Australian Government
The Treasury

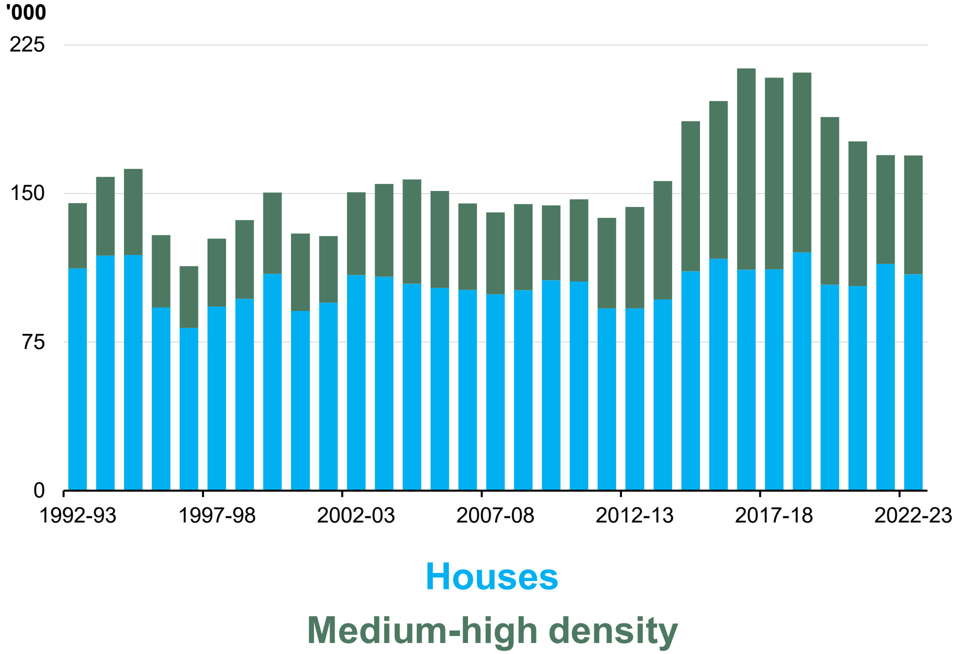
Meeting Australia's Housing Challenge

Presentation to Melbourne Economic Forum

3 July 2024

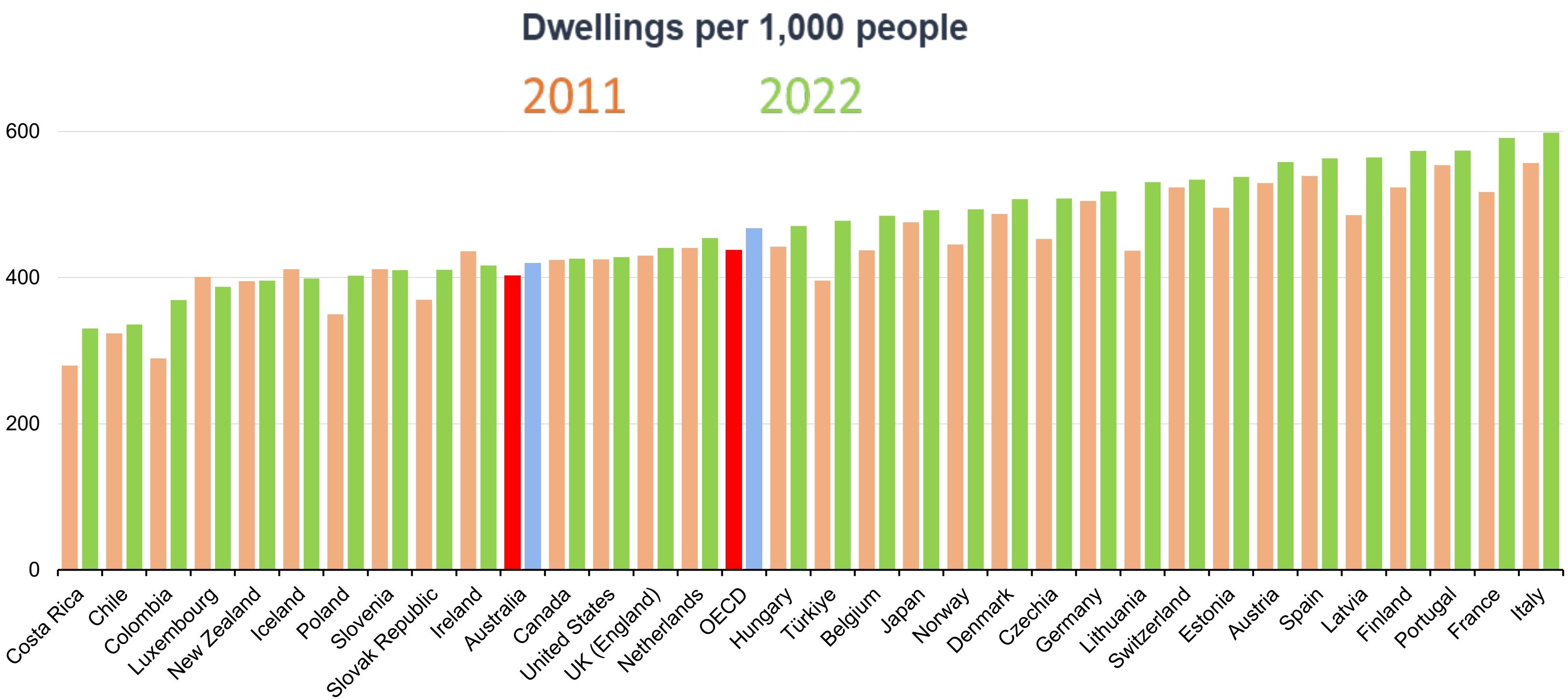
Not enough homes are being built to meet demand

New Private Dwelling Completions



- New dwelling completions have fallen since 2016-17.
  – Driven by a fall in apartments.
- The same number of dwellings being built now as there were almost a decade ago.

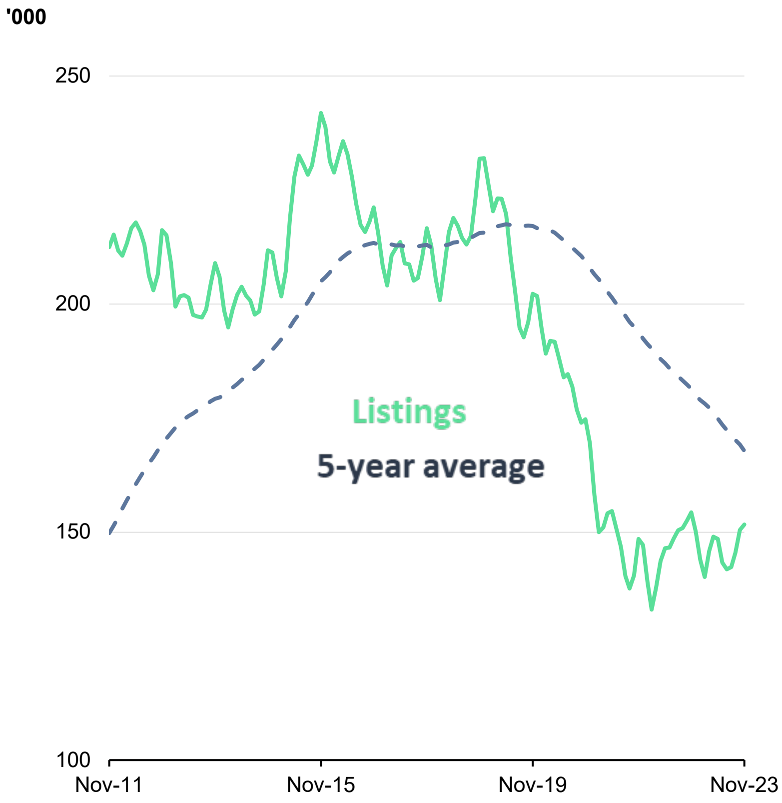
Australia's housing supply is low by OECD standards and getting lower



- Australia was 92% of OECD average in 2011.
- Down to 90% by 2022.

Less dwellings available to rent or buy

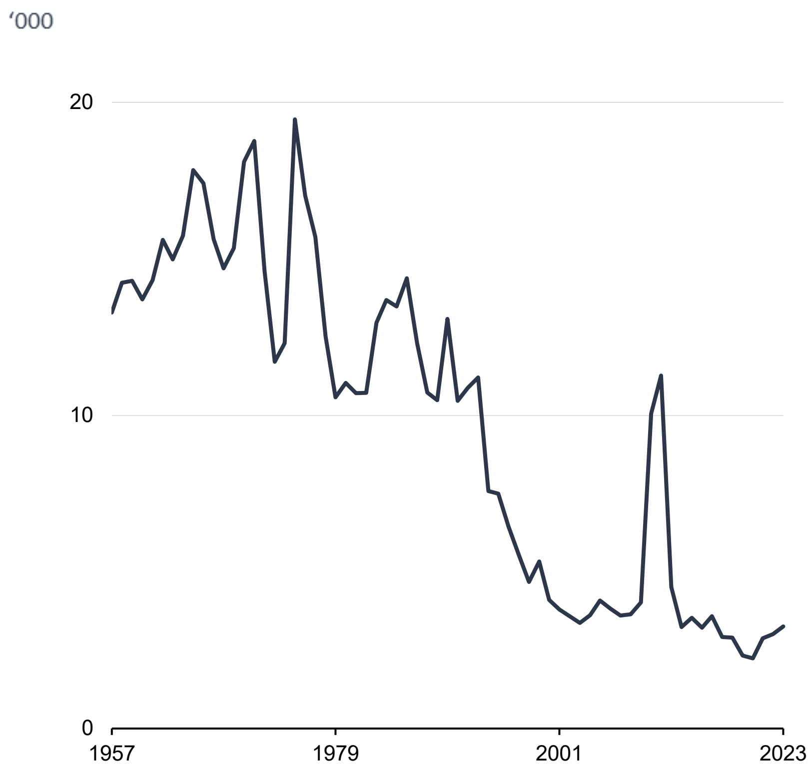
National property market listings



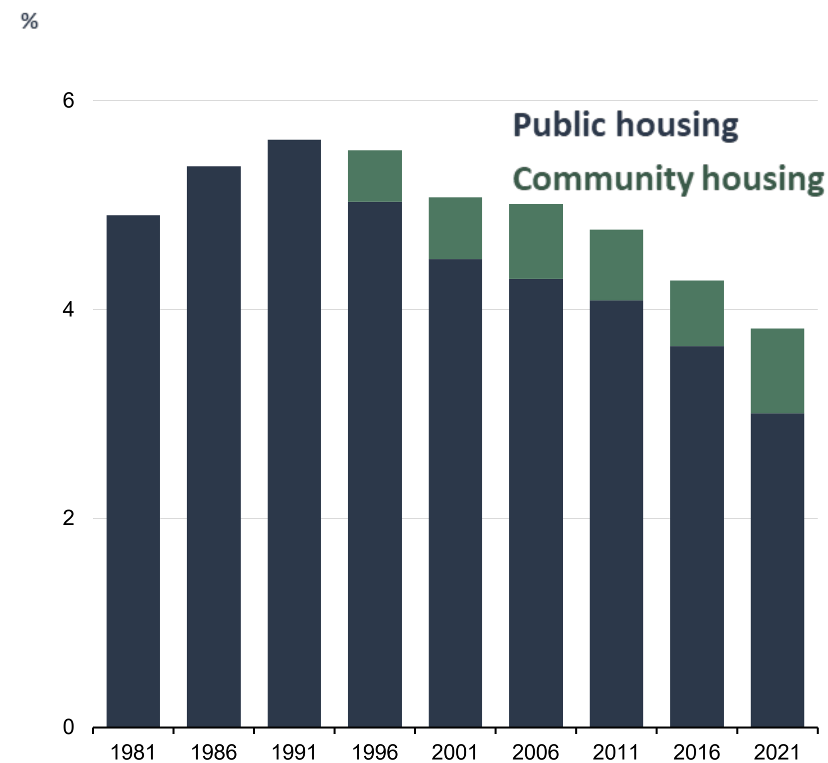
National rental market listings

Government investment in social housing has declined

Public housing completions

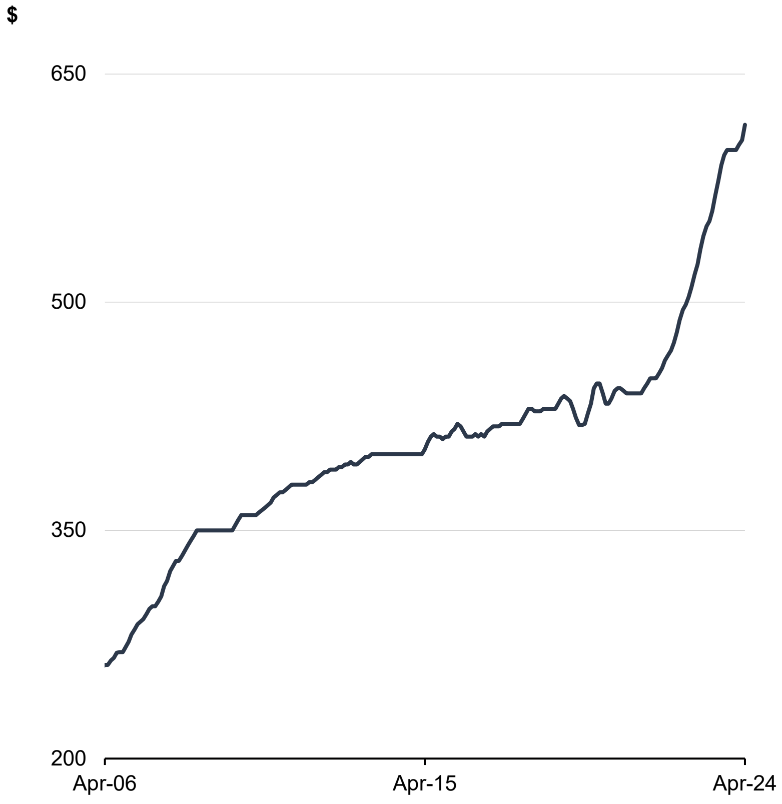


Social housing stock as a share of housing stock

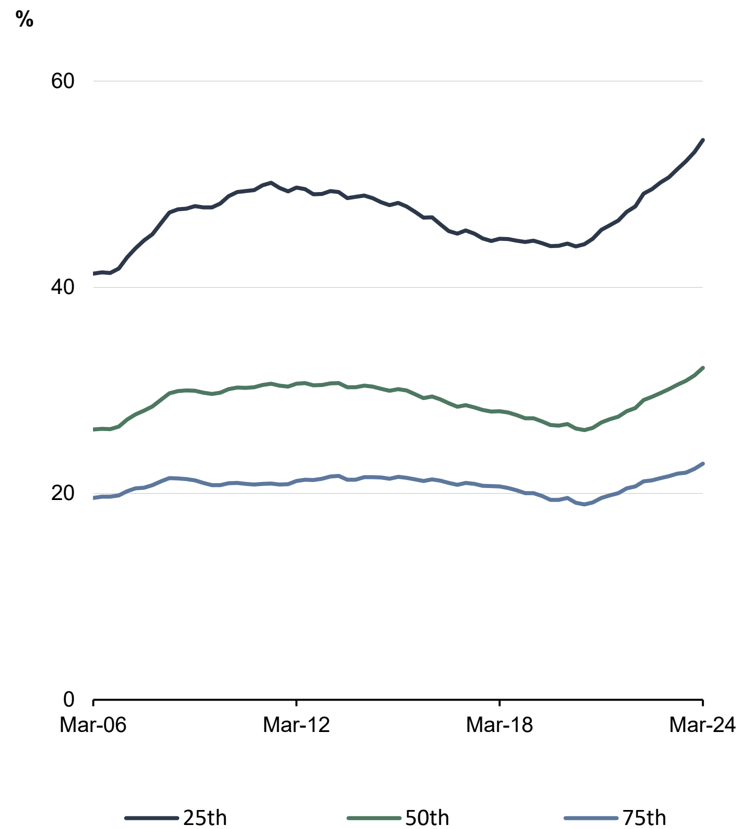


These factors are creating affordability pressures for renters…

Median nominal advertised rents

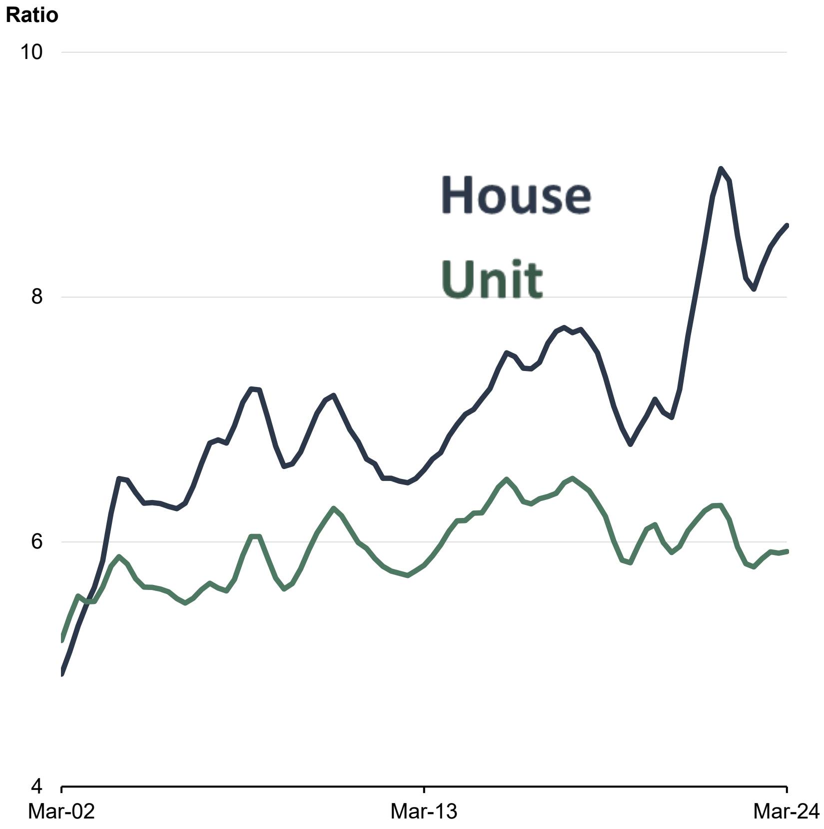


Share of income to service rent, by income and rent quartile

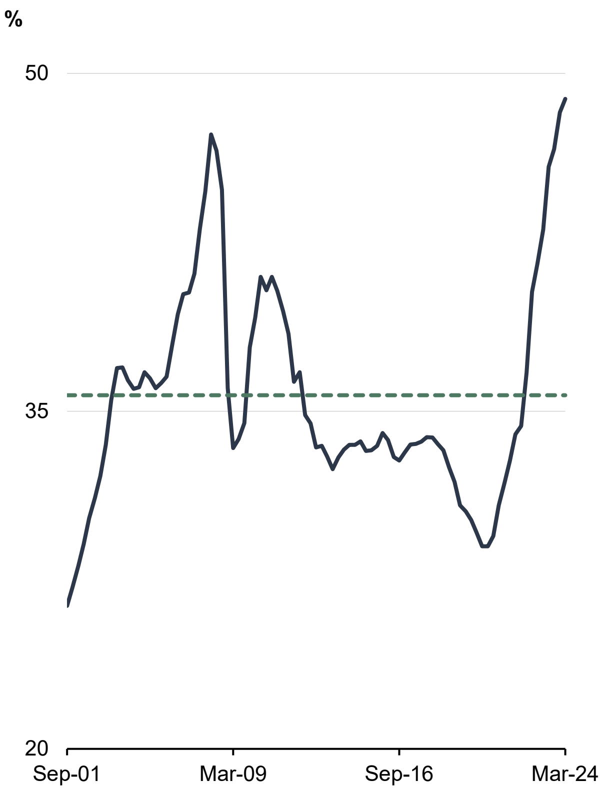


…and for buyers

Price-to-income ratio

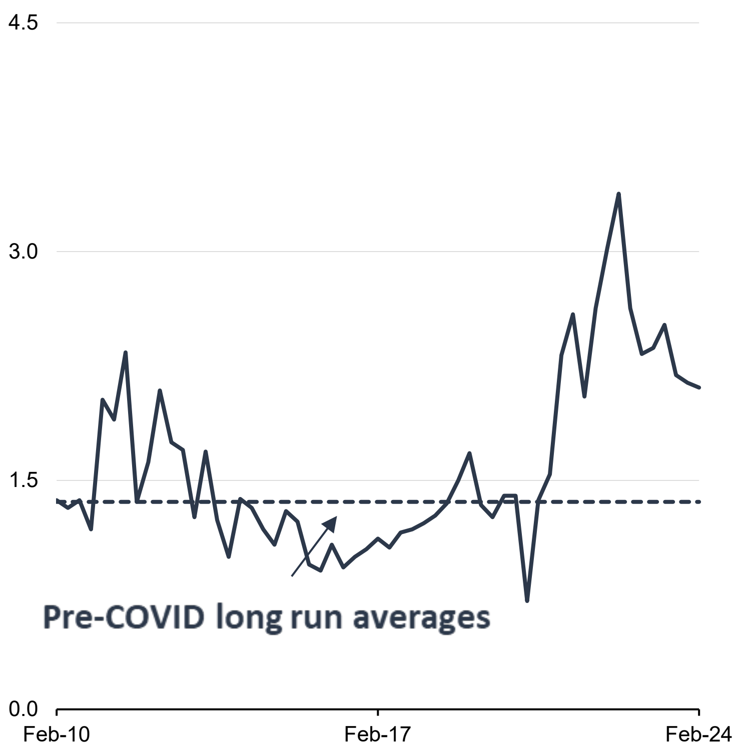


Share of income to service new loan, dwellings

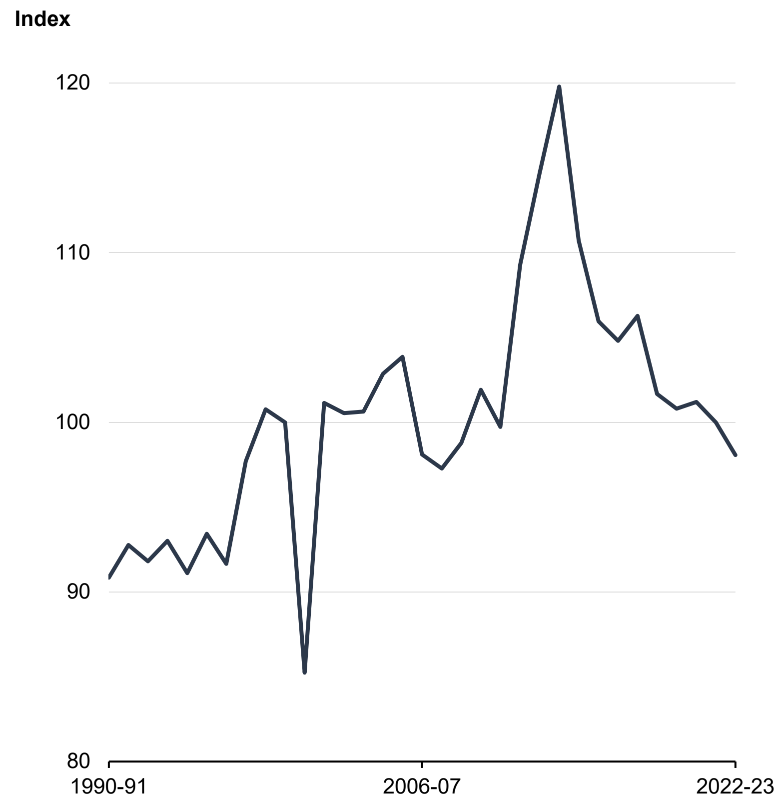


Capacity constraints are limiting the rate at which supply can be added

Construction sector vacancies as a % of employment



Labour productivity in the construction sector



Homes for Australia – The Government's Response

- $32 billion in new investment over a decade.
- Seeks to address structural issues impacting housing supply and affordability
- 5-point plan to:
  - Kickstart construction of more homes
  - Deliver the biggest investment in social and affordable housing in a decade
  - Provide more support to renters
  - Help Australians buy their own homes
  - Double dedicated homelessness funding and provide shelter for people in crisis

Homes for Australia – What it will deliver

- An extra **1.2 million** new homes in the next 5 years through an historic partnership with states, local government, industry and investors via the National Housing Accord.
- Supporting around **55,000** new and affordable homes by July 2029.
- Have increased maximum rates of Commonwealth Rent Assistance **increased by 40%.**
- Have helped **110,000** Australians into home ownership and plans to help another **40,000** households into home ownership.
- **Doubling** of dedicated homelessness funding.

Homes for Australia – delivering more supply

- Require universities to increase their supply of student accommodation when they increase international students.
- $3 billion incentive payment to states to meet housing targets.
- $1.5 billion to states and local governments to fund enabling infrastructure needed to build new homes.
- Working with the states to change planning laws to deliver more homes (in both new and established suburbs).
- $90 million to deliver 20,000 more construction workers to help build more homes.

Homes for Australia – deliver more social and affordable homes

- $10 billion Housing Australia Future Fund to deliver 30,000 new social and affordable homes.
- Working with states through the National Housing Accord to deliver another 20,000 affordable homes.
- $2 billion to states to deliver around 4,000 new and refurbished social homes.
- $1 billion targeted to accommodation for people fleeing domestic violence

Homes for Australia – helping renters & people move into home ownership

- Back-to-back increases in the Commonwealth Rent Assistance, increasing maximum rates by around 40%.
- Working with the states to strengthen renters' rights.
- Concessional tax treatment to encourage build-to-rent developments
  - Property Council and EY estimate it will unlock 150,000 apartments over the next decade
- Help to Buy scheme – a shared equity scheme which will help Australians get into home ownership soon.
- $9.3 billion funding agreement with states to deliver housing and homelessness services – including a doubling of dedicated homelessness funding.