

March 14, 2018

Australia needs 1 million new homes to beat rental stress

Australia will need to build 1 million new Social and Affordable rental homes for low and middle-income households over 20 years to meet current demand and keep pace with population growth, new analysis UNSW City Futures Research Centre released today shows.

Estimating need and costs of social and affordable housing delivery shows the scale of rental stress across the country means Australia will need 728,600 Social Housing properties and 295,000 Affordable rental homes by 2036.

Lead researcher, Laurence Troy said 22.5% of all housing growth will need to go towards Social Housing while a further 10% of growth needs to be below market Affordable rental homes.

One third of all homes – 316 766 – are needed in NSW, however regional Tasmania and South Australia have the highest rate of growth needed in Social Housing for households in the most chronic rental stress

“Our analysis shows that the sheer number of households in rental stress across the country means that if we’re going to meet the need, at least 12% of all our housing by 2036 will need to be social and affordable housing - which is a very reasonable ambition in global terms,” Mr Troy said.

“To cover the backlog of unmet need and future need in Australia two in ten new homes will need to be for Social Housing over the next 20 years, and a further one in ten for below market Affordable rental housing.”

The UNSW CFRC research is the first to model current housing shortages and the projected need for Affordable Housing across Australia; and look at how the homes can be delivered, using different funding models.

It builds on analysis of Social Housing need released by AHURI in November.

The study shows it will cost Governments \$8.6 billion a year to deliver the new Social and Affordable rental homes in tandem with the not for profit sector.

“To put that into perspective Australia spends \$11.8 billion a year on negative gearing and capital gains tax subsidies,” Mr Troy said.

“Based on our modelling, the best and cheapest way for governments to deliver on our unmet housing need is to fund it through a combination of upfront grants and low interest government supported financing.”

“Delivering below market rental housing through the not-for-profit sector, as opposed to the private equity model, will save \$3 billion a year by removing developer mark-ups and shareholder returns.

The needs analysis and financial modelling was commissioned by the Community Housing sector.

CHIA NSW Chair John McKenna said it was valuable data that would help the sector and governments plan housing where it is most needed.

“The study gives us a very clear picture of exactly what housing is needed in local communities not just in NSW and across Australia, which is invaluable information for developing desperately needed housing strategies at both a state and a federal level,” Mr McKenna said.

“The research indicates that delivering below market rental housing through the not for profit sector is the most cost effective option.

“It also shows is the cost of delivering homes will vary according to land prices - in Sydney for example, land makes up 72% of the cost of development.

“The number of homes that we need is clearly enormous but it can be delivered if all levels of government work together and recognise that subsidised housing is not possible without government subsidy in some form.

“State and local governments need to step up to provide the housing their communities need – either through capital grants in cash or government land, and planning mechanism that recognise housing as critical local infrastructure that will help their local communities thrive.”

Key Points

- Australia will need 1, 023 888 social and affordable homes by 2036
 - 36,400 Social Housing properties a year
 - 14,800 Affordable Housing rental homes a year
- The scale of rental stress for people on low and middle incomes means that just 46% of Australian households in need of Social Housing are receiving it.
- The Government will save \$3.2 billion a year delivering the Affordable Housing through the not for profit sector (\$1.1 billion) than the for profit sector (\$4.5 billion) - because it removes investor return and equity
- The cheapest way to deliver the housing we need is through a combination of capital grants and financing through the National Housing Finance Investment Corporation (NHFIC), which reduces the money CHPs need to borrow, and provides access to cheaper financing.
 - Social Housing \$5.3 billion a year
 - Affordable Housing \$3.3 billion a year
- The cost of delivering homes needed will vary according to local land prices – the biggest development cost.

Media contact: Hannah Craft 0423 377 965

State	Social housing shortfall 2019	Affordable housing shortfall 2019	Projected extra social housing needed by 2036	Projected affordable housing needed by 2036	Total need by 2036
ACT	3,100	2,400	5,200	1,100	11,700
NSW	137,100	79,400	76,100	24,100	316, 800
NT	7,500	1,500	7900	500	17,300
QLD	102,700	54,700	73,000	23,900	254,300
SA	33,100	10,200	16,200	2,300	61,900
TAS	11,100	3,400	3,000	500	17,900
VIC	103,800	42,700	62300	16,800	225,600
WA	39,200	19,300	47,200	12,600	118,400
AUSTRALIA	437,600	213,700	291100	81,600	1,023, 888

Social and Affordable housing need, NSW

Region	Current shortfall of Social Housing	Current shortfall of Affordable Housing	Future shortfall of Social Housing to 2036	Future shortfall of Affordable Housing to 2036	Number of Social Housing homes needed by 2036	Number of Affordable housing homes needed by 2036	Total number of new Social and Affordable Housing needed by 2036
Sydney - Eastern Suburbs	3300	3000	2800	1100	6100	4200	10,300
Sydney - Baulkham Hills and Hawkesbury	1300	1400	600	500	1900	1900	3,800
Sydney - North	3900	3900	2300	1400	6200	5300	11,500

Sydney and Hornsby							
Sydney - Sutherland	1700	1700	1400	600	3100	2300	5,400
Sydney - Northern Beaches	1900	2300	1300	800	3200	3124	6,324
Sydney - Inner West	4900	3900	3200	1500	8100	5400	13,500
Sydney - Outer West and Blue Mountains	5000	3300	3500	1200	8500	4500	13,000
Sydney - Outer South West	3800	2400	3600	900	7400	3300	10,700
Sydney - City and Inner South	6400	3700	6200	1400	12600	5000	17,600
Sydney - Inner South West	13100	8400	9100	3100	22200	11400	33,600
Sydney - Ryde	2300	2200	1700	800	4000	3100	7,100
Sydney - Parramatta	10700	6800	8000	2500	18700	9300	28,000
Sydney - South West	10200	4700	7200	1800	17300	6500	23,800
Sydney - Blacktown	5300	3500	5200	1300	10500	4800	15,300
GREATER SYDNEY	73600	51100	56000	18900	129700	70100	199,800

HOUSING NEED REGIONAL NSW

Region	Current shortfall	Current shortfall of	Future shortfall	Future shortfall of	Number of Social	Number of Affordable	Total number of
--------	-------------------	----------------------	------------------	---------------------	------------------	----------------------	-----------------

	of Social Aousing	Affordable Housing	of Social Housing tS 2036	Affordable Housing to 2036	Housing homes needed by 2036	Housing homes needed by 2036	new Social and Affordable Housing needed by 2036
Central Coast	7200	4200	4400	1600	11500	5800	17,300
Illawarra	4900	2792	1900	400	6900	3200	12,700
Richmond - Tweed	6500	3500	1500	500	8000	4000	4,800
Coffs Harbour - Grafton	3800	1600	900	200	4700	1900	6,600
Newcastle and Lake Macquarie	6300	3600	2200	500	8500	4100	12,000
Southern Highlands and Shoalhaven	2900	1300	800	200	3700	1500	5,200
Riverina	2800	800	800	100	3600	900	4,500
Mid North Coast	5900	2400	1400	400	7300	2800	10,100
Capital Region	4000	1700	1100	300	5100	1900	7,000
New England and North West	4300	1300	1100	200	5400	1500	6,900
Hunter Valley exc Newcastle	5900	2300	1500	400	7400	2700	10,100
Far West and Orana	2200	600	800	100	3000	600	3,600
Central West	4100	1400	1200	200	5300	1600	6,900

MEDIA RELEASE



Murray	2500	800	600	100	3100	900	4,000
REGIONAL NSW	63500	28300	20100	5200	83500	33487	116,987

Shortfall of social and affordable housing – NSW breakdown