



National Shelter

Tuesday, May 11, 2021

Budget 2021-22 Media Release for immediate release

## Pumping up demand without adding to supply

In housing terms, Budget 21/22 dangerously adds pressure to markets while ignoring real needs in social and affordable housing.

“It pretends to help those who it may hurt the most - low-income households - predominantly women.”

The 2021/22 Budget continues the willful disregard the Morrison Government has for investing in social and affordable housing as a much-needed supply strategy to balance or replace its demand measures.

The Government promotes measures in Budget 21/22 as helping people into home ownership:

- The Family Home Guarantee intended to help some single parents to buy a home with as little as 2% deposit. 2,500 offers each year will be available over four years.
- Extending the current new First Home Loan Guarantee scheme for another year. A further 10,000 guarantees will be available in 21/22 to first home buyers seeking to build a new home or buy a newly built home with a min 5% deposit.
- Increasing the maximum amount of voluntary super contributions that can be released under the First Home Super Saver Scheme from \$30,000 to \$50,000.
- The Homebuilder scheme providing \$25,000, then \$15,000 for eligible purchases and renovations will see spending of \$1.515b in 21/22 and \$459m in 22/23.

Significantly, while Ministers say housing is a state matter, Homebuilder will cost \$2.655b over 3 years while there is no federal money for social and affordable housing.

In reality, these measures will further stimulate demand in a heated market just as investors are returning and interest rates are set to continue at record low rates. They are adding to demand without a commensurate additional supply strategy.

These and previous measures have brought forward demand but have done nothing to ensure a steady pipeline of housing construction will go ahead over the next 2-5 years.

“It will put ownership further out of reach for the many while benefitting the few.”

There are some welcome measures already announced, including:

- The continuation of Equal Remuneration Order funding for homelessness services.
- Increases to funding for Family and Domestic Violence services.

“They are conducting lotteries for deposit programs ensuring the great Ponzi scheme of housing continues where the benefits accrue to existing owners not hopeful ones” said Adrian Pisarski, National Shelter Executive Officer.

There is nothing in this budget which will help build more social and affordable housing. Social and affordable housing take heat out of the market by offering alternatives to market housing, easing demand pressures across the housing continuum.

Social and affordable housing at scale create the pipeline of investment required to bring institutional investment into social and affordable housing.

Governments have been encouraged to provide the suite of incentives to allow social and affordable housing to grow. These include capital and subsidy investments by the Commonwealth including using tax credits and land, planning, capital and operational subsidies from states and local governments.

As a sector, we have promoted a more modest role for governments to create incentives to unlock massive institutional investment in social and affordable housing, governments are not expected to do it all.

“We have called on the Commonwealth to show the leadership and establish the incentives, provide their part, instead they spruik the market while interfering in it and refuse to lift their share of investment in social and affordable housing so desperately needed.”

“Governments have a responsibility to play a role where markets fail, and housing markets have failed to produce housing for those in greatest need; another opportunity has now been ignored.”

Quotes attributable to Adrian Pisarski, National Shelter Executive Officer.

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