

Notes for presentation by Adrian Burrage
Melbourne Conversations Panel (Melbourne City Council)
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The Place of Students in Central Melbourne:
Cash Cows or Community Members?

I'm going to talk about affordability and availability of housing for students. Some very complex issues – will provide a snapshot.

My sources include:

AVCC report on Student Finances: February 2007

CSHE report: The First Year Experience in Australian Universities: 2005

REIV: Monthly rental vacancy report

Affordability of housing

Brief look at the financial situation for the average FT UG student.

Average income (from all sources) for local (Australian) students is \$12,500 p.a.

Like to point out - min. requirement for visa for many International students is \$12,000 p.a.

Local student on average spends \$16,000 p.a. on living expenses (not inc. HECS)

Deficit of \$3,500 or 27% p.a in their budget

At Melb Uni we know that \$16,000 p.a. is bare minimum. They are just getting by.

We know that low-income earners shouldn't spend more than 30% of income on rent.

SO, based on a budget of \$16,000 p.a. that leaves \$92 per week for rent.

Average share house rent within 4 km of CBD is \$130 to \$145 per week.

1 bedroom furnished apartment in same area costs over \$200 per week.

Consequently to access acceptable, entry point share-housing many students spend 40 to 50% of their budget on rent.

As my Colleague in Fin Aid puts it,

“...most students who approach the service for assistance don't have a budgeting problem, they have a poverty problem.”

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Ultimately, many students are forced to live beyond their means.

Availability

Going to talk now about availability.

Past decade - gentrification has reduced availability of traditional share house options in inner suburbs.

Lots of media – vacancy rates in private rental market

REIV figures for inner-city region (4 km of CBD).

Feb 2006	1.7%
Feb 2007	0.6%
Long term market average	3.0%

0.6% equals 1/5 of the places normally available – our notice boards have been virtually empty for months

Result (stiff competition) – rent prices rising at double the rate of inflation. Incomes are not increasing at this rate. Gap is widening.

So, what are the effects? What is the impact of this situation? How are students living?

In SHS we see students who:

- Share single rooms
- Sleep in lounge rooms
- Have little to no study space
- No privacy
- Exploited by landlords who ignore basic tenancy regulations

Landlords who are aware that students have limited options, and are in fact, desperate.

For example.

a landlord sharing her own bedroom and the remaining space (in a two bed flat)with up to 4 students! She sees herself as a legitimate student housing provider.

Not unheard of for students to report not eating for periods in order to survive financially.

Not surprising - high anxiety and stress levels.

One of the most commonly reported concerns of international student is safety, that the priority for them is feeling safe.

SHS - every 1 local student : we see 2 international students.

So, how do students mitigate the competing demands of affordability and availability of housing?

71% of local students undertaking FT UG study are doing paid work for an average of 15 hours per week.

International students also work. At Uni Melb over 80% obtain work visa allowing them up to 20 hours per week during semester.

Research shows students who work more than 16 hours a week likely to struggle with the competing demands of work and study.

Likely to miss classes and be less engaged with University.

The CSHE report notes that,

“...international students are more likely (than local students) to feel pressured by financial commitments (40% compared to 23%)

International students are experiencing the same problems in terms housing affordability and availability as local students, but appear to be suffering more acutely as a result.

What has been the response at the supply end of the market?

The past decade has seen significant change in what is available.

Proliferation of high density, apartment style options in premium locations.

Often priced at the high end of market, over \$200 per week (1 bed).

Obviously, big gap between what most students can afford and what they are being offered.

Diversity of need amongst students (from 90 countries) has greatly increased.

Meanwhile, the diversity of options available to them has narrowed.