

## A Better Public Housing Future?

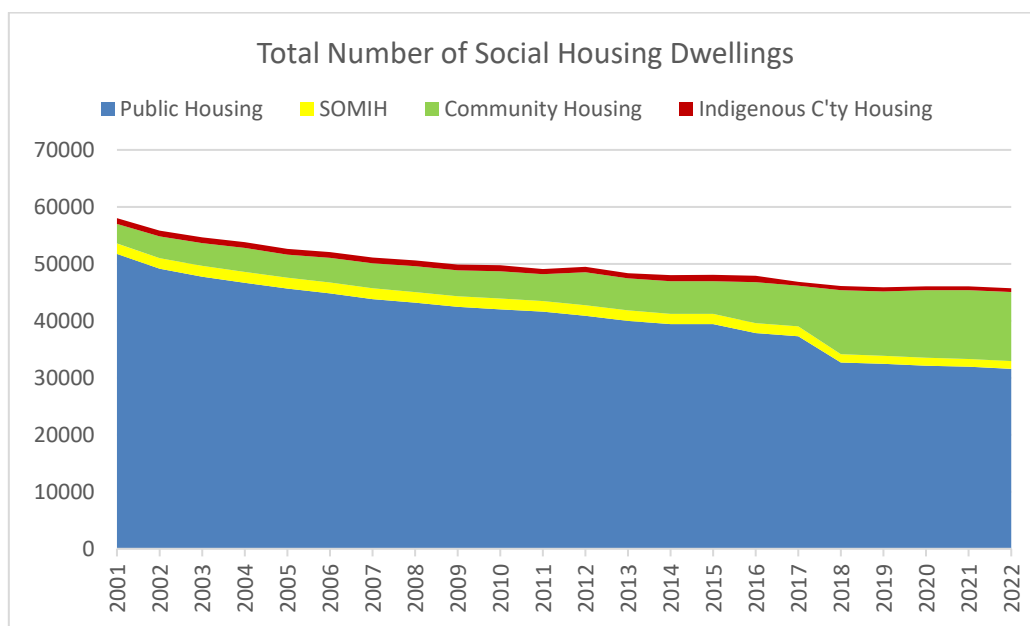
Public and community housing is a key part of the provision of affordable housing. It provides homes for those who are left out of the housing market, adds supply to the market to make housing more affordable for everyone, and can provide economic stimulus in construction. However, the stock of public housing in South Australian has declined over recent decades, many of the houses are old and energy-inefficient, and there is a substantial waiting list for homes.

### Background

According to the [Productivity Commission](#), in June 2022 South Australia had 45,743 social housing dwellings, consisting of:

- 31,591 public houses
- 1,350 state-owned and managed Indigenous houses (SOMIH)
- 12,121 community housing tenancies
- 681 Indigenous community houses.

This is essentially the social housing estate inherited by the incoming Labor government last year following decades of decline in the numbers of social houses, and public housing numbers in particular.

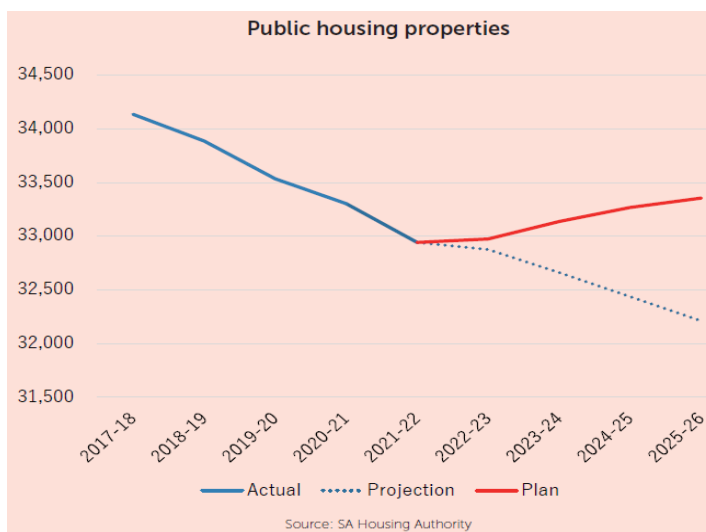


These social houses represented just 5.5% of all occupied houses and around 20% of all rental houses in the 2021 Census.

## Government Response

In the lead up to the 2022 State Election, the Labor Party promised to reverse the decline of public housing stock by investing to build 400 extra new homes, as well as upgrading existing stock. In February 2023, the government announced a series of new housing measures in its policy document, [A Better Housing Future](#). Along with a series of private rental reforms, there was an additional commitments to new public housing construction which, on top of funding already committed, would see 564 new public houses by 2026.

The policy came with a graph which dramatically showed the reversal of the decline in public housing numbers, plotted against the anticipated trajectory under previous plans.



While the reversal of the decline is certainly welcome, 564 new houses will not make much of a dent on the public housing waiting list, which stood at 15,402 applicants at 30 June 2022. Further, the new public housing won't even keep pace with projected population growth, so that even with the new houses in the system, the proportion of South Australians living in public housing in 2025-26 will be lower than in 2022 – the apparent low point in public housing.

## The Scale of Investment Required

Using [data](#) from the Australian government's Centre for Population, SACOSS calculates that just to keep pace with population growth, South Australia would need to build 1,421 new public houses by 2025-26 – more than double the government's plan.

To begin to rebuild public housing assets at the rate they declined in the preceding 4 years (that is, to return to the public housing/population ratio of 2018), we would need to build around 3,600 new public houses by 2025-26 – more than six times the current investment.

More speculatively (as the data is less solid), according to [SQM Research](#), the vacancy rate in the private rental market is currently at 0.5%. To bring this to 3%, which [some market analysts](#) claim is the point at which it begins to become a "renter's market" would require around 4,000 extra houses, or that many fewer tenants in the market. That is, hypothetically, if there were 4,000 more public houses in South Australia at present, there would begin to be downward pressure on rents across the private market.

## Summary

While the government's investment in new public housing and the reversal of the decline in total public housing numbers is welcome, further investment is clearly needed to reduce waiting lists, maintain the real levels of public housing provision, and to put downward pressure on rents in the private market.