

## Australia, where “being a full citizen means being an owner”

The country is experiencing a housing crisis caused by diffuse urban planning, skyrocketing prices and controversial taxation

SYDNEY. ALEIX GRAELL-NUNEZ. Last June, the government of New South Wales (the state of which Sydney is the capital) commissioned a report from the Commissioner for Productivity and Equity on the housing crisis, with demand that does not match supply, and rents that have increased by more than 40% since 2019. In his response, Peter Achterstraat, assured that “we need to build a house every seven minutes”. The commissioner also pointed to other aspects such as relaxing building restrictions, increasing the density of urban areas near Sydney's business center or building more public housing which, according to data from the Australian Institute of Health and Welfare (AIHW, in English) has fallen nationwide from 341,000 in 2006 to 298,000 in 2023.

“When you fly over Sydney or look at an aerial photo, something like 85% of the housing is low-density,” emphasizes architect Philip Thalís. Decades of oil slick growth driven by low land prices and private transport have caused 13 million rooms to be empty in cities miles of neighborhoods of single-family homes with more than four rooms, where public transport is scarce and going for a coffee is a five-minute drive or twenty-five on foot across a cemetery and a highway.

“The government is the people who have failed us in many ways for decades,” says Thalís, who is also a university professor and has worked as a public advisor. “They have not built any public housing for 30 years to start with, when the population has grown enormously.” “For every apartment we build, we build six single-family homes,” says Michael Fotheringham, director of the Australian Housing and Urban Research Institute (AHURI), who adds that we need to rethink the design of cities and their impact, which is environmental but also economic.

In the last 50 years, Sydney has added 2.2 million people while Australian houses have doubled in size on average, from 150m<sup>2</sup> to 240m<sup>2</sup>, larger than the average in the United States or Canada. “If you have a growing population, increasing the number of houses makes sense, but the design of the houses is important. We can’t keep building 240m<sup>2</sup> houses on the outskirts

of our cities. —says Robert Crawford, professor of Construction and Environmental Impacts at the University of Melbourne—, our emissions are growing”.

40% of Australians live in two cities: Sydney and Melbourne, and the majority in their suburbs. In fact, Melbourne has 4.9 million inhabitants in an urban area that is eleven times the size of Berlin, which, with 3.6 million people, is the most populous city in the European Union. “The only accessible neighbourhoods are in the city centres, the ‘suburbs’ are a desert”, says Dr Dorina Pojani, professor of Urban Planning at the University of Queensland.

For Pojani, the example of Brisbane, in which the municipal government has allowed housing construction on plots that are already built on, helps to increase population density, in order to ensure public services and reduce dependence on the car.

In addition to the “inefficiency” of the suburban model, Fotheringham reviews how taxation is favorable to investors who can claim tax deductions for losses on real estate investments (negative gearing) and have “discounts on any capital gains tax”. This tax reform, approved by Conservative Prime Minister John Howard in 1999, has favored the purchase of second homes, rather than facilitating access to home purchase. In 2004, alerted by federal agencies that it would increase the price of housing, Howard and his treasurer decided not to change anything and ensure “certainty for investments” for Australians. Two decades later, housing is nine times the average wage, in an escalation that has not stopped since the 2000s.

“To be a full citizen is to be a homeowner,” notes Libby Porter, professor at RMIT and Director of the Centre for Urban Studies, “It’s a kind of Australian culture, we’re talking about the garden villa, your palace, right? It’s totally ideological and comes from a very deep-rooted culture imported with colonisation.” “Australian housing policies have favoured investment in rental properties over purchase,” concludes Fotheringham, from the Australian Institute of Housing and Urban Research, who acknowledges that governments are increasingly becoming more aware of the problem.

In fact, the current Prime Minister, Labor’s Anthony Albanese, consulted with the Treasury on what modifications could be applied to ‘negative gearing’ and has approved a plan to build 1.2 million homes in four years. In addition, this week they have agreed, with the support of the Conservatives, to implement a ban on foreigners buying homes for two years: “I think it is political dog whistles, these kinds of things are influenced by the racist policies of the Liberals and [Peter] Dutton,” says Philip Thalís.

By 2024, the PopTrack Housing Affordability Report stated that households with an income of 112,000 Australian dollars (67,200 €) would have been able to buy only 14% of the properties sold on the open market. “Unaffordable housing not only strains finances, it directly

impacts mental health by limiting choices, increasing isolation, and exposing the population to substandard housing conditions,” says Marlee Bower, a professor at the University of Sydney.

Meanwhile, one in three Australians lives in rented accommodation, which has doubled since the pandemic, adding pressure on the lowest incomes. According to CoreLogic and the ANZ bank, in 2024 an average income (around €60,600 per year) will allocate 33% to paying an average rent (€380 per week), and will need an average of a decade to save up for a home. “We are one of the richest countries in the world and we have the most expensive and lowest quality housing market,” concludes Thalys, “I criticize governments, at all levels, but I think that developers are greedy, but the most greedy are the banks. They make a fortune with housing and have stupid rules that affect loans, which only affect citizens, not developers.”