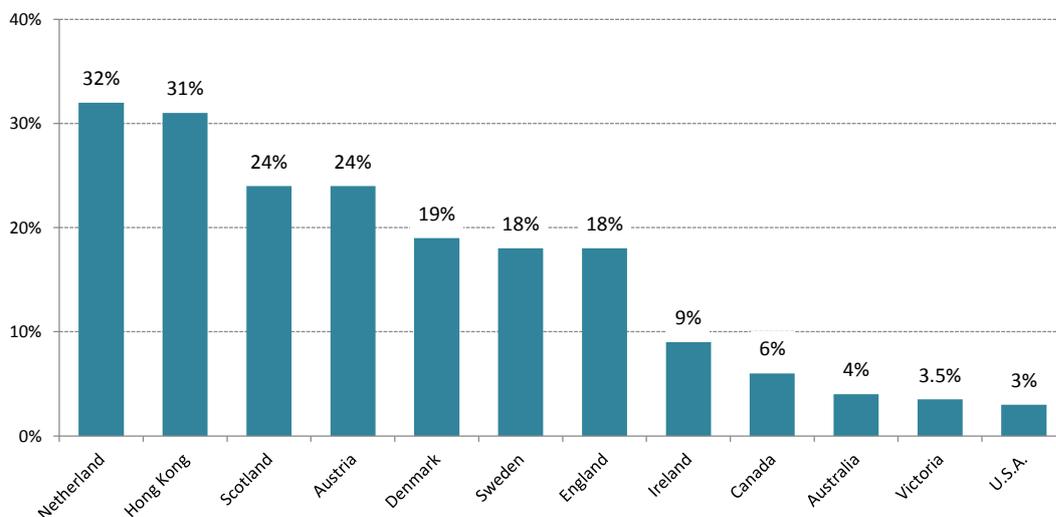


Quantifying the shortfall of Social and Affordable Housing

Social Housing can be seen as a mirror of the fairness and civility of a society. It is the key tenure for housing those whose incomes or circumstances do not enable them to access or afford private market housing. Between 1962 and 1995 Victoria provided 36,000 additional social housing dwellings which is a rate of 1,100 per year. However, over the last two decades, stock additions have been minimal. Had the rates of past provision been sustained over this period there would be a much lower rate of homelessness and tens of thousands of households would be experiencing less housing induced financial and family stress. If Victoria was a country we would be one of worst performers in terms of providing social housing (as a proportion of all dwellings) among developed countries, as the figure below shows.

Social housing as a proportion of all housing stock in selected countries



For sources see the CHFV website – www.chfv.org.au

This context raises two questions: what is the current need for social housing and what is the future need when related to the Department of Environment Land Water and Planning's (DELWP) population and household projections?

The Community Housing Federation of Victoria in conjunction with Swinburne University has developed a number of measures of unmet social housing need to guide thinking about future provision.

The **first** method, what we might call the treading water approach, simply asks how much additional stock would be required to keep social housing stock at the current 3.5% in 2031 and 2051.

The **second** method focuses on eligibility for social housing in Victoria as of 2016. This has two elements. The first is the number of households in the private rental sector:

- i. who are eligible to register for social housing (meet both income and asset eligibility requirements) and
- ii. whose rents exceed 30% of their income (after taking into account Commonwealth Rent Assistance) or exceed 50% of their income.

The Victorian Housing Register (VHR) income criteria broadly relates to those income limits that enable receipt of Commonwealth Rent Assistance. The second element is essentially the same but instead of using eligibility to register for social housing, it uses the income eligibility for “priority housing” which is related to Commonwealth Health Card entitlement. It is important to recognise this method only takes into account *income* not the criteria of disadvantage that guides actual allocation.

The **third** method estimates the number of households in the private rental sector who are eligible for affordable housing at 75% of market rents using the National Rental Affordability Scheme (NRAS) income limits, and will also pay no more than 30% of their income on this rent.

The details of the actual methods and assumptions that sit behind them are available on the CHFV website but briefly three sources of data were used; the unit record data of the 2011 ABS census; data from the 2013-14 ABS Income and Housing Survey (used to adjust numbers for the asset criteria); and DELWP household projections.

Headline Findings

In 2015, there were 77,093 social housing units in Victoria with a waiting list of 34,464 households. However, as the table shows, 76,043 households are eligible to register for social housing and paying 30% or more of their income on rent and, of these, 40,318 households are eligible for priority housing.

By 2031, the DELWP projects that there will be just over 3 million households in Victoria. Swinburne estimates suggest that 101,592 households would be eligible to register for social housing and paying more than 30% of their income on rent. These figures therefore indicate a stock requirement of the order of 178,685 dwellings by 2031, i.e. the existing 77,093 dwellings plus 101,592 additional dwellings. If we push the projections out to 2051, the housing stock requirement is 215,442. Of these, priority households account for 53,105 households in 2031 and 71,120 households in 2051.

If we use a tighter eligibility criteria and only count private rental households paying more than 50% of their income on housing, the unmet need in 2016 drops to 25,603 households eligible to register for social housing, of which 18,158 households are eligible for priority housing. The numbers in 2031 and 2051 are, of course, higher again.

Turning to the third measure of need i.e. those eligible for, and can afford, affordable housing (based on NRAS income criteria), the number of households is much less than those eligible to register for social housing despite very similar income limits. The reason is that this is only those households who could afford to pay a discounted market rent i.e. 75% of the median price rent, for the dwelling type appropriate to the specific household. In 2016, 35,279 households were eligible for, and could afford, affordable housing and, in 2031, 46,540 households. This highlights that around 45% of households eligible for social housing do not require the deep subsidy of a rebated rent but could be accommodated with a shallower subsidy.

Unmet need for social housing in Victoria in 2016, 2031 and 2051

	Affordability measure	2016	2031	2051
VHR eligible	30% income	76,043	101,592	138,349
VHR Priority housing eligible	30% income	40,318	53,105	71,120
VHR eligible	50% income	25,603	34,545	47,666
VHR Priority housing eligible	50% income	18,158	24,141	32,575
NRAS eligible and affordable	30% income	35,279	46,540	62,181
Additional stock @ 3.5% stock		0	30,800	66,203

Summary

How do these numbers compare to the ‘treading water’ method which keeps social housing stock at 3.5% of all dwellings?

- Simply to keep stock at 3.5% requires an additional **30,800** dwellings by 2031 and **66,203** by 2051 or over **1,800** dwellings per year. This is well short of the number required to meet actual need in 2031;
- Over **6,000** additional dwellings per year are required to meet the unmet housing need of **101,592** households eligible to register for social housing, and
- Over **3,000** additional dwellings per year are required to meet the needs of **53,105** households eligible for priority housing.

These estimates illustrate the social housing challenge Victoria faces.

Information on the CHFV website

Additional information on these estimates of the shortfall in social housing and affordable housing can be found on the CHFV website (www.chfv.org.au). This includes more detailed tables, additional tables which breakdown these estimates by household types, sources used for the figure on international social housing and technical notes on how these estimates were reached.

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