



Housing solutions
for all Australians

Social and Affordable Housing Projections for Australia

2016-2026/36

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Method

The estimates of future social and affordable housing need generated below are based on the demographically based household projections reported by the ABS. These projections do not take the impact of non-demographic factors such as economic conditions on household formation into account. Should economic and housing circumstances for lower or middle income households be worse than at present, these projections of need are likely to underestimate future needs for social and affordable housing. Should they show a marked improvement, they are likely to overestimate future needs. They do not, for example, take into account a growing share of single person households likely to face increasing affordability problems into the future.

Household projections are based on latest ABS projections (published in 2015). Social housing numbers are taken from the 2018 Report on Government Services. The social and affordable housing need projections below, like the household projections which underpin them, are purely demographically based. They assume that past outcomes will continue into the future and will not be affected by economic, social change or housing market constraints. They assume that future social and affordable housing needs will be no less than current needs despite ongoing declining housing affordability and projections of a growing share of single person households.

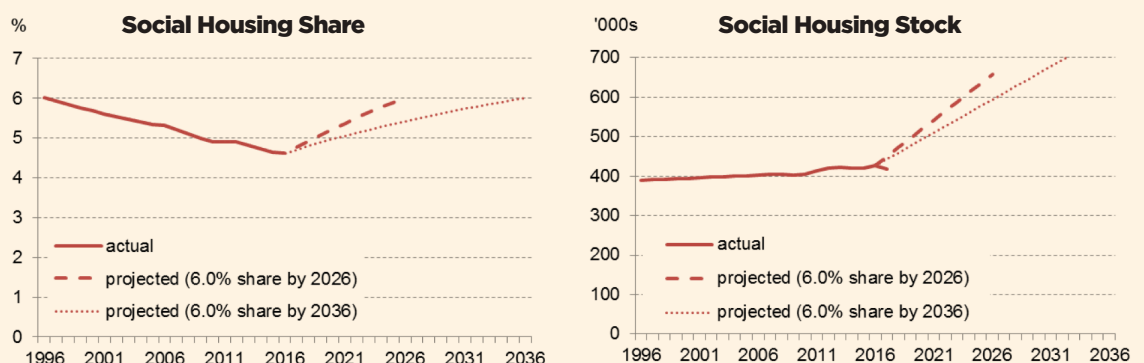
Social housing projections

The projections of social housing need are based on what would be required to return the social housing stock to a 6% share (of occupied stock) by 2026. They are based on combining the annual net additions needed to sustain a 6% share from 2016 with the increase needed to make up the current shortfall to 6% (assuming this is done in equal increments over a 10 (or 20) year period).

A 6% target in 2016 would have required a current level of 554,000 social housing dwellings on an Australia wide basis. Maintenance of this 6% target over the next decade requires an annual net addition of a little more than 10,000 dwellings once the current stock has met the 6% target. However, with a 2016 social housing stock of 426,000 dwellings this means there would need to be almost 130,000 immediate net additions to the current social housing stock just to get to a 6% starting point. Reducing this backlog over 10 years in order to achieve a 6% target by 2026 means that 13,000 dwellings are required each year in addition to the 10,000 needed to maintain a 6% target. This gives an annual net addition of just over 23,000 dwellings a year for 10 years to reach a target of 658,000 social housing dwellings by 2026 (for a projected number of households of almost 11m).

A more realistic goal might be to aim to reach a 6% target over the next two decades. Allowing 20 years to reduce the backlog reduces the required annual net increase to around 16,500 social housing dwellings to reach a target of 760,000 social housing dwellings by 2036 for a projected 12.7 million households.

Transition to a 6% social housing share: Australia 2016 to 2026, 2036



Affordable housing projections

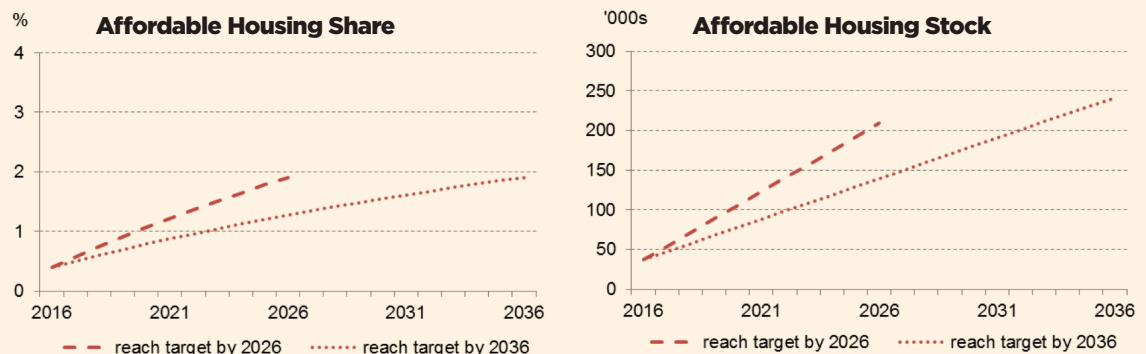
Estimates of affordable housing needs follow a similar approach to estimating social housing need by determining a target benchmark proportion and applying this to household projections. The benchmark proportion in this case is derived by estimating how many current renter households not served by projected social housing stock would have met the NRAS income eligibility limits for new tenants of affordable rental dwellings if those dwellings were to be eligible for an NRAS incentive AND if tenants were paying more than 30 per cent of their household income in meeting their rental costs in 2015-16.

The current supply of affordable rental stock for 2016 is taken as the 37,000 NRAS incentives allocated and delivered dwellings according to the June 2016 report. Of these, 6,700 were in NSW.

On an Australia wide basis, there were a little over 700,000 renter households, representing 7.9% of all households in the 2015-16 survey, who met the joint (NRAS + rental stress) criteria set for identifying affordable household need. After allowing for the 6% of households assumed to be in need of social housing, this leaves an additional 1.9% of households in need of affordable housing. Applying this proportion to household projections implies an annual net addition of affordable dwelling stock of a little over 3,000 dwellings once a 1.9% target has been reached with an additional annual requirement of 14,000 dwellings to cover the current backlog over a 10 year period. This means 17,000 additional affordable rental dwellings are needed each year to reach a total of 210,000 by 2026.

Reaching a 1.9% target over the next two decades, rather than attempting to do so in just one decade, would reduce the annual net increase required to a little over 7,000 affordable rental dwellings to reach a target of a little below 250,000 affordable housing dwellings by 2036.

Transition to a 1.9% affordable housing share: Australia 2016 to 2026, 2036



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