Appendix C:

Characteristics of Low - Moderate Income Purchasing and Renting Households in Housing Stress

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1. What are the characteristics of those in purchasing and rental housing stress in City of Perth?

1.1. Overview

This section looks in detail at the characteristics of low to moderate-income purchasers and renters in housing stress in the City of Perth in terms of Income, Age, Occupation and Household and Family Composition. It should be read in conjunction with **Section 3.1.2**, which summarises and provides an analysis of the information provided below.

Using the benchmark of 30% of gross household income as a measure of housing stress, affordable rents in Perth SD were calculated to be $263 per week for low income households and $391 per week for moderate income households for 2006. [1] For purchasing households, using current interest rates and assuming 20% deposit, an affordable housing loan for low-income households would be $240,000.[2] For moderate-income households, an affordable housing loan would be $358,000.

1.2. Income

In 2006, there were 1,132 low income **renting** households in City of Perth and 311 moderate income renting households, representing 24.6% and 2.8% of City of Perth households. [3] Of these households, 734 (64.8%) low and 44 (14.1%) moderate households were calculated to be in housing stress, spending more than 30% of their income on rent. 51.0% of all low income renting households, or 575 households, were paying more than 50% of their income on rent.

In 2006, there were 150 low and 135 moderate income **purchasing** households in City of Perth. Of these, 99 (66.0%) low income households and 87 (64.4%) moderate income households were in housing stress. Forty three (28.7%) low income and 15 (11.1%) moderate income households spent 50% or more of their income on mortgage repayments.

Details are shown in the tables and figures below.

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[1] For 2006, the second quintile of household income was $877 for Perth Statistical Division. The median income was $1,086 with 120% of median income being $1,304 (JSA 2009 calculations derived from ABS 2006 Census).

[2] http://www.anz.com/common/calculators/loanrepayment/exampleau.asp#profile accessed 9 July 2009 and using loan term of 30 years, interest of 5.81% and 20% deposit.

[3] Based on calculations where the number of City of Perth households equals 4,602 households (ABS, 2006, *Expanded Community Profile*).

Table 1.1: Proportion of low income renting and purchasing households who paid more than 30% and 50% of their household income on rent or mortgage payments.

Description	Total Low Income Households	Low income households			
		Paying more than 30% of income		Paying more than 50% of income	
		Number	% of households	Number	% of households
Renting Households	1,132	734	64.8%	575	51.0%
Paying a Mortgage	150	99	66%	43	28.7%

Source: JSA 2009 derived from ABS 2006 Census

Table 1.2: Proportion of moderate income renting and purchasing households who paid more than 30% and 50% of their household income on rent or mortgage payments.

Description	Total Moderate Income Households	Moderate Income Households			
		Paying more than 30% of income		Paying more than 50% of income	
		Number	% of households	Number	% of households
Renting Households	311	44	14.1%	6	1.9%
Paying a Mortgage	135	87	64.4%	15	11.1%

Source: JSA 2009 derived from ABS 2006 Census

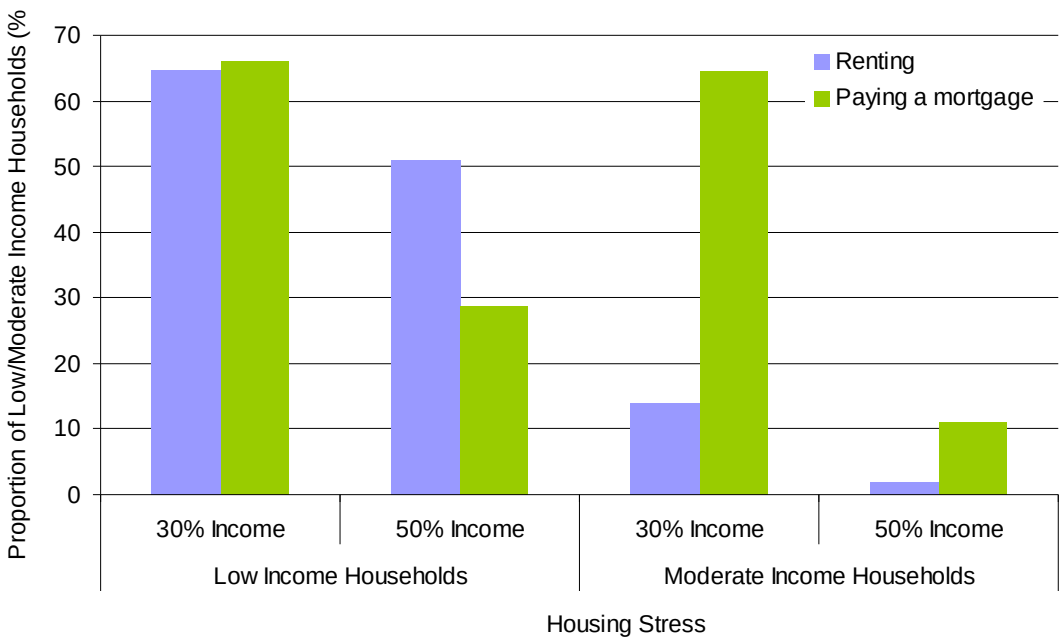

Figure 1.1: Proportion of low and moderate income renting and purchasing households in housing stress (30%+ 50%+).

Source: JSA 2009 derived from ABS 2006 Census

1.3. Age

The calculations for age are based on the age of the household reference person.

1.3.1. Renting

In terms of absolute numbers, low income households in the 15-24 and 25-34 age groups represent around 60% of those in housing stress, with the 15-24 age bracket representing around 40% of those in housing stress. Likely explanations include the higher general level of younger people in City of Perth and probable lack of access to social housing combined with life stage issues such as lower levels of home ownership amongst younger people generally and lower incomes as younger people establish themselves in the work force.

Details are shown in the table below.

Table 1.3: Proportions of low and moderate income renting households in housing stress, by age of reference person, and the proportion of City of Perth's working population by age

		Low income earners				Moderate income earners			
		Paying more than 30% of income		Paying more than 50% of income		Paying more than 30% of income		Paying more than 50% of income	
Description	**Proportion of Perth Residents in age cohort***	**Number**	**% of households**	**Number**	**% of households**	**Number**	**% of households**	**Number**	**% of households**
15-24	21.6%	272	24.0%	229	20.2%	14	4.5%	0	0.0%
25-34	30.9%	143	12.6%	88	7.8%	4	1.3%	0	0.0%
35-44	16.5%	73	6.4%	59	13.1%	8	2.6%	0	0.0%
45-54	11.7%	69	6.1%	59	5.2%	6	1.9%	3	1.0%
55-64	10.0%	73	6.4%	60	5.3%	6	1.9%	0	0.0%
65-74	5.8%	64	5.6%	52	4.6%	3	1.0%	3	1.0%
75+	3.5%	40	3.5%	28	2.5%	3	1.0%	0	0.0%

* Proportion of working age – 15 years and over.

Source: JSA 2009 derived from ABS 2006 Census

1.3.2. Purchasing

In terms of absolute numbers, low income households in the 15-24 and 25-34 age groups represent over 50% of those in purchase housing stress. Likely explanations include the higher general level of younger people in City of Perth and lower incomes as younger people establish themselves in the work force.

Compared with the general population of City of Perth, people in all age cohorts except 15-24 are under represented amongst those in housing stress. This may be because of greater incomes in those age brackets or because of a propensity for lower income households in those age brackets to live in more affordable areas outside City of Perth, because mortgage costs reduce with time as a result of inflation or because older people are more likely to be owners. High levels in the 15-24 age bracket, with many in severe housing stress (paying more than 50% of income), may be because of a lack of lower cost housing in Perth coupled with lower income levels in this cohort.

Details are shown in the table below.

Table 1.4: Proportions of low and moderate income purchasing households in housing stress, by age of reference person, and the proportion of City of Perth's working population by age.

		Low income households				Moderate income households			
		Paying more than 30% of income		Paying more than 50% of income		Paying more than 30% of income		Paying more than 50% of income	
Description	**Proportion of Perth Residents in age cohort***	**Number**	**% of households**	**Number**	**% of households**	**Number**	**% of households**	**Number**	**% of households**
15-24	7.6%	27	18.0%	18	12.0%	10	7.4%	0	0.0%
25-34	26.9%	29	19.3%	13	8.7%	26	19.3%	3	2.2%
35-44	21.8%	19	12.6%	6	4.0%	21	15.6%	3	2.2%
45-54	23.4%	9	6.0%	3	1.0%	15	11.1%	3	2.2%
55-64	16.4%	12	3.9%	3	1.0%	12	8.9%	6	4.4%
65-74	3.6%	3	1.0%	0	0.0%	6	4.4%	0	0.0%
75+	0.4%	0	0.0%	0	0.0%	3	2.2%	0	0.0%

* Proportion of working age – 15 years and over.

Source: JSA 2009 derived from ABS 2006 Census.

1.4. Occupation

Occupation is discussed in relation to the occupation of the household reference person. The discussion below considers only those who are currently employed, representing 68.9% of total renters and 90.1% of total purchasers. Around one third of low income households in rental stress are employed, suggesting that the majority of low income households in rental stress are receiving welfare payments.

1.4.1. Renting

The highest numbers of low income households in rental housing stress comes from Professionals, Community And Personal Service Workers, Clerical and Administrative Workers, Sales Workers and Labours. It is likely that professionals in rental housing stress are younger people at the bottom of the salary ladder. Likewise for other classifications, these may represent juniors or part time workers, and are probably younger. Moderate income households present a similar story, though due to low numbers trends are not as clear.

Table 1.5: Proportions of low and moderate income renting households in housing stress, by occupation of reference person, and the proportion of City of Perth's working population.

Description	Proportion of Total Employed Renting Households (%)	Low income households				Moderate income households			
		Paying more than 30% of income		Paying more than 50% of income		Paying more than 30% of income		Paying more than 50% of income	
		Number	% of low income households	Number	% of low income households	Number	% of moderate income households	Number	% of moderate income households
Managers	15.8%	20	3.8%	13	2.4%	10	3.7%	3	1.1%
Professionals	37.7%	60	11.3%	26	4.9%	7	2.6%	0	0.0%
Technicians And Trades Workers	7.6%	9	1.7%	3	0.6%	6	2.2%	3	1.1%
Community And Personal Service Workers	8.0%	57	10.7%	44	8.3%	8	2.9%	0	0.0%
Clerical And Administrative Workers	12.2%	38	7.1%	17	3.2%	7	2.6%	0	0.0%
Sales Workers	6.6%	36	6.8%	26	5.3%	0	0.0%	0	0.0%
Machinery Operators And Drivers	2.7%	9	1.7%	6	1.1%	0	0.0%	0	0.0%
Labourers	8.1%	51	9.6%	38	7.1%	0	0.0%	03	0.0%

Source: JSA 2009 derived from ABS 2006 Census.

1.4.2. Purchasing

Generally there are low numbers of employed low and moderate households in purchase stress. As for rental, low income households in purchase stress come from Professionals, Clerical and Administrative Workers and Sales Workers. It is likely that professionals in rental housing stress are younger people at the bottom of the salary ladder. Likewise for other classifications, those in stress may represent juniors or part time workers.

Moderate income households in purchase housing stress tend to be Managers, Professionals and Clerical and Administrative Workers, and again are probably younger people.

Table 1.6: Proportions of low and moderate income purchasing households in housing stress, by occupation of reference person, and the proportion of City of Perth's working population.

		Low income households				Moderate income households			
		Paying more than 30% of income		Paying more than 50% of income		Paying more than 30% of income		Paying more than 50% of income	
Description	**Proportion of Total Employed Purchasing Households (%)***	**Number**	**% of low income households**	**Number**	**% of low income households**	**Number**	**% of moderate income households**	**Number**	**% of moderate income households**
Managers	22.5%	9	8.9%	6	5.9%	12	10.0%	3	2.5%
Professionals	45.0%	21	20.8%	6	5.6%	28	23.3%	7	5.8%
Technicians And Trades Workers	9.2%	9	8.9%	6	5.9%	3	2.5%	0	0.0%
Community And Personal Service Workers	3.8%	6	5.6%	3	3.0%	6	5.0%	0	0.0%
Clerical And Administrative Workers	10.1%	15	14.9%	3	3.0%	12	10.0%	3	2.5%
Sales Workers	4.8%	13	12.9%	9	8.9%	3	2.5%	0	0%
Machinery Operators And Drivers	2.1%	0	0%	0	0%	6	5.0%	0	0.0.%
Labourers	1.3%	0	0%	0	0%	3	2.5%	0	0.0%

Source: JSA 2009 derived from ABS 2006 Census.

1.5. Household and Family Composition

1.5.1. Renting

The greatest number of households in rental stress are Lone Person Households comprising over two thirds of households in rental stress. For moderate income households, couple families with no children are most likely to be in rental housing stress, although the number is not large.

Table 1.7: Proportions of low and moderate income renting households in housing stress, by household/family composition, and the proportion of City of Perth households.

		Low income earners				Moderate income earners			
		Paying more than 30% of income		Paying more than 50% of income		Paying more than 30% of income		Paying more than 50% of income	
Description	**Proportion of Total Renting households (%)**	**Number**	**% of low income households**	**Number**	**% of low income households**	**Number**	**% of moderate income households**	**Number**	**% of moderate income households**
Couple family with children	6.0%	27	2.4%	20	1.8%	6	5.0%	3	2.5%
Couple family with no children	24.5%	66	5.8%	50	4.4%	20	16.7%	3	2.5%
One parent family	2.0%	11	1.0%	8	0.7%	0	0.0%	0	0.0%
Other family	4.0%	50	4.4%	42	3.7%	9	7.5%	0	0.0%
Lone person households	51.5%	482	42.5%	372	32.8%	6	5.0%	0	0.0%
Group households	11.8%	96	8.5%	84	7.4%	10	8.3%	3	2.5%

Source: JSA 2009 derived from ABS 2006 Census.

1.5.2. Purchasing

Households in purchasing housing stress are typically lone person households, comprising 80% of low income, and 55% of moderate income households in housing stress.

Table 1.8: Proportions of low and moderate income purchasing households in housing stress, by household/family composition, and the proportion of City of Perth's households.

Description	Proportion of Total Purchasing Households (%)	Low income earners				Moderate income earners			
		Paying more than 30% of income		Paying more than 50% of income		Paying more than 30% of income		Paying more than 50% of income	
		Number	% of low income households	Number	% of low income households	Number	% of moderate income households	Number	% of moderate income households
Couple family with children	11.7%	6	4.1%	3	2.0%	6	4.4%	3	2.2%
Couple family with no children	36.4%	3	2.0%	0	0.0%	17	12.4%	0	0.0%
One parent family	4.3%	3	2.0%	3	2.0%	6	4.4%	3	2.2%
Other family	2.5%	9	6.1%	9	6.1%	3	2.2%	0	0.0%
Lone person households	42.4%	80	54.1%	36	24.3%	43	31.4%	6	4.4%
Group households	3%	0	0.0%	0	0.0%	3	2.2%	0	0.0%

Source: JSA 2009 derived from ABS 2006 Census.