

# Lack of appropriate housing supply

## What is the problem we want to fix?

*A lack of incentives combined with a lack of supply of appropriate, affordable, safe, accessible and secure housing options in the right place and at the right price to match consumer needs. As a result, people have a reduced ability to change their housing arrangements to best match their circumstances when their needs change.*

There is limited affordable housing supply in South Australia to meet our current and future needs. We have a large supply of 3-bedroom low-density homes (around half of all housing) and a shortage of smaller homes that are better for smaller households. This mismatch of sizes, along with the location of homes, impacts affordability, sustainability, economic productivity and community participation.

Affordable supply is a major issue because house prices have increased faster than incomes over the past 20 years. The percentage of households that own their home outright has reduced by almost a quarter from 41% in 1996 to 32% in 2016. Over the same period, the percentage of households that are paying off a mortgage jumped from 28% to 35%. Adelaide and South Australia have lower house prices than most other places but South Australians also have lower incomes. When these two things are balanced, South Australia has the third worst affordability ratio in Australia.

Higher house prices benefit existing owners but make it harder for renters to buy a home. Lower-income households are increasingly in private rental and, in just eight short years, low income rental stress almost doubled from 22% to 39%. We have gone from being a national leader in rental affordability to being around the national average.

## Why is it important?

The underutilisation of housing (25% in rental and 51% in home ownership) is not an efficient use of resources. On the other side, those living in crowded conditions jumped more than half between 2006 and 2016 and this can reduce the safety, security and suitability of housing. The high costs of moving homes contributes to people not matching their needs with supply over time.

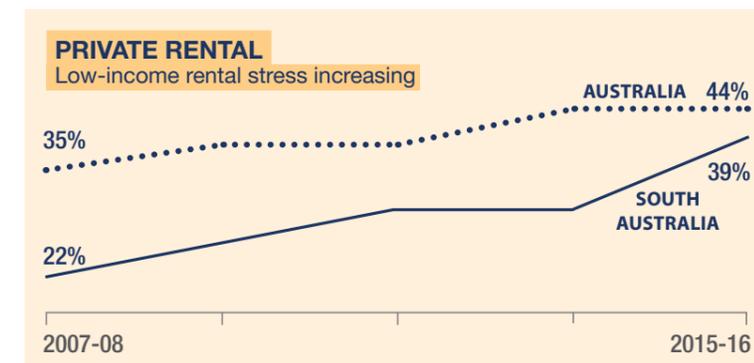
*The lack of affordable housing in the inner and middle ring areas of Adelaide disadvantages everybody by adding transport and other costs to lower-income households while making it harder for businesses to get the best people for jobs.*

Implementing solutions that both increase the supply of affordable housing and increase mobility between homes will mean that we get more value for our housing dollar and homes that better meet the needs of households.

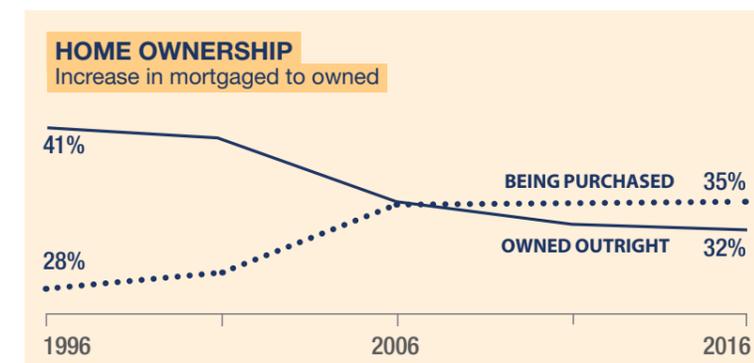
## Who is impacted?

- Low income households (in the bottom 40% of income earners) are stuck in private rental as most are not a high priority for social housing and are not able to purchase a home.
- Increasing numbers of low income households are experiencing housing stress in the rental market (paying more than 30% of income for housing).
- Private renters don't have security of tenure and are subject to decisions by landlords to sell homes.
- It is taking longer for young people to save and purchase a home.
- The number of older people with mortgages doubled in ten years and costs make it harder to downsize or move.
- Aboriginal and Torres Strait Islander people experience discrimination in the private rental market, they are half as likely to own a home, four times as likely to live in social housing and six times as likely to be homeless.

### Increase in low-income households in Rental Stress



### Increase in households with mortgages



**Housing affordable to purchase for Low and Moderate-Income Households in Greater Adelaide 2016/17**

**ONLY 4.5%**

of homes affordable for bottom 40% of all households

**ONLY 21.1%**

of homes affordable for bottom 60% of all households