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Half a million Australian households in housing stress

The continued decline in housing affordability, if left unchecked, may see an escalation in the number of homeless Australians, the Housing Industry Association warned today.

Soaring rents and a higher incidence of mortgage stress are placing unprecedented pressure on lower-income families. HIA's Managing Director, Ron Silberberg, said there are now more than half a million households who are paying more than 30 per cent of their income in rent or loan payments. Record low vacancy rates in rental accommodation and the resulting rent auctions are pushing lower-income Australian households closer to the poverty line.

Research undertaken by the ANU's National Centre for Social and Economic Modelling (NATSEM) indicates that the number of private renting households in housing stress will jump alarmingly by 108,500 or 38 per cent over the next four years based on private rents increasing by six per cent per year (see tables over page).

"Housing affordability needs to be embraced by heads of government. There is now a desperate need for concerted Commonwealth and State action to remove impediments to the supply of affordable housing and provide incentives to encourage additional lower-cost private rental investment.

Governments at all levels have access to a range of policy levers that can assist in providing affordable housing," Dr Silberberg said. "Would-be investors face an exhaustive list of taxes and red tape which discourage investment in the rental market. It is pleasing that at least some state governments are now looking at this issue, however, urgent action is required.

"The implications for public housing are alarming. There is simply no way that the current supply of public housing can satisfy growing demand."

Demographic and economic evidence all point to an accommodation crisis, the likes of which Australia has not experienced before.

"Housing in Australia is rocketing up the world's most unaffordable list. This is just crazy when the Australian home-building industry is one of the most efficient in the world," Dr Silberberg said.

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Number of Renters in Housing Stress*								
Year	NSW	VIC	QLD	SA	WA	TAS	ACT/NT	AUSTRALIA
Current	100,000	61,000	85,000	15,000	16,000	3,000	6,000	286,000
% of renters	12.7%	10.4%	16.8%	8.0%	6.8%	5.1%	10.2%	12.0%
2007-08	115,275	72,200	92,808	19,627	19,267	3,620	6,563	329,359
% of renters	14.3%	12.0%	17.9%	10.3%	7.9%	6.0%	10.9%	13.5%
2008-09	122,085	77,889	102,363	22,157	23,441	5,095	6,521	359,550
% of renters	15.0%	12.8%	19.5%	11.5%	9.6%	8.4%	10.7%	14.6%
2009-10	134,271	84,924	112,071	24,274	27,025	6,001	6,846	394,471
% of renters	16.2%	13.8%	21.1%	12.4%	10.9%	8.5%	11.1%	15.8%

*Based on rents increasing by 6% per annum over 2007-08 to 2009-10

Source: National Centre for Social and Economic Modelling; HIA

Number of Households with Mortgages who are in Housing Stress								
	NSW	VIC	QLD	SA	WA	TAS	ACT/NT	AUSTRALIA
Number	124,256	51,700	55,735	10,261	13,015	3,227	2,806	261,000
% of mortgage holders	14.3%	8.0%	10.0%	4.9%	5.0%	5.1%	4.4%	10.0%

Source: ABS; HIA

Total Number of Households in Housing Stress								
	NSW	VIC	QLD	SA	WA	TAS	ACT/NT	AUSTRALIA
Number	224,256	112,700	140,735	25,261	29,015	6,227	8,806	547,000
% of renter & mortgage households	13.5%	9.1%	13.2%	6.4%	5.9%	5.1%	7.2%	11.0%

Source: ABS; HIA