

How much social housing does Australia really need?

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Presentation overview

1. Why do we need any social housing?
2. How much social housing do we already have?
3. How much social housing do we need?
4. How do projected SH construction numbers tally with scale of need?
5. Concluding points

What is social housing?

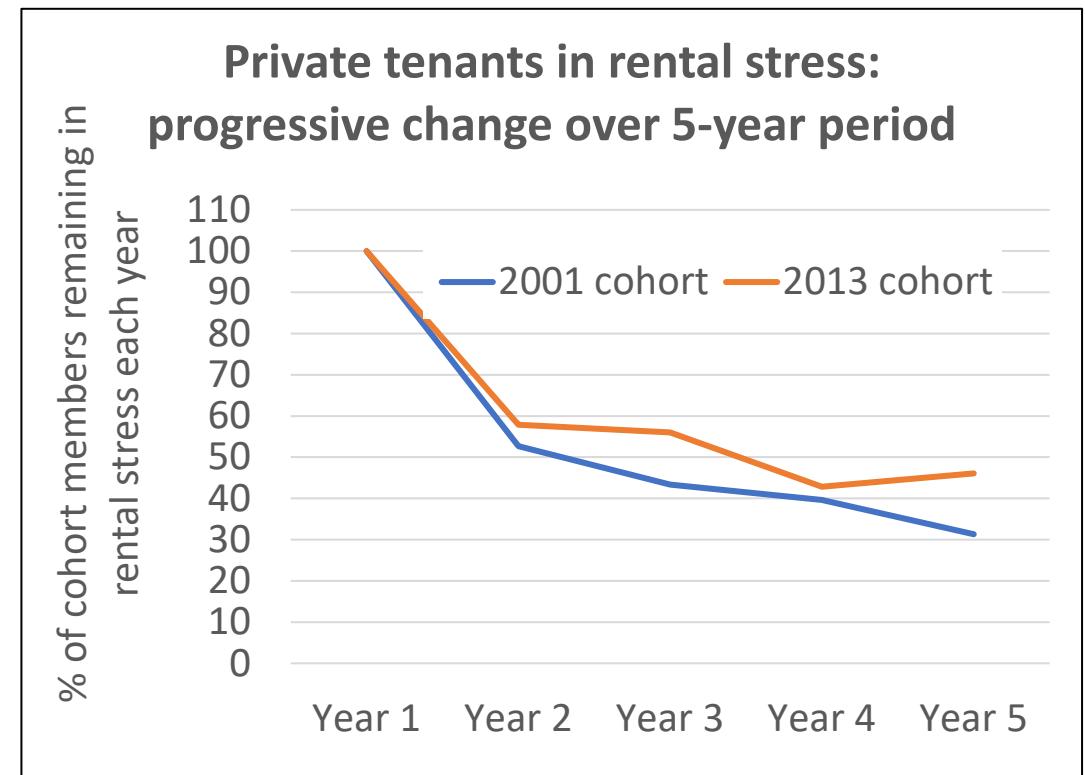
- Social housing – sub-market rental homes targeted at very low-income households
- SH access restricted by state/territory govt income limits; rent usually set at 25% of hhld income; most recipients on social security payments (in Aus)
- In Aus, SH usually provided as:
 - Public housing – homes owned and managed by state/territory govts or
 - Community housing – homes managed (and sometimes owned) by non-profit providers ('CHPs')
- Some CHPs also provide 'affordable rental housing' – sub-market homes targeted at low-income workers

Why do we need *any* social housing? (1)

- Q. Couldn't we just help everyone in housing need by giving them enough money to find a private rental tenancy?
- Aus moving down that path since the 1990s – growing % of v low-income hlds in PRS, often supported by CRA
- One big PRS disadvantage: even if income subsidy makes tenancy 'affordable', private rental inherently much less secure than social housing
- PRS still insecure, even if all state/territory govts restricted scope for tenancy terminations – 'outlawing no grounds evictions'
- Housing insecurity fundamentally unsuitable and damaging for families and vulnerable people

Why do we need *any* social housing? (2)

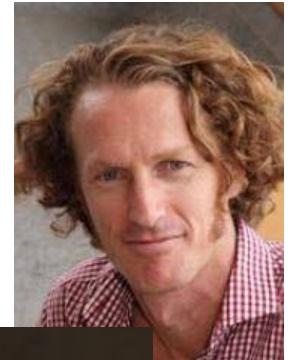
- Not every low income hhld in housing need at a point in time has an ongoing housing problem
- Q. If need is 'temporary' isn't it more logical to help via temporary income support?
- Argument valid but Productivity Commission analysis shows:
 - Substantial % of hhlds in rental stress at a point in time remain in stress several years later, and
 - % of stressed renters with ongoing problem increased over time, comparing 2000s to 2010s



Source: Productivity Commission (2019)

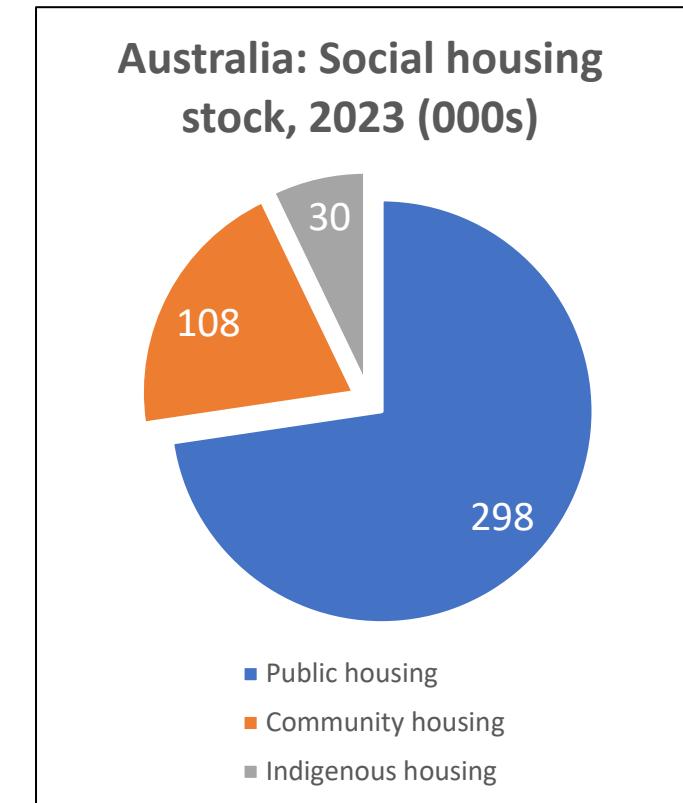
Why do we need *any* social housing? (3)

- Strong quant. evidence that SH generates quantifiable social and financial benefits offsetting cost of provision
 - Huge 'per person' costs to govt generated by chronic rough sleeping – exceeds unit cost of providing supportive social housing – **Prof Cameron Parsell, UQ**
 - Broader CBA demonstrates growing cost to govt arising from SH shortfall – rising to >\$1billion p.a. by mid-2030s – **Prof Andi Nygaard, Swinburne Univ**
 - Compelling statistical evidence that PH tenancies reduce ex-offender recidivism compared with private rental assistance – **Dr Chris Martin, UNSW**
- Return on social housing investment “comparable to, or better than” major infrastructure projects – SGS Economics and Planning



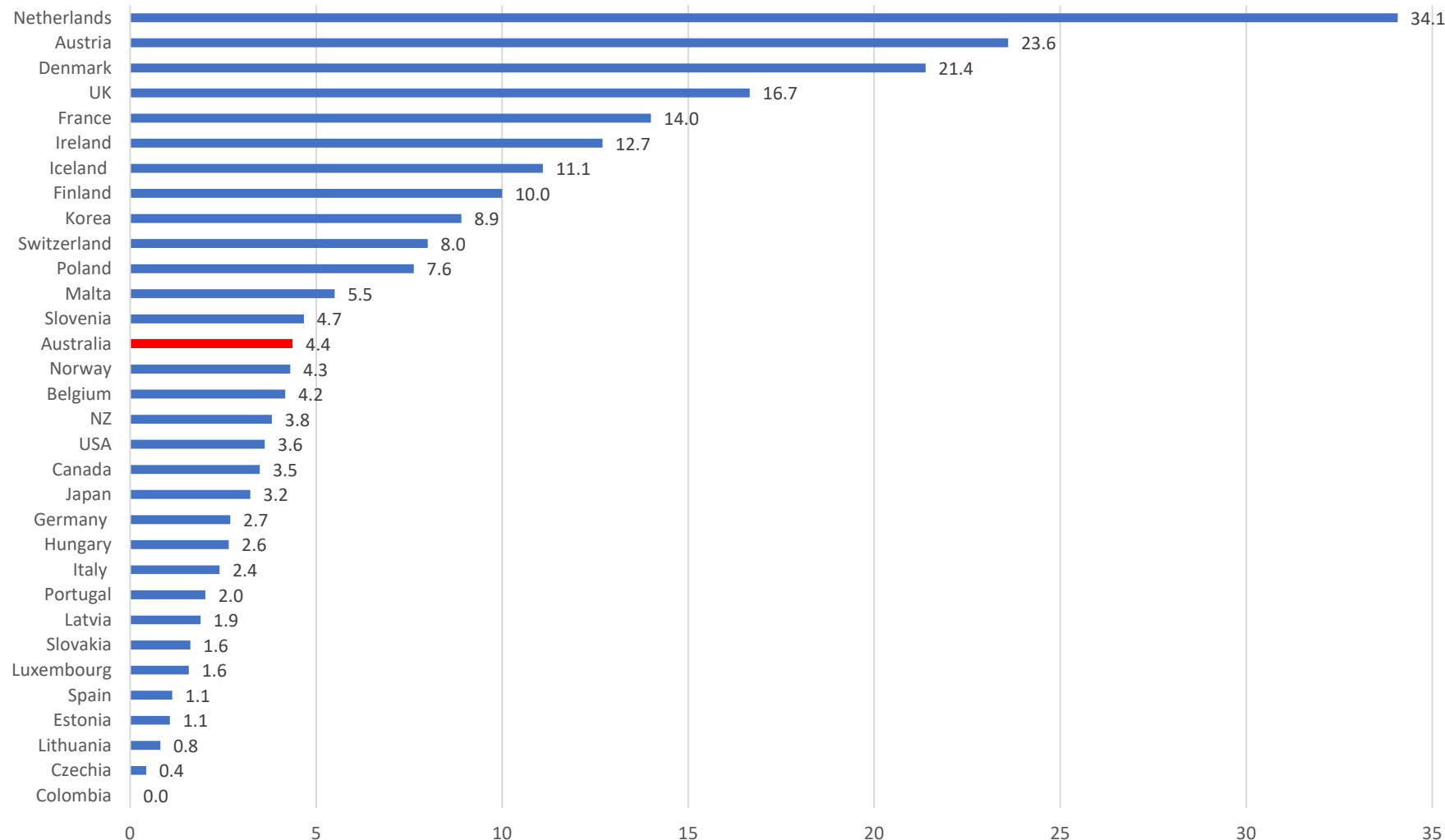
How much social housing do we already have?

- Approx 440,000 SH dwellings 2023 – still mainly PH (not CH), despite CH growth trend over past 10-15 years
- Little built since 1990s when routine annual program ceased
- Because failing to keep pace with overall population growth, SH down from 6% to 4% of all housing (1996-2021)
- Australia's SH provision in lower rank of OECD countries – average: 7.1%
- Govt-built housing 16% of all housing construction 1945-70; during 2010s usually around 3,000 units p.a. – or 1-2%



Source: Productivity Commission Report on Govt Services 2024 Table 18A.3

Social housing as % of all (occupied) dwellings, OECD countries, 2020



Source: OECD

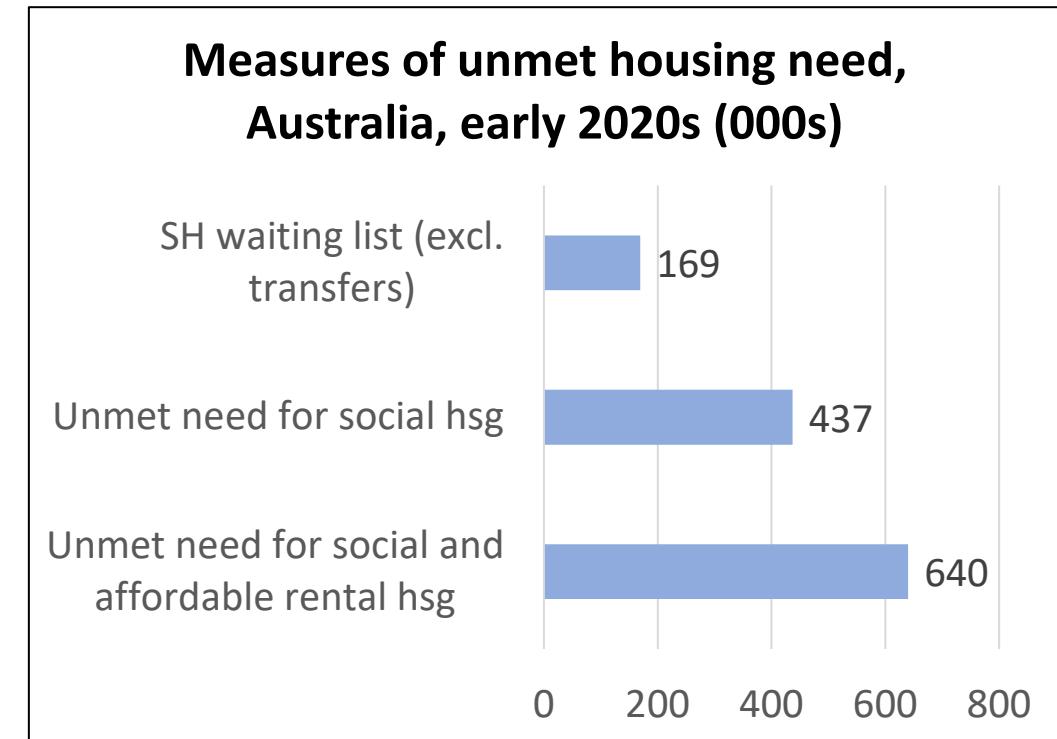
How much social housing do we actually need? (1)

- SH waiting list registrations – 169,000 households, June 2023
- Conceptually simple no. but poor guide to scale of unmet need or changing scale of need from year to year
- E.g. long-term freeze of income limits ratchets up real eligibility threshold, excluding growing numbers; many eligible hhlds do not apply
- Census-based estimate by **Dr Ryan van den Nouwelant** (UNSW) now widely cited
- Factors in (a) currently homeless people, (b) hhlds in income quintile 1 and in private rental stress
- Suggests 437,000 hhlds with unmet need for social housing 2021
- NHFIC/Housing Australia version of same estimation approach suggests 378,000



How much social housing do we actually need? (2)

- On the UNSW/NHFIC figures, ostensibly a case for near-doubling current SH stock
- Fair to note that a % of those affected might be appropriately helped by rent subsidy payments (increased CRA)
- But, to resolve their situation, a secure and affordable SH tenancy will be needed by most
- Assistance via enhanced CRA probably viable for larger % of income quintile 2 hhlds with unmet need for affordable rental housing



Sources: Productivity Commission ROGS 2024;
Van den Nouwelant et al. 2022

How do projected SH construction numbers tally with scale of need? (1)

- What size of SH construction program would we need to address full scale of unmet need – e.g. over 20 years?
- Addressing this question also requires factoring in newly arising need (due to pop growth) in future – UNSW estimate: 203,000 hhlds to 2041
- Resolving entire need backlog + newly arising need over 20 years via additional SH, would call for net completions averaging 34,000 (approx. 19% of current total housebuilding)
- Note also:
 - CFMEU/Oxford Economics costed proposal for a social housing program of around 50,000 units p.a. funded by a super-profits tax for larger companies
 - Non-profit housing associations now account for 25-30% of UK total housebuilding

How do projected SH construction numbers tally with scale of need? (2)

- Even to match pop growth (stabilising SH at 4%) demands approx. 10,000 units p.a. (allowing for some associated PH losses to clear sites)
- HAFF commitment: 20,000 SH dwellings funded ‘in first five years’ – i.e. 4,000 p.a.
- Some state/territory govts (esp Vic, Qld) significantly complementing federally-funded program from own resources
- State/territory SH pipeline figures provided to Commonwealth (linked with ‘Social Housing Accelerator’ program) but many ambiguities because (a) lack of clear SH/ARH split and (b) unclear whether stock additions gross or net
- Commonwealth should require better quality stats, but bigger point is that state/territory govts lack the financial firepower to extend recent programs

Concluding points (1)

- Important to note that current HAFF stake (\$10 billion) will be exhausted (until 2050) by 'initial 5-year program'
- Only by supplementing HAFF capital stake can govt generate additional returns needed to fund new development commitments beyond 'initial tranche' (20,000 SH + 10,000 ARH)
- Measuring unmet housing need not an exact science, but diverse estimates point towards case for social (perhaps incl. affordable rental) housing 8-10% of all housing in Aus
- But even allowing for some significant state-funded contributions over the next couple of years, committed SH pipeline is small compared with the scale of shortage
- Unlikely to be sufficient even to temporarily stabilise SH as a % of all housing

Concluding points (2)

- Australian govts need to think bigger in this area; need to treat social housing as infrastructure investment
- That is: investment that creates a valuable asset and generates measurable payoffs
- Also need to acknowledge that Aus effectively spends huge and growing sums on landlord tax concessions (approx. \$12 billion p.a.) that could be more equitably and efficiently targeted
- **At a bare minimum, National Housing and Homelessness Plan should commit to enabling, long-term, SH construction sufficient to maintain current share of all housing**

References

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