%–40% of Australia's income distribution - and this shortage is also increasing).
- For the first time, between 2011 and 2016 in the Sydney private rental market there were an absolute shortage of dwellings that were affordable for **low-income** households.

The private rental market is not supplying enough rentals that are affordable to very low-income households, with 80 per cent living in unaffordable rentals across Australia, new AHURI research highlights.

The research, '**The supply of affordable private rental housing in Australian cities: short-term and longer-term changes**'; charts the changes in the supply of affordable and available private rental housing for lower income households between 2011 and 2016 and is the latest in a series of research projects detailing affordable rental housing supply every five years since 1996 using Census data. The research was undertaken for AHURI by researchers from Swinburne University of Technology and the University of Sydney.

'What we found is strong evidence of what appears to be structural rather than cyclical change in the private rental sector. Over this period, there was an increase in privately rented dwellings with mid-market rents that were only affordable to middle and higher income households, as well as an increase in proportion of these households in the private rental market.' says lead researcher Professor Kath Hulse from Swinburne University.

'We also found that the market is not supplying enough rental properties for lower income households—those with incomes under about \$60,000 per year—if they are to pay no more than 30 per cent of their income in rent. The challenge is to develop policies and settings that can lead to a greater supply of lower-rent housing. This challenge has become more urgent in view of our findings.'

The research identified a shortage across Australia of 305,000 affordable and available rental properties for very low-income households in 2016, a worsening situation from the shortage of 271,000 affordable and available rental properties in 2011. By far the main reason is a limited and inadequate supply of affordable rental dwellings for these households.

There was also a shortage of 173,000 affordable and available rental properties for low-income households across Australia, with about 43 per cent of affordable rental housing for this group being occupied by middle and higher income households.

The research also highlights alarming affordability challenges in Sydney—Australia’s largest rental market. For the first time in this series of research projects, in Sydney in 2016 there was an absolute shortfall of dwellings affordable to low-income households. This contrasts with other Australian cities, where there were enough affordable dwellings for these households, even if there might have been a shortage of availability due to households with higher incomes renting them.

‘The absolute shortage of dwellings affordable for low-income households in Sydney between 2011 and 2016 is a remarkable change. Customised policy development is required to boost affordable rental supply for low-income households in Sydney so they can continue to work in jobs necessary for the effective running of an international city such as Sydney,’ says Professor Hulse.

*The report can be downloaded from the AHURI website at <http://www.ahuri.edu.au/research/final-reports/323>*

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