

Culture of business as usual

What is the problem we want to fix?

The traditional ways of financing, taxing, regulating and operating within the housing and homelessness sector are all past their use-by-date. Maintaining this culture of “business as usual” is preventing the establishment of a resilient, sustainable multi-provider eco-system that can respond to the challenges ahead.

Under the current system, a lack of choice has contributed to an increase of older people with mortgages, lifetime tenancies in subsidised housing and more young people struggling to enter home ownership. The current housing eco-system hampers innovation, is inward rather than outward looking and lacks the necessary governance infrastructure to enable responsiveness to opportunities and challenges within the market and community.

Why is it important?

- Demand (population, affordability, suitability) changes faster than supply and regulation
- Other systems must help to respond while housing supply catches up
- Regulation, tax and subsidies drive behaviour but no clear link between, or purpose of, these levers
- Housing is essential and the largest cost for most households with few relief options from those higher costs
- Housing factors (location, design, mobility) impact safety, transport, energy and employment
- Homelessness drives the consumption of other services - false economy in fewer housing supports.

Who is impacted?

- **Homebuyers and private renters** – people pay more for homes that don’t meet their needs and they pay more for costs (transport, utilities) that can be reduced via better housing
- **Empty nesters, lower-income families and singles** – people stay in inappropriate homes that are a better fit for others and can’t save to meet the upfront costs for their next step
- **Low-to-moderate income households including key workers** – demand not matching supply over time for these households which increases calls for government intervention.

Last 25 years

- **Population** up 250,000
- **Social housing** down 20,000 (around 30%) but allocations down 60%
- **Affordability** Price to income ratio up 50% (4 to 6 times)
- **Utilities** prices up, few incentives for efficiencies in rental
- **Identifying problems** Dozens of reports, many similar recommendations, few implemented

Last 10 years

- **Private rental** 4 times faster growth than population (38% compared to 10%)
- **Rental stress** from 22% to 39% for low income earners
- **Younger people** struggled to form new households + those who did are renting more
- **Older people** mortgagees more than doubled
- **Income divide** polarisation of lower income households to rental, higher income to buying

Coming decades

- **Ageing** 80% jump in over 65s from 2011 to 2041
- **Disability** NDIS rollout to 32,000+ in SA
- **Climate change** heating/cooling costs and risks
- **Budget pressures** households and government
- **Employment** gig economy, casualisation
- **Technology** smart homes and systems
- **Families** smaller, less informal support