

Social Housing - Frequently Asked Questions

I've heard people use the term 'Social and Affordable Housing'. Is there a difference between 'social' and 'affordable' housing?

Yes. The term 'Social and Affordable Housing' is used to refer generally to accommodation that is made accessible to people who face challenges to renting in the private market. But there is a difference.

Social housing is rental housing provided for vulnerable people or people on low incomes who need housing, especially those that have recently experienced homelessness, family violence or have other special needs. Social housing is provided by the State Government (public housing and Aboriginal housing), not-for-profit organisations (community housing), and Aboriginal community-controlled organisations (Indigenous Community Housing). Around 150,000 households are in social housing, including public housing, community housing and Aboriginal housing.¹

Affordable (rental) housing is rental housing open to people on a broader range of household income. It is available to those on low incomes like social housing, but it is also open to people on moderate incomes who cannot afford to pay full market rent. Affordable housing rents are generally no more than 30% of gross household income so that tenants can meet other basic living costs. Affordable housing is often developed with some assistance from Government, including planning incentives or subsidies. It is usually managed by not-for-profit community housing providers, and sometimes by private organisations. Affordable housing is often occupied by key workers, low-paid workers, students, and older people who cannot afford market rents in the areas that they live or work.

This diagram shows where social housing and affordable housing sit on the 'housing spectrum'.²

Housing Spectrum



Why does Vinnies place such a strong emphasis on increasing the stock of social and affordable housing?

The harsh reality of the housing crisis is felt most by the poorest. Across NSW, less than 1% of rentals are affordable for a single person on the minimum wage or reliant on a government pension or allowance.³

The high cost of private housing, to buy and rent, and the ongoing shortage of social housing escalates homelessness. Between 2011 and 2016 homelessness in NSW increased by more than 37%.⁴ That's almost 40,000 people sleeping rough, living in temporary accommodation and boarding houses, or relying on the generosity of friends and family.

Decades of government under-investment in social housing has caused the gap between the number of homes and the number of people in need to widen. Several housing and homelessness organisations advocate that social housing should comprise at least 10% of total housing stock. Yet in NSW, social housing now makes up only 4.7% of the housing market – down from 5.1% in 2001.⁵ Almost 50,000 eligible households – over 100,000 people – are on the social housing waitlist and wait times exceed 10 years in most NSW cities.⁶

NSW Treasury forecasts that NSW needs an average of 42,000 additional homes every year over the next 40 years.⁷ Ensuring that at least 5,000 of those are social housing dwellings each year over the next decade will allow NSW to restore the social housing safety net of 5% of all housing stock and work towards 10% of all stock.

How much will it cost to acquire 5,000 new social housing properties each year for 10 years?

In 2019, the UNSW's City Futures Research Centre estimated that if governments across Australia were to build enough social housing to meet current and projected need, the average cost per dwelling would be \$262,000.⁸ This includes capital costs of \$203,000 per dwelling, and \$59,000 in Commonwealth Rent Assistance. Covering the full capital costs of 5,000 new dwellings each year would be in the order of \$1.2 billion per annum.

It is interesting that in the last financial year, due to high house prices, the NSW Government received \$1.2 billion more in stamp duty than it had expected.⁹ This windfall gain could be used to fund a year's supply of the new social housing homes we are calling for.

How do we fund more social housing?

This is a decision for the NSW Government. Investing adequate funds for social priorities that assist vulnerable people and foster the common good are first and foremost a matter of political will.

In the 2022-23 Budget, the NSW Government boasted record infrastructure spending of over \$112 billion over four years.¹⁰ Many large transport, health and education projects cost well over \$1 billion. Investment in social housing is equally important to ensuring a brighter future for NSW families and single people who are hit hardest by the housing crisis.

What are the direct social and economic benefits of funding more social housing?

More social housing homes would give thousands of people the opportunity to break free from the grip of poverty. Delivering 5,000 homes per year would reduce the social housing waitlist by 75%, house 16,000 people experiencing homelessness, and provide reprieve for 33,000 households experiencing housing stress.¹¹

An increased supply of social housing will lead to savings in the health and community services budgets. Studies from jurisdictions across the world, for example, show that people who are securely housed use fewer government-funded services than people experiencing homelessness. Research over the past decade has estimated the additional costs for Australian governments supporting an individual experiencing homelessness is around \$25,000 to \$30,000 p.a.¹²

Additionally, investment in increasing the stock of social housing (i.e. the construction of new houses and the acquisition of vacant properties for retrofitting) will have long-term economic benefits in terms of job creation and the generation of billions of dollars of extra economic activity in the community.¹³

Won't the current shortages in supply make it hard to meet the target?

It is true that the shortages in supply in the building industry have been exacerbated over recent years because of natural disasters and the COVID-19 pandemic. This runs across the sector. A substantial funding commitment by Government over a ten-year period would give the industry confidence in their planning and sourcing of labour and materials.

The recent experience of Amélie Housing in building affordable housing units in Victoria has shown that supply issues are not insurmountable and that resulting price increases have remained within expected budget projections.

If Government invests adequately in social housing, there will be a flow on effect where the building industry as a whole can gear up to provide all the materials needed. Also, supply shortages do not prevent Government from acquiring many vacant dwellings in the private market for social housing.

Shouldn't the community housing sector be delivering more social housing?

Community housing providers will likely play an important role in delivering new social housing, but they do not have the resources to invest in significantly increasing the number of dwellings. To meaningfully boost overall stock levels, Government subsidies are needed.

Of the social housing stock in NSW, community housing providers currently manage around 25%.

Don't Vinnies and the Church have land to use for this? Couldn't you do more?

Under the NSW Government's Social and Affordable Housing Fund, our community housing provider, Amélie Housing, has been able to build 305 and acquire 197 social and affordable housing dwellings across NSW. We have some capacity to contribute to the delivery of additional dwellings and are keen to do so, but like other community housing providers we would require Government funding to support this.

Many entities – Government included – own land that could be utilised to support the delivery of more social housing dwellings. Government investment is required to unlock the potential of land that is

currently under-utilised. And the provision of social housing should be a high priority for currently under-utilised land.

Where will the additional social housing be located?

Social housing dispersed across our city centres, towns and suburbs can make it possible for families to remain connected even if they hit hard times. It can make it possible for people to grow old in the communities they know and love, and for individuals and families to stay near the services they need.

Governments in Australia no longer build large-scale public housing estates but instead ensure new social housing is integrated with affordable and private housing. In new developments it is often impossible to visually distinguish between dwellings of different tenure types. In fact, social housing has the potential to lead the way when it comes to providing healthy, sustainable and secure homes that give people the opportunity to live well in our communities.

¹ Department of Communities and Justice (2022) ASR 2020-21 summary dashboard:

https://public.tableau.com/app/profile/dcj.statistics/viz/ASR2020-21summarydashboard_16481674309410/Coverpage

² NSW Department of Planning and Environment (2022) *Housing 2041: NSW Housing Strategy*: <https://www.planning.nsw.gov.au/Policy-and-Legislation/Housing/A-Housing-Strategy-for-NSW>

³ Anglicare Australia (2022) *Rental Affordability Snapshot 2022*: <https://www.anglicare.asn.au/publications/rental-affordability-snapshot-2022/>

⁴ Australian Bureau of Statistics. (2016) Census of Population and Housing: Estimating Homelessness. ABS:

<https://www.abs.gov.au/statistics/people/housing/census-population-and-housing-estimating-homelessness/latest-release>.

⁵ Groenhart, L. and Burke, T. (2014) *Thirty years of public housing supply and consumption: 1981–2011*, AHURI Final Report No.231. Melbourne, Australian Housing and Urban Research Institute:

https://www.ahuri.edu.au/_data/assets/pdf_file/0008/2042/AHURI_Final_Report_No231_Thirty-years-of-public-housing-supply-and-consumption-1981-2011.pdf.

⁶ Society of St Vincent de Paul NSW (2022) *2023 Election Statement – Housing Justice: A home for everyone*. Vinnies NSW:

[http://www.vinnies.org.au/content/Document/NSW/Social%20Justice/Housing%20Justice%20-%20A%20Home%20For%20Everyone%20\(NSW%20State%20Election%20Platform%202023\).pdf](http://www.vinnies.org.au/content/Document/NSW/Social%20Justice/Housing%20Justice%20-%20A%20Home%20For%20Everyone%20(NSW%20State%20Election%20Platform%202023).pdf)

⁷ NSW Department of Treasury (2021), *Toward 2061 – planning for the future*, 57: <https://www.treasury.nsw.gov.au/nsw-economy/2021-22-nsw-intergenerational-report>

⁸ Troy, L., van den Nouwelant, R. and Randolph, B (2019) *Estimating needs and costs of social and affordable housing delivery*. UNSW, City Futures Research Centre: https://cityfutures.ada.unsw.edu.au/documents/522/Modelling_costs_of_housing_provision_FINAL.pdf

⁹ NSW Government (2022) Budget Paper No.1, *Budget Statement 2022-23*, 4.2

¹⁰ NSW Government (2022) Budget Paper No.3, *Infrastructure Statement 2022-23*, 1.1

¹¹ Writer, T., Barnes, E., Hartley, C., Wearing, A. (2022) *Social Housing in New South Wales: Report 2 Future Impact*, Sydney: Centre for Social Impact: <https://www.vinnies.org.au/content/Document/NSW/St%20Vincent%20de%20Paul%20Society%20-%20CSI%20UNSW%20Report%202022%20Social%20Housing%20Future%20Impact%202022%20.pdf>.

¹² Zaretsky, K. and Flatau, P. (2013) *The cost of homelessness and the net benefit of homelessness programs: a national study*, AHURI Final Report No. 218, Australian Housing and Urban Research Institute Limited, Melbourne, p.4: <https://www.ahuri.edu.au/research/final-reports/218>;

Witte, E. (2017) 'The case for investing in last resort housing', MSSI Issues Paper No. 10, Melbourne Sustainable Society Institute, The University of Melbourne, p.23: https://sustainable.unimelb.edu.au/_data/assets/pdf_file/0012/2756874/MSSI-IssuesPaper-10_Last-Resort-Housing_2017_0.pdf

¹³ Equity Economics (2021) *Double Return: How investing in Social Housing can address the growing homelessness crisis and boost Australia's economic recovery*:

<https://static1.squarespace.com/static/61b14c4abbc81a1543f55180/t/62185f6377df011e88751960/1645764495571/Double%2BReturn%2B-%2BHomelessness%2BReport-%2B15%2BDecember%2B2020.pdf>