

SPINIFEX

# Isn't it time the federal government stepped up on social housing and its implications

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Sydney Liberal Party MP and chair of the Standing Committee on Tax and Revenue's Inquiry into housing affordability and supply in Australia Jason Falinski. Imag: Jason Falinski/Facebook

In a recent speech at a property developer forum, Jason Falinski, a Sydney Liberal

Party MP and chair of the Standing Committee on Tax and Revenue's Inquiry into housing affordability and supply in Australia, commented that "Since World War Two, housing commission has had a lot of negative impact on vulnerable communities and I query whether building it actually helps people in challenged communities."

His comment and use of the pejorative term, "housing commission", was heavily criticised by peak bodies. Homelessness Australia, the Community Housing Industry Association and National Shelter released a statement objecting "in the strongest terms to Mr Falinski's misrepresentation of the sector and disregard for the important contribution that affordable housing makes to the wellbeing of Australians in housing need".

Judging by the federal government's abysmal lack of support for social housing since regaining power in 2013, it would appear that Mr Falinski's views are generally shared by his colleagues. Unfortunately, this perspective translates into a desperately poor performance nationally with respect to expanding the number of social housing dwellings.

A recent report by the Australian Institute of Health and Welfare (AIHW) tracks the number of social housing dwellings built over the last decade. It paints a dismal picture. During Labor's last tenure in office (2007-2013) there was some growth in the number of social housing dwellings. In 2008 there were 378,554 social housing dwellings.

When Labor left office in 2013, there were 408,676 social housing dwellings; an increase of just over 30,000. This came after social housing was dramatically neglected during the Howard era (1996 to 2007), declining from 6.1 per cent of the housing stock in 1995-96 to 4.7 per cent in 2005-06.

The increase during Labor's tenure was primarily due to social housing being used as a stimulus to counter the impact of the global financial crisis.

The Commonwealth government provided \$5.638 billion to build new social housing and another \$400 million was allocated for repairs and maintenance of existing social housing.

Over the next three years about 19,700 new social housing homes were constructed and around 12,000 homes that were in extremely poor condition were redeemed. The amount allocated for social housing was the largest commitment by the federal government to counter the economic impacts of the GFC.

In 2020, there were 416,190 social housing dwellings. Thus, in this seven year period of the Coalition being in government federally, the number of social housing dwellings increased by a negligible 7515 dwellings or 1100 dwellings annually.

Besides the comments of Mr Falinski, when Commonwealth housing expenditure is examined, it is evident that there is minimal support for social rental despite its potentially enormously positive impacts on households accessing it.

The large part of the government's expenditure on housing for low income households is taken up by Commonwealth Rent Assistance for renters in the private rental sector. In the 2021-22 budget \$5.3 billion was allocated for rent assistance – more than three times the amount allocated to support state/territory social housing and homelessness services – just \$1.6 billion.

The amount budgeted for social housing and homelessness represents approximately 0.03 per cent of the 2021-22 federal budget.

Despite a slew of economists, welfare organisations and the Master Builders Association urging the federal government to use the construction of social housing to counter the Covid-19 induced recession, the government refused to countenance the suggestion. Its main counter argument was that social housing is a state responsibility.

It does appear that the main reason for the federal government not supporting social housing is primarily premised on the notion, as stated by Jason Falinski, that social housing is a negative phenomenon and that, by implication, government expenditure on it should be minimal, and the supply of housing is “best left to the market”.

Scott Morrison in his rejection of Labor's plan to spend \$10 billion on social and affordable housing if it regains power, commented, “They want to spend more to

build less. We saw them do that before because they thought the government was the sole answer to the challenge".

He concluded "the best antidote for rising house prices is supply. This has always been the case".

The data indicates that there is a deepening housing affordability crisis in Australia. Besides the more than 100,000 people that are homeless, hundreds of thousands of individuals and families are locked out of home ownership and are having to rely on the lightly regulated and insecure private rental sector for extended periods or even life-long.

**Purchasing a home can be financially crippling. In June 2021, it was estimated that nation-wide 41.3 per cent of households with a mortgage (1.53 million households) were suffering from financial stress. In June 2016, 20 per cent were.**

Financial stress is defined as having less than 5 per cent of your income after paying for all expenses. Although rent increases have not matched house price increases, the proportion of low-income households (bottom 40 per cent of households) in rental stress is substantial.

**In 2017-18, 43.4 per cent of private renters were low-income households and of these 50.2 per cent experienced rental stress.**

There is no possibility of the market resolving the crisis. It has been estimated that there is a shortage of 437,000 social housing dwellings and 213,000 affordable houses.

The state governments are also culpable and could certainly do a lot more, as has been recently illustrated by the Victorian government pledging to spend \$5.3 billion on social and affordable housing over the next four

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years.

However, the federal government is in the best position fiscally to dissipate the crisis. Unfortunately, it is evident there is absolutely no possibility of this occurring under a Coalition government.

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