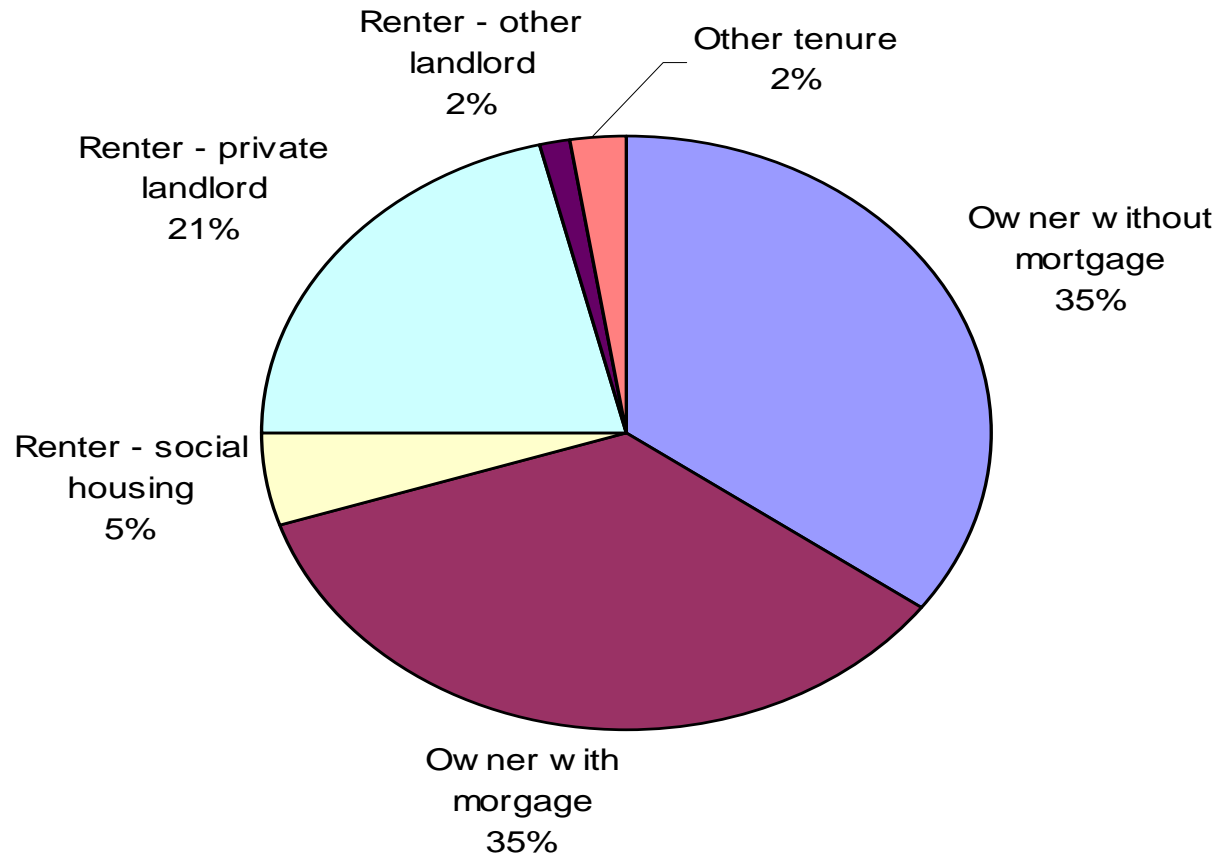




Australian
Housing:
A Fair Share?

Housing tenure

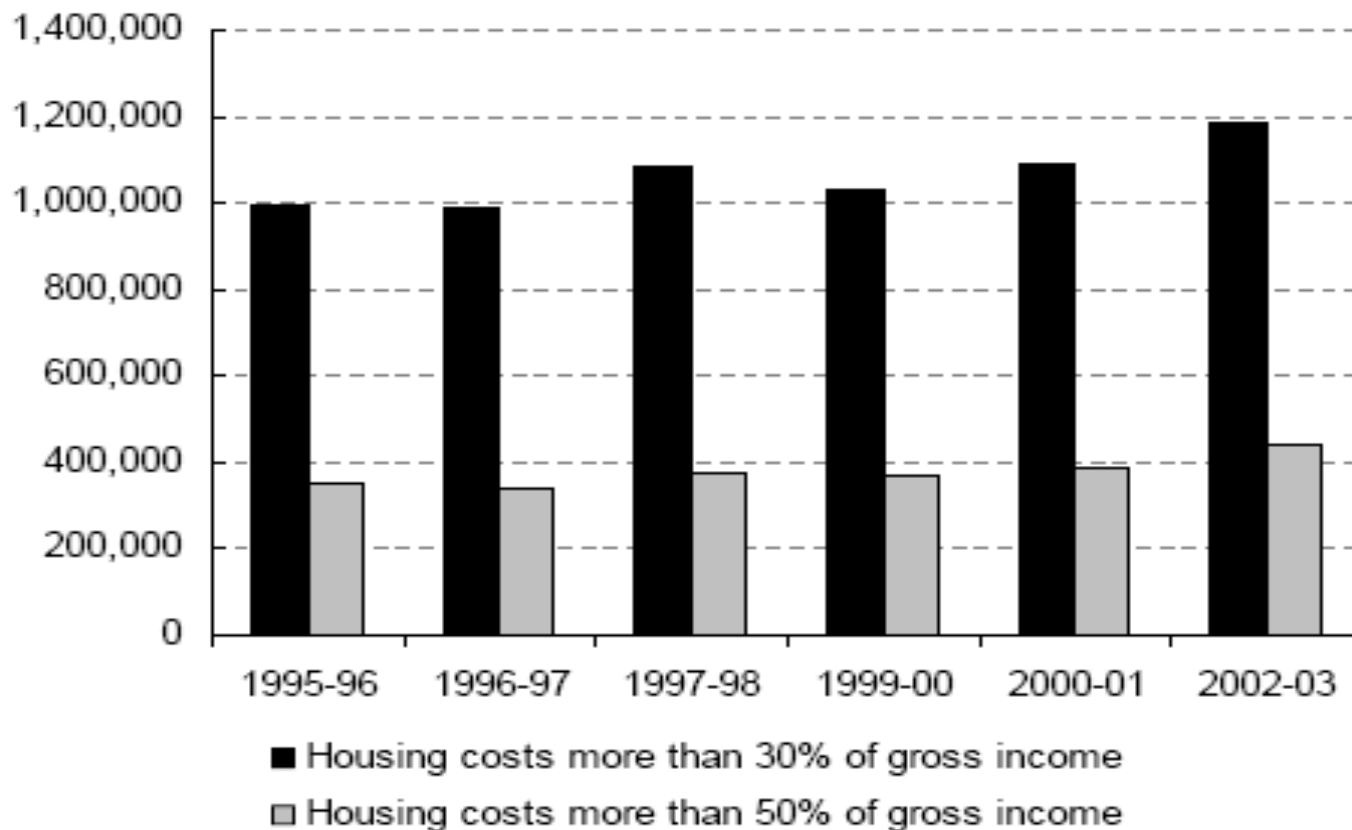


A National Problem

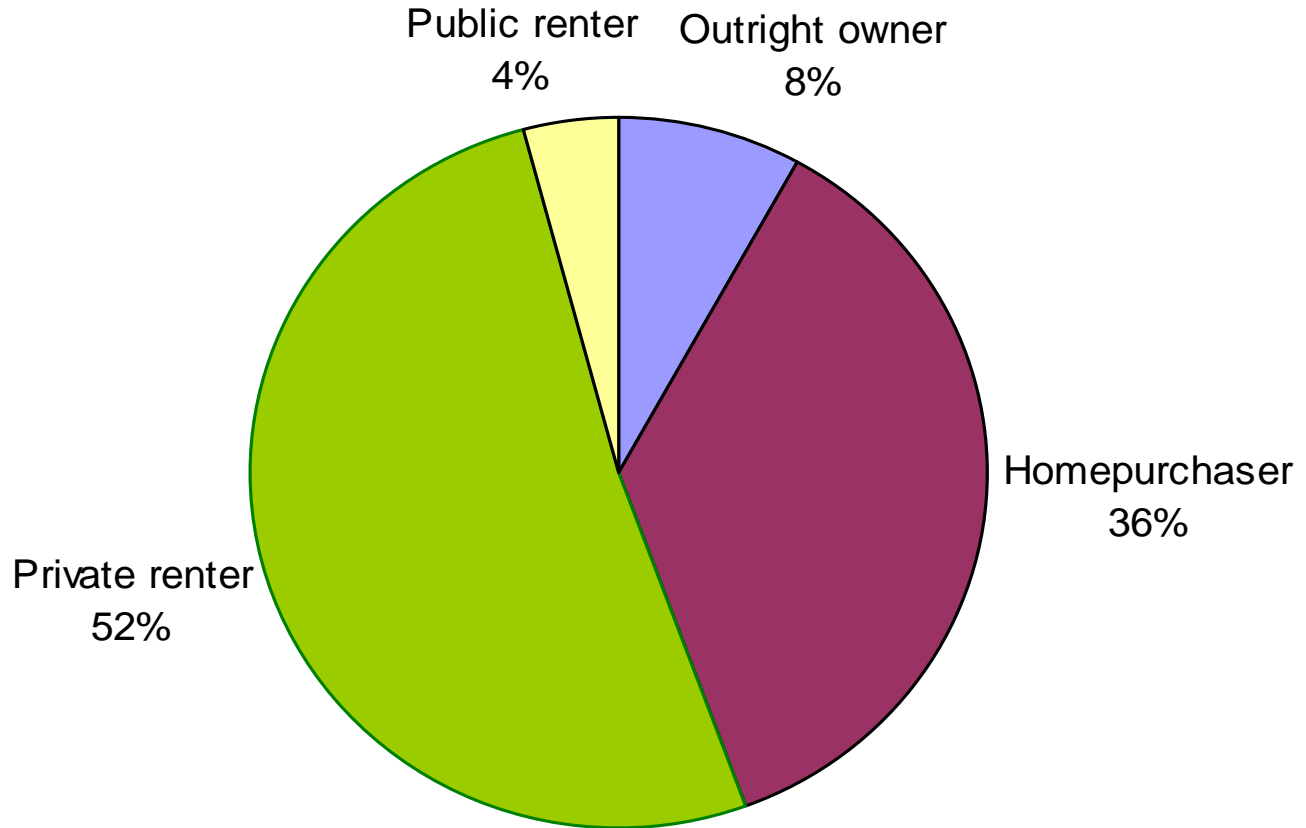
- The majority of Australian households are housed in good quality housing which is affordable for them, however
- **1.2 million** households are in housing stress, up 20% from 10 years ago
- **400,000** households are in extreme housing stress
- **100,000** people were homeless on census night

Households in housing stress

Source: Yates and Gabriel 06



Housing stress by tenure - of the 1.2m



It is also a National Asset

- It is a vital part of the national economy and important generator of employment
- It is an important generator of household wealth for ordinary Australians, whose home is often their main asset
- It is home, providing a place of shelter, a location in a neighbourhood and community, and a place to belong.

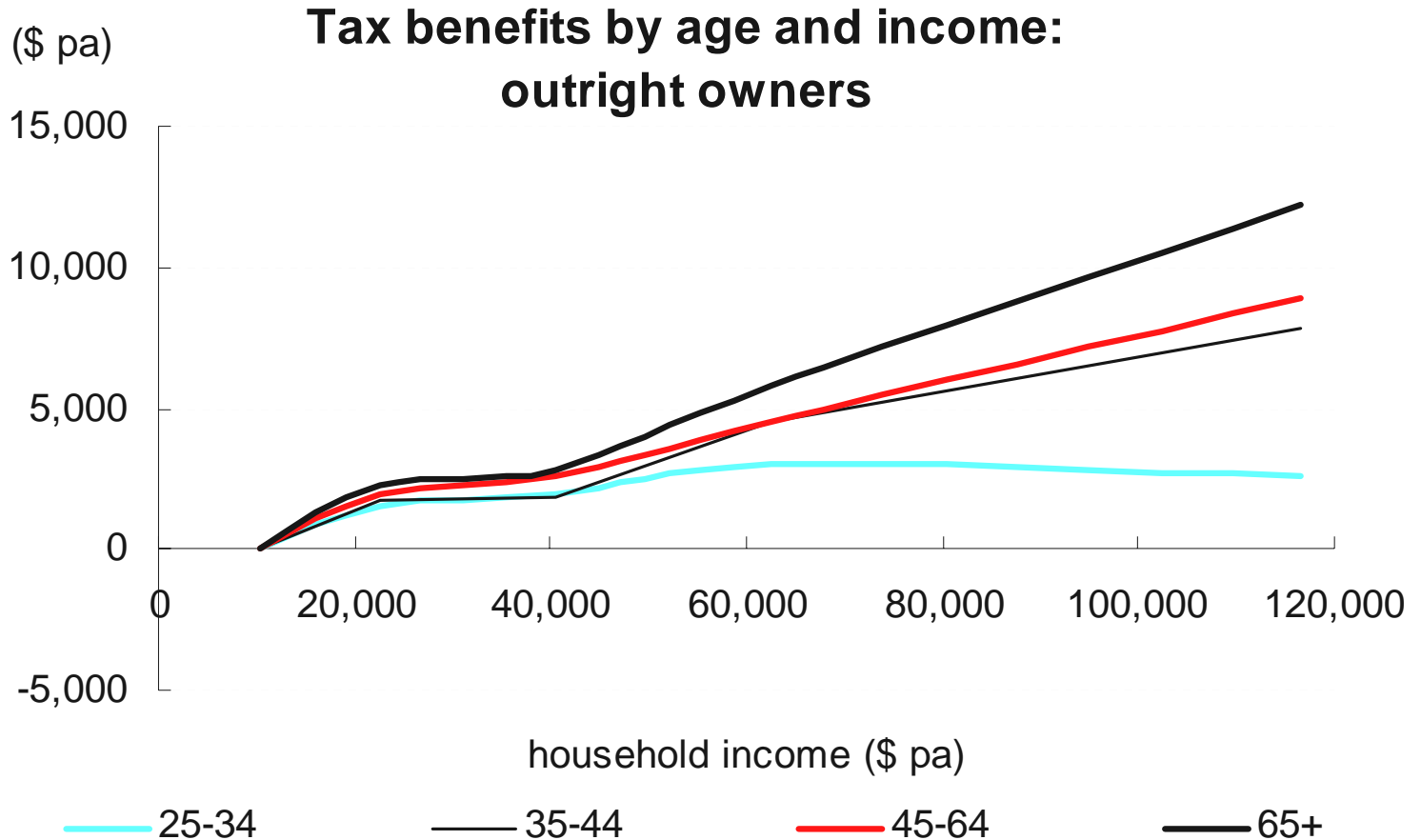
A Fair Share?

- Governments intervene in the housing market in a number of ways:
- Through the tax system, with owner occupied housing exempt from capital gains tax and negative gearing provisions applying differently to rental housing than to other investments
- Through the social security system, with over 940,000 households receiving rent assistance

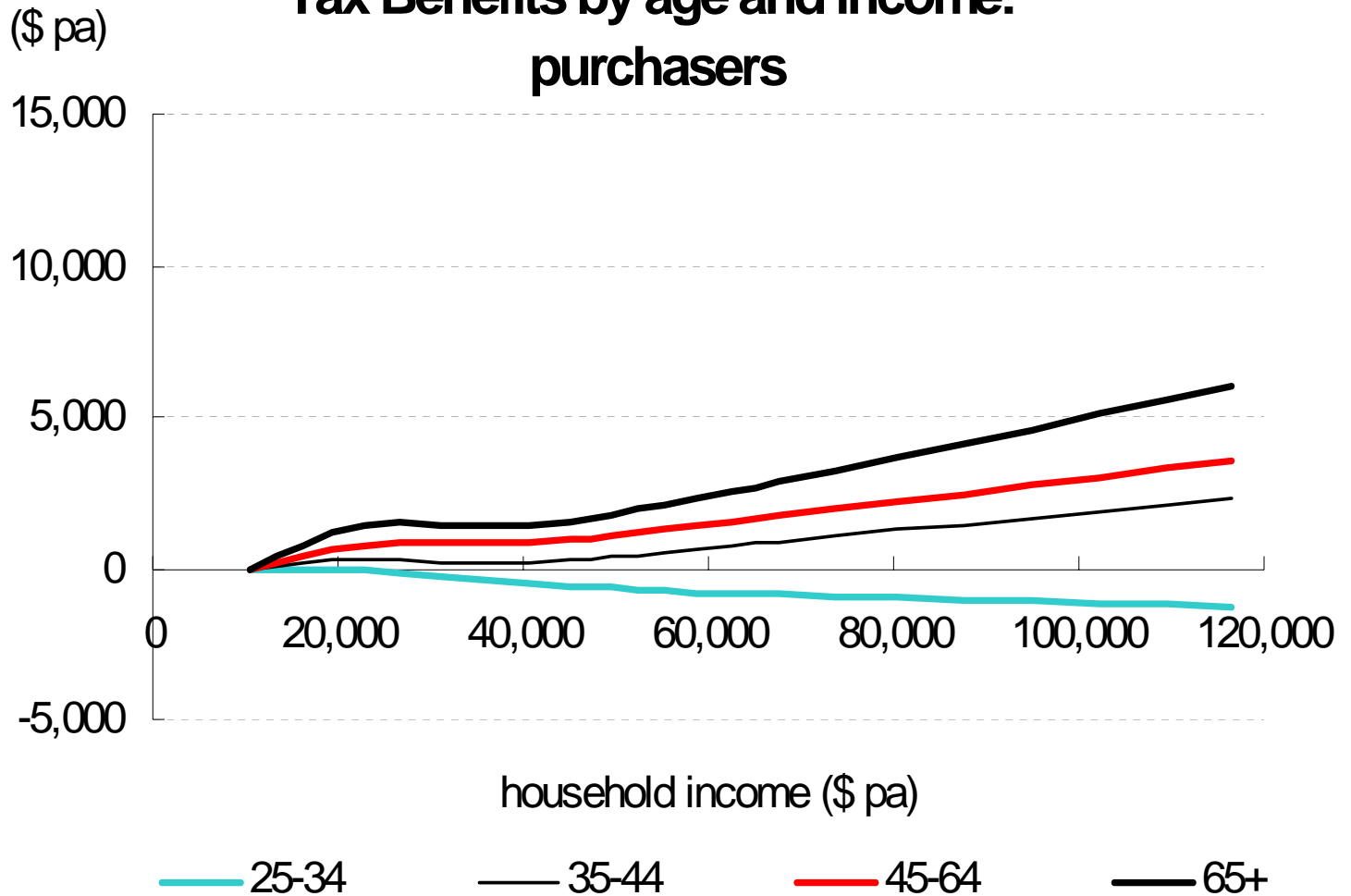
A Fair Share?

- Through the direct construction and management of social housing, accounting for 5% of the total Australian housing market
- Through a range of regulatory processes, including urban planning, building regulations, and tenancy law, which affect the housing market in various ways.
- The Commonwealth Government alone spends approximately \$4 billion per year on direct housing assistance to households (including Commonwealth Rent Assistance, First Home Owners Grant and capital grants under the Commonwealth State Housing Agreement) and forgoes over \$20 billion through tax concessions to owner-occupiers

Is it a Fair Share?



Tax Benefits by age and income: purchasers



Source: Yates

Requires a National Approach

- A new senior Commonwealth **Minister for Housing, Urban and Regional Development**, with cabinet status
- A new **Ministerial Council for Housing, Urban and Regional Development** under the COAG (Council of Australian Governments) system, incorporating the current Ministerial Councils for Housing, Local Government and Planning and including Local Government representation
- A **National Housing Strategy** addressing the overall direction of housing policy in Australia, aiming at concrete reductions in the level of homelessness and housing stress over a five year period.
- **A National Affordable Housing Agreement**

Housing Assistance for Indigenous people

- Indigenous communities, both urban and remote, bear the brunt of housing disadvantage, with low levels of home ownership and high levels of homelessness and overcrowding. Indigenous people are heavily 'over-represented' as clients of homelessness services, as comprise 16% of the total number of clients but less than 2% of the overall Australian population.
- Almost 15% of Indigenous households across Australia live in overcrowded housing, including almost 42% of those in Indigenous-managed community housing and over 15% of those in State Government-managed housing.

Indigenous Communities

- *National Shelter proposes*
- That Commonwealth and State/Territory Governments implement a **comprehensive National Indigenous Housing Strategy** which incorporates strategies to increase Indigenous home ownership, reduce overcrowding and provide increased rental housing in urban, regional and remote communities.
- That these strategies be designed to **maximise self-determination** for Indigenous communities, and **provide appropriate support** for Indigenous-led housing provision.

Home Ownership

- *National Shelter proposes*
- That **the First Home Owners Grant be targeted** at low to moderate income households who need assistance to enter the home ownership market, and be restricted to the purchase of homes at or below the median price for the Local Government Area in which the purchase is taking place.
- That Commonwealth and State/Territory Governments work together to introduce **shared home ownership schemes** which give households the benefits of capital growth in the value of their housing.

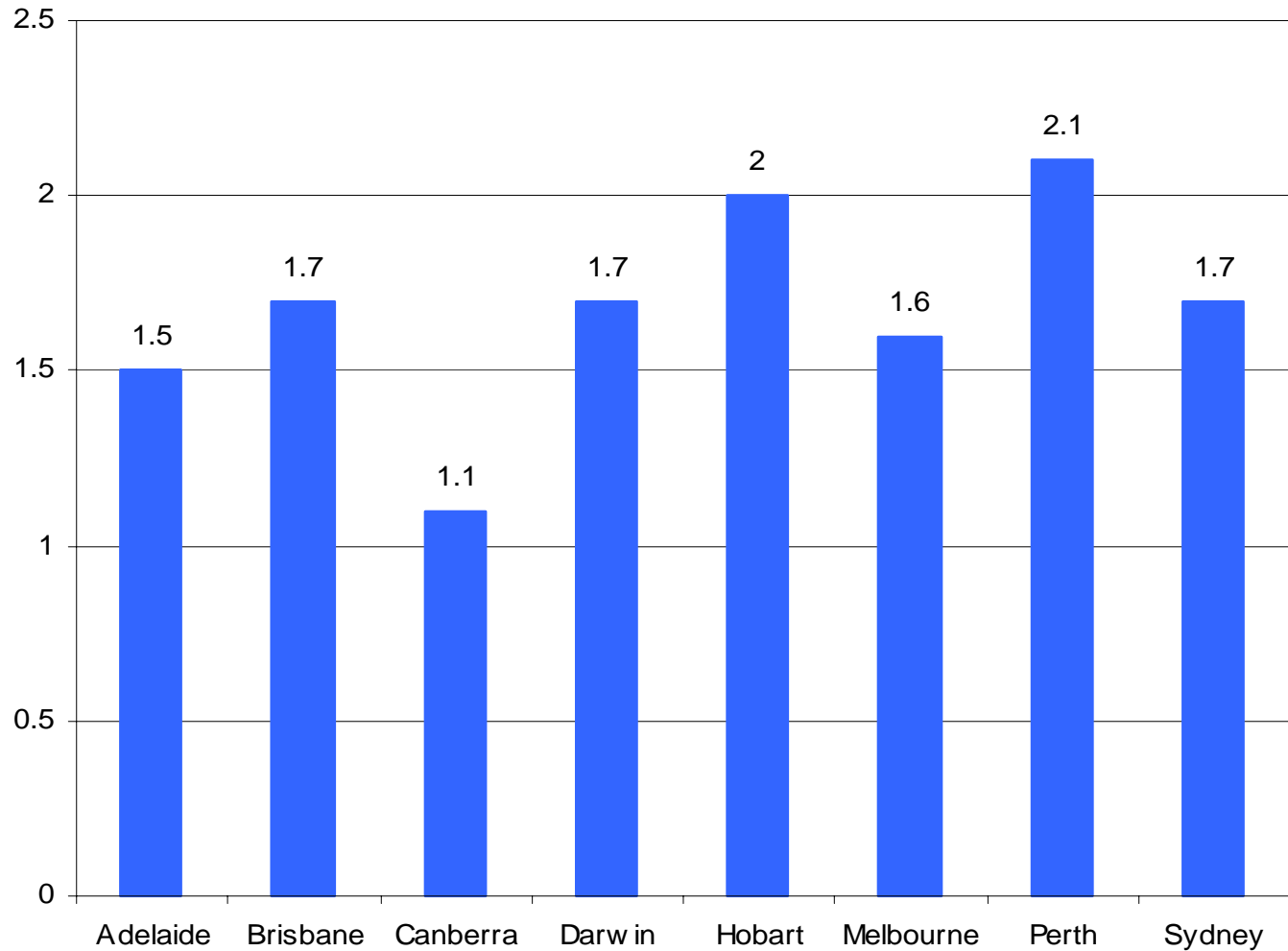
Tax and finance

- *National Shelter proposes*
- A full review of the impact of the tax system on housing affordability, aimed at developing reforms which will improve access to housing by low income households. This review should examine a range of options including
 - tapering negative gearing for higher value properties to provide greater incentive to invest in more affordable housing
 - increasing the Capital Gains Tax exemption rate for affordable rental housing
 - introducing a tax credit system for investment in affordable rental housing

The Private Rental Market

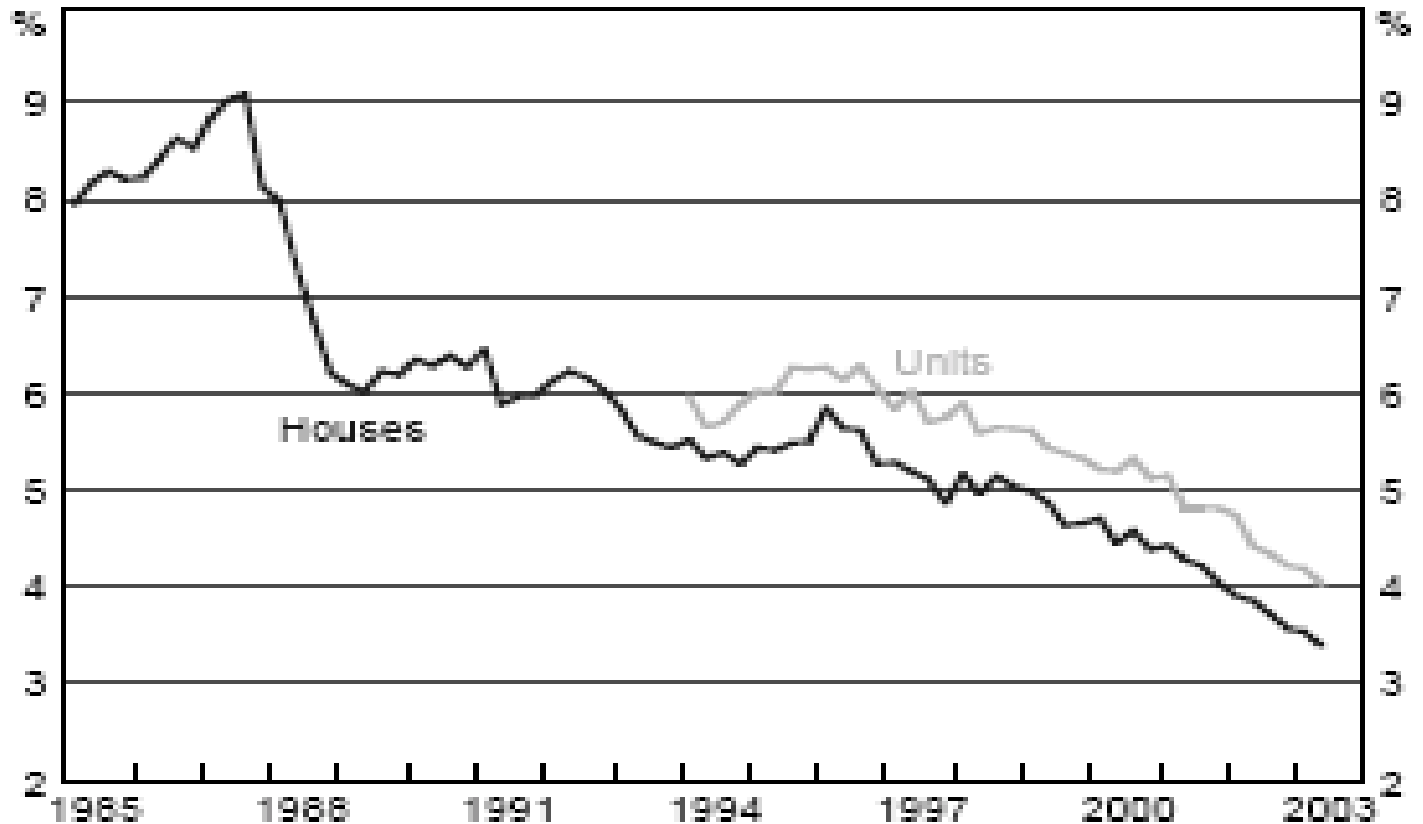
- Problem of supply
- Record low vacancy rates
- Rapidly rising rents
- Low yields

The Private Rental Market: Vacancy Rates

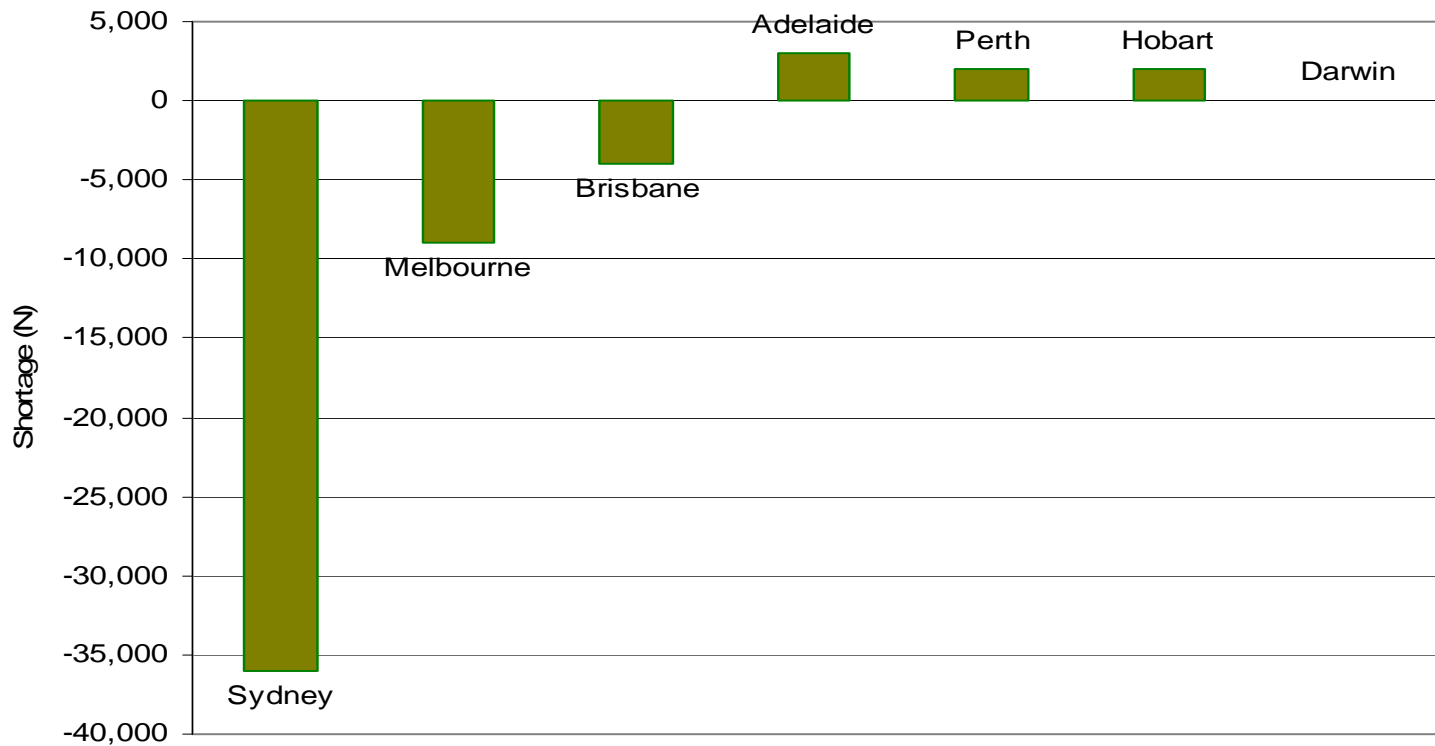


Source: REIA

The Private Rental Market Yields



Shortages in rentals



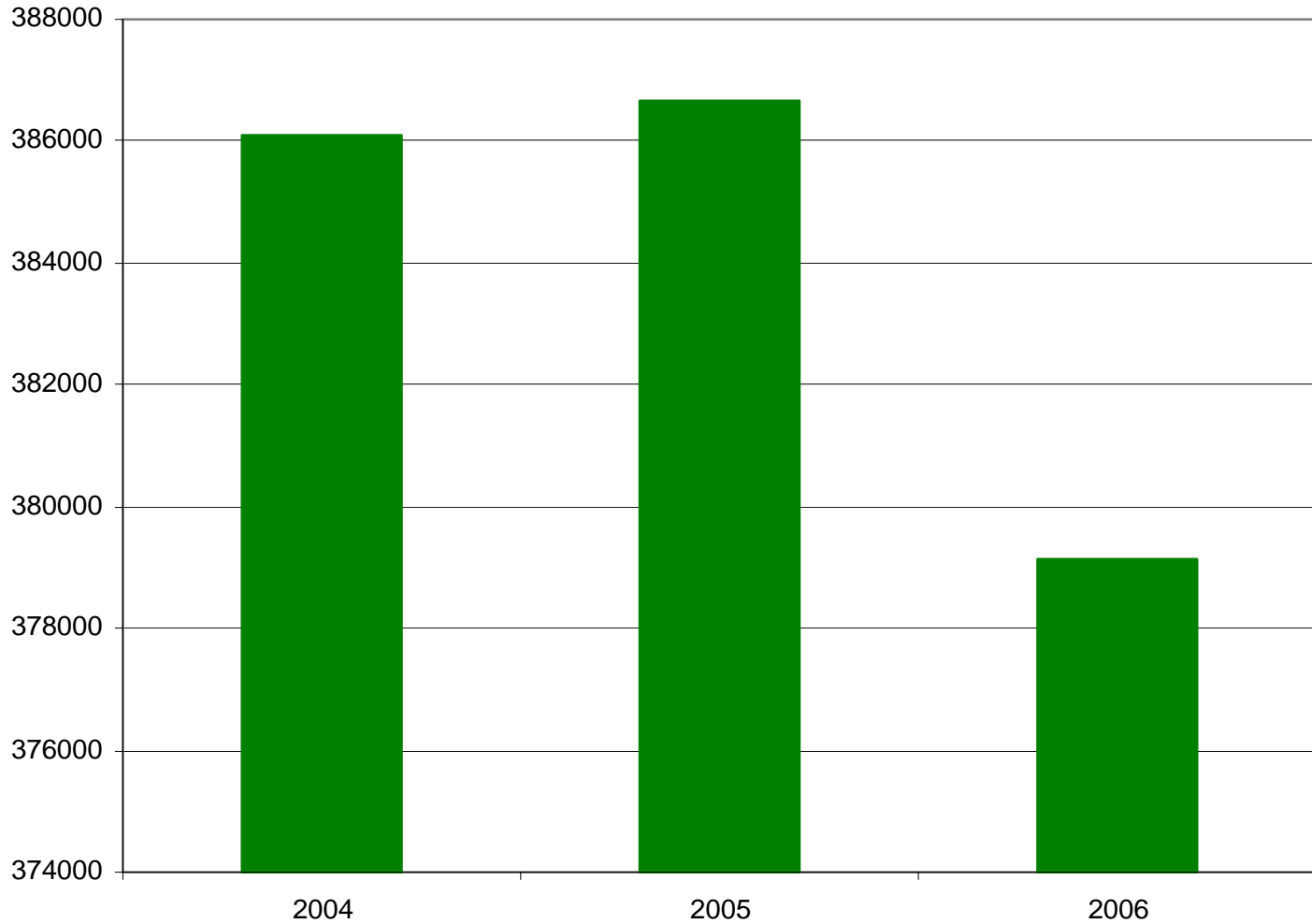
A National Affordable Rental Incentive

- The development of financing and investment strategies at a national level which can attract institutional investment into affordable housing, with options including the creation of a national housing bond, the introduction of tax credits to finance affordable housing, and the introduction of a National Affordable Rental Incentive scheme.

Review CRA

- *National Shelter proposes*
- That there be a review of payment levels of CRA to ensure that they remain adequate to keep housing costs below 30% for low income households
- That eligibility be expanded to include students on Austudy
- This needs to be done alongside measures to increase the supply of affordable rental housing to ensure that increased allowances do not fuel further inflation in rents.

What about Social Housing?



Social Housing

- Increased Rationing of limited stock
- Tighter eligibility entry requirements
- Some States are debt laden
- All State and Territory Authorities are standing still or going backwards
- Concentrating disadvantage

Social Housing

National Shelter proposes

- That capital investment in social housing be substantially increased, with the aim of lifting total social housing to 6% of the Australian housing market by 2025. We estimate that this will require funding under the CSHA to be increased from its \$1.3 billion in 2005-06 (combined State/Territory and Commonwealth funding) to \$2.5 billion in 2007-08 and up to \$7 billion in real terms by 2025.
- That the impact of current rationing processes by State Housing Authorities be reviewed to ascertain their impact on low income households and on the social housing system as a whole

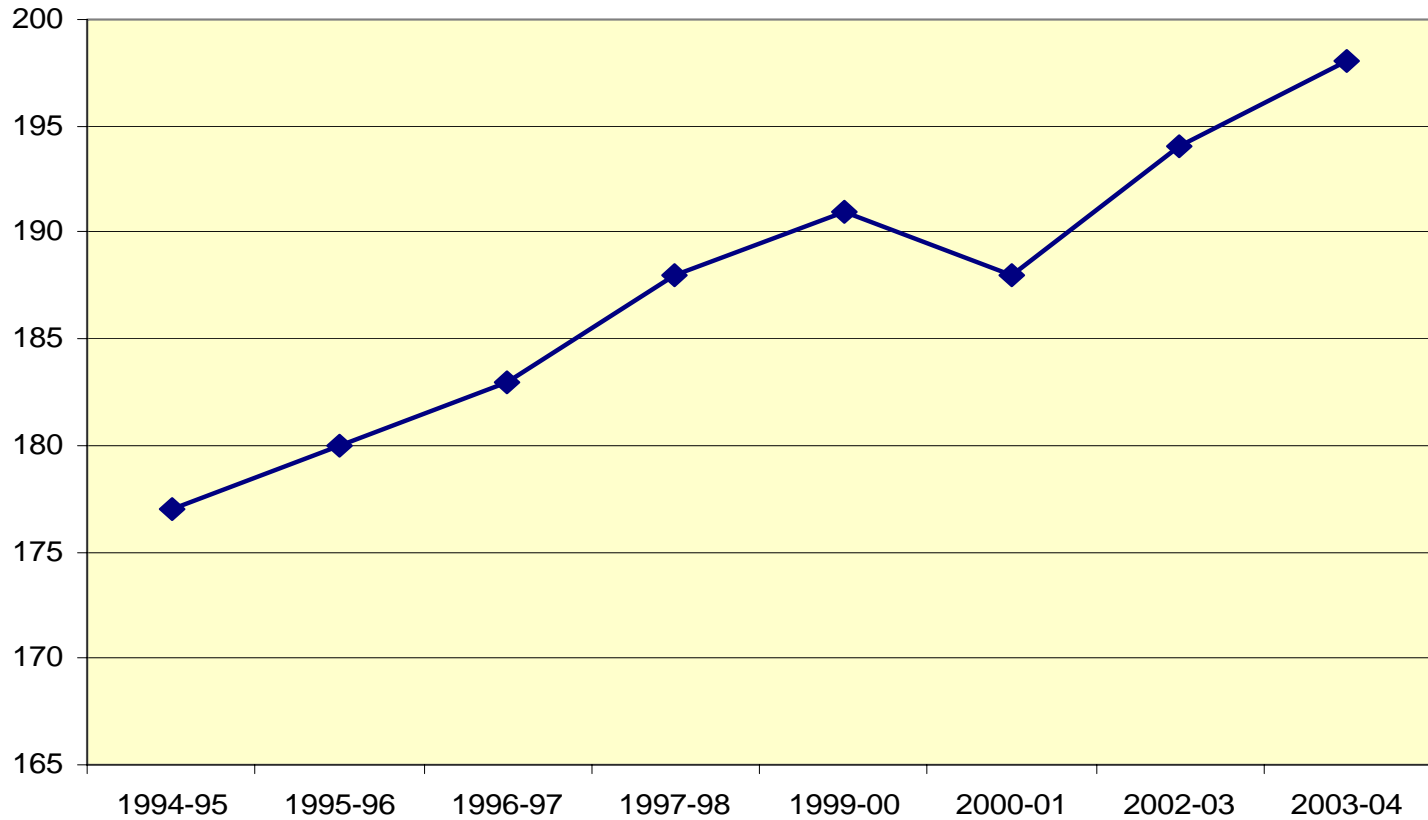
Also

- As outlined under Tax and Finance, governments should also implement other financing strategies to boost the supply of affordable housing requiring lower subsidies than social housing, which can take some of the pressure off the social housing system and the private rental market.

Planning and Development

- That the Commonwealth and State Ministers for Planning and Local Government develop a set of uniform standards for planning and land development
- That these standards include processes and levers to generate affordable housing through the planning system, with a target of 15% all new housing to be affordable of which 1/3 to be social a la S.A..
- That universal design guidelines (that is, guidelines which ensure all housing is designed to be physically accessible to all people) be incorporated into planning and building regulations.
- That planning for the development of economic “hot spots” such as mining communities, rapidly developing urban areas, and key tourist destinations, include measures to ensure that there is adequate affordable housing in these communities.

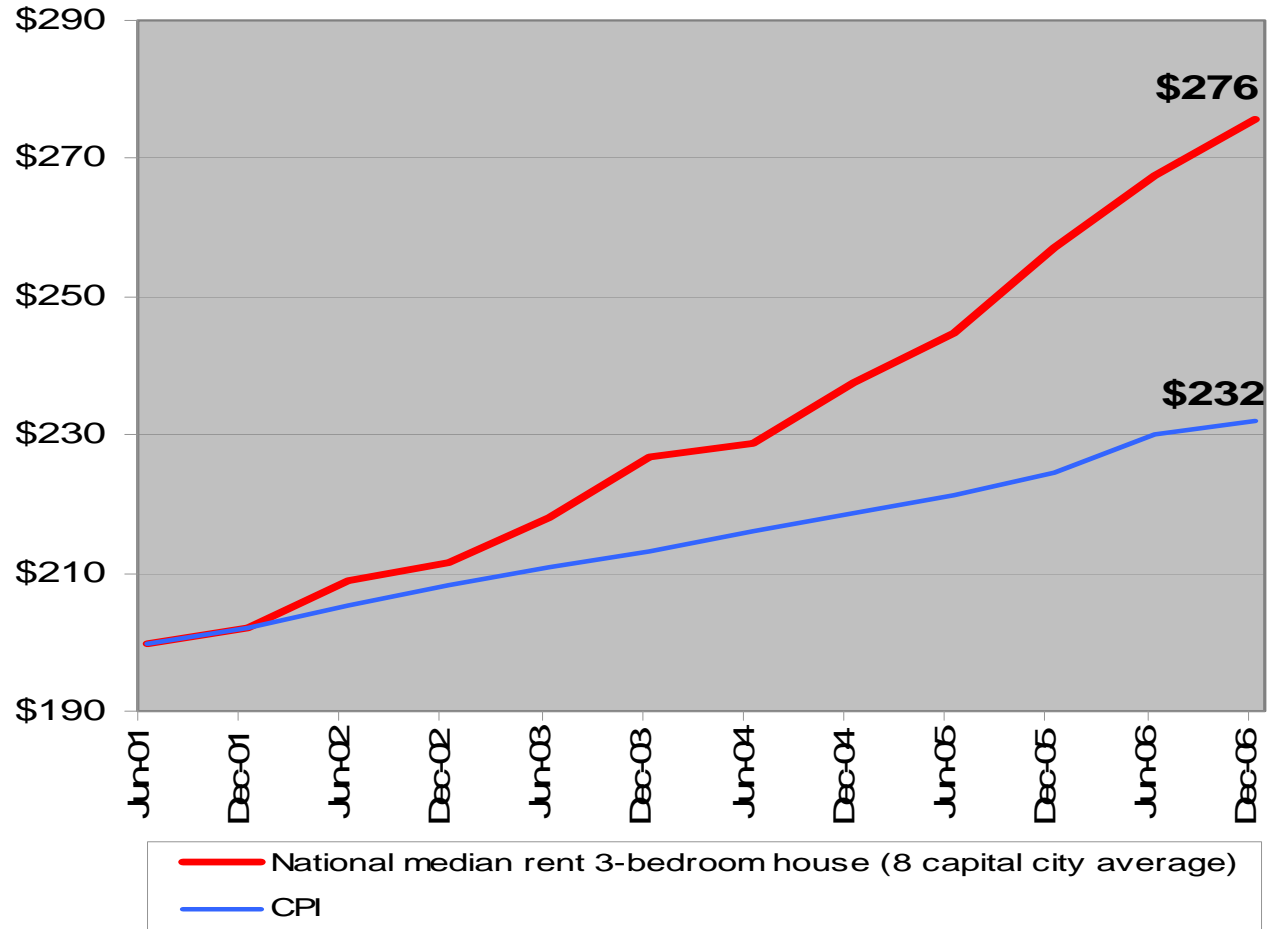
Rent Rises trend



Source: ABS

Rent Rises vs CPI

National rent rise vs CPI

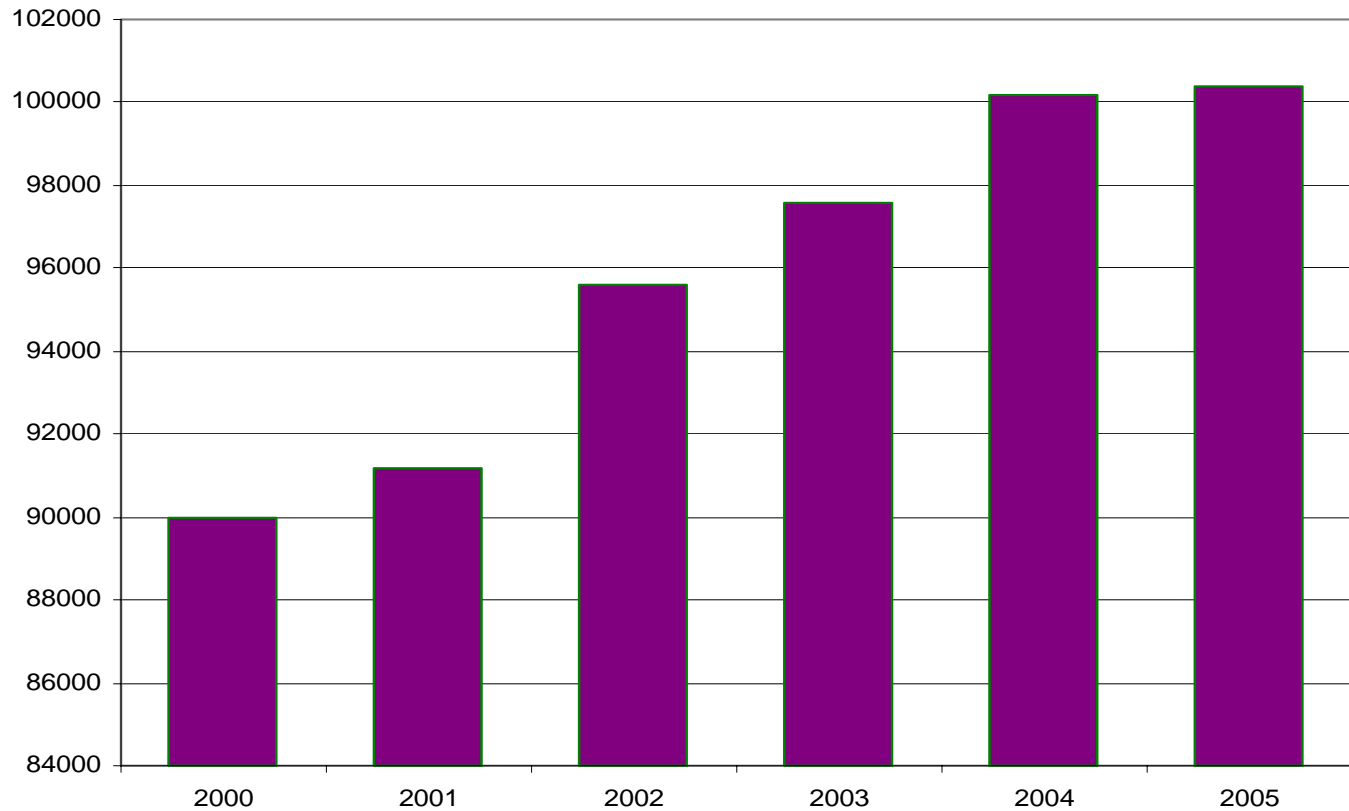


Source: Aust's for Affordable Housing

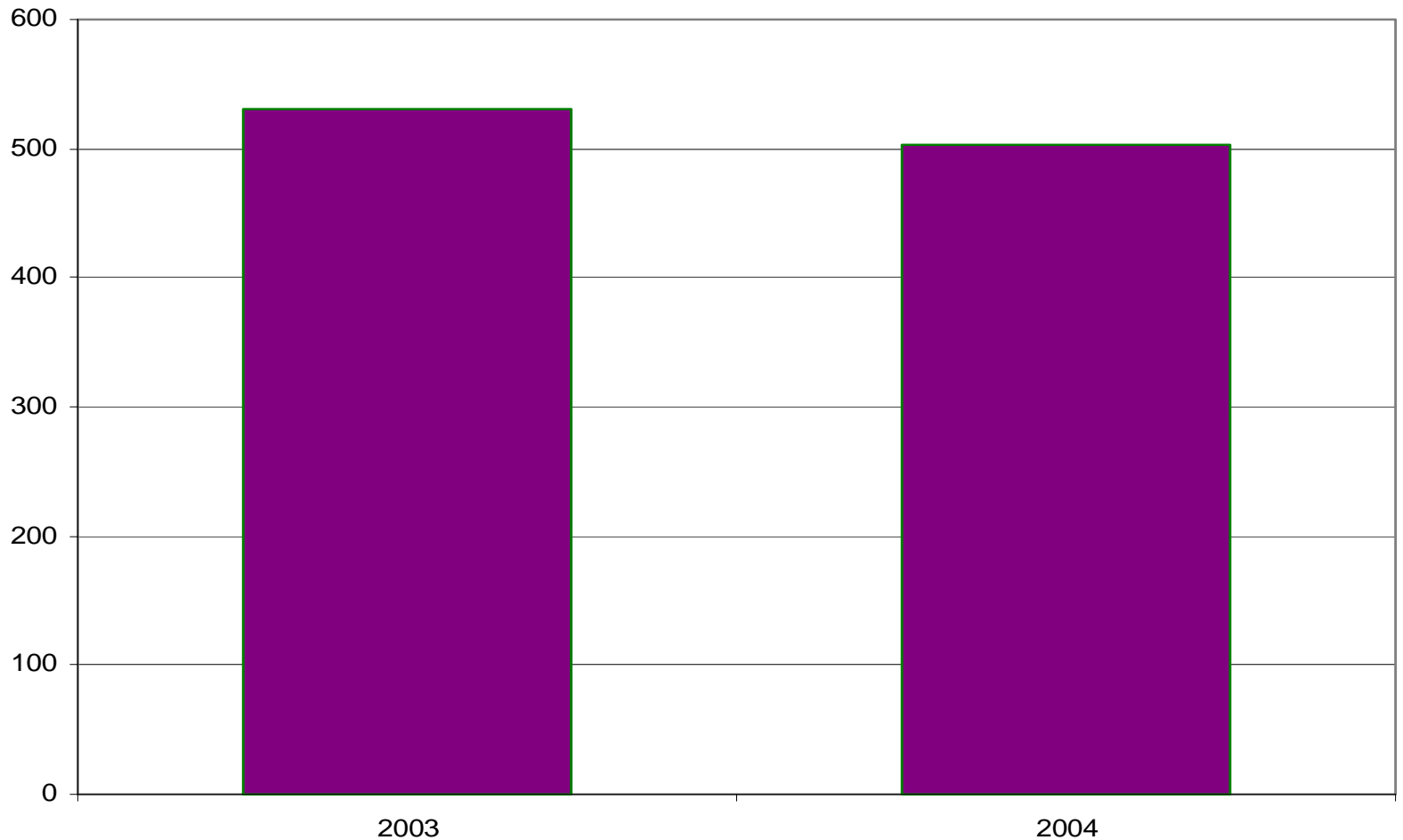
Approximately 40% of private renters have rented for 10 years or more

- National Shelter proposes:
- That the Ministerial Council on Housing work towards the development of national standards for tenant rights
- That these include provisions for “just cause eviction”, for limits to the frequency and level of rent increases, and for tighter regulation of the operation of tenancy databases.

Homelessness clients



After 15 years of Economic Growth the daily unmet need for homelessness services:



or 182 500 per annum

National Shelter proposes

- That State and Commonwealth governments and NGOs work together to develop new models of housing and support which meet the needs of high need households.
- That the homelessness and housing systems be better aligned to provide sustainable pathways out of homelessness for people accessing the homelessness support system. However, this approach will only be successful in the context of the kind of significant boost in resources for the social housing system outlined above – otherwise the social housing system will continue to be overloaded and will be unable to respond to the level of need.

Conclusion

- Despite our nation's increasing economic prosperity, 1.2 million households are in housing stress, and 100,000 people are homeless on any one night. Australian governments need to work in partnership with the non-government and private sectors to rectify this situation. This document outlines a set of proposals which can start our nation on the path to delivering a fair share of housing resources for all Australians. We would urge governments and political parties across the country to seriously consider these proposals.