



Housing & Urban Liveability in Australia



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Progress of Societies

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Housing Affordability



Table 1: Simplified comparison of ratio and residual affordability measures

<i>Household</i>	<i>Affordability measure</i>	<i>How much can be spent on housing?</i>
Household A: gross income \$40,000 per annum	Ratio method: 30% of income	\$12,000 (30% of \$40,000)
Household B: gross income \$40,000 per annum	Residual method: How much is available if budget standard is, say, \$30,000?	\$10,000 (\$40,000 less \$30,000)

Burke, T., Stone, M. and Ralston, L. (2011) *The residual income method: a new lens on housing affordability and market behaviour*, AHURI Final Report No.176. Melbourne: Australian Housing and Urban Research Institute.

Housing Affordability



Table 2: LCBS and MCBS for selected household types, 2010

<i>Household type</i>		<i>LCBS 2010 composite index</i>	<i>MCBS 2010 composite index</i>
Single	Under 65	\$275	\$392
	65 and over	\$272	\$377
Couple	Under 65	\$416	\$603
	65 and over	\$400	\$548
Couple with children	1	\$555	\$805
	2	\$655	\$975
	3	\$747	\$1,233
Sole parent	1	\$348	\$565
	2	\$467	\$771

Source: Original budget standard data; Saunders et al. (1998); indexed by composite of ABS CPI and per capita household disposable income.

LCBS = Low Cost Budgetary Standard

MCBS = Modest Cost Budgetary Standard

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Housing Affordability

Table 4: Households with an affordability problem: LCBS, MCBS and 30 per cent benchmark method

	<i>Below LCBS</i>	<i>Below MCBS</i>	<i>Paying more than 30% of disposable income on housing</i>	<i>Paying more than 30% of gross income on housing</i>
All households	14.1%	30.7%	21.0%	15.8%
Lowest 40% (of equivalised disposable income)	33.6%	69.6%	23.9%	23.3%
All households, private renters	17.0%	32.8%	31.9%	27.0%
All households, private renters lowest 40%	47.7%	85.2%	61.7%	60.2%

Source: ABS Income and Housing Survey 2007–08 unit record files.

LCBS = Low Cost Budgetary Standard

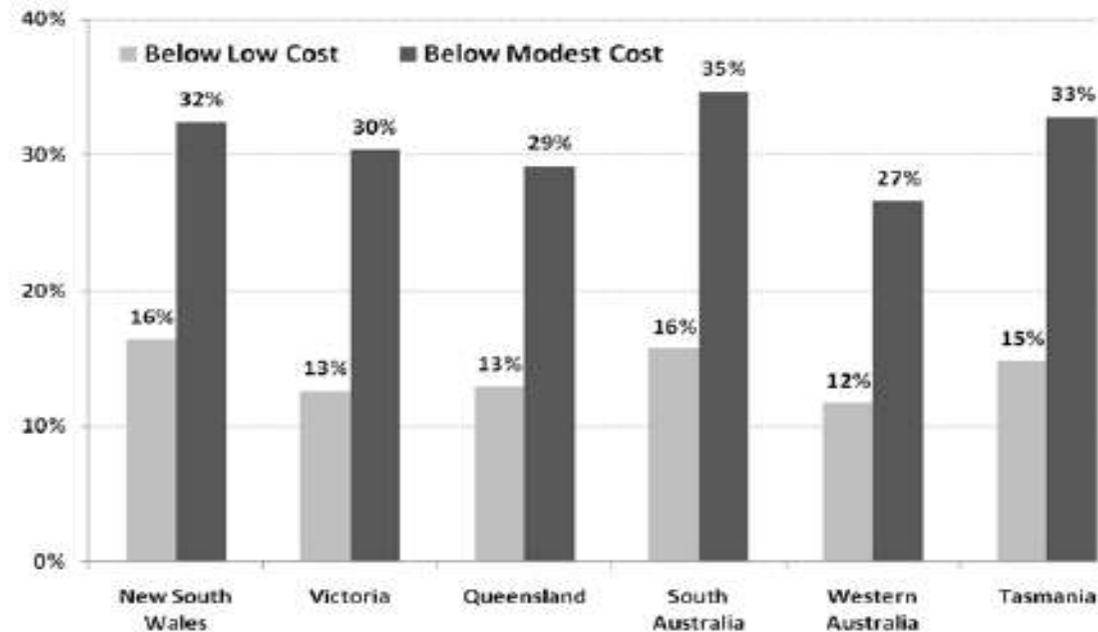
MCBS = Modest Cost Budgetary Standard

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Figure 5: Percentage of households with residual income affordability problem, by state, 2007–08

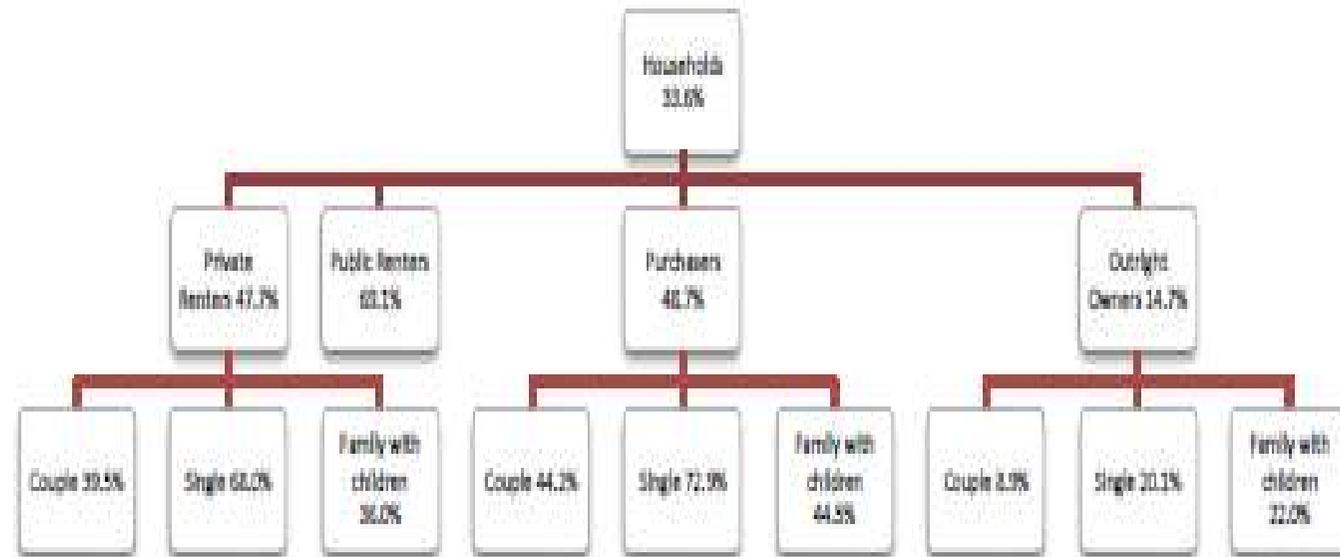


Source: ABS Income and Housing Survey 2007–08 unit record files

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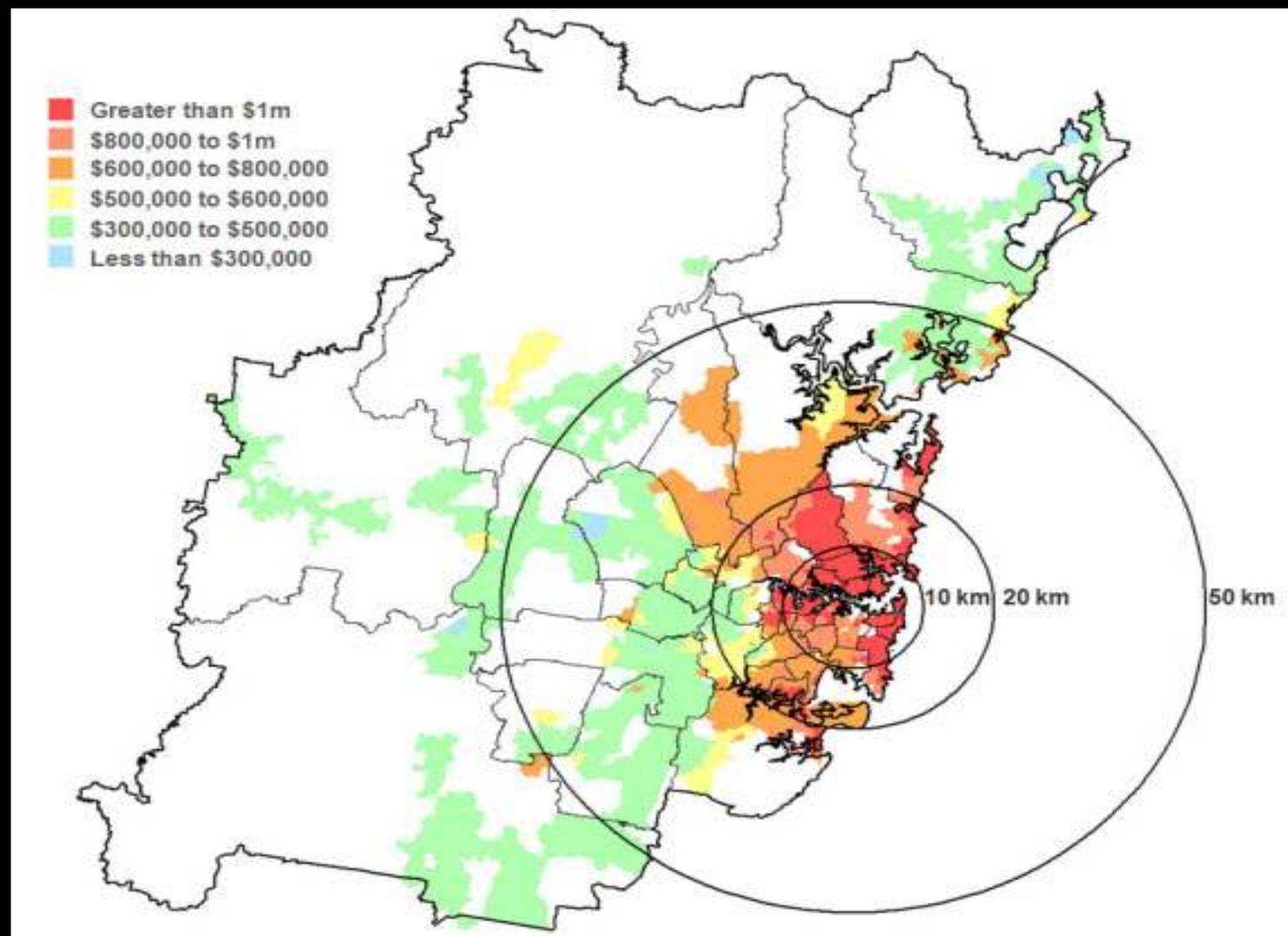
Housing Affordability

Figure 6: LCBS for households in lowest 40 per cent of incomes

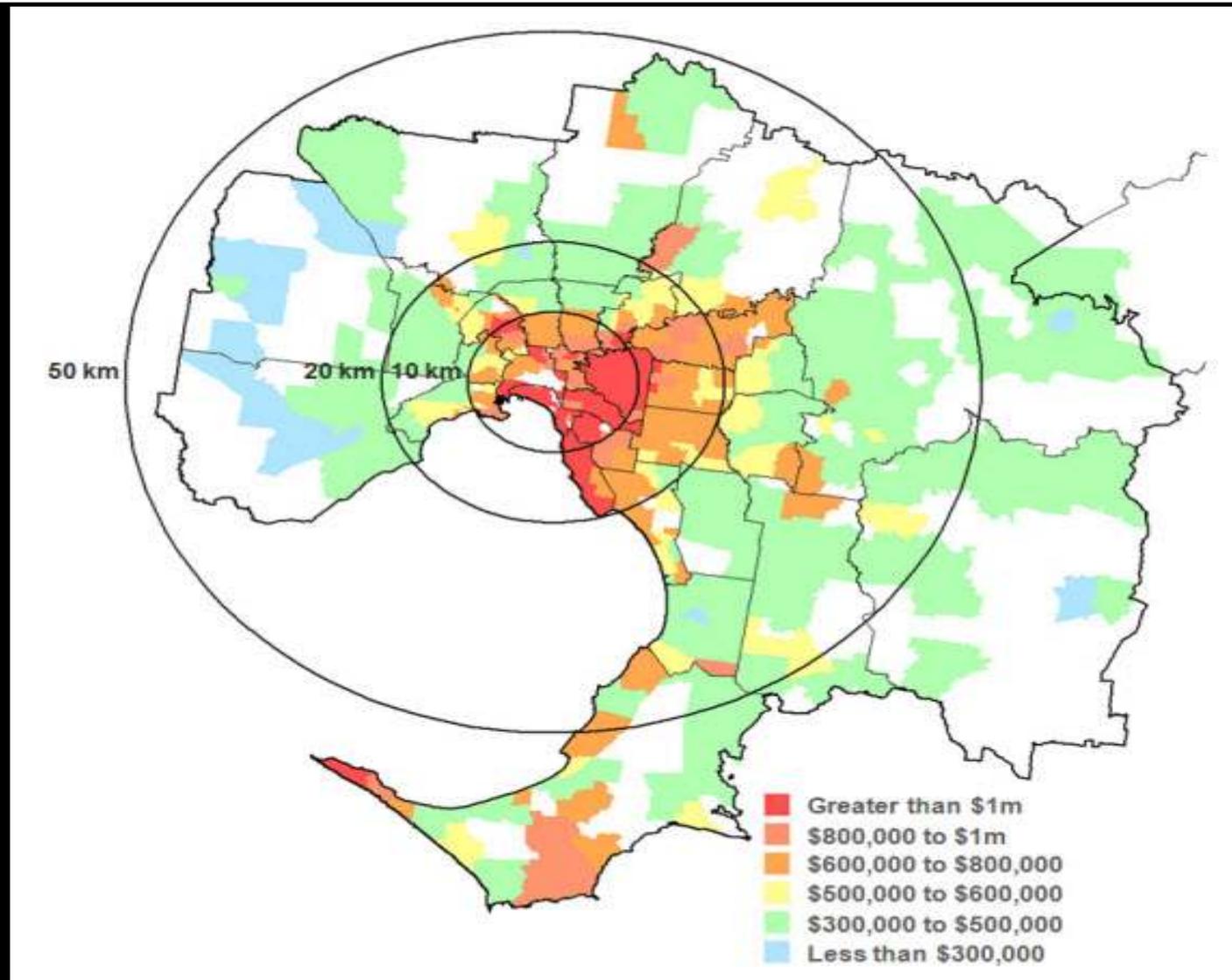


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Sydney Housing Values

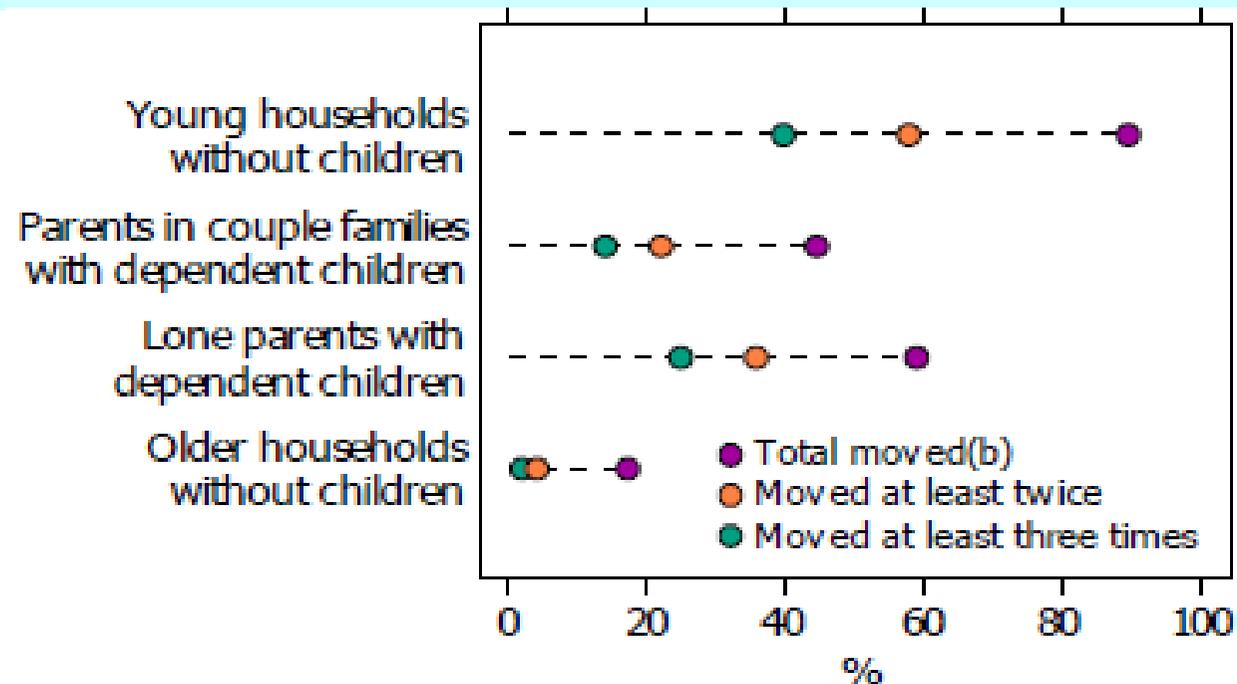


Melbourne Housing Values



Mobility

Mobility in the last five years(a), by selected life course groups – 2007-08



(a) People aged 15 years and over.

(b) Includes people who moved in the last five years but didn't know how many times they had moved.

Source: ABS 2007-08 Survey of Income and Housing

Disappearing Australian Backyards

