

*Improving people's lives
through housing*

Practical Benchmarks and Tools for Affordable Private Rental Housing

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Queensland Government
Department of Housing

Housing issues in Brisbane

- High levels of population growth (1200 persons/week in SE Qld)
- Constrained urban land supply
- Urban consolidation activities
- Rising property values and rents
- Strong interest in affordable housing from the private sector



Need for affordability “tools”

- Protect existing affordable housing
- Facilitate area wide monitoring against defensible benchmarks
- Provide a template for affordable housing development
- Transparent, replicable and easy to use and update



Affordable Housing...

- Rent paid by households in the lowest 40% of income units does not exceed 30% of gross household income after any applicable Rent Assistance is deducted.
- Dwelling is appropriate to the needs of low income households in terms of design, location and access to services and facilities



Benchmark Affordable Rents

- Calculated and updated annually by the Department
- Based on National Housing Data Agreement
low income benchmarks
- Represent maximum rents affordable to very low
and low income households
- Utilise public housing dwelling entitlements



Very low income benchmarks

Dwelling Size	'Very Low Income'	
	Gross household income range (\$/week)	Benchmark Affordable Rent range (\$/week)
1 bedroom	192.50 – 347.30	104 – 148
2 bedrooms	273.44 – 477.78	137 – 198
3 bedrooms	338.68 – 543.02	157 – 225
4 bedrooms	469.16 – 608.26	203 – 245

Source: Centrelink payment schedules effective 20 September 2003

Low income benchmarks

Dwelling Size	'Low Income'	
	Gross household income range (\$/week)	Benchmark Affordable Rent range (\$/week)
1 bedroom	286.40 - 484	133 - 189
2 bedrooms	363.94 – 639.08	164 – 247
3 bedrooms	441.48 – 716.62	187 - 277
4 bedrooms	596.56 – 794.16	241 - 300

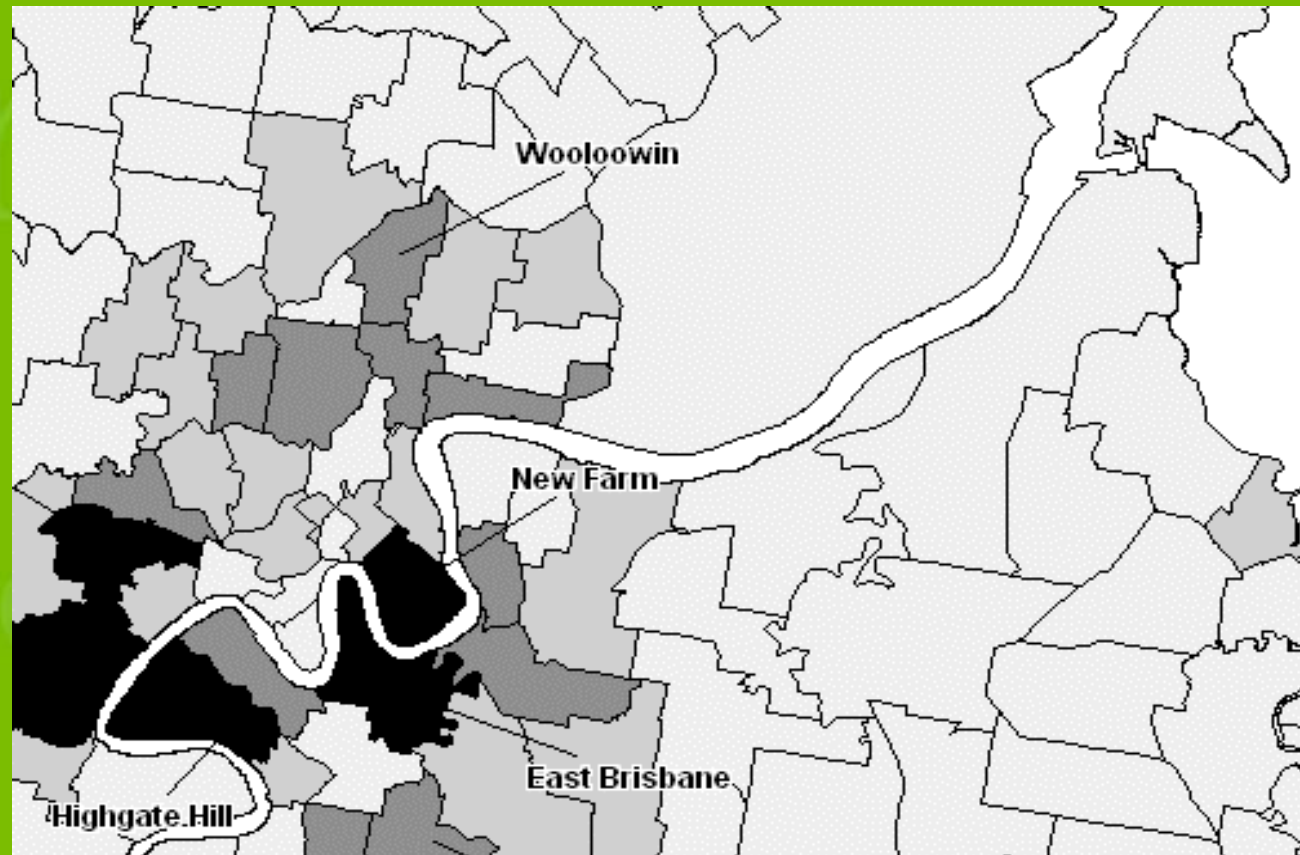
Source: Centrelink payment schedules effective 20 September 2003

Affordable housing in Brisbane 1996 -2001

Area of Analysis	Very Low Income Affordable	Low Income Affordable	Overall Gain in Rental Dwellings
Brisbane - Inner City	-1,237	-296	2,075
Brisbane - Near Inner	-1,504	-509	1,908
Brisbane - Outer	498	2,762	7,340
Brisbane - Total	-2,243	1,957	11,323

Source: ABS Census custom dataset

New Farm



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Stock loss in New Farm

- “Low cost housing” definition and “social diversity” principles in DCP
- Existing low cost private rental housing
- Permission to redevelop



Issues

- Was the impact of their loss mitigated by existing tenant income profiles?
- To whom were these dwellings affordable?
- What would an affordable housing contribution have looked like?
- Is there a more robust way of monitoring stock, assessing impacts and setting benchmarks?



Scenario 1 - Affordability Template

- Developer approaches Council with affordable housing proposal
- Negotiations produces an affordable housing outcome (for whom and how much?)
- Indicative rent ranges provide a *basis* for determining tenant eligibility and affordable rents



Scenario 2 - Area monitoring

- Analysis provides a housing market ‘snapshot’ or time series comparison
- Benchmarks provide a means of monitoring supply of affordable housing
- Proportional decline may be addressed by proactive measures (development controls, contributions etc.)



Scenario 3 - Retention of Stock

- Council wishes to protect affordable housing
- Developer seeking to replace low cost private rental stock (eg. boarding house) with upmarket housing
- Existing boarding house rooms affordable to very low income earners
- Application is refused or conditioned



Developing this framework

Requirements:

- Building relationships with Local Government
- Providing quality analysis of trends
- Availability of small-area rents data
- Critical evaluation and development of the rent-benchmark methodology



For further information...

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