

Housing affordability in the ACT

Findings from a survey of ACT households, November 2014



A consortium of peak community sector organisations has been formed to research housing and homelessness issues in the ACT. The consortium is comprised of ACT Shelter, ACTCOSSA, Women's Centre for Health Matters and the Youth Coalition of the ACT and receives support from the ACT Government. The consortium commissioned Newspoll to include questions in its November 2014 Omnibus Survey of 1,000 ACT residents.

From the survey, 31% of respondents in low income households face housing stress under the 30/40 rule. These respondents live in households earning in the bottom 40% of household income in the ACT and pay more than 30% of gross household income in rent or mortgage costs.

- An estimated 13% of total households, or 19,600 households in the ACT face housing stress. We can be 95% confident that the true estimate lies between 13,300 and 25,900 households (95% CI:[13,300, 25,900]).

Of households in the bottom 40% of household income, 6,600 found rent or mortgage payments quite or very difficult in the last 3 months (95% CI:[3,600, 9,600]). A further 15,700 households in the bottom 40% of household income found rent/mortgage payments a little difficult (95% CI:[9,800, 21,600]).

In the last 12 months, households in the bottom 40% of household income in the ACT made the following compromises due to financial pressures:

- 7,000 households compromised a lot on food and household groceries (groceries) (95% CI:[4,100, 9,900]);
- 7,200 households compromised a lot on health and medical treatments for themselves or their families (health) (95% CI:[3,600, 10,800]);
- 17,300 households compromised a lot on family and leisure activities (leisure) (95% CI:[12,500, 22,000]);
- 5,900 households compromised a lot on the size or features of their home (quality) (95% CI:[3,000, 8,700]);
- 4,300 households compromised a lot on the convenience of where they live (location) (95% CI:[2,000, 6,600]);
- 6,700 households compromised a lot on their work/life balance (work/life) (95% CI:[2,900, 10,600]); and
- 23,600 households compromised a lot on any one of the six areas of compromise (95% CI:[17,800, 29,400]).

Figure 1: Housing stress in the ACT under the 30/40 rule

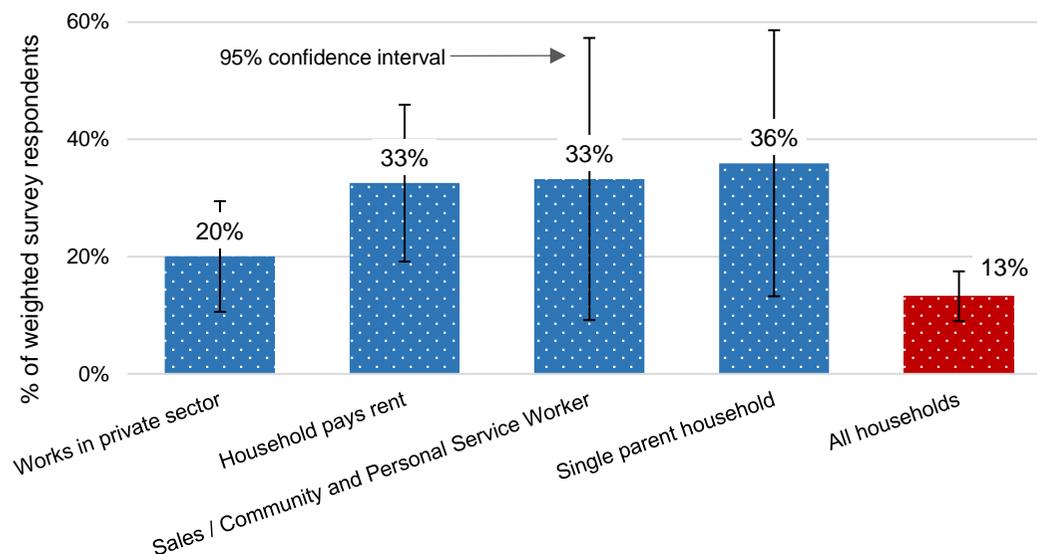
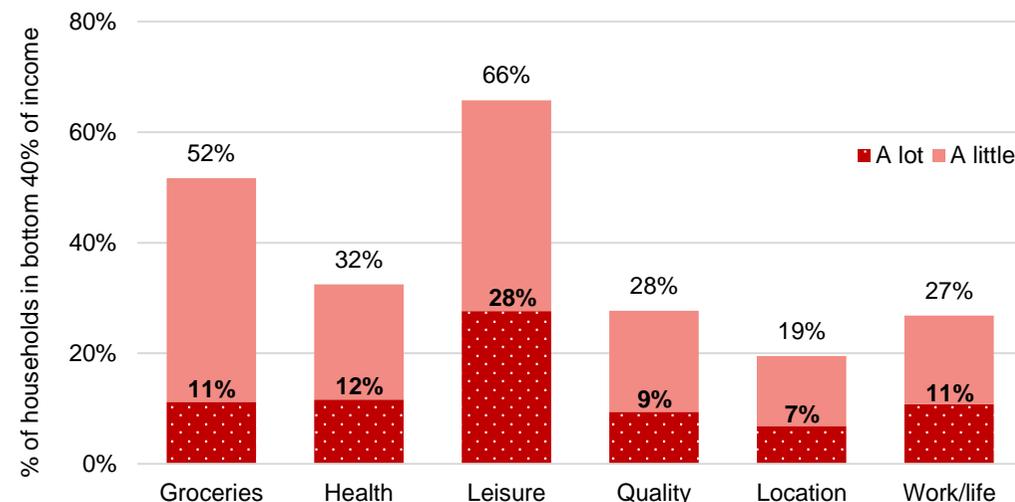


Figure 2: Household compromises in the last 12 months



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Housing and financial stress varies to some degree by household type. Single parent families are much more likely to face housing stress and rent/mortgage difficulties than other household types. Of survey respondents who are part of single parent families:

- 36% face housing stress under the 30/40 rule (Figure 3);
- 24% found mortgage or rent payments very or quite difficult in the last three months (Figure 4);
- high proportions compromised a lot on health and medical treatments (22%), food and household groceries (25%) and family and leisure activities (52%) in the last 12 months due to financial pressures (Figure 5).

Couple households also reported higher than average levels of housing stress and difficulties meeting rent/mortgage payments. Couple parent families were more likely to have made compromises than households without children. Solo and group households reported the lowest levels of housing stress and rent/mortgage difficulties.

Figure 3: Housing stress under the 30/40 rule

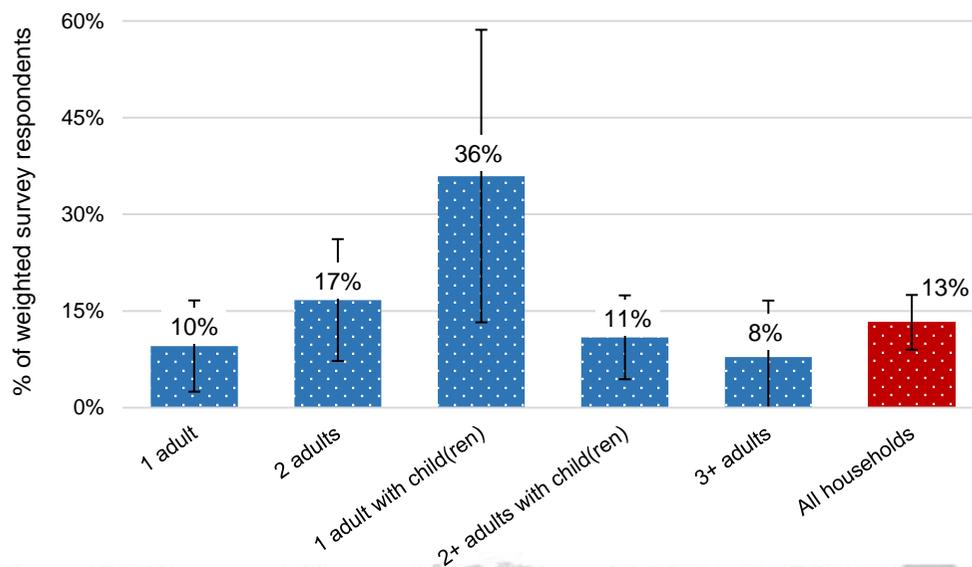


Figure 4: Rent/mortgage difficulties in last 3 months

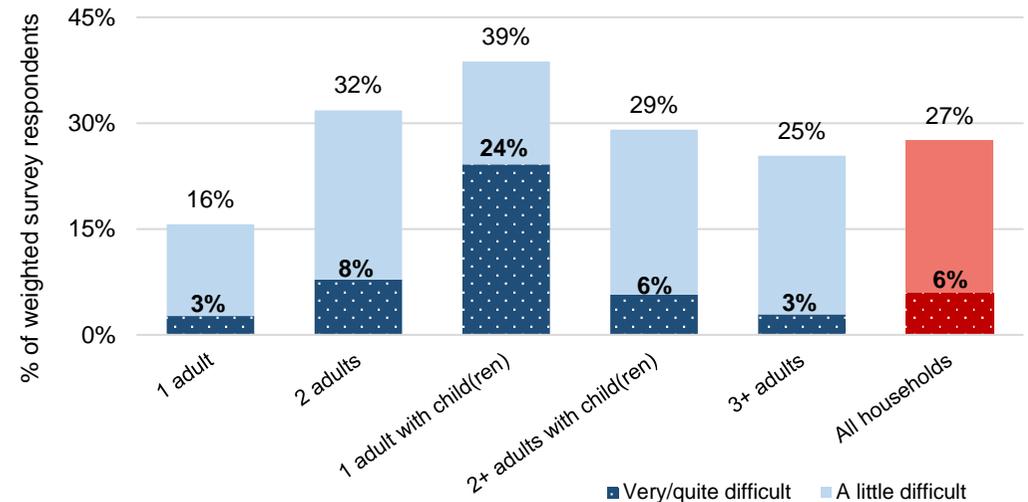
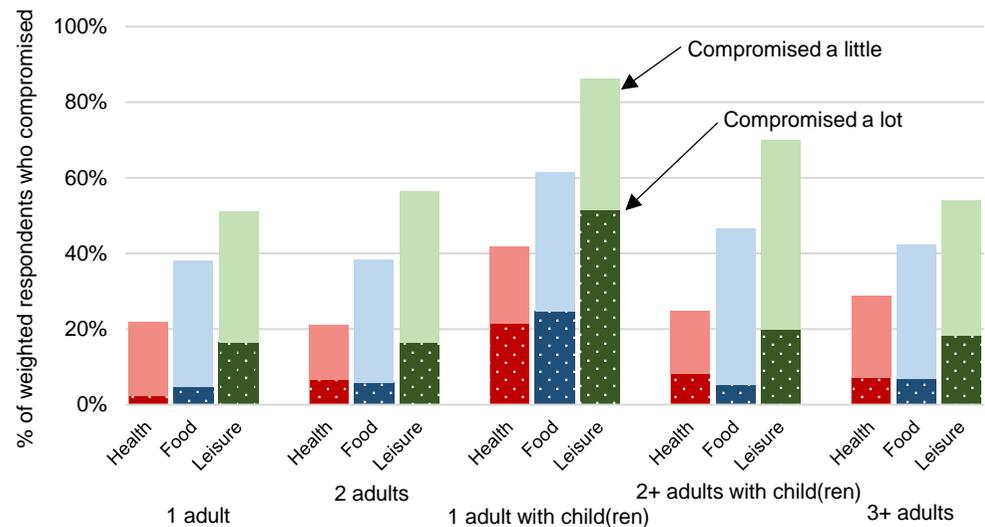


Figure 5: Household expenditure compromises in last 12 months



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Housing and financial stress tends to follow demographic life course processes. Stress is relatively low among younger age groups living with their family and grows with age as people move into the rental market and the early years of home ownership. Financial difficulties and compromises grow as people take on mortgages, families grow and children reach school age.

Survey results show:

- 19% of 25-34 year olds face housing stress under the 30/40 rule (Figure 6);
- 12% of 45-54 year olds found mortgage/rent payments very or quite difficult in the last three months (Figure 7); and
- 28% of 40-49 year olds compromised on leisure and family activities in the last 12 months due to financial pressures (Figure 8).

Females are more likely than males to face housing stress and have compromised on food and household groceries and family and leisure activities in the last 12 months due to financial pressures.

Figure 6: Housing stress under the 30/40 rule

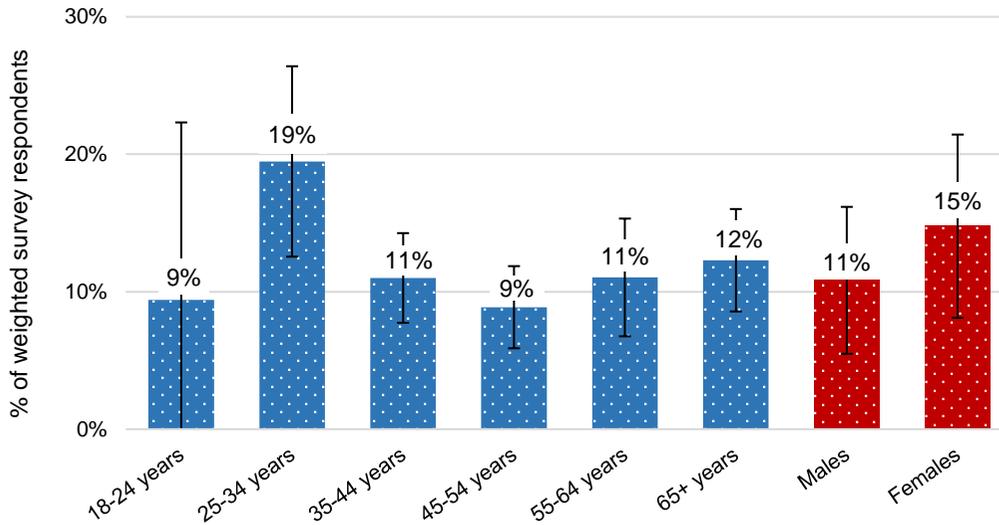


Figure 7: Rent/mortgage difficulties in last 3 months

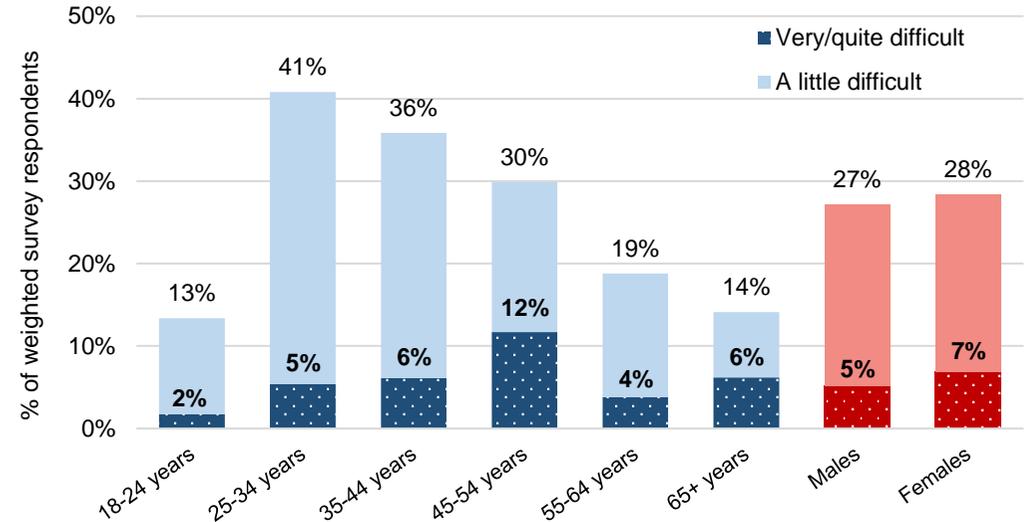
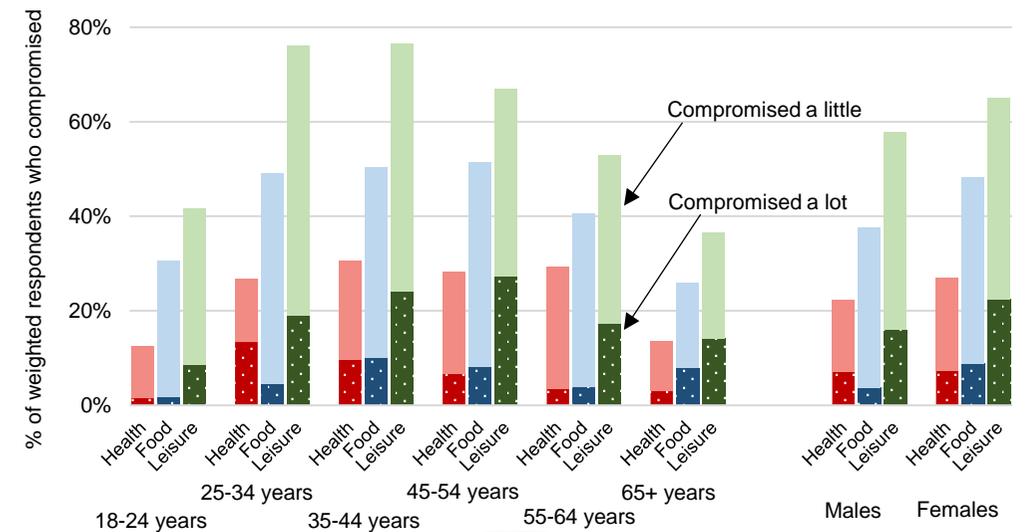


Figure 8: Household expenditure compromises in last 12 months



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Housing and financial stress varies considerably by whether households rent, have a mortgage or own their home outright. This survey only asked about rent/mortgage payments, so housing costs for outright home owners were not able to be considered. These costs include rates and utilities.

Renters face significantly higher levels of stress. Of survey respondents who are renting:

- 33% face housing stress under the 30/40 rule and more than half (52%) had at least a little difficulty with rent payments in the last three months (Figure 9);
- high proportions compromised a lot on food and household groceries (15%), health and medical treatments (14%) and family and leisure activities (36%) (Figure 10).

Housing stress is a significant predictor of financial stress. Compared with other households in the bottom 40% of income, households who pay more than 30% of their income in rent/mortgage payments are more likely to have compromised and/or faced rent/mortgage difficulties (Figure 11).

Figure 10: Household compromises in the last 12 months

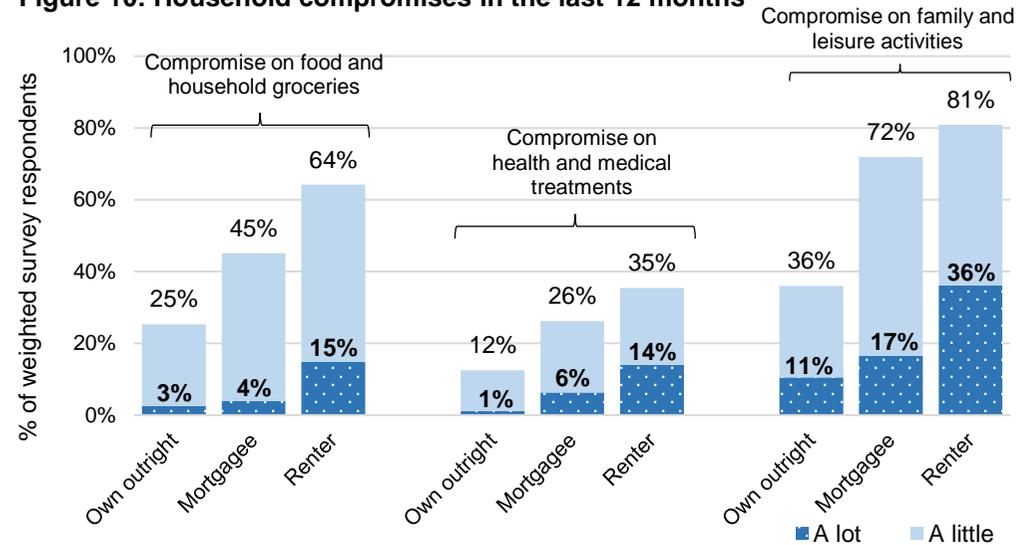


Figure 9: Household stress and difficulties

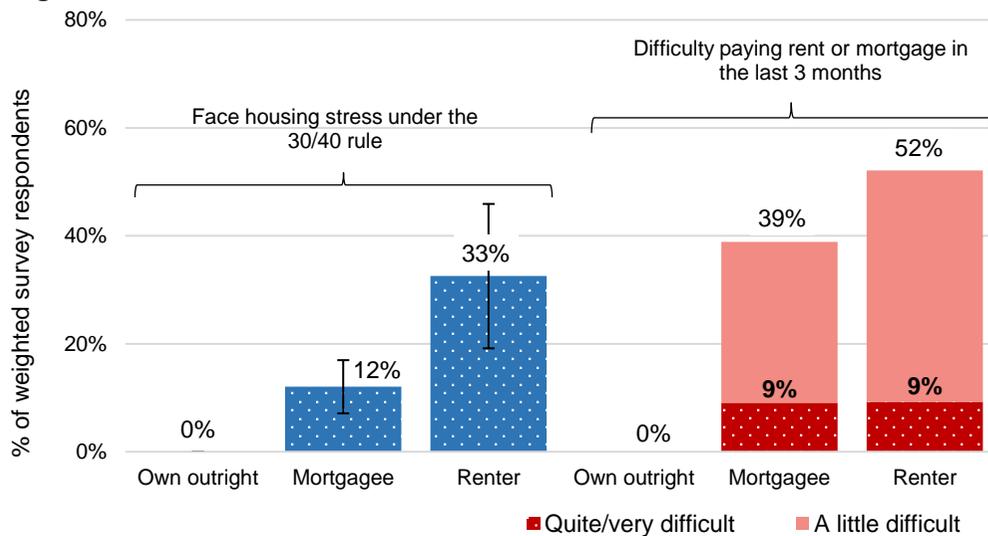
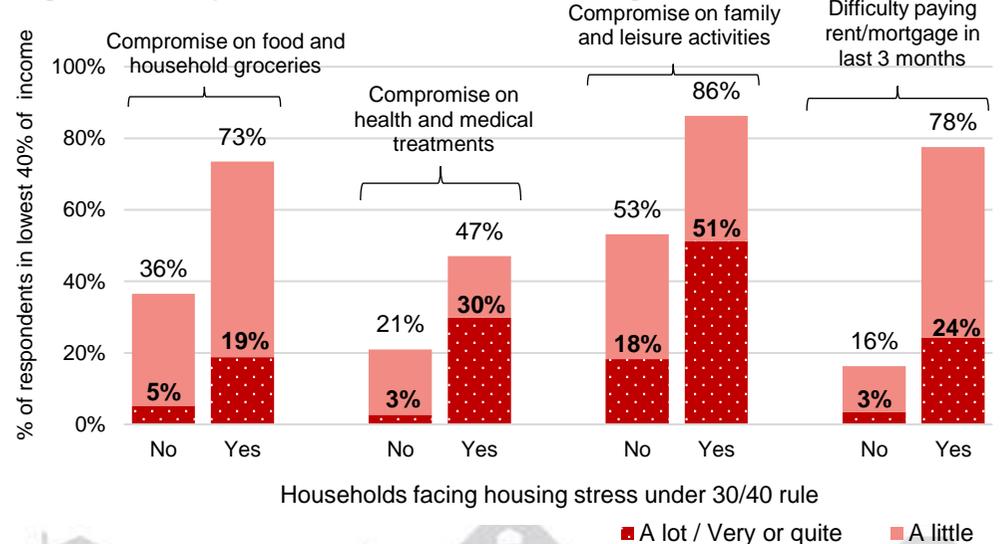


Figure 11: Compromises, difficulties and housing stress



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Housing and financial stress is likely to have important economic and labour market effects. Stress is most likely to adversely affect the size and productivity of the workforce in lower paid occupations and inhibit the growth and diversification of the ACT economy. Housing costs also detract from consumer spending, particularly in the retail and hospitality sectors.

Of survey respondents, high proportions of workers face housing stress under the 30/40 rule who:

- work in the private sector (20%) (Figure 12);
- have temporary part-time or casual jobs (23%) (Figure 12);
- work as Sales Workers (34%) or Community and Personal Service Workers (33%) (Figure 13).

Across all occupation groups, workers in lower paid jobs are significantly more likely to live in households facing housing stress. In the ACT, the number of workers facing housing stress is predicted to be highest among retail (eg Sales Assistants), hospitality (eg Waiters), community sector (eg Child Carers and Aged and Disabled Carers) and office support (eg General Clerks) workers (Figure 14).

Figure 12: Housing stress by labour force characteristics

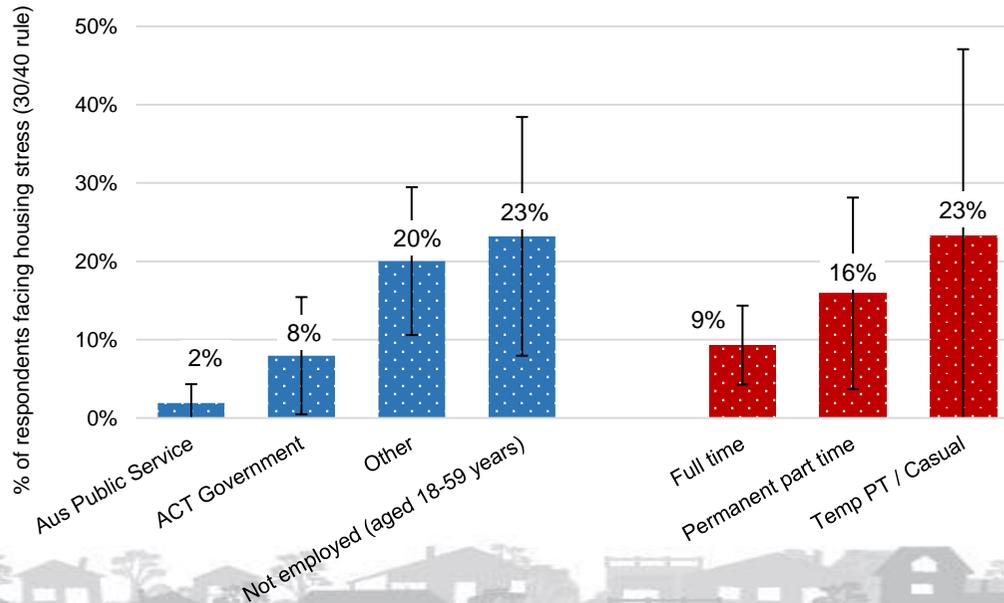


Figure 13: Housing stress by occupation group

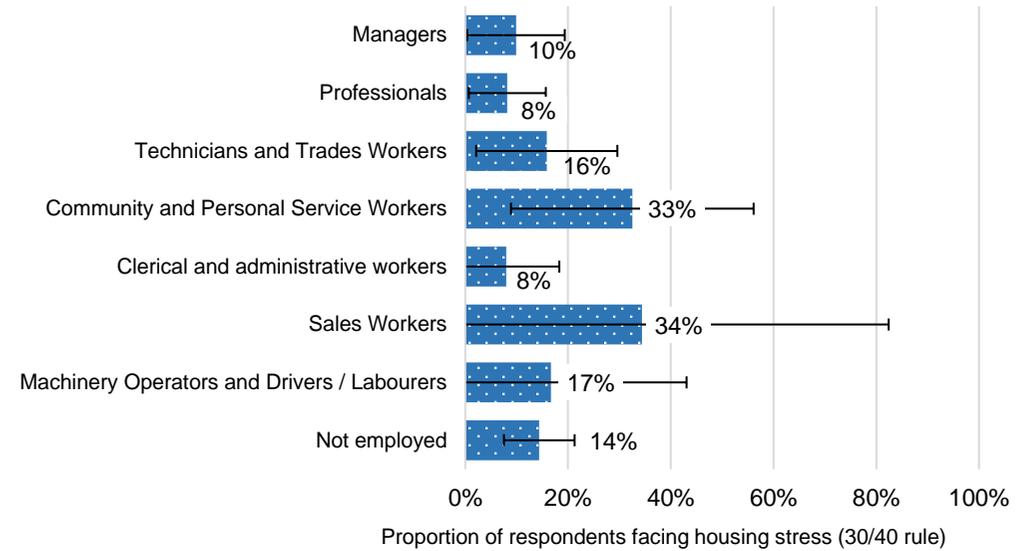


Figure 14: Occupations with high predicted number facing housing stress

Occupation title	
Sales Assistants	Aged and Disabled Carers
General Clerks	Commercial Cleaners
Checkout Operators & Cashiers	Accounting Clerks
Waiters	Bookkeepers
Kitchenhands	Security Officers and Guards
Child Carers	Fast Food Cooks
Retail Managers	ICT Support Technicians
Receptionists	Secondary School Teachers
Office Managers	Carpenters and Joiners
Private Tutors and Teachers	Nursing Support & Personal Care
Bar Attendants and Baristas	Motor Mechanics

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Findings from focus groups, January 2015



On 18 and 21 January 2015, ACT Shelter in partnership with United Voice conducted two focus groups to explore housing and labour market issues in the ACT. Across the two focus groups, there were 12 participants, in addition to Lyndal Ryan, ACT Branch Secretary of United Voice, Travis Gilbert, Executive Officer of ACT Shelter and James O'Donnell, Policy and Research Officer for ACT Shelter and the consortium. Among the 12 participants, there were ten males and two females across a diversity of age groups. All participants are currently engaged in the labour force, either employed or currently looking for work. There were participants working in private security, childcare and early education, hospitality and horticulture.

Almost all participants have compromised to a greater or lesser extent on their housing and living situations due to financial, housing and personal circumstances. This was generally considered a fact of life, particularly the need to forgo holidays. For other individuals, compromises have led to challenging living circumstances.

All of those participants who are currently renting or paying board indicated a strong preference for buying their own home. All participants have or are looking to put down long-term roots in Canberra, so value the permanency, security and wealth-generation aspects of owning their home. A number of participants are actively saving for a deposit, though all struggle to save enough while also paying rent or board.

Some of the older participants hold the perception that individual and family expectations for housing can be unrealistically high. However, most of the younger participants and participants looking to break into the housing market have relatively modest housing expectations.

Participants are aware that house and rental prices in Canberra have come down from very high peaks in recent years. Younger and highly mobile renters look to take advantage, though neighbourhood, school and work ties prevent others from seeking out cheaper rental properties.

A shortage of permanent jobs in the ACT makes it difficult to break into the rental market. Irregular and precarious work hours, particularly for young people, makes it difficult to save for a bond and commit to 12 month leases. Many of the participants with permanent jobs work more than full-time hours, with a number holding more than one job.

There is a high degree of awareness of ACT Government policies and schemes. Some participants are looking to access the Land Rent Scheme, while others are looking for affordable rental properties through CHC Affordable Housing.

"So we've got two families living in the one home... We've got four incomes going in at the moment. We're paying rent and some of the costs – board to help them meet their mortgage and we're saving up a little bit of what's left over to save up to buy a house for ourselves. That's a real crunch situation – four incomes, one house... So it's a bit of stress. It's not fun living in a group home..."

"...I've been trying to save on top of my current rent, but with all of the costs of running a car and all the cost of living expenses, I can only afford another \$200 a fortnight to put away in saving, so it's going to take me a while to build up. Because mortgages these days, they want you to have so much ready before you even consider a mortgage."

"I don't have a problem living in an attached house. I'm not looking for a dream house with four bedrooms and a pool. I just want a normal house... I don't even want to have a backyard. I just want a two bedroom little house that is mine. And that's it."

"To anyone that's currently in a long term rental or with a private landlord or real estate agent or that sort of thing that hasn't seen a reduction in their rents at the end of their lease tell them to talk to their landlord... or the real estate agent and say we want a rental review."

"We have one car and I just cycle into {work}. We could get cheap rent if we went far south or far north but it's not practical to cycle in. We live in the {inner south} and that's great for us as far as schools and closeness to my work. But it's definitely a real struggle."

"I think of all the casuals in hospitality, there's a lot of people who the first part of their working life looks like a series of casual, temporary jobs around the place. So I think that delays the ability for people to get their first {rental property} – not that their ambitions are so great, there's just not the permanent jobs out there that there were."

