MEETING SOCIAL HOUSING NEED

A TIPPING POINT FOR FEDERAL INTERVENTION

COMPASS HOUSING SERVICES
AUGUST 2021

compass
housing services

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SECTION 1

EXECUTIVE SUMMARY

1. EXECUTIVE SUMMARY

In the immediate decades following the Second World War, Australian governments viewed social housing as an important safety net for low-income working families. Building 670,000 homes between 1945 and 1956, social housing was the tenure of choice for many working families in Australia. Enabled by the commitment of the emerging welfare state and the Keynesian economic paradigm that prevailed during this era, this social housing program gradually gave way to policies more directed at promoting home ownership. In many nations, including Australia, the building of new social housing was largely abandoned in the aftermath of the inflationary crises that struck many western economies in the 1970s. In the neoliberal period that followed, as governments began to look for market-based solutions to public policy problems, social housing came to be viewed very differently. Rather than being a basic public good to which low-income workers were entitled, social housing has in recent years been perceived as a welfare provision, with the associated risk of welfare dependency. The lack of investment in social housing has created a significant shortfall in supply which is exceeded by rising demand.

Consequently, allocation of social housing has become residualised and only provided largely to those with high social need. Over the past two decades the definition of "most in need" has been progressively revised to exclude more and more people. In 2019-2020, 82 per cent of community housing and 76 per cent of public housing allocations were to tenants defined as in 'greatest need' (AIHW,2021). In its current incarnation the social housing system operates largely as a backstop for the health system and the justice system, catering to a clientele increasingly experiencing complex needs, many of whom require intensive support to sustain their tenancies.

The substantial shortfall in supply of social housing has been highlighted by the COVID-19 pandemic and both state and federal responses to what is increasingly perceived as a major crisis in the social and private renting sectors. Contrary to many expectations, following the impact of the COVID-19 pandemic, the housing market in Australia has not collapsed.

Since mid-2020 housing market activity has increased dramatically with excess demand, not only in the major cities but also in regional areas as new work flexibility has permitted movement from the city. Reporting of this unanticipated market phenomenon has also focused on the plight of renters in this increasingly hot market and the paucity of rental properties available throughout Australia forcing rental prices to new levels. For many renters this has meant eviction as landlords attempt to capitalise on the rising market potential of properties. Additionally, in contrast to past high levels of market activity there has been less focus on the plight of first-time buyers and increasing media attention given to the social housing shortage.

First time buyers have been addressed in the COVID mitigation economic policies of the federal government, with increased incentives and support for first time buyers. As always, this has had an inflationary impact on housing prices which ultimately ripples through the rental market and increases demand for social housing.

Prior to the pandemic, major shortages of social housing in all states were evident and there was increasing awareness in the public at large of the excessive waiting times, even for those people with a high level of need. None of the federal responses to the COVID crisis have addressed this critical housing shortfall. Despite many calls from within the housing industry and from leading economists (Rowley et al, 2020), federal government has not seen the provision of social housing as a significant stimulus opportunity. Instead, it has focused key policies on boosting home ownership. The federal government has reverted to its standard response, insisting that social housing is the responsibility of the States and Territories. This default position leaves state governments struggling to meet housing need and creates a social and community crisis.

This report explores the capacity of states to meet the level of social housing shortfall that is currently evident. Despite having drastically reduced the scope of their mission by restricting eligibility to a very narrow subset of the community, state and territory housing authorities are still failing to keep up with demand. Australia's state and territory governments currently have plans in place to deliver a combined total of 66,125 social housing dwellings over the next decade. This leaves a shortfall of 102,883 dwellings to house the applicants currently on the combined waiting lists. Put simply, even if the states manage to hit the targets in their respective plans, (itself no sure thing), they will have failed to meet the immediate housing needs more than 100,000 families.

This situation is considerably worse if we consider the potential rise in demand for social housing that arises from population increase. Whilst pandemic restrictions on migration may temporarily reduce population growth, overall long-term projections suggest significant increases in demand for social housing. We have used a target rate of 6 per cent of dwellings as social housing. This relates to the OECD average of 5.7 per cent but compares unfavourably with other OECD nations. For example, the UK has a 17.5 per cent share, the Netherlands 32 per cent , Denmark 20 per cent and France 17 per cent (Housing Europe 2021). Some caution should be exercised with international comparisons due to different cultural expectations, historical development of housing policy and different definitions and data categories. However, it is clear that the Australian rate of 4.0 per cent (ABS 2016 Census) compares unfavourably. It is also the case that 6 per cent is the proportion of dwellings designated 'public rental' in 1994 (ABS Social Trends, 2021), when social housing was at a peak of supply. Consequently, we believe that this represents a reasonable supply target on which to base our estimates of future need.

If states are to reach a general target of 6 per cent of housing as social housing over the next decade, we can see the likely future requirements for social housing, in addition to that already identified to meet current waiting lists. This leaves an overall shortfall of 196,239 social housing dwellings.

We conclude that all current proposals and policies at state level collectively fail to meet the required level of provision in the face of existing and future demand for social housing.

TABLE 1: DWELLING REQUIREMENTS DERIVED FROM POPULATION GROWTH 2021-2031

STATE	OCCUPIED DWELLINGS 2021	OCCUPIED DWELLINGS 2031	10-YEAR INCREASE	ADDITIONAL DWELLINGS TO ACHIEVE 6% SOCIAL HOUSING
NSW	3,131,060	3,581,317	450,257	27,015
VIC	2,614,398	3,111,355	496,957	29,817
QLD	1,982,575	2,309,109	326,534	19,592
SA	725,115	782,961	57,846	3,471
WA	1,015,729	1,184,847	169,118	10,147
TAS	231,275	245,765	14,490	869
NT	80,228	90,636	10,408	624
ACT	173,250	203,594	30,344	1,821
TOTAL	**9,953,630**	**11,509,584**	**1,555,954**	**93,356**

Source ABS Household and Family Projections 2016-2041

TABLE 2: SUMMARY: CURRENT 10-YEAR STATE SUPPLY COMMITMENTS AND SHORTFALL

STATE	COMMITMENTS	SHORTFALL FOR CURRENT WAITING LIST	ADDITIONAL DWELLINGS TO ACHIEVE 6% SOCIAL HOUSING	OVERALL SHORTFALL TO 2031
NSW	13,000	38,395	27,015	65,411
VIC	31,600	19,239	29,817	49,056
QLD	14,000	11,853	19,592	31,445
SA	1,400	15,651	3,471	19,122
WA	3,465	11,154	10,147	21,301
TAS	1,440	1,933	869	2,802
NT	-	4,115	624	4,739
ACT	1,920	542	1,821	2,363
TOTAL	**66,825**	**102,882**	**93,356**	**196,238**

This report recognises that accurate calculation of future housing need requires consideration of the complex relationships between the housing market, labour markets, earnings, household formation and tenure choices (Rowley et al, 2017).

Definition of housing need and calculation methods are contentious and have changed over time. This report sets a simpler task of estimating the shortfall of projected state supply of social housing compared to current waiting lists and best available population projections. This comparison provides a simple surrogate indication of the severity of the challenge to meet current and future population-based demand for social housing. In this approach we have not addressed latent or 'evident (additional) need' (Lawson et al, 2018, p3). Evident need identifies those low-income families currently experiencing rental stress in the private rental sector but who do not apply for social housing.

In a previous report (Kennedy, 2019), Compass identified a 300 per cent increase in current waiting lists if all eligible households applied for social housing. We consider the challenges faced by private sector renters in Section 6. By including evident need, the Lawson et al study identifies a total social housing shortfall of 727,300 by 2036.

As well as excluding evident need, we have also adopted a shorter 10-year, 2031 timeframe for our analysis, to illustrate the gap that currently exists between the Australian Government 2030 commitment to the United Nations, Sustainable Development Goals (SDGs) and the achievement of key SDGs including SDG 1: NO POVERTY, SDG 3: GOOD HEALTH AND WELLBEING, SDG 5: GENDER EQUALITY, SDG 10: REDUCED INEQUALITIES and SDG 11: SUSTAINABLE CITIES AND COMMUNITIES.

The availability of sufficient quality social housing plays a key role in these objectives to achieve social justice and economic parity for low-income individuals, families and communities. The lack of affordable rental housing amplifies intergenerational poverty transmission, the health divide and the economic and social vulnerability of women and children.

Our analysis is concerned to establish the current nature of the housing crisis and the significant challenge that Australia faces to meet the housing needs of its people. Drawing on the analysis of currently published state government strategies and commitments to increase the supply of social housing, this report concludes that the housing crisis has reached a tipping point where the state governments no longer possess the capacity to tackle the scale of the challenge.

Without federal intervention, an increasing proportion of the population will experience socially damaging levels of inequality and financial hardship. The impact of significant social and financial precarity on health, educational achievement, crime rates and social disengagement is well documented internationally and presents major downstream costs to both state and federal government. Recognising that adequate housing is an important infrastructural investment (Lawson et al, 2018) adds weight to the need for urgent and significant intervention by federal government.

We do not prescribe in this report what that federal intervention should be. However, we identify the responsibility of federal government to ensure the wellbeing of all members of its national community. We also advocate for the building of a partnership between federal government, state government, local government, community housing organisations and the private sector. Set in a context of national strategy for housing (Adamson 2016), all potential contributors are required to meet the fundamental challenge this report identifies.

SECTION 2

THE CURRENT CONTEXT

FEDERAL HOUSING POLICY

2. THE CURRENT CONTEXT: FEDERAL HOUSING POLICY

Social Housing policy in Australia is defined in the prevailing agreement between federal and state governments and updated most recently in the 2018 National Housing and Homelessness Agreement (NHHA). The NHHA currently allocates annually $1.6 billion to the states and territories to address the key policy objectives defined by the Commonwealth. These are currently:

- affordable housing,
- social housing,
- encouraging growth and supporting the viability of the community housing sector,
- tenancy reform,
- home ownership and
- planning and zoning reform initiatives.

Allocations for this and the next financial year are shown in the following table:

TABLE 3: NHHA FUNDING ALLOCATIONS

STATE	2021-2022 ($ MILLION)	2022-2023 ($ MILLION)
NSW	493.2	498.6
VIC	419.8	427
QLD	333.7	339.7
SA	173.8	176.6
WA	112.6	113.9
TAS	35.1	35.6
NT	27.5	27.8
ACT	20.4	20.6

Source: Budget 2021-22. Budget Paper No 3

According to the budget papers, these allocations represent an increase of $124.7 million over previous forecasts. While this increase is welcome, it is worth noting that unlike other housing related budget measures, NHHA funding has not benefited from any specific COVID-19 related stimulus. In comparison, the total allocation to the Homebuilder grant program, which was originally scheduled to expire after one year, has instead been more than doubled from $680 million in 2020-21 to $1.5 billion in 2021-22 with an additional $460 million set aside for 2022-23. This clearly demonstrates the federal commitment to support home ownership rather than social housing. This disregards the acute shortage of social housing and the long waiting lists experienced in all states.

The Commonwealth also allocated $5.5 billion to the Commonwealth Rental Assistance Scheme, the majority of which supports low-income households in the private rental sector. Social housing managed by community housing providers also qualifies for this support which is generally used to provide additional services to tenants in the community sector.

The federal government also supports access to affordable housing through the National Rental Affordability Scheme (NRAS). First introduced by a Labor government in 2010 to develop 50,000 new affordable rental homes, the number was capped by the Abbot administration and will end in 2026 with no further registrations to the scheme. It currently provides 31,600 tenancies. Rents from these properties are likely to increase significantly as the 10-year period of subsidy comes to an end.

The federal government has also created the National Housing Finance and Investment Corporation (NHFIC) to promote improved social housing supply by.

- Acquiring new housing stock
- Constructing new housing stock
- Maintaining existing housing stock
- Assisting with working capital requirements and/or general corporate requirements
- Refinancing existing debts

Deploying a $1 billion federal government fund, the primary mechanism is the Affordable Housing Bond Aggregator (AHBA), which has attracted institutional investors. From the first bond release in 2019, the fund has accumulated nearly $2 billion allowing fixed rate, 10 year loans to Community Housing Providers to develop increased social housing supply.

However, these provisions are limited in scope and federal government has no overarching strategy to address any of the issues that numerous studies and experts have identified across the housing continuum. There is no single federal cabinet role that focuses on housing as a key ministerial responsibility, with different elements of the housing continuum spread across multiple ministerial portfolios. Overall, the federal government has left housing supply largely to market forces which are distorted by heavy subsidisation of home ownership.

The housing market does not operate to simplistic rules of supply and demand, with major influence determined by interest rates and investment incentives. The standard federal response to calls for increased social housing supply is that it is the responsibility of the state governments. Despite this convenient handover, the NHHA payments are insufficient to support the states to do anything other than preside over a dwindling per capita social housing stock, a substantial share of which is aging and in disrepair.

In the following section we review the capacity of state governments to deal with this crisis without a comprehensive federal housing strategy.

SECTION 3

THE CURRENT CONTEXT

STATE HOUSING POLICY

3. THE CURRENT CONTEXT: STATE HOUSING POLICY

The following paragraphs estimate the likely number of additional social housing homes that will be added to state portfolios, either directly or in partnership with Community Housing providers by 2030. Estimates are based on current published state strategies and policies. An assumption is made that current levels of expenditure and housing development will continue to 2030-31. This is potentially an over-generous assumption in that the current level of post-COVID expenditure may not be maintained where it is part of stimulus packages intended to create employment as well as improve social housing supply.

Every attempt has been made to filter multiple successive announcements of policy and strategy, which may otherwise create an element of double counting of supply improvements, but some inaccuracies may remain. This review does not consider policies targeting homelessness other than where they directly contribute to social housing supply.

3.1. NEW SOUTH WALES

Recent Policy
The NSW Government has taken a proactive approach to the housing crisis and until the recent Victoria announcement, was the leading state government in tackling the acute shortage of social housing.

The following key initiatives have been implemented:

Communities Plus
This policy has fostered the development of public, private and not-for-profit sector partnerships to redevelop current low-density social housing locations in NSW. Targeting 23,000 new or replacement social dwellings, the policy promotes mixed-tenure communities with up to 40,000 private dwellings to be delivered over a 10-year period. NSW Government expects this program to release $22 billion of investment. The first completed project is in partnership with Pacific Link CHP and has delivered 21 apartments, 6 for social rental and 15 for private rental. A larger scale project at Ivanhoe is intended to create 950 social rental dwellings and 128 affordable homes in a mixed development of up to 3,500 dwellings.

Social and Affordable Housing scheme (SAHF)
Developed within the 2015 overarching Future Directions for Social Housing Strategy https://www.facs.nsw.gov.au/about/reforms/future-directions the two phases to date of this program target the completion of 3,400 social housing dwellings by the end of 2023. Avoiding concentrations of social housing, these smaller scale developments combine 70 per cent social and 30 per cent affordable housing, with flexibility to transfer between the two tenures over the 20 years of the program. Funded by a $1 billion development fund, the program has enabled CHPs to partner with private developers. At the end of the program the properties remain in the ownership of the development consortia.
The CHP management contract also involves delivery of a 'tailored support' program to participating tenants to improve social outcomes including training, employment and transfer to the private rental sector. Compass has been enabled to build 493 new social and affordable housing properties in this program.

Social Housing Management Transfer Program (SHMT)
In further development of the Future Directions policy, NSW Government has transferred 14,000 properties into management by nine CHPs. This has increased the percentage of state housing stock in CHP management from 19 per cent to 32 per cent. Intended outcomes are improved CHP capacity and development, along with improved social outcomes for tenants, derived from Commonwealth Rental Assistance (CRA) funded support programs. Compass received the transfer of 1,800 homes in this program.

Together Home
As part of its COVID-19 response NSW government has developed a $65.1 million program to house the chronically homeless who were rough sleeping at the time of the pandemic impact. The program has funded the head leasing of properties by CHPs and is expected to assist 800 clients. In keeping with Housing First principles, comprehensive wrap-around support is also provided to assist the tenancy to be sustained. Compass will be managing 60 leasehold properties when the second tranche of this program is finalised in July 2021.

Projected interventions
Following a 2020 Discussion paper, NSW Government has published its Housing 2041 Housing Strategy along with a 2021-22 Action Plan. The 20-year strategy states a vision that ***NSW will have housing that supports security, comfort, independence and choice for all people at all stages of their lives.***

Further elaboration of the vision identifies choice, support, accessibility and good design as core aspirations for the whole housing system.

The Strategy also identifies four housing system pillars
- supply—housing supply delivered in the right location at the right time
- diversity—housing is diverse, meeting varied and changing needs of people across their life
- affordability—housing that is affordable and secure
- resilience—housing that is enduring and resilient to natural and social change. (p8)

To support these objectives within a whole of government approach, the Strategy establishes an Expert Advisory Panel, a Housing strategy Implementation Unit and a Director's Implementation Working group. There is also an emphasis on data acquisition to inform future decision-making. The Strategy also recognises social housing as infrastructure, with capacity to contribute to local, state and national economies.

Despite a comprehensive analysis of all aspects of the housing continuum and a commitment to meet the housing needs of a diverse population, there is very little detail about how this will be achieved. The 2021-22 Action Plan provides some detail about mechanisms and identifies 5 Priority Areas, none of which directly contribute to supply and there are no targets that indicate a timescale for the mitigation of the shortage of social and affordable housing.

The Strategy document refers to the 2020 budget designation of $900 million for a range of social housing related activities but provides no forward expenditure projections. It includes a range of measures that will result in some 1,300 new dwellings. With an optimistic guess that this might be repeated annually, a 10-year program will produce 13,000 new dwellings. This will have minimal impact on the current waiting list for NSW of 51,395 or future expanding demand.

TABLE 4: SOCIAL HOUSING SHORTFALL NSW

CURRENT WAITING LIST	ESTIMATED 10-YEAR DEVELOPMENT CAPACITY	PREDICTED 10-YEAR SHORTFALL TO MEET CURRENT WAITING LIST	PREDICTED 10-YEAR SHORTFALL WITH POPULATION GROWTH
51,395	13,000	38,396	65,411

3.2. VICTORIA

Recent Policy

Prior to the announcement of the Big Housing Build program there were a range of policy interventions to improve the supply of social and affordable housing. The projected outcome was the delivery of an extra 6,000 homes.

Measures included:

Social Housing Growth Fund

A $1 billion fund was established for delivery in 2019-29 to support private sector, community, not for profit and local government partnerships to contribute to social housing supply. Directly targeting homelessness, the intention was to create a social housing development pipeline with new construction under its Build and Operate Program (BOP), coupled with a leasehold New Rental Developments Program (NRDP). An indicative increase in social housing supply of up to 2,200 homes was predicted.

Building Capacity of Housing Agency fund

A $1.1 billion Social Housing Growth Fund commenced in 2017-18 and sought to develop the financial capacity of the Community Housing Sector with a revolving loan facility coupled with a loan guarantee structure. No target figure for housing supply increases were identified from this measure given the complexities of factors that could impact the outcome. A condition of the program was that 75 per cent of homes created would be available to the priority access category of the Victorian Housing Register.

Management Transfer

A Management Transfer program was established for commencement in 2018 in which 4,000 homes would be transferred into CHP management. This was supported by a $3 million fund to assist CHPs adapt and provide services close to the communities transferred.

Public Housing Redevelopment

This established a housing renewal program focused on older public housing estates throughout the state. Redeveloped estates would be mixed tenure and secure high energy ratings (7-star NatHERS) and good design standards (Better Apartments Design Standards). An outcome of 1,800 new public housing properties was predicted.

The Big Housing Build

Much of this program has been incorporated into the Big Housing Build announced in November 2020. As part of the wider Big Build development of infrastructure, the Big Housing Build is a COVID recovery response to boost the Victorian economy, create jobs and economic uplift, as well as address the housing shortage which was revealed so clearly during the COVID crisis in Victoria. This $5.3 billion program is predicted to increase social housing supply by 9,300 properties in four years. This is in addition to the predictions under the Social Housing Growth Fund and the Building Capacity of Housing Agencies fund. This represents an increase of 10 per cent and includes replacement of 1,100 existing, older properties. The total accumulation of social housing in the program is 15,800 homes.

A further 2,900 'affordable and low cost' homes will be developed for low to moderate income families. Assuming continued commitment at this unprecedented level, we make an assumption that a 10-year program could double this output of social housing. However, this is a generous estimate as there will be some barriers to maintaining this level of expenditure in a post-COVID budgetary context and the election cycle will introduce further uncertainties should a change of government occur.

TABLE 5: SOCIAL HOUSING SHORTFALL VIC

CURRENT WAITING LIST	ESTIMATED 10-YEAR DEVELOPMENT CAPACITY	PREDICTED 10-YEAR SHORTFALL TO MEET CURRENT WAITING LIST	PREDICTED 10-YEAR SHORTFALL WITH POPULATION GROWTH
50,839	31,600	19,239	49,056

3.3. QUEENSLAND

Housing policy in Queensland is framed by the Queensland Housing Strategy 2017-2027 and an associated Action Plan. These documents collectively initially identified a $1.8 billion program to develop 5,000 social housing units.
The strategy identified four focus areas:

- **Growth** to increase availability of social and affordable homes in a process of neighbourhood renewal.
- **Prosperity** Reducing barriers of access to affordable housing, promoting indigenous home ownership and secure pathways to housing for young people.
- **Connections** Promoting system reform and 'seamless delivery' in a person centred approach.
- **Confidence** Providing consumer protection, improved legislation and better housing design.

The accompanying 2017-2020 Action Plan identified the achievement of 1,700 new social housing properties in the first 3 years of the 10-year plan. Since 2017, 2,400 homes have been commenced.

The 10-year strategy has been updated in the Housing and Homelessness Action Plan 2021-25 and reinforced by commitments in the 2021 Budget statement. This has revised the original target of 5,000 homes to 6,365. The primary delivery vehicle is the establishment of a $1 billion Housing Investment Growth Fund to underpin social housing development. The fund is anticipated to provide an investment return of up to $40 million per annum.

Within the overall $1.9 billion program confirmed in the budget are the following component targets to be achieved by 2025:

- **Housing Investment Growth Fund** 3,600 units to be commenced working in partnership with CHPs
- **Quickstart Queensland** to commence 2,765 units in nine identified locations
- **Help to Home** A headlease program to source 1,000 properties to meet emerging demand

Assuming this program can be sustained over 10 years, optimistically it would be likely to create up to 14,000 additional social housing properties.

TABLE 6: SOCIAL HOUSING SHORTFALL QLD

CURRENT WAITING LIST	ESTIMATED 10-YEAR DEVELOPMENT CAPACITY	PREDICTED 10-YEAR SHORTFALL TO MEET CURRENT WAITING LIST	PREDICTED 10-YEAR SHORTFALL WITH POPULATION GROWTH
25,853	14,000	11,853	31,445

3.4. SOUTH AUSTRALIA

Housing policy in South Australia has been relatively static for some time during a period of policy review, reorganisation of delivery vehicles and policy formation. This followed a 2018 Triennial Review of the South Australia Housing Trust, which 'highlighted the shortcoming of a broken system.' Prior to this there had been programmes of housing management transfer to Community Housing providers of nearly 5,000 homes. The organisational transition saw the transfer of functions from Housing SA and Renewal SA into a newly formed South Australia Housing Authority in 2018. The period since has been one of consolidation and development of strategy, culminating in the publication of the Housing Authority's Strategic Plan which delineates the vision, objectives and performance measures for the Authority. This includes a target of 10,000 'affordable housing solutions' in the 2020-25 period of the plan. However, these are not defined.

In contrast, the Government Our Housing Future strategy document is a 10-year plan. This provides more detail of projected actions. Addressing the whole of the housing 'ecosystem,' five strategic components are identified:

1. Create Conditions for a well-functioning housing market
2. Reduce housing stress through 20,000 affordable housing solutions
3. Create housing pathways to enable access
4. Prevent and reduce homelessness
5. Modernise the social housing system

Few of these strategic objectives and their associated actions directly address social housing supply and those that do are identified as 'medium' or 'long-term' objectives. Highlights include:

- Create 1,000 affordable homes by 2025 (Affordable Housing Initiative)
- $54 million to create mixed tenure communities from areas of low-density public housing
- Create 1,000 social, affordable and market homes by leasing 5,000 authority properties to Community Housing Providers to 'stimulate new build.' It is not clear if this refers to the previously transferred properties.
- Create 5,000 affordable properties through inclusionary zoning planning regulation

More concerningly, there is a proposal to raise social housing rents to 30 per cent of income to 'create equity with the private rental market.' Overall, the strategy indicates clear support for affordable housing, private rental and home ownership. Given the lack of specification of the impact on social housing supply the best projection for 10 years assumes 50 per cent of the unspecified social and affordable building program in the strategy is social housing. This provides an estimate of a potential 1,400 properties in the duration of this 10-year strategy.

TABLE 7: SOCIAL HOUSING SHORTFALL SA

CURRENT WAITING LIST	ESTIMATED 10-YEAR DEVELOPMENT CAPACITY	PREDICTED 10-YEAR SHORTFALL TO MEET CURRENT WAITING LIST	PREDICTED 10-YEAR SHORTFALL WITH POPULATION GROWTH
17,051	1,400	15,651	19,122

3.5. WESTERN AUSTRALIA

The Western Australia Affordable Housing Strategy **2010-2020 Opening Doors to Affordable Housing**, included intentions to maximise take up of the Federal NRAS program and to develop a 'multi-provider social housing system' which included a developing role for community housing to increase supply by 1,000 new homes by 2020. More ambitiously, there was an intent to build 3,500 new homes by 2013. Despite these intentions the waiting list in Western Australia stands currently at over 14,500 applicants. The target is reviewed in the 2020-2030 Housing Strategy, which concludes that despite a $3.6 billion investment, the supply of social housing had not increased significantly (p2). Prior to the development of the 2020-2030 strategy, a number of early COVID related stimulus measures in 2019/2020 also added a $444 million housing component.

These measures included:

- **The Social Housing Economic Recovery Package** (SHERP), a $319 million program to build, repair and renovate social housing. This is expected to realise around 250 new social housing homes.
- **The Housing Investment Package**, a $125 million fund to create 300 social housing properties targeting homelessness and priority waiting list applicants.

In addition, **The METRONET Social and Affordable Housing and Jobs Package** links housing development to transport infrastructure to create new housing and communities in close proximity to existing and new transport facilities. The $394 million package will create 320 new social housing properties in mixed tenure communities.

Following from these housing related stimulus measures the **WA Housing Strategy 2020-2030 Connecting 150,000 WA Households to a Home by 2030** directly addresses housing supply as one of its five 'Focus Area' which are:

- Supply
- Design
- Housing Literacy
- Access
- Housing Pathways

The Supply Focus Area identifies a target to increase social housing supply by 6 per cent by 2030. Based on current AIHW data of 43,584 in the public, community and aboriginal housing sectors in WA, this would add an additional 2,615 social housing homes. Cumulatively, these measures will create 3,485 new social housing units.

TABLE 8: SOCIAL HOUSING SHORTFALL WA

CURRENT WAITING LIST	ESTIMATED 10-YEAR DEVELOPMENT CAPACITY	PREDICTED 10-YEAR SHORTFALL TO MEET CURRENT WAITING LIST	PREDICTED 10-YEAR SHORTFALL WITH POPULATION GROWTH
14,619	3,465	11,154	21,301

3.6. AUSTRALIAN CAPITAL TERRITORY

The ACT government committed to an expenditure of $1 billion from 2015-2025 and to date has delivered 400 additional social housing properties. Now embodied in a **Growing and Renewing Public Housing** program, an increase in new homes of 1,400 is projected via the redevelopment of 300 existing sites (400 additional units), new builds (420 units) and direct purchases (140 units). These targets contribute to the delivery of the **2018 ACT Housing Strategy**.
This strategy identified four objectives:

- An equitable, diverse and sustainable supply of housing for the ACT community
- Reducing homelessness
- Strengthening social housing assistance
- Increasing affordable rental housing
- Increasing affordable home ownership

The **2020 ACT Housing Strategy Implementation Plan** adds short, medium and long-term aspirations but provides no information on increasing social housing supply beyond the originally stated 15 per cent target of the Indicative Land Release program allocation to affordable, social and community housing. Assuming the 2025 target is met and replicated in the period 2025-2030 we estimate that 1,920 new homes will be provided.

TABLE 9: SOCIAL HOUSING SHORTFALL ACT

CURRENT WAITING LIST	ESTIMATED 10-YEAR DEVELOPMENT CAPACITY	PREDICTED 10-YEAR SHORTFALL TO MEET CURRENT WAITING LIST	PREDICTED 10-YEAR SHORTFALL WITH POPULATION GROWTH
2,462	1,920	542	2,363

3.7. NORTHERN TERRITORY

The Northern Territory's, **A Home for all Territorians: NT Housing Strategy 2020-25** points to the complexity of the social housing context in the NT with a diverse portfolio and wide geographic distribution of the housing stock. With 6,008 units in urban and rural settings, 4,854 in remote settlements and 385 in town camps or community living areas, meeting the needs of the 30 per cent aboriginal population presents challenges not experienced elsewhere in Australia. This is reflected in the $1.1 billion **Our Community, Our Future, Our Homes** strategy directly addressing the housing needs of NT's First People. Additionally, the **Building Our Communities Together** - **Town Camp Reform Framework** identifies $40.4 million, supported by the Federal Government National Partnership for Remote Housing 2018-2023 commitment of $110 million.

The **Home for all Territorians Strategy** identifies four strategic objectives:

- **Strategic Objective 1** Create a housing and homelessness system that is contemporary, flexible and accessible.
- **Strategic Objective 2** Improve the long-term sustainability of the housing system in the NT
- **Strategic Objective 3** Provide appropriate housing aligned to the needs and aspirations of households and communities.
- **Strategic Objective 4** Strengthen access for Territorians to a range of housing options, including social and affordable housing, private rental and home ownership.

However, neither the Strategy nor the Our Community, Our Futures, Our Homes documents detail any forward projections for increases of housing supply. Updates on core components of the latter program provided on the program website do not appear to refer to any new homes as an outcome of the program. The major emphasis is on resolution of overcrowding and quality improvement of remote housing.

There is a commitment of $500 million over ten years to the **Homebuild** program for the development of new public housing but no targets are provided. Given variability in costs throughout the Territory it isn't valid on our part to attempt to estimate the number of units. Telephone and email requests for further information have not resulted in any clarification.

Regrettably, we have concluded that NT will be disregarded in arriving at our estimates of social housing shortfall.

TABLE 10: SOCIAL HOUSING SHORTFALL NT

CURRENT WAITING LIST	ESTIMATED 10-YEAR DEVELOPMENT CAPACITY	PREDICTED 10-YEAR SHORTFALL TO MEET CURRENT WAITING LIST	PREDICTED 10-YEAR SHORTFALL WITH POPULATION GROWTH
4,115	Not Known	4,115	4,739

3.7. TASMANIA

The **Better Housing Futures** (BHF) program saw some 4,000 homes transferred in response to the 2009 COAG agreed maximum transfer of up to 35 per cent. Current policy is presented in the **Tasmania Affordable Housing Strategy 2015-2025** and updated in the **Tasmania Affordable Action Plan 2015-2019** and the **Tasmania Affordable Action Plan 2019-2023.**

The original strategy is based on a 'housing pathways' and 'intervention framework' analysis. The housing pathways perspective identifies points of vulnerability and risk of homelessness in housing trajectories. The intervention framework identifies the appropriate preventive and responsive measures to maintain or return people to housing security. Increased supply is identified as a required response, along with the appropriateness of the accommodation and access for low-income families to low-cost rental properties.

The 2019-2023 Action Plan identifies a commitment of $125 million in addition to the $73.5 million in the initial Action Plan. Cumulatively, these plans will contribute the following outcomes with a final plan determining the final stage outputs.

- 1,155 Social Housing homes
- 657 Home Ownerships
- 310 Private Rentals
- 687 Supported accommodation
- 670 lots released

For the purposes of this assessment, the 1,155 additional social housing units achieved between 2015 and 2023, suggest an outcome by 2030 of an additional 1,000 if the current investment of around 144 units per annum is maintained.

TABLE 11: SOCIAL HOUSING SHORTFALL TASMANIA

CURRENT WAITING LIST	ESTIMATED 10-YEAR DEVELOPMENT CAPACITY	PREDICTED 10-YEAR SHORTFALL TO MEET CURRENT WAITING LIST	PREDICTED 10-YEAR SHORTFALL WITH POPULATION GROWTH
3,373	1,440	1,933	3,426

SECTION 4

ASSESSING STATE CAPACITY TO MEET SOCIAL HOUSING DEMAND

4. ASSESSING STATE CAPACITY TO MEET SOCIAL HOUSING DEMAND

Whilst some of the shortfalls identified in the preceding analysis of state capacity to increase social housing supply are estimates based on current policy and recent achievements, they collectively point to a significant lack of capacity at the state level to meet even the existing level of demand.

Cumulatively, the shortfall identified here is over 100,000 homes. When the additional dwellings required to house the share of the future population requiring social housing are added the shortfall rises to 196,239.

These estimates are based on an optimistic assumption that current expenditure levels will be maintained. We must consider that this period contains unprecedented levels of expenditure to provide post-COVID economic stimulus. It is unlikely that all states will continue that level of social housing investment.

Cumulatively, the shortfall identified here is over 100,000 homes.

SECTION 5

A TIPPING POINT

5. A TIPPING POINT

The evidence assembled in this report identifies a major shortfall between housing required in all states and the projected state government responses.

We contend that this crisis has been developing for a significant period of time as social housing supply has not expanded to keep pace with rising population and increasing demand for social housing arising from escalating housing costs.

We believe the evidence identifies an imminent 'tipping point' where the problem reaches a scale that is not resolvable. We have shown it has already reached that point in terms of the capacity for state governments to manage this alone.

Without federal intervention, an increasing proportion of the population will experience socially damaging levels of inequality and financial hardship. The impact of significant social and financial precarity on physical and mental health, educational achievement, crime rates, homelessness and social disengagement is well documented internationally. Leaving inequality and social exclusion to multiply, presents major downstream costs to both state and federal government. Recognising that adequate housing is an important infrastructural investment (Lawson et al, 2018) adds weight to the need for urgent and significant intervention by federal government.

The consequences for individuals and families will be severe and include:

- Rising levels of homelessness
- Increases in waiting times for social housing to the point where only those with the most urgent needs have any prospect of being housed
- A further residualisation of social housing resulting in stigmatisation and deepening prejudice towards those who require housing support
- High levels of rental stress for an increasing proportion of the population trapped in often expensive, insecure, poor quality private rental

This is a scenario no responsible government should preside over. It represents a failure to promote equality, social inclusion and the ability of all residents in Australia to participate fully and equally in Australian society.

SECTION 6

THE PRIVATE RENTAL MARKET

6. THE PRIVATE RENTAL MARKET

With the social housing system massively oversubscribed, and now reserved primarily for those with complex needs, low-income workers have been forced to seek suitable accommodation in the private rental market. Approximately one third of Australian households rent their homes. This figure is much higher in capital cities and among younger households. For instance, in Sydney, it is estimated around 70 per cent of the 25-34-year-old population rent their homes (Hulse et al, 2018). Around 40 per cent of renters have been renting for 10 years or longer.

The sector is growing rapidly, experiencing 11.5 per cent growth in the five years from 2011-2016, compared to total household growth of just 6.7 per cent (ABS, 2018). According to data from the 2016 census, approximately 40 per cent of private renters experience housing stress (defined as paying more than 30 per cent of gross household income on rent).

The Australian private rental market differs from that in comparable countries in a number of ways (Hulse et al, 2018):

- It is more integrated with the wider housing system. Historically, the Australian private rental market and owner-occupied sectors have a largely common built form, and properties transfer readily between the sectors.
- Real estate agents, organised mostly as independent or franchised small businesses, have an unusually prominent role (managing 75 per cent of rental properties in 2016). In many other countries, individual landlords are relatively more likely to self-manage, while those within the large corporate landlord sector have teams of professional managers.
- It has comparatively weak laws regarding security and rent regulation. Australia forms a group with New Zealand, the UK (excluding Scotland) and Spain, which also appear to have less differentiated rental markets and relatively weak tenancy laws.

Most rental dwellings in Australia are owned by small-scale investor landlords motivated primarily by capital appreciation rather than yield who, inevitably, favour weaker tenancy laws which provide relatively little security of tenure (most leases are for 6 or 12 months), and grant tenants few rights in terms of the aesthetics or personalisation of their homes. According to PwC, half of all renters have moved three times, and 10 per cent of renters have moved more than 10 times.

Research by Compass Housing Services has demonstrated that in a substantial number of housing markets across the country median rents would absorb more than 30 per cent of median incomes. Low-income households navigating this environment lead lives of extreme precarity, often paying 50 per cent or more of their income on rent.

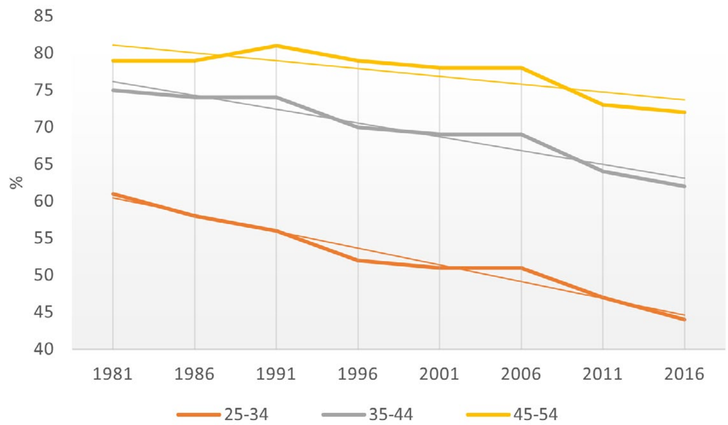
Countless studies, most notably by Anglicare, have demonstrated that the small fraction of the private rental market that is affordable to low-income households generally consists of properties that are small, poorly maintained, or located in areas with thin labour markets. Unaffordable, poor quality or badly located housing has well-documented impacts on human capital formation and general wellbeing. The lack of affordable options for low-income households also has broader economic consequences as people experiencing severe housing stress inevitably reduce consumption on non-housing related goods.

In summary, the private rental market is also facing significant challenges. At the same time that more Australians are reliant on a privately rented home, increasing levels of housing stress are emerging as rent levels increase in response to the housing price boom. Regional locations also report rising housing demand and impact on house prices and rentals derived from anecdotal reports of population movement from cities to the regions.

Whilst exaggerated as a response to the COVID experience (Davies 2021), rental cost pressure, for example in Newcastle and Wollongong, reflects the significant pressure in Sydney. Further afield, regional towns are experiencing unprecedented occupancy levels and double digit rent increases. For example, Core Logic records the rate of rental increase in the year to July 2021 as 12.8 per cent for Queensland and 11 per cent for NSW.

The experience of the private rental sector can involve insecurity of tenure, frequent home moves and rental stress. It presents additional problems for retirees who do not own a property and pay rent from limited retirement income. With property ownership falling to historically low levels in the younger age groups, modelling suggests that by 2056 the proportion of over 65 year olds, owning their own home, will have fallen from the current 76 per cent to 57 per cent (Coates and Chen, 2019).

TABLE 12: HOME OWNERSHIP RATE OF PERSONS AGED 25-54



SOURCE: YATES (2015), ABS, GRATTAN INSTITUTE

This represents a significant challenge for many retirees who will pay more than 30 per cent of their income for their accommodation. For future governments, this presents a major policy challenge of rising pensioner poverty and a general failure of the pension system to provide adequate incomes. For the purposes of this report we have not included latent social housing demand from this sector of the housing continuum. This component is identified in Lawson et al (2018) and raises the projected housing need by 2036 to an additional 720,300 social housing dwellings.

The solution lies in changes to housing policy now to produce greater equality of access to home ownership or the creation of affordable housing solutions for low to medium income households that will provide security of tenure into old age, alongside affordability. The latter approach is not without precedent.

For a brief period in the early 2000s a new product targeted at low-income workers entered the marketplace. Known as "Affordable Housing", it offered rents approximately 25 per cent cheaper than prevailing market rates, serving as a mid-point between social housing and the private rental market. Approximately 30,000 dwellings were created under the National Rental Affordability Scheme (NRAS). Those dwellings are now exiting the scheme as the state and federal government subsidies that enabled the discounted rents are gradually discontinued. By 2026, they will all be gone.

The exiting of these properties from the scheme is likely to place incumbent tenants in significant financial hardship. Approximately 30 per cent of households living in NRAS dwellings have incomes of less than $30,000 per year. Around 60 per cent have incomes under $50,000. These households currently receive an average rental discount of $100 per week. The removal of that subsidy would see rents jump by an average of 38 per cent overnight with the average rent increasing from approximately 32 per cent of gross income to more than 50 per cent.

SECTION 7

HOME OWNERSHIP

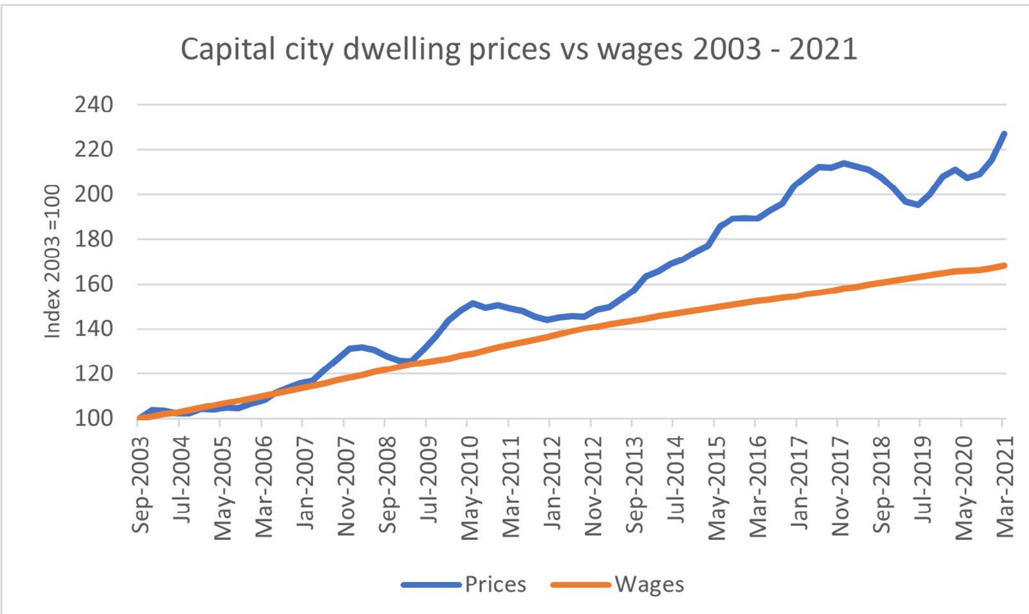
7. HOME OWNERSHIP

This report has referred repeatedly to the disruption of the whole housing continuum by the barriers to home ownership caused by the significantly inflated house prices experienced in Australia and particularly in the capital cities. Contrary to all expectations, as COVID 19 arrived in Australia, the market has seen historically significant price rises. In the quarter to May 2021, average prices rose by 7 per cent with Sydney leading the capital cities at 9.3 per cent. Regional NSW was close behind at 7.8 per cent. The annual rate of increase for the capital cities was an overall 9.4 per cent with a regional location increase of 15.2 per cent. (CoreLogic, 2021). Sydney now ranks as the third least affordable city globally and Melbourne sixth. The price to income ratio in Australia has risen from 3:1 in 2004 to 6:1 in 2021 (Demographia, 2021).

This situation has arisen in large part due to a perfect storm of generous fiscal support for home buyers, overly accommodative monetary policy and weak regulation.

Housing affordability is challenged by these high prices and a parallel failure of wages to rise at an equivalent rate. With an average wage growth rate off 2.2 per cent 2013 to 2018 this amounted to an increase in real wages of only 0.5 per cent (Gilfillan, 2019), with inevitable impact on housing affordability.

TABLE 13: DWELLING PRICES VERSUS WAGES 2003-2021



Governments frequently talk about wanting to see higher wages growth but seldom do anything that would make it happen. In fact, they often do the opposite. In March 2021, the federal government advised the Fair Work Commission to "take a cautious approach" when considering an increase to the minimum wage, lest any excessive generosity impact job creation and business viability. The idea that increases to the minimum wage prevent job creation is a neoliberal contention that has been repeatedly debunked, including by the Reserve Bank of Australia (Bishop, 2018). It is worth noting that these discredited arguments have been a consistent feature of federal government submissions to the Fair Work Commission since at least 2014.

Despite government insistence that it wants to see higher wages, this year's budget papers show Treasury officials expect real wages to remain stagnant over the next four years. This bleak outlook hasn't prevented the government from committing hundreds of millions of extra dollars to various grants and subsidies designed to keep house prices booming. As always, these measures are pitched as a way of improving housing affordability. A better way to think about them is as an admission that homes are so unaffordable that regular people can't buy one unless the government helps pay for it. As affordability declines, the size of the government's contribution must increase, hence the extension of the First Home Loan Deposit scheme which helps buyers into the market with deposits as low as 5 per cent, and the creation of a new version for single parents where the required deposit could be as low as 2 per cent.

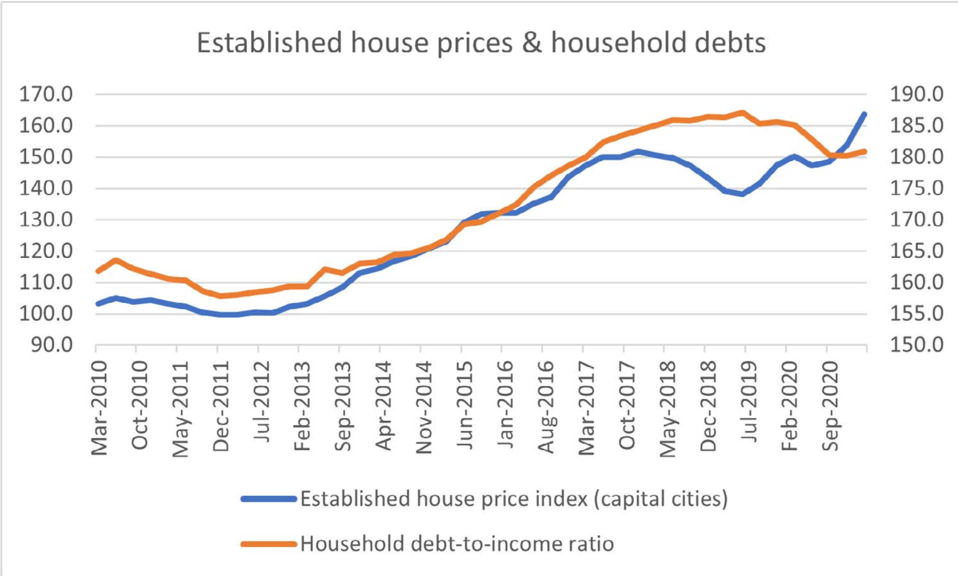
The reason subsidies and deposit guarantees don't improve affordability is because they're not designed to control house prices – they're designed to take people who can't afford a house under the normal rules and bend those rules so they can afford one. And while it is true that subsidies improve affordability for those who receive them, the recipients represent a miniscule share of total buyers. At the broader level, subsidies do nothing to prevent prices from going up, in fact they do the opposite by enabling people to pay prices they couldn't otherwise afford.

Although government grants and subsidies clearly have an inflationary impact on prices, their impact pales in comparison to that of monetary policy. The RBA often points out that controlling house prices is not part of its mandate. Its function is to support price stability and full- employment. That it pursues these goals in ways that just so happen to have profound side effects on housing affordability is, in the view of the RBA governors, not their problem. Yet while rate cuts have contributed to a substantial increase in house prices, and an attendant increase in household indebtedness, they have largely failed to stimulate the broader economy.

The RBA has been progressively cutting interest rates for almost ten years. But this succession of cuts has failed to deliver any discernible boost in output per capita, inflation has struggled to reach the RBA's target band for five years in a row, and we are no closer to full employment than we were when the RBA began the current cycle of cuts back in November 2011.

Meanwhile, both dwelling prices and household indebtedness have gone through the roof.

TABLE 14: HOUSE PRICES AND HOUSEHOLD DEBT 2010-2020



Yet despite the persistent failure of rate cuts and easy credit to stimulate anything other than asset prices and debt accumulation, policymakers continue to insist the most appropriate path forward involves more of the same.

In the name of stimulating the economy, both the RBA and the government are pursuing a course of action that has been proven to inflate house prices, and which by their own estimates will not produce any growth in real wages. This is occurring at a time when the demand for social housing has never been higher, and the gap between dwelling prices and wages has never been greater. In the year to June 2021 wages grew a paltry 1.7 per cent. Over the same period, capital city dwelling prices increased by 12.4 per cent and regional dwelling prices increased by 17.7 per cent.

Unsurprisingly, as property prices have gone from the merely absurd to the totally surreal, home ownership rates have collapsed, particularly among younger Australians.

SECTION 8

THE ROLE OF FEDERAL GOVERNMENT

8. THE ROLE OF FEDERAL GOVERNMENT

The data presented in this report demonstrates that the Australian housing market currently functions badly for critical sections of the population.

For the 66 per cent in home ownership there are perceived advantages from rapidly rising prices and government is reluctant to pursue policies that may result in housing deflation to challenge this. However, the benefits experienced are:

- at the cost of considerable inequality for the remainder of Australians who live in private rental or social housing. Between 2003/4 – 2015/6 income increases, after housing costs for the lowest 20 per cent of earners was 16 per cent. This compares to 33 per cent for the highest 20 per cent of earners. Housing inflation has increased the wealth of the highest group by 50 per cent compared to the lowest who have seen a wealth increase of only 10 per cent (Coates and Chivers, 2019). Consequently, housing value is baking into Australian society gross inequalities that have major significance for future social cohesion and the belief in a 'fair go' that Australia is rightly proud of.
- at the expense of the young who are increasingly frozen out of the housing market. The benefits for the many are at the expense of their own children and grandchildren. This also has an impact on the capital gains experienced by mature owners. Recent market research by Digital Finance Analytics revealed that 60% of first home buyers are now receiving help from their parents to put down a deposit. The average parental contribution in March 2021 was approximately $90,000 - roughly 85 per cent of the average FHB deposit of $106,700
- not realisable until a family reaches the point of downsizing or moves to a lower cost location. Any value gain is largely notional and soaked up by the equal value gain in future home purchases. High house prices effectively reduce mobility and housing choice.
- also adding to rising household debt to meet housing costs
- Creating potential for political instability and inter-generational division. It is no accident that more than half of Australian millennials believe capitalism has failed and the government should exercise more control of the economy (CIS, 2018). Nor is it a coincidence that barely half of people aged 18-29 express a preference for democracy over other forms of government (Lowy Institute, 2021). To write these results off as simply an expression of the typical youthful dalliance with socialism would be a mistake. It turns out democracy also has an image problem with people aged 30-44. As recently as 2018 less than half of people in this age group expressed support for democracy over other forms of government.

The market is also not working for renters for the reasons identified in Section 6. It is certainly not working for the many families languishing on social housing waiting lists throughout the nation. The Commonwealth Government is presiding over a fractured housing system that is accelerating a range of social and financial challenges experienced by a growing share of the population and which are steadily working their way up the income distribution.

Australia's housing system is failing to deliver a sufficient supply of affordable homes and wider affordability pressures are affecting household wellbeing. A national strategic framework is needed to address these failures. By integrating and enhancing the public subsidies, financial settings, policy levers and programs that exist across the three levels of government, a national framework for housing will drive outcomes across the continuum of housing needs and help deliver long-term growth of affordable housing supply.

(GURRAN ET AL,2018, P1)

This quotation points to the role of federal government in the formation of a national housing strategy to resolve the major challenges across the housing continuum. There has been a surprising consensus identifying the potential role of the Commonwealth Government.
To a large extent this consensus has been the basis of the Everybody's Home campaign which has brought together over 200 organisations from the housing, homelessness and social services sectors. Key early 'asks' from the campaign were:

- A reset of the tax system to support 'ordinary Australians' to buy a home
- A program to build 250,000 social and 250,000 affordable homes
- A better deal for renters, including ending no fault evictions
- An increase in Commonwealth Rental Assistance to end chronic housing stress
- A plan to end homelessness

The campaign has progressed to identify the acute housing needs of the homeless, women, families exiting domestic violence and veterans, providing insight into the human face of housing need beyond the statistical evidence this report has focused on.

We do not prescribe in this report what that federal intervention should be. There has been no shortage of advice from economists, urbanists and the social housing sector, all identifying the social need for increased supply of social housing, along with the social and economic benefits of a comprehensive building program. The Community Housing Industry Association (CHIA) proposals in its Social Housing Acceleration and Renovation Program report (CHIA, 2021) provides an exemplar statement of the all-round benefits for government and community that can be achieved by meeting social housing need.

We identify the responsibility of federal government to ensure the wellbeing of all members of its national community. We also advocate for the building of a partnership between federal government, state government, local government, community housing organisations and the private sector. Set in a context of national strategy for housing, all potential contributors are required to meet the fundamental challenge this report identifies. It is not sufficient for the federal government to pass responsibility to the states on the basis of the hopelessly inadequate funding provided in the NHHA. It is incumbent on the federal government to level the playing field for all those living in Australia and redress the imbalance in its funding between social housing and its support for home ownership.

SECTION 9

FUNDING THE SOLUTION

9. FUNDING THE SOLUTION

For decades, the main reason governments have offered as to why they can't make the sort of investment in social housing necessary to meet housing need has been because it would be too expensive. In the case of state governments, this argument has some validity. State governments have a difficult job due to the vertical fiscal imbalance that sees them tasked with providing the bulk of the nation's public services while collecting a small share of the nation's tax revenue. But this quandary does not apply to the Commonwealth, or indeed to any government that issues its own currency. As no less an authority than former chair of the US Federal Reserve Alan Greenspan once explained, "there is nothing to prevent the federal government from creating as much money as it wants and paying it to somebody".

This simple truth, for decades almost totally unappreciated by anyone outside the central banking fraternity, turns on its head the neoliberal assertion that governments have no money but that which they take from their citizens (either by taxation or by "borrowing" their savings). If anything, something closer to the opposite is true.

As the sole issuers of their own currency, federal governments cannot go broke. The real question isn't whether the federal government can "afford" things, it is whether there is sufficient spare capacity in the economy to absorb the hypothetical spending without causing excessive inflation. In Australia, as in most advanced economies, consumer price inflation has been sluggish for the better part of a decade despite hundreds of billions of dollars' worth of quantitative easing (QE) which itself is simply the purchase of government bonds using newly created money. This suggests there is ample spare capacity in the economy to absorb increased government spending without inflation getting out of control.

Given precedents in the significant home building program of the immediate post WW2 years, the major government spending instigated by the 2008 Global Financial Crisis, and the remarkable levels of government expenditure to address the COVID 19 crisis, it is apparent that when the federal government is sufficiently motivated, it can indeed find whatever funding is necessary. Through this lens we can see that the Commonwealth's ongoing reluctance to invest in social housing is a question of priorities, not a question of solvency.

Through this lens, we can see that the Commonwealth's ongoing reluctance to invest in social housing is a question of priorities, not a question of solvency.

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