

Inquiry into housing affordability and supply in Australia

I am a middle-aged man with a family and have never owned a house. The reason is simple: the cost of housing has climbed steadily over the last few decades relative to wages and I cannot afford it. According to a recent report by the OECD Australia has the fourth-fastest house price growth out of the world's advanced economies in the last twenty years.

Meanwhile, a report by [Per Capita](#), shows that:

For a Silent Generation family buying in 1970, the average repayment cost over the course of the mortgage was 11.2% of their gross income.

For a Baby Boomer family buying a home in 1985, the average repayment cost over the life of the mortgage came out at 19.5% of gross income.

For a Generation X family though, who bought in 2000 and have approximately nine years left to go on their mortgage, we estimate they will spend 25.5% of their gross income on servicing mortgage debt.

That is a 130% increase in the lifetime cost of owning a home over 30 years.

The household debt of the Silent Generation family was worth around 3.7 years of median full-time male annual earnings in the first year of the mortgage, but after five years over half of the debt had been inflated away, to just 1.8 times annual earnings.

Thirty years later, the initial mortgage debt taken on by the Generation X family equated to 5.6 times median full time male annual earnings, and was still at 4.1 times after five years.

We estimate the Gen X family is paying \$1425 per month on their mortgage in 2021. If they were on the same repayment trajectory as the Boomer family their monthly bill would be \$910, while if they were on the Silent Generation trajectory it would be just \$440 a month.

For the individual family, this is a huge loss of income – almost \$1,000 a month – that would be far better directed toward education, health or day-to-day living expenses.

For the nation, it represents a significant constraint on household consumption, which accounts for more than half of Australia's economic activity.

Housing unaffordability is not the result of a 'natural law', but deliberate government policy that suppresses wages and encourages asset price inflation. While many people own multiple houses, many others own none. I want to see a concerted and sustained effort by government to correct this inequality and housing unaffordability. Housing should be looked at, not as a financial asset, but as a basis for living a decent and dignified life.

Thank you for your consideration.