Housing must move to centre of economic policy

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The overwhelming majority of Australia's top economists and housing experts agree Australian governments pay too little attention to housing system impacts on productivity and growth, according to a new survey.

In the UNSW City Futures Centre study, led by Honorary Professor Duncan Maclennan and commissioned by the Housing Productivity Research Consortium formed by a group of private sector and non-profit stakeholders, 84 per cent of respondents agreed with the statement: *Australian governments have paid too little attention to how housing outcomes also affect productivity and growth.*

And 80 per cent agreed that: *Rising mortgage debt poses an economic stability risk to Australia.*

Only 12 per cent of respondents agreed with the statement: *Over-expensive housing for low-income renters has little impact on economic productivity.*

The survey analysed attitudes of 47 leading economists and 40 senior experts from government, industry and academia.

Speaking for the research team, Professor Bill Randolph of UNSW City Futures Research Centre, said the study highlighted worries about over-reliance on ultra-low interest rates for housing, employment and productivity.

"The vast bulk of housing experts and economists surveyed are concerned that ongoing Treasury dependence on 'cheap money' policy will further ratchet up house prices and widen the gap between rich and poor," Professor Randolph said. "From a purely economic perspective, the informed expert view is that this will undermine productivity and economic growth.

"Among the best ways to broaden Australia's economic recovery strategy would be a large-scale national social housing program. Minimal construction for most of the past 25 years means that national social housing supply has effectively halved since the 1990s ."[1]

The survey found a strong preference to direct Commonwealth stimulus to social rather than private housing. Almost seven in ten (69 per cent) of respondents agreed that: *Coming out of COVID, stimulating housing is best achieved through social/affordable housing investment rather than private market.* And only one in ten agreed that: *In its 2020 Budget, the Federal Government rightly resisted calls for inclusion of social housing investment in its recovery stimulus package.*

Even in the past year, public housing waiting lists have grown another four per cent, while high need applications have surged 11 per cent.

Everybody's Home, a national advocacy campaign to end homelessness, said a powerful social and economic dividend was available if the Commonwealth chose to invest in social and affordable housing.

[1] The 52,000 public and community housing lettings made in 1991 equated to 30 for every 10,000 Australians. The 35,000 lettings in 2017 equated to 14 per 10,000.

“A seven billion dollar investment in social and affordable housing would unlock more than $18 billion in economic expansion, creating more than 18,000 jobs a year over four years, and making a serious dent in homelessness,” said Kate Colvin, national spokesperson for Everybody’s Home.

“Longer term this would also boost productivity, by allowing people better access to jobs. Social housing can lift people out of poverty and put them on a path to prosperity.

“A better-balanced housing system is the right thing to do. It also happens to be the smart thing to do.”

Survey respondents were drawn from academic, industry and government sectors. The majority were trained economists, at least 15 of whom were members of The Conversation’s Economics Panel convened by the Economics Society of Australia. Respondents were mainly employed in senior positions such as Professor, Partner or CEO. Further details are provided in the published UNSW research report

For interviews or further comment please call:
Belinda Henwood (UNSW) 0412 270 034
Nick Lucchinelli (Everybody’s Home) 0422 229 032