Interest rate hike adds to bleak outlook for low income earners

Low income earners face a bleak future without access to public housing, rising interest rates reducing the chance of home ownership, and private rentals moving beyond reach, a University of Tasmania researcher has warned.

School of Sociology and Social Work Chief Investigator, Dr Keith Jacobs, said families were being forced to live in poor substandard accommodation that a landlord could not rent in the past, when rentals were more competitive.

“The prospect for low income households is bleak - especially in the private rental market where competition for housing is very intense,” Dr Jacobs said.

“Their situation will remain bleak until there’s an increase in the supply of low-cost housing.”

Dr Jacobs is the lead researcher on a landmark project which reviewed in depth, for the first time, the role of private rental support programs (PRSP) in addressing access problems in the housing market. A PRSP provides one-off financial support to low-income households to cover bond, moving, or utility connections.

It is estimated that as many as 1.6 million households rent from a private landlord, with a rising number of renters linked to increasing house prices and falling public housing stock.

Dr Jacobs said the project, funded by the Australian Housing and Urban Research Institute, was of national significance, as the problem of accessing low-income
housing was likely to intensify as demand outstripped supply in capital and regional centres.

“Private rental support programs, in the broader social and economic context, will at best be a band aid solution, particularly with clients on low incomes experiencing ongoing financial stress.

Other findings include:

- Landlords are charging higher rents because of increased demand
- The payments are a ‘stop-gap’ measure for families who would have in the past accessed public housing
- Landlords discriminate against PRSP recipients
- The payment does not directly impact upon high, ongoing costs of private rentals

The research was in collaboration with the Royal Melbourne Institute of Technology, the University of Queensland, and Flinders University, Adelaide.

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