Quantifying Australia's unmet housing need

A national snapshot

Prepared for the **Community Housing Industry Association**

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November 2022

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Australia's housing needs are not being met

There are currently over
640,000 Australian households
whose housing needs are not being met.

Based on projected household growth, there will be over
940,000 households in 2041
with unmet housing needs.

Households with low incomes face significant housing pressures across Australia.

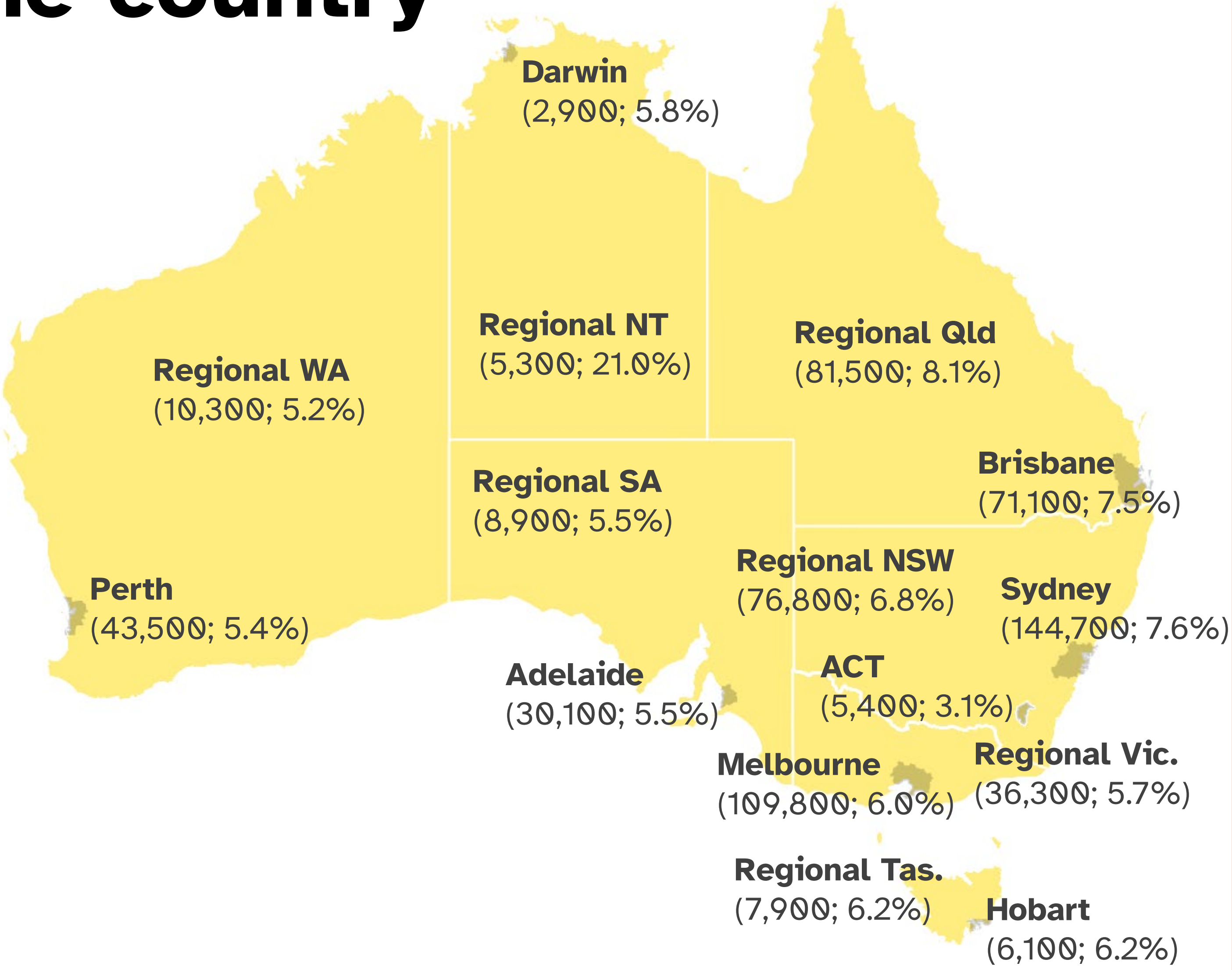
Estimates based on the 2021 Australian census indicate that over half a million low-income households were not in appropriate housing on census night. This is around one in fifteen households.

These Australians were either experiencing homelessness, in overcrowded homes or spending over 30% of their income on rent.

Projecting this unmet need forward indicates that, by 2041, a further 300,000 households will not be living in appropriate housing.

This analysis provides a national snapshot, with more detailed analysis and a finer geographic breakdown of data to be published separately.

Needs are unmet across all parts of the country



The distribution of unmet need broadly aligns with the population, with the highest numbers of affected households in the major capitals.

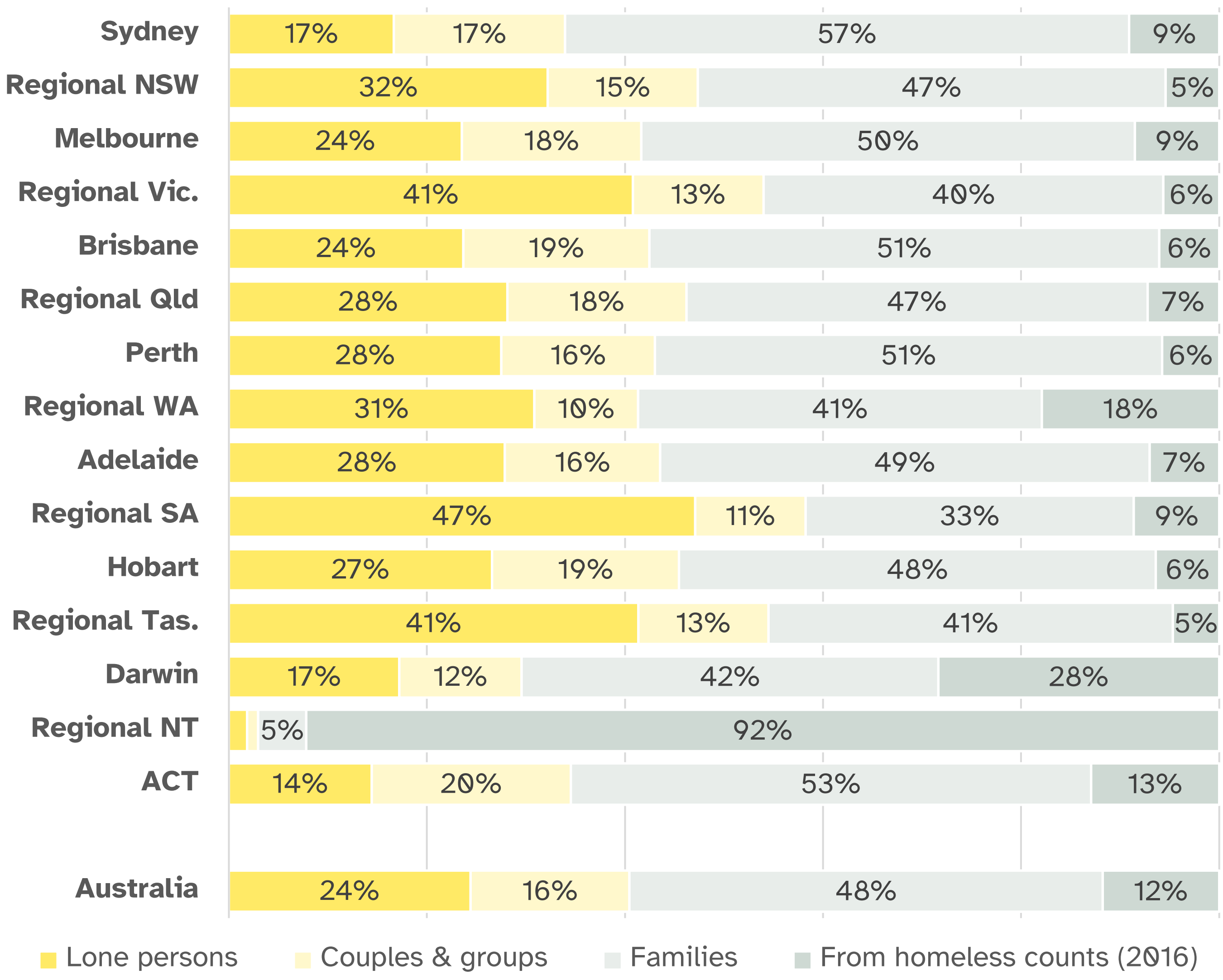
Across most parts of Australia, the proportion of all households with unmet need is between 5% and 8%.

Sydney and Brisbane have the highest rates of unmet need among the capitals. Regional Queensland also has one of the highest rates of unmet need, and includes the population centres around Brisbane.

Perth and Adelaide, and their surrounding regions, have lower rates, as does the ACT.

Regional Northern Territory is an outlier, with a low population and significant people identified as experiencing homelessness.

Half of the unmet need is for families



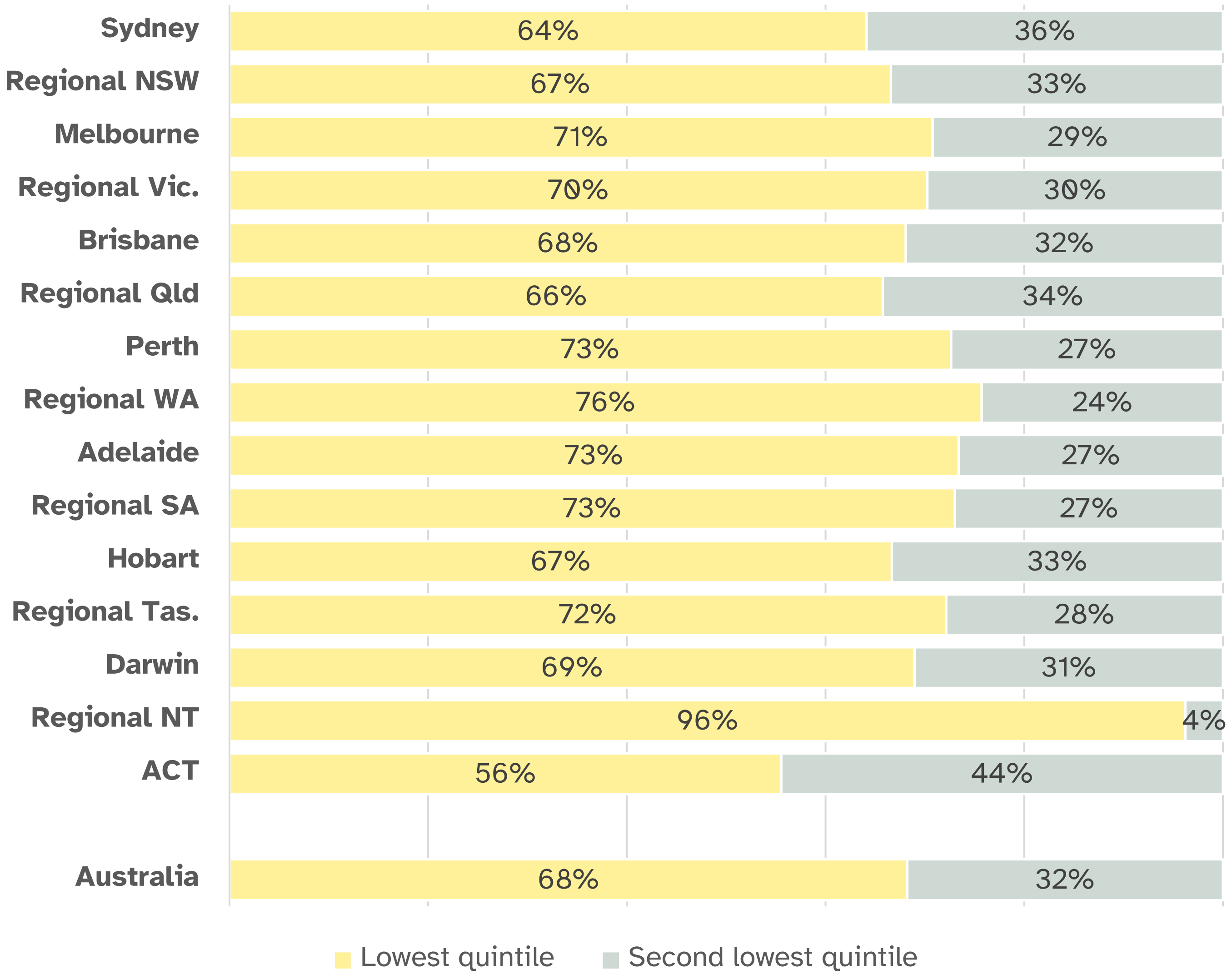
The housing needs of all types of households are not currently being met. The analysis examined household types separately, to reflect their different housing needs.

Families represent half of the unmet needs; an over-representation given families account for around 40% of all households. For families, the need for larger dwellings can translate to higher housing costs.

Regional areas have high proportions of lone person households with unmet need – over 40% in Victoria, Tasmania and South Australia. This suggests more housing diversity is needed outside the capital cities.

Again, regional Northern Territory is an outlier, with the source of its unmet need largely being the enumerated homelessness counts.

Those with unmet needs are vulnerable



Around two thirds of unmet need quantified in this analysis is from those in the lowest household income quintile.

Again, different household types were analysed separately. The weekly income thresholds for the lowest 20% of households by income is approximately:

- $425 for lone persons
- $875 for couples/groups
- $1,475 for families w/ children

This threshold for lone persons, for example, is below minimum full-time wage (~$800/wk) and a single senior pension (~$500/wk).

The weekly income thresholds for the next lowest 20% of households by income – sometimes characterised as 'essential workers' – is about:

- $600 for lone persons
- $1450 for couples/groups
- $2,050 for families w/ children

Our big cities have more unmet need

Highest unmet need	
Gold Coast	24,400
Sydney - Inner South West	21,500
Melbourne - West	20,200
Melbourne - South East	19,200
Sydney - South West	18,600
Sydney - Parramatta	18,100
Melbourne - Inner	16,700
Logan - Beaudesert	12,500
Sunshine Coast	12,300
Ipswich	11,600

Highest % of households	
Northern Territory - Outback	21.1%
Sydney - South West	12.7%
Sydney - Parramatta	10.6%
Sydney - Inner South West	10.2%
Logan - Beaudesert	10.0%
Gold Coast	9.9%
Moreton Bay - North	9.9%
Coffs Harbour - Grafton	9.2%
Ipswich	9.0%
Cairns	8.9%

The analysis at 'SA4' – a census category approximating labour markets – reinforces the patterns found at the statewide level.

The markets with the highest numbers of unmet housing need are in the large capitals, particularly Sydney and Melbourne. There are also significant numbers in the outer markets of Brisbane and in neighbouring regional markets.

Similar markets emerge as having the highest unmet need when adjusting for overall population. Some key differences are the lack of Melbourne markets, but the presence of other regional markets further from the capitals: Cairns and Coffs Harbour perhaps experiencing 'sea change' pressures on the housing markets.

Regional Northern Territory again stands out for unique reasons.

Unmet need remains high since 2016

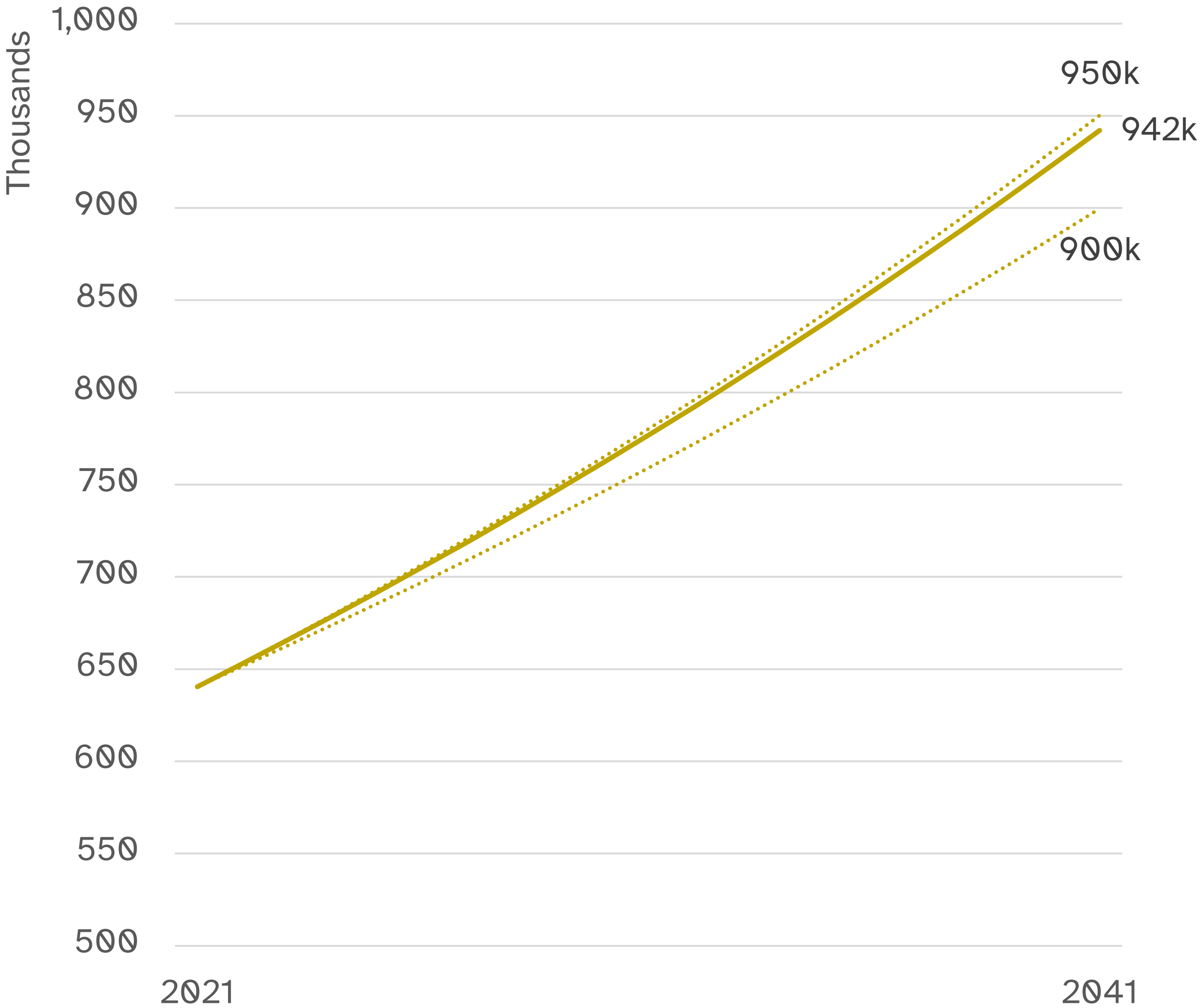
Comparable estimates from the 2016 Australian Census reveal that unmet has very marginally increased overall. There are some notable sub-national differences.

Changes to the unmet need in the capital cities varies, with absolute increases in most, but not all, capitals. Notably, growth in unmet need is slower than overall household growth in most capitals – only in Sydney has unmet need kept pace with overall growth.

In contrast to the capitals, unmet need in regional areas has decreased in absolute terms, even before adjusting for overall household growth. As noted with the 'SA4' analysis, this varies from market to market.

While positive, the decrease in unmet need requires more analysis to understand how these households' needs were met.

Unmet needs will grow with Australia



Based on ABS estimates of household growth,[1] unmet need will rise to somewhere between 900,000 and 950,000, depending on the model used.

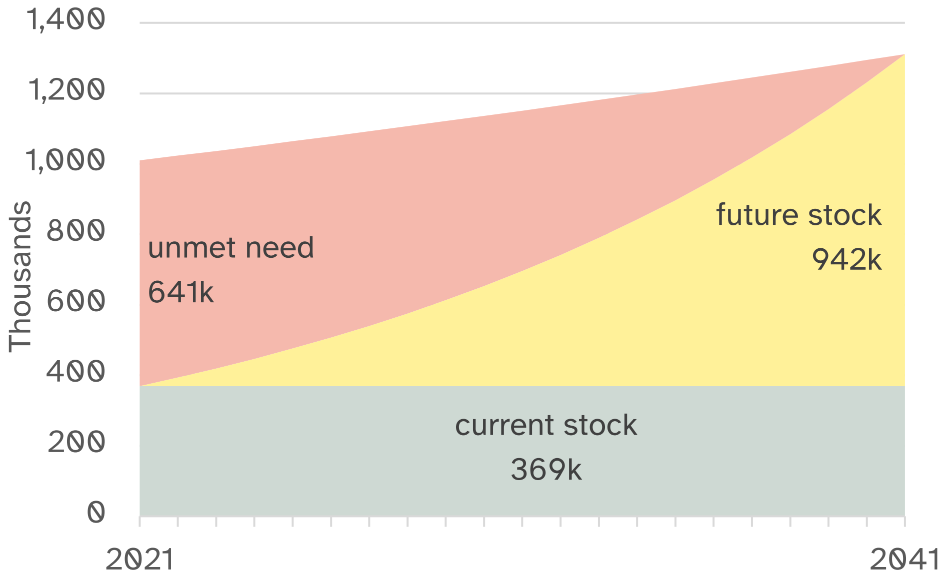
This estimate projects forward the proportion of current households that are either existing social housing tenants or identified as having unmet housing needs.

Available estimates of household growth are limited. The ABS projections have not been updated since 2019, and are only available, in a nationally consistent format, at capital/ regional scale for each state.

The projections used here adjust for these regional differences, but they are still quite broad – Bourke and Byron Bay are not likely to see the same rates of growth, for example, and have different levels of unmet need.

We can meet Australia's housing needs

Adding the needed housing stock by 2041



A steady supply of non-market housing, including social and affordable housing, would make an important contribution to meeting the needs of these households.

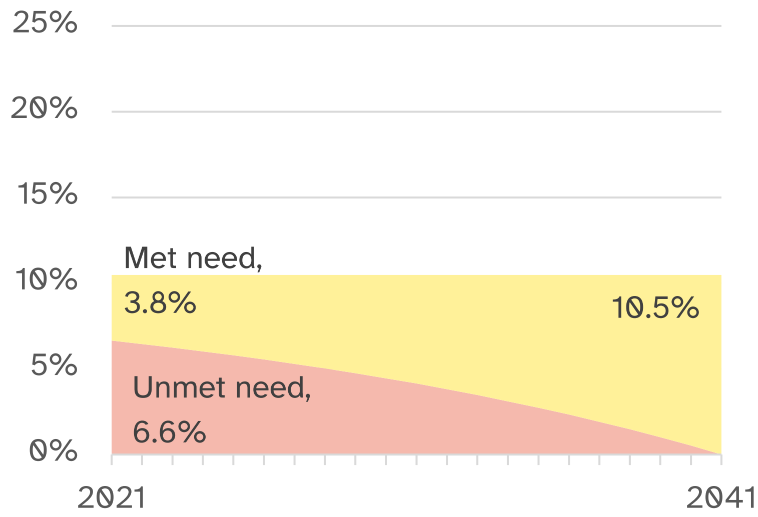
Meeting the needs of households over a twenty-year period would equate to 6.5% average annual growth in non-market housing.

This averages to around 47,000 homes per year over the period. Geometric growth means more of this is delivered later in the period – only ~25,000 homes would be built annually in the near future.

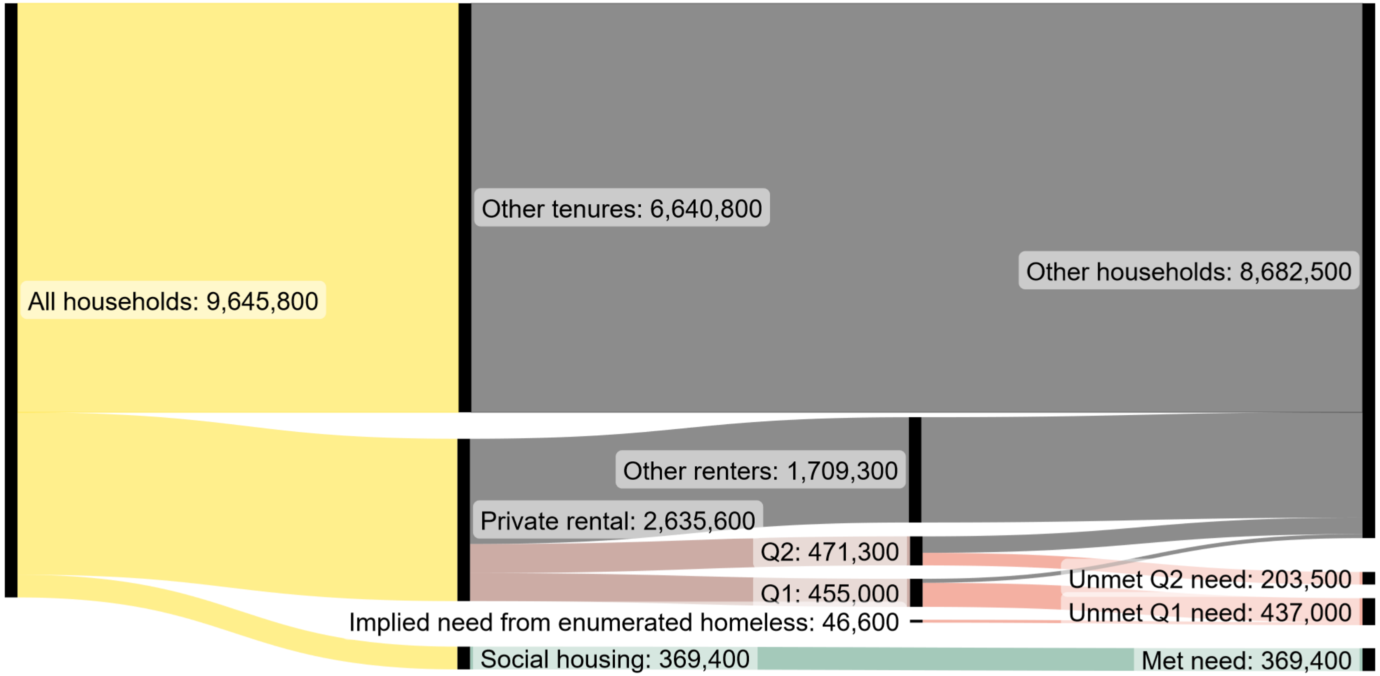
Such a home-building program would house the approximately one in ten households whose needs are not anticipated to otherwise be met.

Currently, only around one third of this group are housed in suitable non-market housing.

Impact of added housing stock on need to 2041



Method



This analysis is derived from 2021 ABS Census data.[2] It draws on a combination of household composition, tenure (incl. landlord), household income, rental payments, and current study commitments of the household reference person.

Unmet housing need is based on counts of households: (a) in private rental; (b) on low incomes; and (c) paying more than 30% of their income on rent. Implied need from the most recent (2016) census homeless counts are added.

The method provides broad estimates. Despite being based on direct counts, adjustments for incomplete data and randomization of disaggregated data means the figures are only estimates. The method is less reliable at smaller counts, so all figures are rounded. Rounding may result in totals not summing.

Estimating housing need with census data has a longstanding precedent in Canadian 'core housing need'.[3] Initially developed for Australia by Judith Yates, the method was use to systematically quantify unmet need using 2016 census data.[4] This analysis has slightly adjusted the method from previously published estimates, particularly: (a) equilibrating quintiles between censuses (previously cut to census brackets) and (b) apportioning incomplete data (previously across multiple attributes; here only by tenure).

Notes

Step 0: All households includes non-classifiable, but excludes visitor only.

Step 1: Tenure splits allocate incomplete data proportionately.

Step 2: Quintile thresholds are calculated for each household type, with a proportional share of counts included for income brackets partly below the threshold. Households with a full-time student as the reference person allocated to 'other renters' irrespective of income.

Step 3: Rental stress counts households paying more than 30% of income on rent, using figures derived from reported rent and income brackets. Implied need from homelessness counts assumes 2.5 persons per dwelling, and is based on 2016 counts (the most recent available).

Data table

(all x1,000)	2021 households		2021 unmet need		Projected need (to 2041)		Total need (by 2041)		Metrics				2016 comparators		
	All house-holds	Social housing	Q1	Q2	Q1	Q2	Q1	Q2	Ave annual growth	% annual growth	% hhds unmet	% need met	Q1 unmet	Q2 unmet	All house-holds
Sydney	1,899.3	82.2	92.8	51.9	62.2	18.4	155.0	70.3	11.3	6.8%	7.6%	36.2%	78.3	52.0	1,704.6
Regional NSW	1,123.4	46.1	51.1	25.7	14.5	3.8	65.7	29.6	4.8	5.8%	6.8%	37.5%	55.0	25.0	1,034.2
Melbourne	1,845.3	44.0	77.7	32.1	53.3	14.1	131.0	46.2	8.9	8.4%	6.0%	28.6%	72.7	33.3	1,649.1
Regional Vic.	637.4	20.4	25.5	10.8	7.9	1.8	33.4	12.6	2.3	6.1%	5.7%	36.0%	27.7	9.6	568.4
Brisbane	943.6	31.0	48.4	22.7	31.4	9.0	79.8	31.7	5.6	7.9%	7.5%	30.4%	42.4	25.5	826.5
Regional Qld	1,007.8	34.5	53.6	27.9	22.6	7.2	76.2	35.0	5.6	7.5%	8.1%	29.7%	57.3	29.2	922.3
Perth	801.9	23.9	31.6	11.9	21.9	4.7	53.5	16.6	3.5	7.1%	5.4%	35.5%	29.9	16.1	725.3
Regional WA	200.0	14.3	7.8	2.5	4.7	<1.0	12.4	3.0	0.8	3.7%	5.2%	58.1%	8.6	2.9	190.3
Adelaide	549.7	31.4	22.1	8.0	9.5	1.4	31.6	9.4	2.1	4.3%	5.5%	51.1%	24.9	8.6	510.0
Regional SA	162.6	9.0	6.5	2.4	<1.0	<1.0	7.2	2.5	0.5	3.7%	5.5%	50.3%	7.4	2.1	153.4
Hobart	97.7	5.9	4.1	2.0	2.0	<1.0	6.1	2.4	0.4	4.6%	6.2%	49.2%	4.6	1.7	89.2
Regional Tas.	128.2	6.3	5.7	2.2	<1.0	<1.0	5.8	2.3	0.4	4.2%	6.2%	44.4%	6.2	2.0	117.5
Darwin	50.4	3.1	2.0	<1.0	2.1	<1.0	4.1	1.2	0.3	5.1%	5.8%	51.7%	1.6	1.1	47.3
Regional NT	25.2	7.4	5.1	<1.0	1.3	<1.0	6.4	<1.0	0.3	3.2%	21.0%	58.3%	5.1	<1.0	24.8
ACT	173.3	10.0	3.0	2.4	4.6	<1.0	7.6	3.2	0.5	3.7%	3.1%	64.9%	2.9	2.2	148.9
Australia	9,645.8	369.4	437.0	203.5	238.8	62.8	675.8	266.3	47.1	6.5%	6.6%	36.6%	424.5	211.7	8,711.8

Sources

1 – 3236.0 Household and Family Projections, Australia, 2016 to 2041, Australian Bureau of Statistics, Mar 2019
2 – 2021 Census TableBuilder, custom tables, Australian Bureau of Statistics, accessed Nov 2022
3 – Core housing need in Canada, Statistics Canada, Sep 2022; Core housing need data – by the numbers, Canada Mortgage and Housing Corporation, Aug 2019
4 – Social housing as infrastructure: an investment pathway, AHURI, Nov 2018; Filling the gap: costing a national affordable housing program, City Futures, Mar 2019