

# Housing and accommodation crisis in New South Wales, Australia's most populous state

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Australia is facing an unprecedented social housing crisis as millions of families are being pushed into poverty, due to declining wages and soaring rental and housing costs. The crisis is fuelled by the decades of public housing privatisation by state and federal government, Liberal-National and Labor alike.

New South Wales (NSW), Australia's most populous state, is a microcosm of the disaster. The University of NSW estimates that the shortfall in social housing in the state may be as high as 135,000 units.

This figure was outlined in a recent Equity Economics report entitled "Maximising the Returns," as part of a push by several peak non-government bodies representing the community housing sector. They are seeking to convince the Liberal-National Coalition state government to build 5,000 new social housing units per year for the next 30 years, beginning with the June 2021–22 budget.

This number would allow Australia to "meet and maintain" the social housing stock, that is the percentage of government houses in the state, at the OECD average of 7.1 percent of total housing. The report notes that decades of underinvestment has caused a precipitous drop in the social housing stock in Australia from 7.1 percent in 1991 to 4.2 percent by 2018.

The same period has seen a massive growth in housing stress, which the report states is "due to rising house prices and rents, higher mortgages and a decline in home ownership." In NSW alone 530,000 households, accounting for 1.4 million people, live in housing stress and are in need of affordable housing options.

There are now some 50,000 households on the state's social housing waiting list, with families forced to wait up to 10 years in some areas.

Last month's state budget, however, did not fund 5,000 new social housing units but a measly 400. This is less than one-twelfth of the amount called for, and almost half the 780 funded in the previous budget.

The term "social housing," moreover, is deliberately misleading. It refers to both government-owned and managed public housing and privately outsourced community housing. Lumping them together serves to conceal the significant transfer of public housing to the private sector, which has increased dramatically over the past decade.

According to a January 2021 Productivity Commission report, 17.8 percent of "social housing" across the country was privately run in 2011, climbing to 28.6 percent in 2020. In NSW, the process of privatisation has been even sharper, rising from 19.7 percent in 2011 to 35.4 percent in 2020.

The origin of these policies can be found in the Hawke-Keating federal Labor governments, which in 1983 implemented a market-driven model with cash subsidies being given to those on welfare payments if they were unable to find public housing. This directed low-income people away from public and into private housing.

Funds for new public housing were also slashed and saw real capital funding fall by 25 percent between 1990–91 and 2000–01. This led to the "cannibalising" of public housing via joint venture partnerships with the private sector.

In 2008, the federal Rudd Labor government produced the National Partnership Agreement on Social Housing. The entire thrust of the agreement was the "transition" of tenants in state public housing into the private rental market. This included measures to force tenants out of so-called under-occupied properties through the imposition of a "bed tax," charging them

\$30 or more a week per unoccupied room.

In 2013, the “bed tax” was adopted by the NSW Coalition state government, followed by an announcement that those who did not qualify for a welfare payment would be forced to pay market rent for the dilapidated houses and apartments.

Continuing this trend, the NSW government in 2016 unveiled a massive transfer of state housing into the private sector. Overseen by then Housing Minister Brad Hazzard, now the state health minister, the plan saw the tearing down of many neglected public housing estates to clear the way for the construction of private dwellings.

Predictably, these policies have spurred a significant rise in homelessness. While more recent figures are unavailable, census data in 2016 revealed that over 116,000 people were homeless on census night, a 30 percent increase over 10 years. These numbers have no doubt risen further over the subsequent five years.

Regional NSW has also seen a massive increase in demand for housing. SQM Research, which provides data on major assets in Australia, including property, considers a “normal” vacancy rate for rentals to be 3 percent. In most regional cities and country towns that rate is far below 1 percent.

Another key factor is the continued fallout from the 2019–2020 bushfire disaster that destroyed more than 3,500 homes, led to 34 fatalities and burned across 46 million acres, causing a massive loss to income and jobs, particularly in rural areas. Many families received little or no support from federal and state governments.

In Ulladulla on the NSW South Coast, for example, homelessness has dramatically worsened, compounded by the COVID-19 pandemic and an associated sharp fall in tourist arrivals and jobs.

The Australian Broadcasting Corporation (ABC) spoke to Sarah Date, president of the Safe Waters volunteer shelter in Ulladulla, which opened last November. Date said the “housing market” had gone “crazy” and it was a “really difficult situation for anyone looking to buy or rent.” Current online listings revealed less than 10 properties available, the cheapest rent being \$420 a week.

“We have had 86 separate cases approach us since we opened in November, but we’ve only been able to give 35 of those a bed... It’s really heartbreaking.”

The Ocean View Motel at Mollymook, just north of

Ulladulla, has set up temporary accommodation for families during the off-peak season. Rachelle Fulton, who runs the hostel, told the network that the situation is “desperate,” with people often visiting the facility once a week for a shower. “The rest of the time they are living in their cars or in the bush,” she said.

In Nowra, two hours north, homeless people have been living in tents at the local showground through the winter. Wollongong Emergency Housing CEO Mandy Booker told the ABC she has seen “a 44 percent increase in people coming into our service” who are on the edge of becoming homeless. Demand for emergency housing, she said, “is only going to increase.”

Unprecedented rises in the cost of housing and accommodation are fuelling the crisis. According to a May 31 OECD report, rent and housing prices are rising faster than inflation in all OECD countries.

Australia has had the fourth highest increase of the 25 OECD countries, with a 120 percent rise in housing prices between 2000 and 2020. Only Sweden, Canada and New Zealand are higher, with New Zealand topping the chart with a disastrous 180 percent rise.



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