



# UDIA POLICY PAPER

## AFFORDABLE HOUSING POLICY

### BACKGROUND

With house prices escalating dramatically across various capital city markets in recent years, Australian cities have become further entrenched as amongst the least affordable cities in the world. The median house price has increased from around four times median income in the early 1990s to over seven times in 2017.

Deteriorating affordability has a broad range of impacts across our urban housing markets and society in general. Aspiring first home buyers are struggling to break into the market and constitute record low proportions of over-all home purchasers. This in turn maintains pressure on the private rental market with growing numbers of households resigned to being life-long renters.

'Affordable Housing' refers to housing for very low, low, or moderate income households, not making market housing more affordable.

While the private rental market serves a great number of households effectively, across Australia there is a serious level of unmet demand for Affordable Housing. In June 2011 the National Housing Supply Council estimated that there was a deficit of 539,000 affordable rental properties for lower income renters. Assuming this quantum is roughly equivalent in 2017 (indeed it is more than likely to be a significantly elevated number given the price inflection over recent years) a circa \$180b investment would be required to meet this demand. Another telling indicator of unmet demand for Affordable Housing across Australia is the 152,000 households currently on waiting lists for social housing.

### UDIA POSITION

Government is not in a position to provide the requisite financial investment needed to deliver the full pipeline required of affordable and social housing. The private sector however is able to deliver these products if it receives sufficient incentives.

UDIA supports the heightened government focus on expanding the quantum of social and affordable housing to address the burgeoning demand profile. While the Affordable Housing sector undoubtedly needs significant investment and growth stimulation through positive policy and regulatory settings there also needs to be significant release and development of new supply in the broader market to close the broader residential supply dwelling gap. Measures to improve affordable housing cannot come at the expense of affordability in the private rental market.

UDIA welcomes incentives for investors to obtain capital gains discounts in affordable rental housing. We consider the incentivisation of affordable housing to be a key part of promoting the development of Affordable Housing across Australia.

### ACTION FOR GOVERNMENT

1. Increase immediate Affordable Housing supply and strong pipelines for medium term supply across the housing continuum through a multi-pronged policy framework
2. Support incentives to encourage development to include affordable housing for those on very low, low and moderate incomes.
3. Establish a new asset class in a Build-to-Rent institutional investment market to increase supply of affordable housing in mixed tenure market housing and key worker Affordable Housing.
4. All levels of Government should free up surplus and underutilised land holdings for development of affordable housing.

### WANT MORE INFORMATION?

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