

# An overview of the housing crisis in Australia

New Economy Network Australia - Housing Week

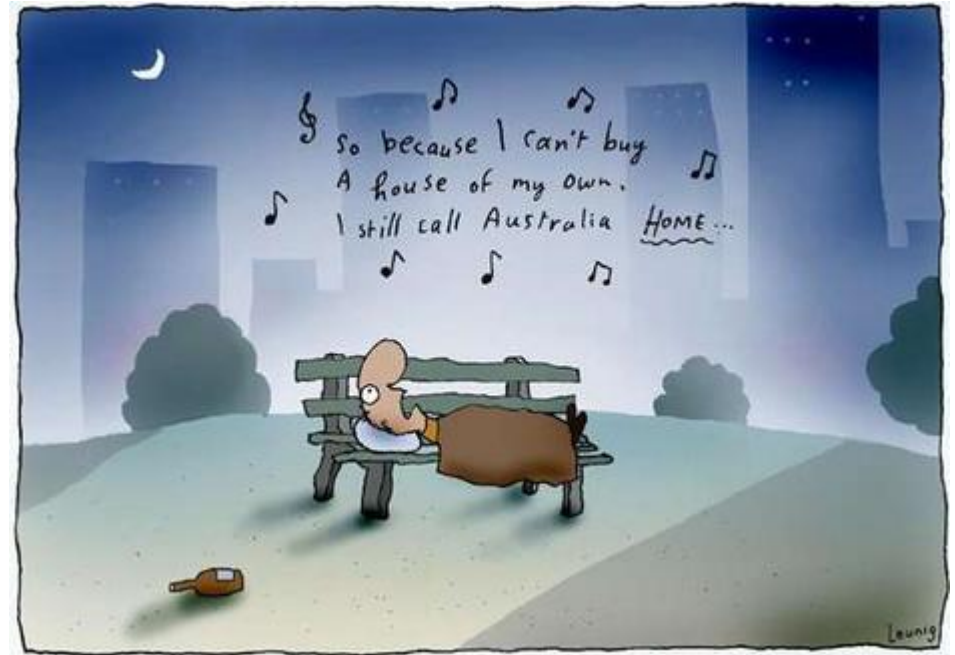
Emily Sims -  
emily.sims@prosper.org.au



# Australia's Housing Crisis. Whose crisis...?

Differently located actors tell different stories and make different claims about the nature of the housing crisis.

Competing, sometimes outright conflicting, claims on policy.



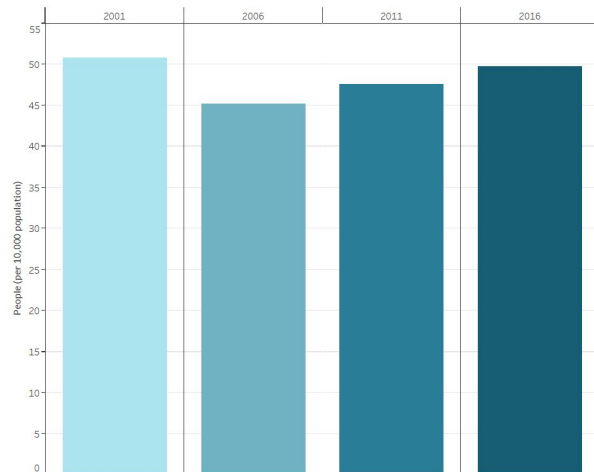
# Coalface housing org's homelessness crisis?



- Subsidy gap
- Shrinking supply of public and social housing
- Increased risk of Homelessness
- Absence of affordable rental housing
- Inadequacy of welfare payments to meet housing costs
- Lack of coordination between levels of government

Rate of homelessness, people per 10,000 population, by homelessness group, 2001 to 2016

Homelessness group  
All homeless persons



Note: Homelessness groups are mutually exclusive, therefore persons will only appear in one category.

Source: ABS 2018.  
<http://www.aihw.gov.au>

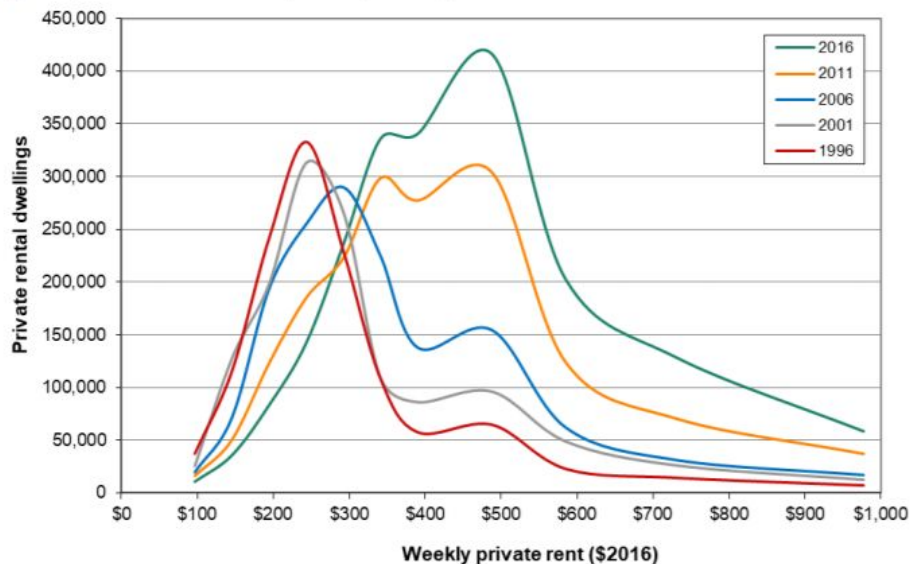
Source: Australian Institute of Health and Welfare 2020

**Homelessness in  
Australia has  
increased 13.7% in  
5 years**

- ABS Census, 2016



**Figure 1: Distributions of private rental dwellings by weekly rent paid, Australia: 1996, 2001, 2006, 2011 and 2016**

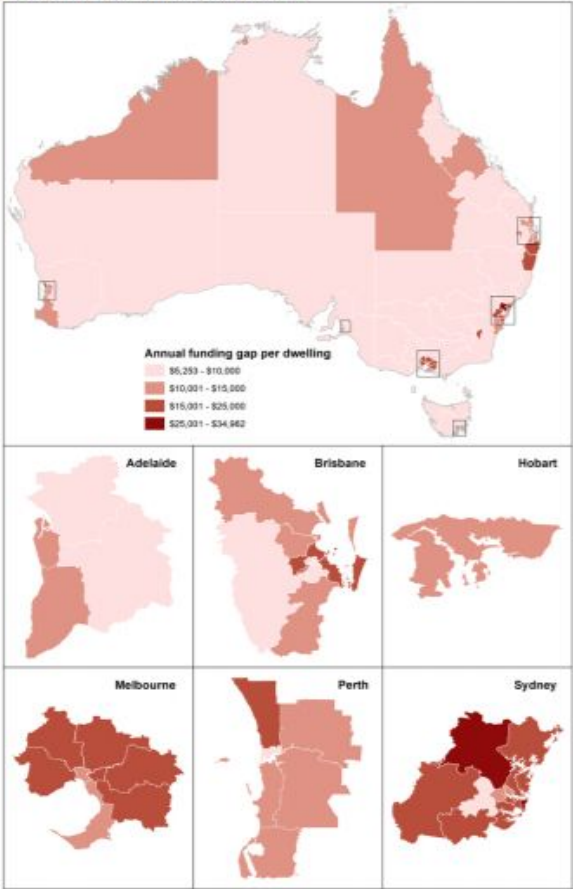


Note: Derived from 12 rent categories established for the 1996–2001 analysis, and which have been updated to 2016 dollars enabling real changes in the profile of rents paid to be evident.

Source: ABS customised matrices derived from the Australian Census of Population and Housing 1996, 2001, 2006, 2011 and 2016.

Source: Hulse, K., Reynolds, M., Nygaard, C., Parkinson, S. and Yates, J. (2019) The supply of affordable private rental housing in Australian cities: short-term and longerterm changes, AHURI Final Report 323, Australian Housing and Urban Research Institute Limited, Melbourne.

Figure 7: Funding gap per dwelling by region

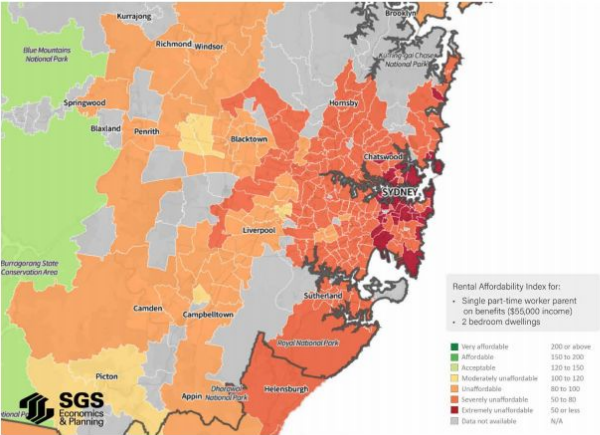


Note: The maps use Statistical Area 4 (SA4) ABS boundaries.

Source: Lawson, Pawson et al, 2018

Source: Flanagan, K., Martin, C., Jacobs, K. and Lawson, J. (2019) A conceptual analysis of social housing as infrastructure, AHURI Final Report No. 309, Australian Housing and Urban Research Institute Limited, Melbourne, <https://www.ahuri.edu.au/research/final-reports/309>, doi:10.18408/ahuri-4114101

FIGURE 9. GREATER SYDNEY, JUNE QUARTER, 2020



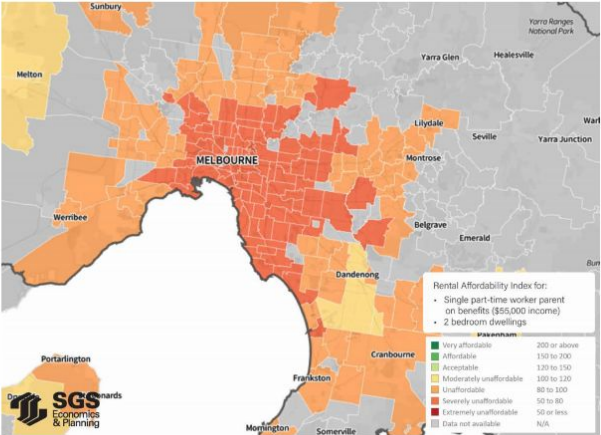
Source: SGS Economics and Planning, 2020

In Australia at 30 June 2016 there were...



Source: AHURI (2017) What is the right level of social housing for Australia?

FIGURE 10. GREATER MELBOURNE, JUNE QUARTER, 2020



Source: SGS Economics and Planning, 2020

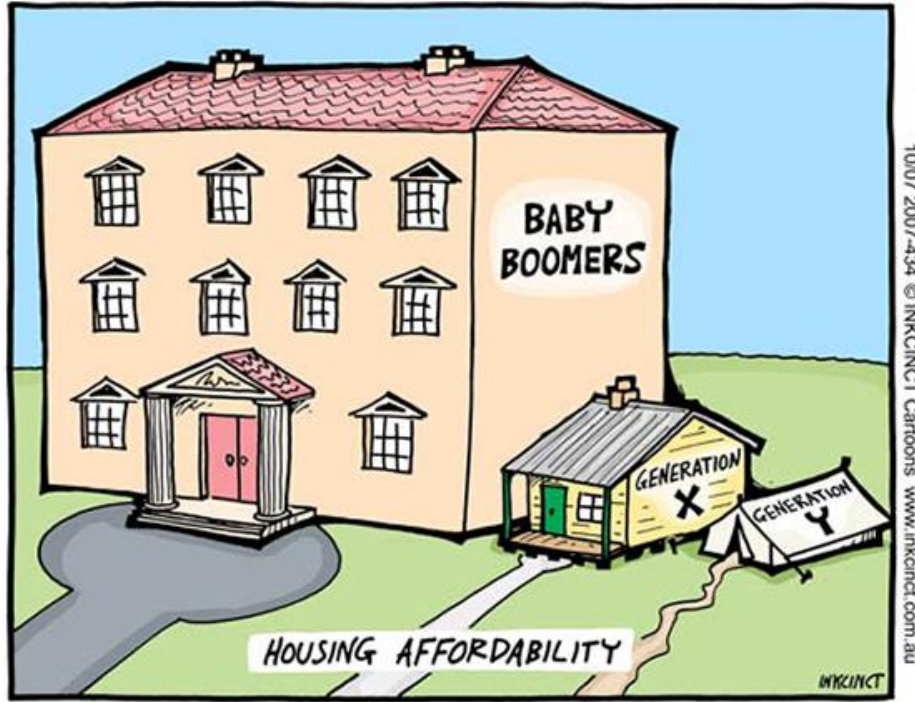
TABLE 1. RENTAL AFFORDABILITY INDEX AND SEVERITY OF RENTAL UNAFFORDABILITY

Index score	Share of income spent on rent	Relative unaffordability
<50	60% or more	Extremely unaffordable rents
50-80	38-60%	Severely unaffordable rents
80-100	30-38%	Unaffordable rents
100-120	25-30%	Moderately unaffordable rents
120-150	20-25%	Acceptable rents
>150	15% or less	Affordable rents

Source: SGS Economics and Planning, 2020



# Triple J listener's housing market lock-out crisis?

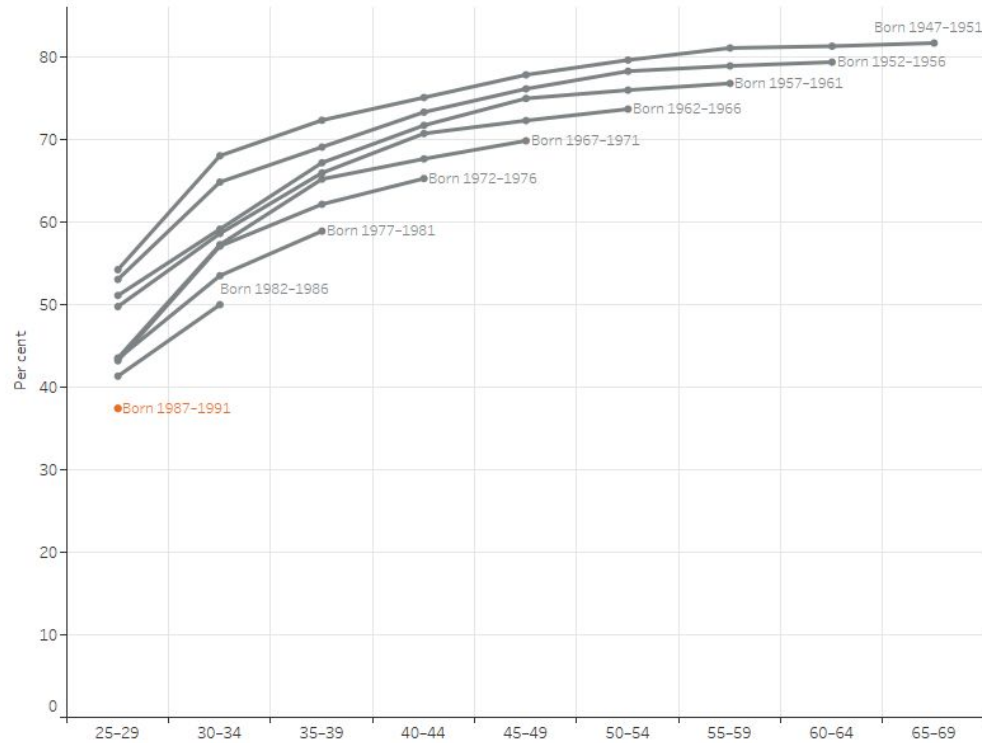


- Declining share of owner-occupation in younger age brackets
- Deposit Gap
- Tenancy standards and security of tenure
- Location of housing in relation to transport

## Home ownership rate by birth cohort and age group

Select birth cohort to highlight

1987-1991



Notes:

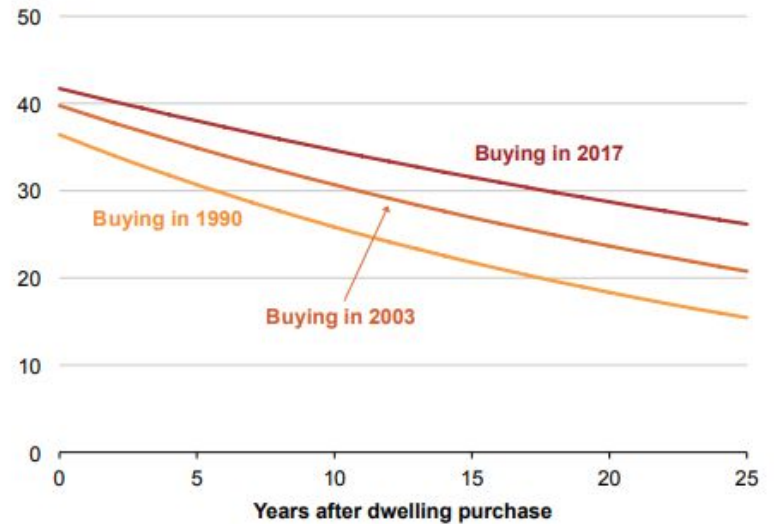
1. Analysis excludes not stated.
2. Home ownership rates reflect the year the household reference person was born.
3. Census data for 1991 has been interpolated.

Source: ABS 2017b.

<http://www.aihw.gov.au>

Source: Australian Institute of Health and Welfare 2020

**Figure 2.10: It is getting harder to pay off a home despite low interest rates, because loans are larger and wages are growing slowly**  
Mortgage repayments on an average dwelling, per cent of median household income



Source: Grattan Institute 2018

# 'Grandparents need the backyard': Boomers deepen housing crisis by staying in empty nests

By [Matt Wade](#) and [Tawar Razaghi](#)

June 6, 2021 — 3:00am

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A well-located family home in Sydney has become a hotly contested prize. At auctions each weekend buyers fork out millions of dollars for one. But a growing share of those family homes are not actually occupied by families.

## CHOICE report: rental rights in Australia have a long way to go

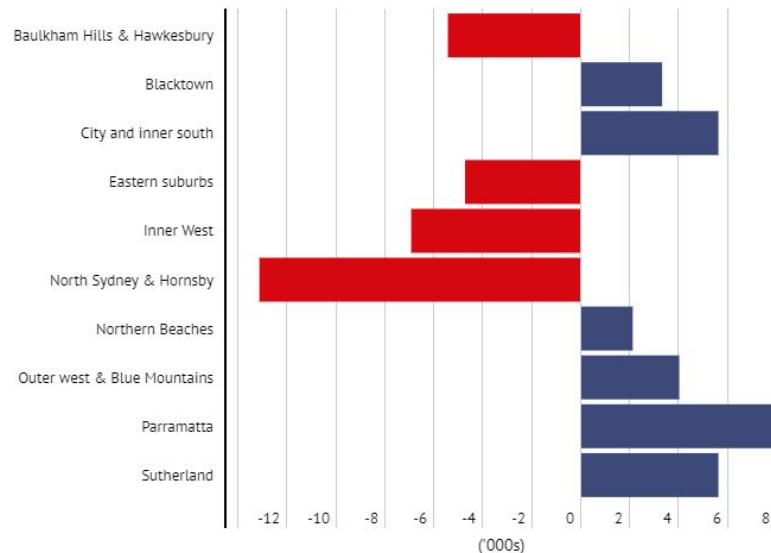
Renters live in fear of rent increases or eviction if they ask for repairs.



## Sitting tight

Established home-owners are staying in affluent, well-located suburbs, pushing younger workers further afield ...

Change in employment in Sydney regions: April 2021 v April 2019 ('000s)

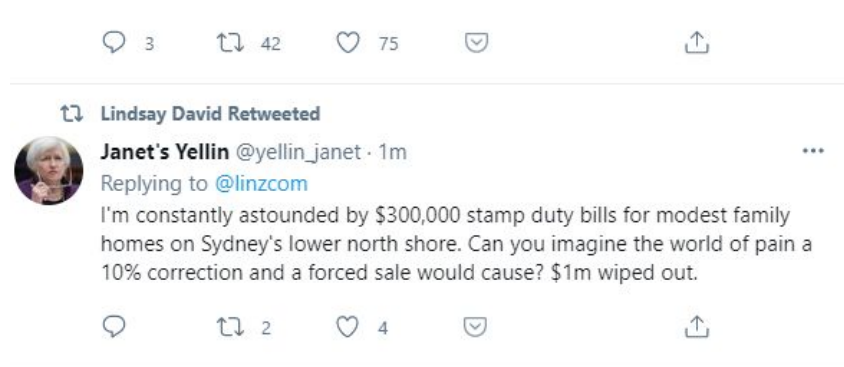


Source: Sydney morning Herald



# Economists' on twitter asset price inflation crisis?

- Household debt to GDP ratio
- Diversion of private investment lending to housing
- Monetary policy fuelled asset price inflation
- Taxation and macroprudential regulation



# Mortgage stress rising as JobKeeper ends



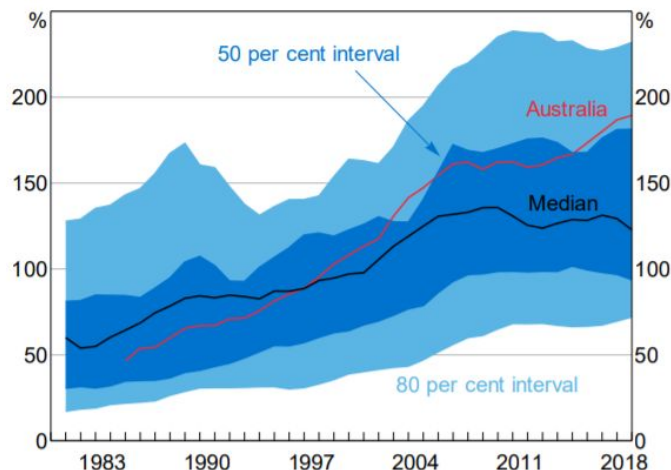
Nila Sweeney  
Reporter

May 10, 2021 - 4:45pm

More than two in five households [are experiencing mortgage stress](#), a total that has risen since the end of JobKeeper, and more people are expected to struggle with cash flow in the coming months.

Data from Digital Finance Analytics shows a total of 1.52 million households across the country were in mortgage stress at the start of May, a 11 per cent increase from the previous month. The proportion of households in financial distress has risen to 41.3 per cent.

**Figure 1: Global Household Debt-to-income Ratios**



Notes: Sample of 22 advanced economies (see Appendix A for list); ratios backcasted to account for changes in sample over time

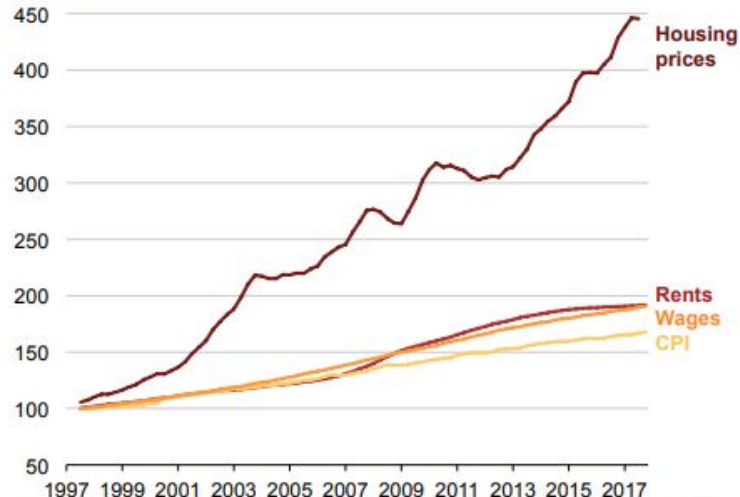
Sources: Authors' calculations; National agencies; OECD

## How Risky is Australian Household Debt?

Jonathan Kearns, Mike Major and David Norman

**Figure 2.12: House prices have increased much faster than rents**

Nominal, index 1997 = 100

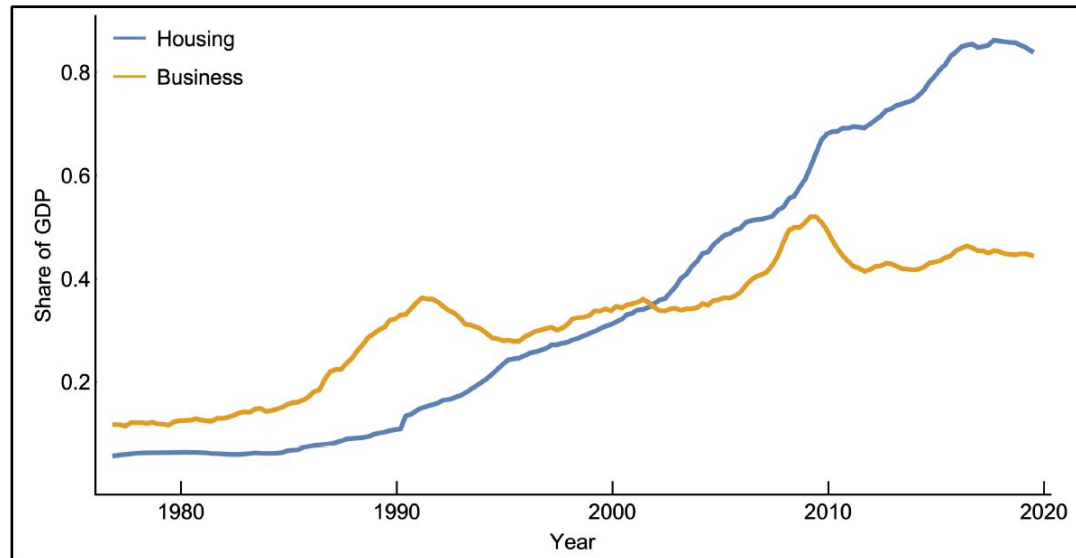


Notes: Nominal house price growth from Bank for International Settlements (2017); Wage price index (excluding bonuses; private and public). Rents in the CPI are stratified according to location, type and size.

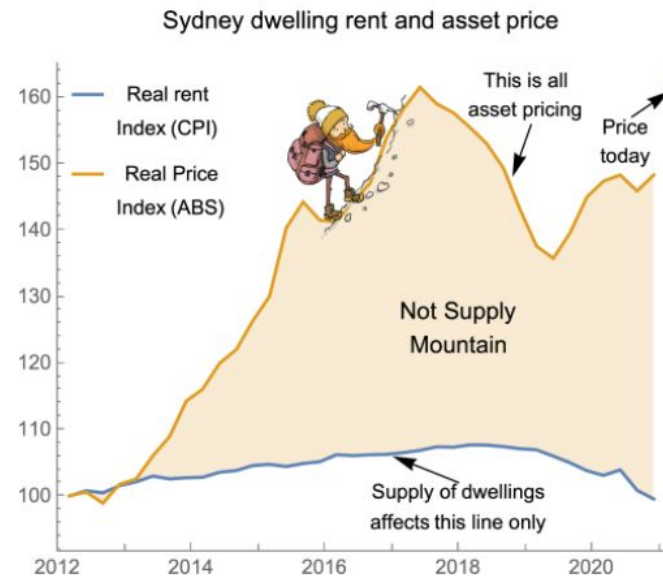
Sources: Bank for International Settlements (2017), ABS (2018) and ABS (2017h).

Source: Daley, J., Coates, B., and Wiltshire, T. (2018). *Housing affordability: re-imagining the Australian dream*. Grattan Institute.

Figure 6: Bank credit as a ratio to GDP (stock of outstanding loans) (RBA, 2019)



Source: Murray, Cameron, and Josh Ryan-Collins. (2020) "When homes earn more than jobs: the rentierization of the Australian housing market."



Source: Cameron Murray (2021) on Twitter

# Built form professionals 'oh, god why' standards crisis?

- Poor environmental performance of housing stock
- Apartment design standards
- Regulatory moral hazards
  - Melbourne - cladding
  - Sydney - mould
- Homogeneity and inflexible typologies
  - The 'missing middle'
- Spatially determined vulnerabilities e.g. cost of transport

# Australia's still building 4 in every 5 new houses to no more than the minimum energy standard

June 24, 2019 5:59am AEST

Most new houses being built in Australia do no better than comply with the minimum energy performance required by regulations. *Brendon Esposito/AAP*

Email

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New housing in Australia must meet minimum energy performance requirements. We wondered how many buildings exceeded the minimum standard. What our analysis found is that four in five new houses are being built to the minimum standard and a negligible proportion to an optimal performance standard.

Before these standards were introduced the average performance of housing was found to be around 1.5 stars. The current minimum across most of Australia is six stars under the Nationwide House Energy Rating Scheme (NatHERS).

This six-star minimum falls short of what is optimal in terms of environmental, economic and social outcomes. It's also below the minimum set by many other countries.

## Authors



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Source: McMansionHell.com



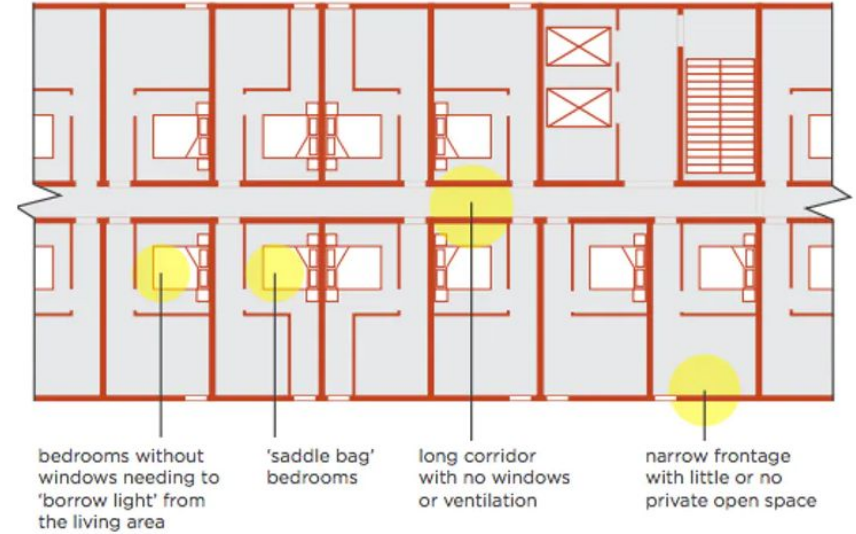


OPINION

## Dodgy high-rise apartments are making developers rich but owners are forgotten

By Catherine Williams

Posted Wed 21 Aug 2019 at 5:00am, updated Wed 21 Aug 2019 at 3:05pm



Source: City of Melbourne (2013) Future Living Discussion paper

An example of the features included in a 'poor' housing development. Future Living, City of Melbourne 2013

Source: ABC News online



# Property industry's supply and tax burden crisis?

- Housing supply cannot meet demand
- Restrictive zoning, 'red tape' and planning delays
- Tax burden on property
- Lack of investment/ diversion of investment due to tax burden and macroprudential regulations
- Tax settings prevent build-to-rent

## CREATING FOR GENERATIONS



“The aim of tax reform should be to grow the economy and that means targeting our worst economic taxes like stamp duty.”  
Ken Morrison – Chief Executive



## OUR FOCUS

### 1 HOUSING AFFORDABILITY

Creating a strong and stable pipeline of new housing supply to take the pressure off prices.

+40%



## FAITH: FOREIGN STUDENT

- **Buying:** Off-the-plan 2 bed, 2 bath investment apartment
- Approx. purchase price: **\$685,000 + \$55,000 surcharge duty = \$740,000**
- Taxes & charges: **\$183,958**
- As a foreign resident, **Faith will pay 40% more on taxes and charges than an Australian investor family purchasing the same property.**

Victorian homebuyers are paying too much in government taxes and charges.

**#MakeHousingAffordable**

UDIA VICTORIA, JULY 2020

7

Politics Federal Development

This was published 3 years ago

OPINION

## How secret 'zoning effect' costs home buyers hundreds of thousands



Jessica Irvine  
Senior economics writer

March 10, 2018 – 5:38pm

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Homebuyers spending more than they should thanks to poor planning

May 31, 2021 By Staff Writers



# Our *cultural* Housing Crisis

Extreme commodification of land and housing

Cultural problem of land hoarding - 'get rich in your sleep'

Land is not a competitive market, it is an entry monopoly.

Conflict between rent extractive potential of land and universal access to a housing.

How The Block Gatwick apartments sold for \$14.49m



by Mediaweek

Posted on October 29, 2018



• The Blockheads walk away with \$1.98m between them after season 14