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Improving consumer experiences, choice, and outcomes in Australia's retirement system – further submission

Submission by Super Consumers Australia

July 5, 2024

Super Consumers Australia is the people's advocate in the superannuation sector.
Super Consumers Australia advances and protects the interests of people on low and middle incomes in Australia's superannuation system. It was founded in 2013 and received funding for the first time in 2018.

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Super Consumers Australia

Introduction

It is important that people can maintain their living standards in retirement.

We know that renters in retirement can really suffer. A much higher proportion of renters than homeowners experience financial stress and income poverty.[1] Many renters need to save double what a homeowner needs in order to have the same living standard in retirement.[2] Repeated government failures to keep Commonwealth Rent Assistance in line with median rents and to keep house prices affordable mean many renters are staring down the barrel of retiring into poverty.

Australia's retirement system has been configured to rely on home ownership in order to live comfortably. However, allowing people to use their super for housing will not help the renters who are most at risk of being in poverty in retirement.

For this submission, we've done research to estimate who would be helped by the proposal to access super savings to assist purchasing a home.

Overall, super for housing is a policy that helps a fraction of already relatively well-off renters, leaving the vast majority without any help. Super alone cannot solve the problem and be a magic bullet to ensure everyone becomes a homeowner.

We focus our analysis on the withdrawal of up to $50,000 and 40% of a super balance.

We modelled the impact of this policy change on a key cohort of Australian renting couples aged 35 to 45, finding the policy:

- only had the potential to assist 10% of renter households in purchasing a home,
- 80% of renter households would not be helped at all due to a combination of low incomes, low savings outside of super and low super balances, and
- The remaining 10% of renter households already had sufficient savings outside of super to buy a home, so didn't require the policy to enter the housing market.

For single renters in the 35 to 45 age group, super for housing is even less helpful:

- only 3% of single renters may benefit from accessing super for housing,
- 6% can already afford to buy and do not need assistance, and
- the remaining 91% of single renters would still not be in a financial position to afford even a modest unit with this policy.

[1] Treasury (2020), Retirement Income Review, Final Report, p. 33, 142.
[2] This calculation is based on spending levels in the 30th percentile and has been adjusted for inflation. Super Consumers Australia (2022), Retirement Savings Targets: Feedback Report, p. 9.

The super for housing policy aims to solve a problem for retirees in decades to come, not the immediate and urgent problem that retirees are now facing. Current retirees who are renting and financially struggling will not benefit from this policy. More needs to be done by the Federal Government to provide an appropriate level of rental assistance. The increase to Commonwealth Rent Assistance in this year's Budget is a first step, but does not solve the underlying problem of housing that is unaffordable for many retired people who are renting.[3]

Policy proposals to help renters facing poverty in retirement will need to look beyond using super for housing, and should include a combination of:

- increasing the supply of affordable housing, and
- increasing Government support available to renters so that retired renters are not punished by a system that does not meet their needs.

[3] B. Coates and J. Moloney (2023), How to tackle Australia's housing challenge, Grattan Institute; Productivity Commission (2022), In need of repair: The National Housing and Homelessness Agreement, Study Report, pp. 320-25.

Summary of Recommendations

Recommendation 1: Increase the rate of Commonwealth Rent Assistance so that today's retirees who are renting and financially struggling can have a dignified retirement.

Recommendation 2: If withdrawing super for housing is adopted, it should be done in a way that doesn't drive house price inflation.

Recommendation 3: If super for housing be adopted, introduce appropriate safeguards to deter financial abuse in family violence circumstances.

Recommendation 4: Super as collateral encourages riskier low-deposit loans than withdrawing super for housing. It also adds further complexity to the regulatory framework. Should it be implemented, it should be limited to $50,000 or 40% of super balances.

Immediate support is needed for older people who rent in retirement

It’s true that we are hurtling towards a crisis in retirement policy. Lower rates of homeownership, soaring rental prices, and unconscionably low Commonwealth Rent Assistance payments have created a substantial risk of retired renters falling into poverty. Without substantial and urgent policy intervention, this risk will grow even bigger. However, super for housing is a poorly targeted policy and at best will only address the housing needs of a small proportion of relatively wealthy younger renters.

In 2021, 20.6% of Australians over 55 were renters, rising steadily from 17.5% in 1996.[4]

Retiree renters have much higher housing expenditure than retirees who own their own home, and almost half experience income poverty.[5] Super Consumers Australia surveyed 1,100 people aged 65 and older in August 2023 and found 33% of renters were finding it fairly difficult or very difficult to get by on their current income.[6] We have recently completed an updated survey in May 2024 and found this has increased to 57% of renters over 65.

Research by Super Consumers Australia has found that a single person on a low income aged 65-69 who rents in retirement will need to have saved over twice as much as a homeowner (110% more) to maintain a similar standard of living in retirement.[7] For many renters, this is an impossible savings goal, and so they will not be able to enjoy the same standard of living as homeowners in retirement. About 12% of Age Pensioners receive Commonwealth Rent Assistance.[8] However, levels of rent assistance remain inadequate for many renters and have not kept pace with the increase in absolute rents, even after the 15% increase to the maximum rate that took effect in 2023 and the 10% increase announced in the 2024 budget.[9]

Policy options to get more people owning houses when they are younger are important. But this needs to be done in tandem with policy solutions to address the financial stress facing today’s

[4] Australian Institute of Health and Welfare, “Home ownership and housing tenure”, https://www.aihw.gov.au/reports/australias-welfare/home-ownership-and-housing-tenure
[5] Treasury (2020), Retirement Income Review, Final Report, p. 33, 142.
[6] Super Consumers Australia (2023) Insights from our survey about how older Australians are using their super
[7] This calculation is based on spending levels in the 30th percentile and has been adjusted for inflation. Super Consumers Australia (2022), Retirement Savings Targets: Feedback Report, p. 9.
[8] Department of Social Services (2023), DSS Benefit and Payment Recipient Demographics - quarterly data, September.
[9] B. Coates and J. Moloney (2023), How to tackle Australia’s housing challenge, Grattan Institute; Productivity Commission (2022), In need of repair: The National Housing and Homelessness Agreement, Study Report, pp. 320-25.

retirees. Further increasing the rate of Commonwealth Rent Assistance will have a direct benefit on the lives of these Australians.

Recommendation 1: Increase the rate of Commonwealth Rent Assistance so that today's retirees who are renting and financially struggling can have a dignified retirement.

Comments on Interim report recommendations[10]

The following comments cover Recommendations 1 and 5 from the Interim Report.

Interim Report Recommendation 1

The committee recommends that first home buyers be allowed to withdraw their superannuation contributions for use towards a home deposit, without a withdrawal percentage threshold and with consideration given to the following withdrawal cap options:
(i) maximum withdrawal cap of $100 000;
(ii) maximum withdrawal cap of $150 000; or
(iii) no maximum withdrawal cap.

To assess the effectiveness of the super for housing proposal in the *Interim Report*, we modelled the number of renters who would move from not affording a home to affording a home with the proposal using data from the ABS Survey of Income and Housing 2019/20.[11] See the Appendix to this submission for details of our analysis.

Our analysis weighs the considerations a lender would make in deciding to finance a person's home purchase. A renter looking to become a homeowner must have:

- sufficient income to support a mortgage, and
- a sufficient deposit, incorporating private savings and super which is eligible to be withdrawn according to the scheme.

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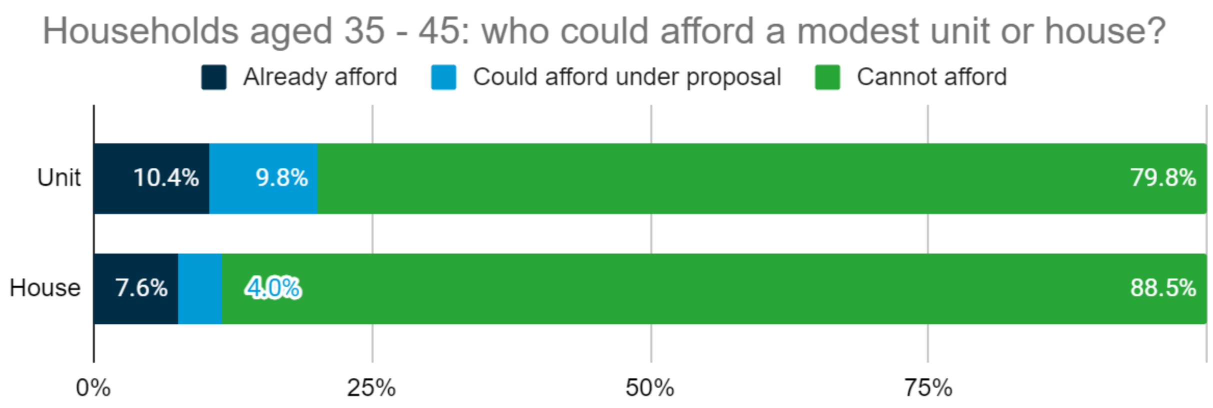
[10] Commonwealth of Australia 2024, Senate Economics References Committee, *Improving consumer experiences, choice, and outcomes in Australia's retirement system – Interim report into existing and proposed superannuation for housing policies*, https://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/RB000377/toc_pdf/Improvingconsumerexperiences,choice,andoutcomesinAustralia%e2%80%99sretirementsystem.pdf

[11] Survey of Income and Housing 2019/20 (ABS, 2022). We have focused on people in the 35-45 age bracket aiming to purchase a modest unit or house (priced at 80% of the median unit and house price) as a representative group who have been in the workforce for sufficient years to accumulate a super balance and would be aiming to buy an entry level home. Our total sample of 690,000 households consisted of 346,000 single renters and 344,000 couples renting.

As units are typically cheaper than houses, we examine the impact of the policy if it were in effect in 2019, both on the ability to afford a modest unit ($452,000) and the ability to afford a modest house ($647,000). We use prices that are 80% of the December 2019 median values (i.e. at the lower end of the range for a typical home, see Table 4 in the Appendix), reflecting that first home buyers typically purchase modest homes.[12]

The following chart summarises our findings analysing the policy proposal allowing a withdrawal of up to $50,000 or 40% of a super balance as it would have affected renter households in 2019/20 (see the Appendix for more details).



The key insights we can draw from our analysis of the policy are:

Using super for housing would not have helped the majority of renters in 2019/20.

- 80% of renters would not have been helped to buy a modest unit and 88% would not have been helped to buy a modest house by withdrawing their super.
- We estimate that only 10% of renters would have been helped to buy a modest unit.
- Even fewer, 4%, would have been helped to buy a modest home.

There are some renters who didn't need help but would have received it.

- Without any help from a super release, 10% of renters would have been able to afford a modest unit and 8% of renters can already afford a modest house.
- The policy proposals would allow these renters to also access their super to afford a higher price home.

There are stark differences between how singles and couples could benefit from this policy.

[12] There have been large price increases since December 2019, and the 80% median values in March 2024 would be 510,000 and 890,000.

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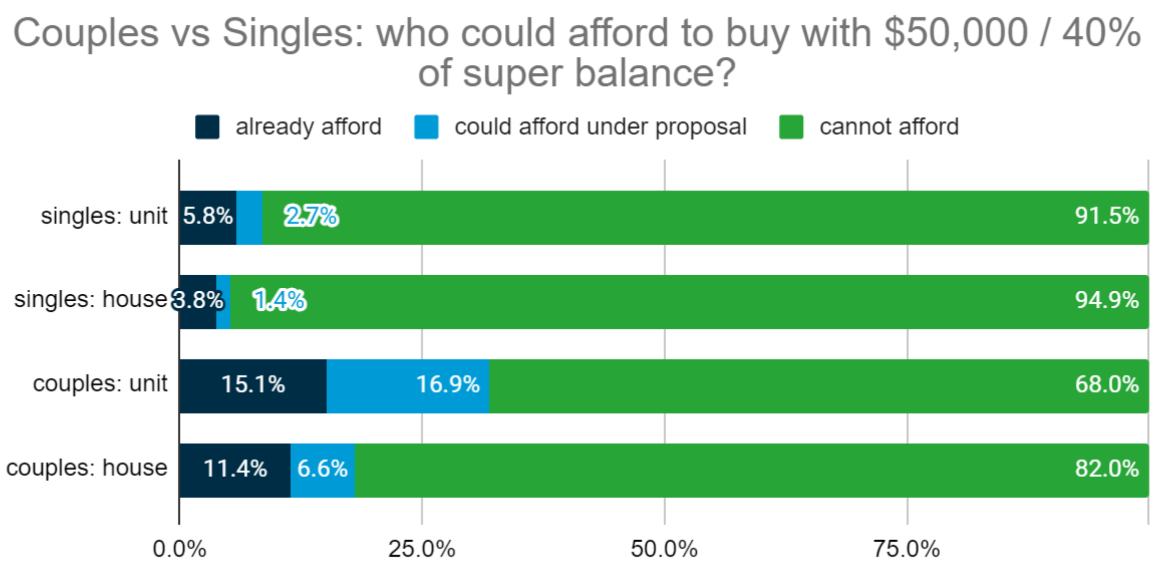

More than 91% of singles aged 35-45 who were renting in 2019/20 would not be helped by this policy.

- With the $50,000/40% limit on withdrawals, this policy would have only helped at most 3% of singles.

This policy assists couples much more than singles, due to the larger combined super balance and income.

- With the capped policy of $50,000 couples could access up to $100,000 in total and we estimate 17% could have afforded a modest unit and 7% a modest house.

Our modelling of implementing the super for housing policies in 2019/20 highlights that the policies leaves most renters behind, particularly singles. These policies will not shift the dial on the problem of renters struggling financially in retirement, as the people who are left behind will be the renters who do not have the savings or income to get into home ownership, even with the help of their super. For these people:

- their income is insufficient to be approved for a loan and make ongoing mortgage payments, even with a larger deposit accessing their super could deliver, and/or
- their super balances are not large enough to make a significant difference to their ability to be approved for a loan.

Super cannot solve the problem and be a magic bullet to ensure everyone becomes a homeowner.

More potential new homebuyers - what about house prices?

As many submissions have already pointed out, current house prices are high because of supply problems. Super for housing policies focus on increasing demand for houses, not increasing supply, and this exacerbates the short-term imbalance between demand and supply. This would put additional short-term pressure on house prices, resulting in price increases.[13]

To contextualise the impact on the housing market from increased demand from the super for housing policy, we provide some aggregate housing market statistics.

ABS dwelling transfer statistics give an approximate estimate of the number of dwellings transacted over the year in Australia.[14] According to the ABS dataset, on average 167,000 units and 330,000 houses are sold each year.[15] With the ability to withdraw up to $50,000 from super, for the 2019/20 sample in our modelling, there could have been up to 67,000 additional unit buyers entering the market for a modest unit or up to 27,000 additional buyers for a modest house. (see Table 5 in the Appendix).

This potential increase of tens of thousands of new home buyers into an already supply constrained market could have a significant impact on house price inflation. This price spike could also lead to fewer renters being able to afford a property than anticipated by our modelling.

To minimise the impact of house price inflation undermining the policy intent we recommend that if a super for housing policy is introduced it should be limited to no more than $50,000.

Recommendation 2: If withdrawing super for housing is adopted, it should be done in a way that doesn't drive house price inflation.

Allowing people to withdraw substantial sums of money from their super also creates some significant new risks in the super system that need to be addressed.

A tragic consequence of allowing withdrawals from super is that there is evidence that early release of super creates an opportunity for a perpetrator of financial abuse to access their victim-survivor's super. In a survey of 10,000 Australian women, more than 1 in 10 victim-survivors of financial abuse reported being pressured or coerced into giving a perpetrator access to their super.[16] To prevent financial abuse via coerced access to super, additional safeguards need to be implemented by super

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[13] Disappointingly, the National Housing Finance and Investment Corporation has estimated the imbalance between demand and supply will persist out to at least 2033. This means that excess demand conditions are predicted to persist and even get worse over the next 10 years, despite various federal and state government policies aimed at increasing the supply of housing. (State of the Nation's Housing 2022–23 (NHFIC, 2023))
[14] This number excludes new dwellings, but includes all non-economic transfers between related parties.
[15] Source: 10 year average calculated from the number of established house transfers and number of attached dwelling transfers in ABS Total Value of Dwellings December 2023
[16] ANROWS 2021, *Intimate partner violence during the COVID-19 pandemic: A survey of women in Australia*, https://anrowsdev.wpenginepowered.com/wp-content/uploads/2021/10/4AP10-Boxall-Morgan-IPV-During-Covid-ANROWS-RR.1.pdf

funds, including robust payment monitoring systems to identify potential abuse, and improved account security controls.[17]

Recommendation 3: If super for housing be adopted, introduce appropriate safeguards to deter financial abuse in family violence circumstances.

Interim Report Recommendation 5

The committee recommends that first home buyers be allowed to use their superannuation balance as collateral for a first home loan.

The Centre for Independent Studies provided a detailed analysis of super as collateral for a home purchase in their submission to this inquiry.[18] As they noted, this proposal has many similar features as the super withdrawal for a home purchase, except that the money stays in super, the homebuyer continues to see earnings on their super balance, and the homebuyer has a larger loan. The key similarity is that the person needs to have a sufficient balance in their super in order to benefit from this policy.

As we have described earlier in this submission, most renters are not helped by a policy that uses super to buy a home. Quite simply, the vast majority of renters do not have enough super to significantly change their ability to be approved for a loan. As such, we consider that this proposal, like Interim Report Recommendation 1, will not significantly reduce the financial hardship faced by renters in retirement.

A key concern with this approach is that this encourages low-deposit loans. These loans are treated as risky by lenders for good reason. Putting your own super on the line to secure a bigger loan than if you had withdrawn super to have a larger deposit creates the risk of people who are struggling to buy a home taking out bigger, even more unaffordable loans.

If there is ever a dip in house prices and rise in financial hardship and/or defaults, super funds may face a large number of people being required to withdraw their super to pay their bank at the same time. Exposing superannuation assets to potential financial instability in the housing market could have devastating impacts on the economy in what would otherwise be a problem confined to one segment.

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[17] Super Consumers Australia 2024, *Financial Services Regulatory Framework in Relation to Financial Abuse* submission, https://superconsumers.com.au/wp-content/uploads/2024/06/Super-Consumers-Australia-submission-Inquiry-into-Financial-Services-Regulatory-Framework-in-Relation-to-Financial-Abuse.pdf

[18] Centre for Independent Studies submission to the *Inquiry into Improving consumer experiences, choice, and outcomes in Australia's retirement system*. Available at https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/RetirementSystem2024/Submissions

The more super is used as collateral, the bigger the risk of people taking on riskier home loans and over-extending. To guard against this systemic risk if the policy is implemented we recommend, limits should be placed on super for collateral as withdrawals of up to $50,000 or 40% of super balance.

Further work would need to be done to understand what legal and regulatory framework needed to enable banks and super funds to enter into these collateral agreements for residential mortgages.

For example, thought should be given to the portability of someone's super where a collateral agreement was in place. A lack of portability could damage competition in a superannuation sector where it is already severely limited.

However, this approach does allow the homebuyer to continue to see their super balance grow, which is not the case if savings are withdrawn and used as a deposit.

Recommendation 4: Super as collateral encourages riskier low-deposit loans than withdrawing super for housing. It also adds further complexity to the regulatory framework. Should it be implemented, it should be limited to $50,000 or 40% of super balances.

Appendix: Calculation of changes to renters' home purchasing power from the Super for Housing policy proposal.

Objective:

The aim of this analysis is to estimate the effect of the Super for Housing (SFH) policy proposal, on the capacity of renters to purchase a property.

Methodology:

Introduction

To assess the effectiveness of the super for housing proposal in the *Interim Report Recommendation 1*, we conducted a policy analysis to determine the number of renters who would move from not affording a dwelling to affording a dwelling due to withdrawing up to $50,000 or 40% of their super balance.

The policy analysis was confined to the period June 2019 to June 2020, which is the period we had a full dataset of income, super, and demographics for individuals and households in Australia.[19] This approach takes the view that for any super for housing policy to be durable it should work effectively under many different economic states. In our policy analysis we investigate the maximum increase in housing demand for the policy as it would impact renters in 2019/20.

The group of renters we focus on is the 35-45 age bracket who do not currently own any property. This is slightly older than the age the typical homeowner purchases their first house, which is now around 35 years old.[20] We highlight this group because the super for housing policies are often touted as solutions to help renters around 40 years old who have been unable to get into the housing market.

Dataset

We use the Survey of Income and Housing (SIH) 2019/20 and focus on renters aged 35-45 years with no existing residential housing investments (we use the household reference person for couples). We extrapolate the results from the sample to the Australian population aged 35-45 using SIH 2019/20 individual and household weights.

For expenses we use expenses calculated from published Household Expenditure Measure (HEM) amounts.[21] The HEM amounts are commonly used by banks to compare with mortgage applicants

[19] Survey of Income and Housing 2019/20 (ABS, 2022).
[20] [Digital Finance Analytics (2022).]()
[21] Melbourne Institute of Applied Economics.

disclosed expenses, with the measure making allowances for single or couple status, and the number of dependents. To estimate expenses we use HEM expenses as at March 2024 discounted back to December 2019 by CPI. We scale using the RBA scaling factors.[22]

For each renter household we use liquid assets from SIH (SIH liquid assets less unincorporated business value) as the amount a renter has available as a deposit.

House and unit values used are median Combined Capitals values from Domain market reports (December 2019).

Our calculations are done based on 2019/20 numbers, rather than projected forward to 2024. We decided on this approach for simplicity, minimising the assumptions that would need to be made about growth rates if the data was projected forward.

Calculating purchasing power
To determine the maximum property price a household can afford, we calculate it in two ways and take the minimum of the two. First, we calculate how much they could afford based on their income servicing a loan, and second we calculate how much they could afford based on their deposit and a bank loan-to-value-ratio (LVR).

Maximum purchasing capacity based on income serviceability
For each renter household (single or couple) we calculate their borrowing power as the maximum owner-occupier mortgage a renter can service at inception assuming constant payments over a standard 30-year mortgage.

Calculation of a renter's borrowing power uses the renter's disposable income from SIH and expenditure less housing costs from the HEM. With these inputs we calculate the maximum loan a single or couple would qualify for based on a 30 year constant payment amortising mortgage, with an interest rate of 3.6% plus a 2.5% APRA serviceability buffer.

We add the household's deposit to this maximum loan amount based on income and expenses to calculate their purchasing capacity based on serviceability.

Maximum purchasing capacity based on deposit
We divide the household's deposit by 15% to calculate the maximum property price based on an LVR of 85%, and use this as their purchasing capacity based on deposit.

We then calculate the purchasing power of the household as the minimum of: purchasing capacity based on serviceability and the purchasing capacity based on deposit. This ensures the bank minimum LVR of 85% always holds.

[22] The RBA uses the HEM in a similar way to calculate mortgage holders "spare cash". For this purpose they scale the HEM slightly higher and we do this also.

A household will be income constrained if the purchasing capacity based on income serviceability is lower than their purchasing capacity based on deposit. This happens when the financial assets available as a deposit are greater than the minimum required deposit required for the loan.

A household will be deposit constrained if the maximum amount a bank will lend them based on their income is higher than their purchasing capacity based on their deposit. This happens when the financial assets available as a deposit are less than the minimum required deposit required for the loan.

To estimate the impact of the super for housing policy proposal, we calculate each renter's home purchasing power both before and after the super for housing policy.[23]

Results

Summary Statistics

Table 1 shows the distribution of super, disposable income, financial wealth and calculated home purchasing power for each Australian renter in the 35-45 age group.

Table 1: Distribution statistics of renter households in the 35-45 year age group - purchasing power, super, annual disposable income, and financial assets.

		Percentile						
		10th	25th	50th	75th	90th	Average	N
Singles	Purchasing power	13	500	6,667	66,015	226,667	101,436	346,952
	Super	0	35	25,000	60,000	120,000	44,621	346,952
	Annual disposable income	19,708	31,616	51,328	66,458	85,375	52,872	346,952
	Financial assets	2	100	1,000	10,000	46,000	22,854	346,952
Couples	Purchasing power	1,133	10,000	53,333	220,000	800,000	269,484	344,259
	Super	4,500	23,000	70,809	150,000	250,000	106,569	344,259
	Annual disposable income	52,893	71,994	96,300	133,630	175,423	106,675	344,259
	Financial assets	175	1,530	9,000	39,100	123,700	48,606	344,259

Source: ABS: Survey of Income and Housing 2019/20, own calculations.

Using SIH weights there are roughly the same number of single renter households as couple renter households in the 35-45 age group. Table 1 shows that renters mostly have very low financial assets available for a deposit: the median financial asset total is $1,000 for singles and $9,000 for couples. The disposable income for couples is approximately double the single's disposable income across the distribution, and super balances for couples are more than double the super balances of singles

[23] Our approach ignores familial help renters may receive in raising a deposit including; the bank of mum and dad and any inheritances they may receive in the future.

across the distribution. However, the median super balance is only $25,000 for single renters and $70,000 for couples. This shows that, for many, super balances will be lower than the limits in the super for housing policy proposal.

The home purchasing power is low for all but the top decile, driven by low holdings of financial assets to contribute to a deposit, particularly for single renters.

Do all renters need a boost from super in order to afford a house?

From Table 1 it is clear that the vast majority of renters are unable to afford a house, however there are some who have substantial income and financial assets who would already be in a position to purchase a property, but have not done so.

Using our calculations of renter purchasing capacity and prices of units and houses from 2019/20, Table 2 estimates the percentage of renters able to afford cheaper dwellings without any assistance from their super.

Table 2: Number of renter households in the 35-45 year age group with calculated purchasing capacity above dwelling price thresholds.

Value	80% median unit $452,019	median unit $565,024	80% median house $647,479	median house $809,349
Singles that can afford	19,910	16,175	13,022	11,325
Percent of renters	5.7%	4.7%	3.8%	3.3%
Couples that can afford	51,906	44,830	39,249	32,986
Percent of renters	15.1%	13.0%	11.4%	9.6%
HHs that can afford	71,816	61,005	52,271	44,310
Percent of HH renters	10.4%	8.8%	7.6%	6.4%

Source: ABS: Survey of Income and Housing 2019/20, Domain House Price Reports, own calculations.

We find only 4.7% of single renters could afford the median unit in December 2019. In comparison, 13% of couple renters could afford the median unit and 9.6% of couple renters could afford the median house in December 2019.

This translates to 91% of all renters cannot afford the median unit. Decreasing the threshold to 80% of the median unit price to represent a more modest dwelling, we still find 90% of renters cannot afford to purchase this modest dwelling as it was in December 2019.

What is tougher for renters: saving a deposit or servicing a loan?

Given that most renters cannot afford a home, this could be because their income is not high enough to service a mortgage, or they do not have a large enough deposit, or both. By looking at the components of purchasing power, and seeing which one is the minimum, we can determine what portion of renters are more constrained by their income or their deposit.

Renters in 2019/20 in the 35-45 age bracket were predominately deposit constrained. We calculate 83% of singles and 90% of couples had home purchasing power from the deposit calculation as the binding constraint (see Table 3 Column 1). Although the super for housing reduces the proportion of renters who are deposit constrained (from 83% to 77% for singles and 91% to 84% for couples), the vast majority of renters are still constrained by their lack of deposit for a home purchase, even with access to their super.

Table 3: Renter household 35-45 years - binding constraint for home purchase - proportion of total renters (%)

	Status Quo	SFH Policy
	Binding constraint - Singles	
Deposit	83.3	77.1
Income	16.7	22.9
	Binding constraint - Couples	
Deposit	90.8	84.2
Income	9.2	15.8

Source: Own calculations using ABS: Survey of Income and Housing 2019/20.
SFH Policy: Individuals can withdraw the lesser of $50,000 or 40% of their super balance.
Income constraint occurs when: *maximum borrow capacity + deposit < deposit / (1- bank LVR)*
Deposit constraint occurs when: *deposit / (1- bank LVR) < Maximum borrow capacity + deposit*
Deposit can include funds released from super according to SFH policy.

Impact of policy proposal on purchasing power

Next we calculated the home purchasing power of each renter assuming they *take out the maximum* from their super account allowed under the super for housing policy proposal. Of interest is how each renter's home purchasing power changed due to the policy.

To gain a quantum of the potential maximum effect on housing demand for the super for housing policy on the 2019/20 renter cohort, we identify renters that *couldn't afford a particular dwelling before the policy, but could afford the dwelling after the policy.* The dwelling types we analysed were the Combined Capital median dwelling values for units and houses in December 2019. We also used

80% of these values to represent the price of a modest unit and modest house, because it is likely that first home buyers would enter the housing market at a level less than the median dwelling value (see Table 4).

Table 4: Median unit and house values: Sydney, Melbourne and Combined Capitals

Location	December 2019 80%	December 2019	March 2024	Percentage change
		Units		
Sydney	$588,310	$735,387	$806,137	10%
Melbourne	$439,761	$549,701	$564,095	3%
Combined Capitals	$452,019	$565,024	$637,578	13%
		Houses		
Sydney	$913,770	$1,142,212	$1,627,625	43%
Melbourne	$721,561	$901,951	$1,032,020	14%
Combined Capitals	$647,479	$809,349	$1,112,575	38%

Source: Domain House Price Reports

Table 5 provides the details on the estimated number of households who could have been assisted by the policy to afford selected dwellings assuming no change in house prices.

Under the policy, the median increase in home purchasing power for couple renters who could afford 80% of the median unit is $467,000, implying a release of $70,000 from super (see Table 5).

Table 5: Renter households in the 2019/20 35-45 year age group who could have afforded selected dwellings due to the Super for Housing Policy.

		Units - 80% median	Units - median	House - 80% median	House - median
Singles	Number	9,387	2,310	4,697	3,544
	Percent of renters	2.7%	0.7%	1.4%	1.0%
	Median change in Purchasing Capacity	286,667	333,333	333,333	333,333
	Median super balance	117,500	136,526	138,500	127,000
Couples	Number	58,078	36,532	22,697	13,977
	Percent of renters	16.9%	10.6%	6.6%	4.1%
	Median change in Purchasing Capacity	466,667	520,000	502,992	464,048
	Median super balance	224,000	250,000	249,125	239,656
	Total number HHs helped	**67,465**	**38,842**	**27,394**	**17,521**
	Percent of HH renters	**9.8%**	**5.6%**	**4.0%**	**2.5%**

Source: Own calculations using ABS: Survey of Income and Housing 2019/20.
SFH Policy: Individuals can withdraw the lesser of $50,000 or 40% of their super balance.
Number of renter units are those who before policy had purchasing capacity below the level to purchase dwelling but purchasing capacity greater than level to purchase dwelling after the policy.
Medians are calculated for the group of households identified that can afford dwelling after the policy.