

The big, sure bet of increasing social housing

Written by Principal Policy Officer, Cathy Callaghan for the Inner Sydney Voice Magazine – Housing Crisis Special Edition (Autumn 2024)

In this article, Cathy unpacks the impacts of a market-led model and argues that government investment in housing is the logical solution to the housing crisis.

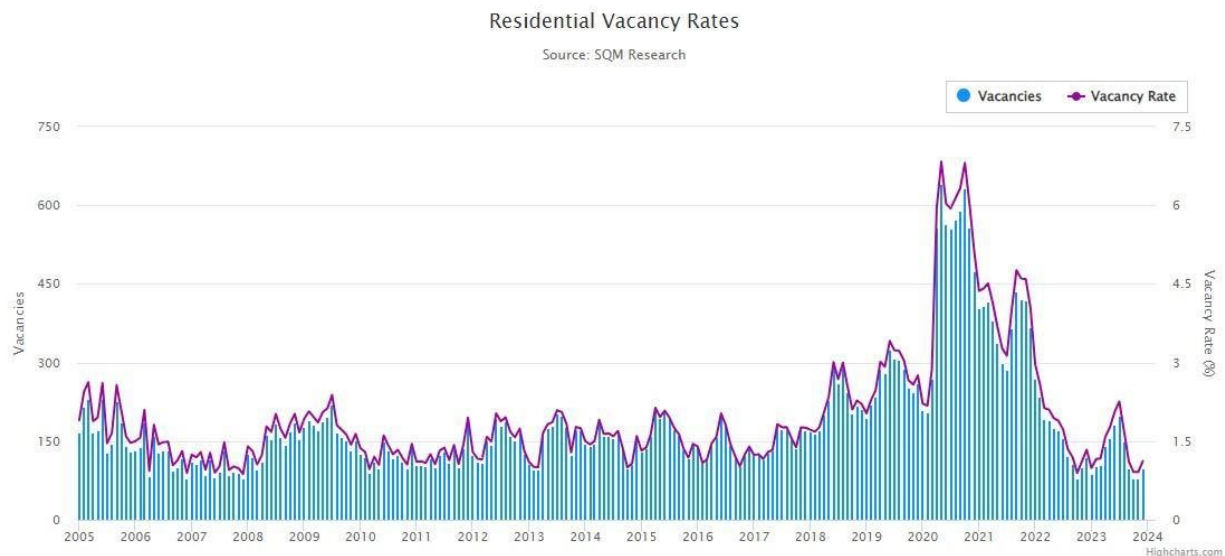
The private housing market has moved a long way from what many assert should be its essential purpose: to provide a secure home for all. Property is a major investment vehicle in Australia — building wealth for investors and their families. According to Core Logic, the total value of residential estate in December 2023 was \$10.3 trillion. That’s right. Trillion.

Feeding this voracious appetite is a generous taxation system that provides substantial and expensive incentives and, until very recently, cheap money, with a sustained period of historically low interest rates for borrowers.

There’s a lot at stake in the private housing sector. Not just for investors but for people who have consistently and persistently been failed by it.

A growing city and country certainly needs more homes for its people. Economics 101 tells us that the failure to supply enough product to match demand, especially a non-negotiable one like housing, will drive up prices. The housing rental market is a good example. Take a look at the low vacancy rates for units in Surry Hills (2010).

RESIDENTIAL VACANCY RATES POSTCODE 2010



Property – Residential Vacancy rates SQM Research – Surry Hills postcode 2010
(accessed from [SQM Research - Property - Residential Vacancy Rates - 2010](#) 9/2/24)

A healthy rental market has vacancy rates of 2-3%. As of December 2023, the vacancy rate for units in Surry Hills, was a decidedly unhealthy 1.1%. Contrast that to the dark months of the pandemic, where we saw a rate of around 6.8%. During that time, prospective tenants saw asking weekly rents for units in Surry Hills at \$488. This is in stark contrast to the average of \$808 being asked in February 2024!

But here’s the thing. These are all about averages. Average units. Average tenants. Average incomes.

What does the world look like if you’re trying to get by on very low or low incomes?

According to the ABS, 47% of low-income renters in NSW are in housing stress, paying more than 30% of household income on housing costs.

In November 2023, the annual Rental Affordability Index sounded the alarm. Sadly, our beautiful city of Sydney is the least affordable city in the country.

<i>Household Type</i>	<i>Indicative gross annual income</i>	<i>Rent as a share of gross income</i>	<i>Relative Unaffordability Category</i>
Single person on Jobseeker	\$22,100	60% or more	Extremely unaffordable
Single part-time worker parent on benefits	\$44,800	60% or more	Extremely unaffordable
Single pensioner	\$36,700	60% or more	Extremely unaffordable
Pensioner couple	\$54,300	60% or more	Extremely unaffordable
Student sharehouse	\$84,800	38-60%	Extremely unaffordable
Single-income couple with children	\$104,500	38-60%	Extremely unaffordable
Minimum wage couple	\$91,800	38-60%	Severely unaffordable
Hospitality worker	\$62,800	38-60%	Severely unaffordable
Single full-time working parent	\$104,500	38-60%	Severely unaffordable
Dual-income couple with children	\$209,000	20-25%	Moderately unaffordable

Rental Affordability Index (RAI) 2023 Q2 – (SGS Economics & Planning) November 2023

accessed and adapted from: <https://sgsep.com.au/projects/rental-affordability-index> 9 February, 2024

There’s an old saying that people used during the Second World War to describe someone who not only survived but thrived: “He/she had a good war.” Let’s be frank — Sydney is in the grip of a housing crisis, but many are having a “good crisis.” Good luck to them. But let’s make sure that those dealing with actual or threatened homelessness, precarity, and housing stress are front and centre of Government planning when it comes to turning things around.

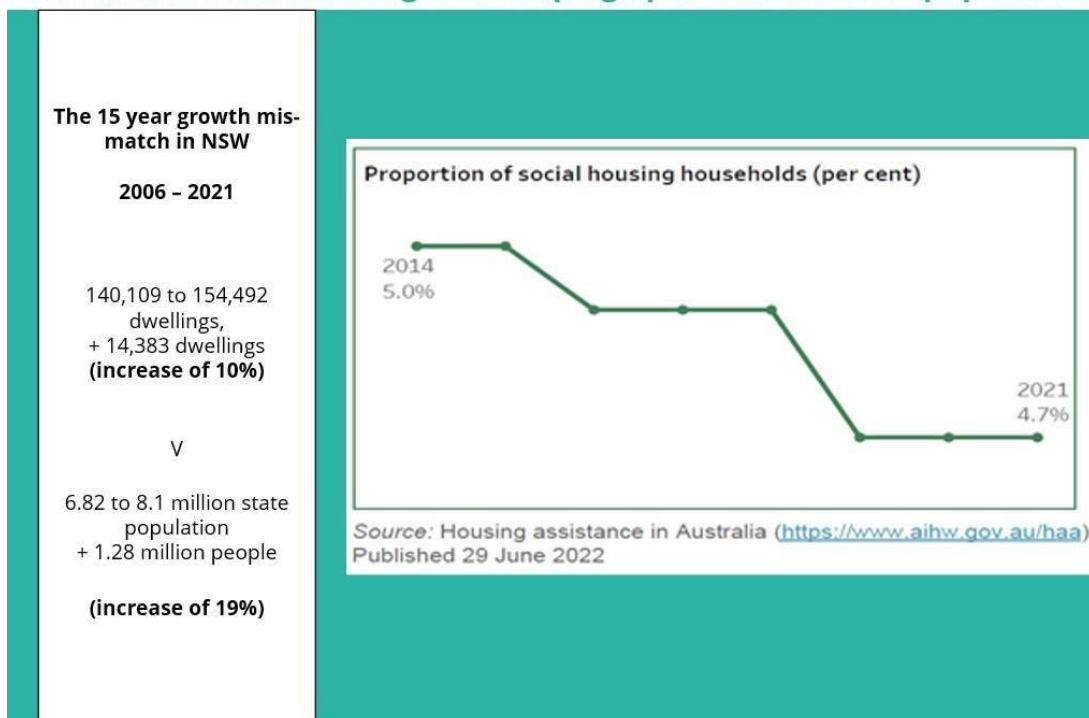
The private housing market consistently and persistently fails very-low to low-income people. This is compounded by the complexities that come from chronic ill-health, disability, family violence and intergenerational trauma. Public housing has traditionally provided a safety net, with large government building programs ensuring that the stock grew to match a growing population. More recently, the broader offering of social housing (public and community housing) has offered a genuine alternative to the vagaries of the private housing market.

The local government area of Sydney, like Greater Sydney, continues to grow. While the overall number of social dwellings has grown, there has been a steady decline proportionally. The stock of Affordable Rental Housing remains a niche offering.

The City of Sydney LGA has identified that it needs 14,000 additional affordable rental and social dwellings, setting a target of 7.5% social housing and 7.5% affordable rental housing of all residential housing stock by 2036. Shelter NSW commends the City for going where the NSW Government hasn't — publishing clear targets with a vision of what an inclusive city should be. We recommend that a minimum of 10% social housing is the mark of a great city.

At the end of December 2023, 57,367 households across NSW were waiting for social housing (this includes 8,347 priority cases). Of those, nearly 5,000 households were in the inner city and surrounding allocation zones.

The stock of social housing isn't keeping up with demand or population



A growing state requires a steady supply of housing to meet the needs of its population, and it's true that NSW has slipped behind. But for those of us advocating for a secure home for all, it is the supply of social and affordable housing that must dramatically increase.

The good news? Increasing social and affordable housing is a great investment in the future of NSW — a sure bet. Government has the power, money and moral imperative to make it happen.

Let your local Member of Parliament know that *this* is the type of housing supply you want funded and fast-tracked.