

Housing affordability in Inner Perth before and after COVID (??? it would be interesting to do some COVID related stuff)

Research question: How has COVID affected the housing affordability in Inner Perth?

Research objective:

- Utilising available datasets to assess house affordability in suburbs of Greater Perth
- Finding RFI (rental affordability index) across Inner Perth
- Finding what income group/ demographics are struggling to pay rent before and after COVID
- Finding what was the rental affordability index before and after COVID Breakout
- Finding what suburbs become more or less affordable before and after COVID
- Finding what income group/ industries/ household are emerging

Research hypothesis/ expectation:

- Would low-income groups struggle more to pay rent after COVID? Due to the decline in employment and the economy?
- Would COVID have little or no effect on moderate to high-income groups?
- What are the factors that influence the rental costs? Tourism, immigrants, inter-state travelling, and decline in certain industries (manufacturing)?
- what is the most affordable suburb to rent in Inner Perth?

What is housing affordability?

1. Housing affordability typically refers to the relationship between expenditure on housing (prices, mortgage payments or rents) and household incomes (Thomas & Hall 2016).

Homeownership and housing tenure and Housing assistance are related to housing affordability.

2. Many factors impact the supply, demand and cost of housing across the country, including Australia's growing and ageing population and government policies (AIHW 2019a).

What can we measure using available datasets to address housing affordability?

1. Rental Affordability Index

Housing stress is when housing costs exceed 30 per cent of a low-income household's (lowest 40 per cent of households across all income bands) gross

income, the housing hold is experiencing housing stress (30/40 rule) (SGS Economics).

Where the rental affordability index can be used to indicate housing stress in certain areas.

RAI:

Rental Affordability Index (RAI) = (Median income/qualifying income)*100

*note qualifying income refers to the income required to pay rent where rent is 30% of the income

TABLE 1. RENTAL AFFORDABILITY INDEX AND SEVERITY OF RENTAL UNAFFORDABILITY

Index score	Share of income spent on rent	Relative unaffordability
<50	60% or more	Extremely unaffordable rents
50-80	38-60%	Severely unaffordable rents
80-100	30-38%	Unaffordable rents
100-120	25-30%	Moderately unaffordable rents
120-150	20-25%	Acceptable rents
>150	15% or less	Affordable rents

Source: SGS Economics and Planning, 2019

Income (per income groups in Perth)

Household income is measured by total household income of renting households, it combines the total personal weekly incomes of each resident present in a household on census night.

Datasets required: ABS time series of Average Weekly Earnings (Cat 6302.0) used to index weekly household incomes for the quarter between the 2011 and 2016 censuses.

Median rents (per suburbs)

Rental data can be obtained at the postcode level where available, using **bond lodgement data** from the Government of Western Australia, Department of Communities.

and Domain for rental prices can seek for current and the past.

TABLE 2. EIGHT LOW TO MODERATE INCOME AUSTRALIAN HOUSEHOLD TYPES

Household type	Indicative gross annual income	Indicative dwelling size
Single pensioner	\$27,856	1 bdr
Pensioner couple	\$47,970	2 bdr
Single person on Newstart Allowance	\$18,122	1 bdr
Single part-time worker parent on benefits	\$39,510	2 bdr
Single full-time working parent	\$91,405	2 bdr
Single income couple with children	\$91,405	3 bdr
Dual income couple with children	\$182,810	3 bdr
Student sharehouse	\$76,768	3 bdr
Minimum wage couple	\$72,270	2 bdr
Hospitality worker	\$56,893	1 bdr

Source: Compiled by SGS Economics and Planning, 2019. See Appendix 2 for full list of sources used.

Geographical scope:

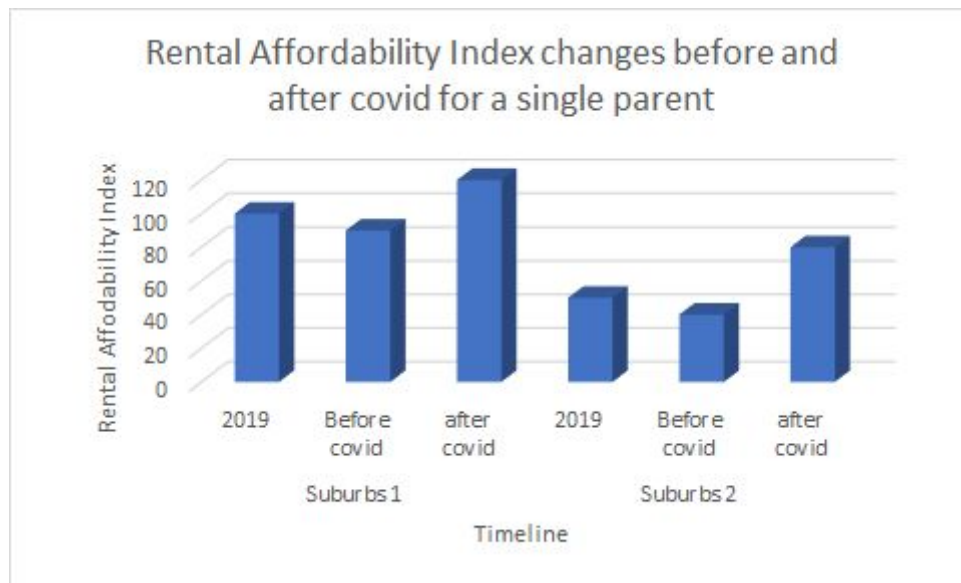
Suburbs in Inner Perth, will use postcodes.

Inner Western Suburbs				
Peppermint Grove	Mosman Park	Claremont	Mt Claremont	Shenton Park
Jolimont	Dalkeith	Crawley	Nedlands	Daglish
Subiaco				
Inner Northern Suburbs				
Mt Hawthorn	Menora	Mt Lawley	Maylands	Inglewood
Coolbinia	Joondanna	Bedford	Tuart Hill	Yokine
Bayswater	Embleton	Dianella	Nollamara	Noranda
Westminster	Balcatta			
City of Perth				
Northbridge				
Other Western Suburbs				
Leederville	West	Floreat	Wembley	Wembley Downs

	Leederville			
Osbourne Park	Karrinyup	Gwellup	Glendalough	Innaloo

Timeframe:

- 2011 - 2019
- Before COVID (End of 2019)
- After COVID (Start of 2020)



Example:

Calculating the RAI for a single parent in Inner Perth, 2br is required for a single parent

$$RAI = (\text{Median income}/\text{qualifying income}) \times 100$$

Median income = median income of a single parent in Perth, data can be required from ABS census.

Qualifying income = the required income to pay rent (30 % of income), we can require this data from Domina and REIWA, finding out how much is the rent for a 2 bedroom apartment.

