



# Rebuilding the Australian Dream

## *National Shelter Policy Platform - 2003*

### National Shelter

National Shelter is the peak national body advocating for low-income housing consumers. National Shelter has been in operation since 1976 and cooperates closely with other national bodies working on housing related issues, such as homelessness and welfare.

The work of National Shelter is directed towards the elimination of homelessness and housing related poverty and ensuring that every person has access to secure, adequate and appropriate housing at a price within their capacity to pay.

### Policy Platform

The Policy Platform presented below builds on National Shelter's 2001 Election Platform, *Affordable Housing for All*. As was the case in 2001, the current platform is aimed at improving housing outcomes for the eight million Australians who receive the lowest incomes and are most affected by the lack of housing that they can afford. The Platform's main aim is to ensure that the right housing should be available at the right cost in the right place and at the right time. It consists of four interrelated points, as follows:

1. A Commonwealth Housing Department and Housing Minister
2. A National Housing Policy Framework
3. A Target for Social Housing
4. An Affordable Housing Innovation Unit

### Overview of the Current Housing Situation in Australia

The housing system in Australia is changing. For many years, high rates of home ownership underpinned by high employment levels and an adequate income support system ensured that most Australians were well housed. In the past two decades, however, the scene has changed significantly. The Australian dream of home ownership is now out of the reach of a large percentage of Australians, and rents are becoming less and less affordable for people on low to moderate incomes.

Incomes have fallen significantly at the bottom end and there are severe shortages of low cost rental housing and houses for purchase

A National Housing Policy Platform that would ensure that the right housing is available at the right cost in the right place at the right time.



for low to middle income earners across the board, from regional Australia to larger cities. Housing affordability problems are climbing the income ladder to affect the 'working poor' and middle income households. Housing affordability is increasingly being recognised as one of the key causal factors for a range of social, health and economic problems, yet there has been no coordinated national policy direction on housing for over a decade.

Over the past decade or more, various proposals have been put forward to make housing more affordable, often involving partnerships between the private, public and community sectors. So far, few of these proposals have proved workable or have even been tested.

This is not to say that the Commonwealth and State Governments do not spend considerable sums of money encouraging housing investment and provision. On the contrary, the annual outlay on housing assistance, including tax exemptions, exceeds \$20 billion. This assistance includes the First Home Owners Scheme, the Commonwealth State Housing Agreement, Commonwealth Rent Assistance as well as tax incentives, such as land tax and capital gains tax exemptions for owner occupiers, and provisions for negative gearing for investors. In their present form these strategies deliver inconsistent and uncoordinated affordability outcomes.

After more than a decade of ad hoc measures, falling housing

affordability is now a major issue across the country. The problems are mounting rapidly, and a clear policy direction at all Government levels is required before the structural problems become so large as to be irreparable.

High quality housing at an affordable price is a fundamental element of strong communities. Housing is central to people's quality of life, and it is vital in ensuring positive outcomes in employment, education, health and social well-being. It follows that housing policy needs to be developed using a whole-of-government approach that relates housing to areas such as employment, social security, health, taxation, urban and regional development, environmental sustainability and land management. These issues are explored in detail in National Shelter's 2001 Report, *Creating the Links between Housing, Employment and Income Support*.

## National Shelter's Policy Platform – The Four Points

This platform identifies four practical measures that would provide the basic framework for improvements in housing provision. The four points are explained briefly below; a more detailed background paper is also available.

### 1. A Commonwealth Housing Department and Housing Minister

A new Commonwealth Housing Department and Housing Minister would integrate the social, economic and environmental influences and policy issues shaping access to affordable and appropriate housing. Existing housing related policies and

### Some Recent Research:

- ◆ Since 1986, the number of people experiencing housing stress in metropolitan Australia has increased from 90,000 to 250,000. On present trends, this number will double by 2015 and reach nearly one million by 2020.
- ◆ Over 80% of housing related benefits go to higher income households, with low-income households receiving less than 20%.
- ◆ For homebuyers and private tenants, households in the bottom 20% of income earners spend on average 64% of their income on housing costs.
- ◆ The lowest 40% of income groupings either purchasing or renting housing are experiencing housing stress.

programs, including the Commonwealth-State Housing Agreement, Commonwealth Rent Assistance and the First Home Owners Grant Scheme, could be brought under the umbrella of the new Department. It is **National Shelter's recommendation** that the Housing Minister be a member of Cabinet in order for housing affordability to receive the profile and importance that it warrants.



## 2. A National Housing Policy

**National Shelter recommends** that one of the first priorities of a new Commonwealth Housing Department be the development of a National Housing Policy. This Policy would provide a broad national framework to evaluate all existing housing related policies and programs. It would ensure that existing funds are used cost effectively and identify and respond to any gaps. A National Housing Policy would include all levels of Government and seek to develop opportunities for partnerships with the private and community sectors. It would provide a structure from which proposals such as the Affordable Housing National Research Consortium' affordable housing bond could be explored and trialed.

In order to ensure maximum effectiveness, the National Housing Policy should link in with other relevant policies, including the National Homelessness Strategy. Agencies dealing with homeless people have long identified a chronic lack of exit points from support schemes as a key issue in addressing homelessness. National Shelter advocates that a strong housing policy is a key preventative measure against homelessness.

## 3. A Target for Social Housing

**National Shelter recommends** increasing social housing as a key element of any National Housing Policy because it provides housing for people who have limited access to the private sector. Social housing consists of public housing (provided by Government) and community housing (provided by non-profit organisations).

Over the last decade, social housing has become significantly less viable. One cause is the policy of 'targeting', i.e. a focus on housing the most disadvantaged people. Since this group is often more difficult to manage than the average tenant, targeting has increased management costs. At the same time, it has reduced rental revenue because social housing rents are related to tenant incomes, which are lower for this group.

A second cause of reduced viability is a 15% real cut in Government funding for social housing over the last six years. Combined with the effects of targeting, this has reduced funds for maintenance and expansion. As a result, all States and Territories now have large unfunded liabilities that need to be addressed before significant expansion can take place.

In fact, rather than expand, Australia's social housing system has declined as a proportion of total housing stock from 6.2% in 1994 to 4.7% in 2001. As a result public housing waiting lists have grown by 15% - from 195,000 in 1990 to 223,290 in 2001. Research by Judith Yates, Maryanne Wulff and Terry Burke found a shortage of 150,000 units of affordable housing in 1996.

A number of inquiries, including the 1993 Industry Commission Report on Public Housing, have demonstrated that capital expenditure on public housing is the most cost-effective way of spending housing funds. Forward projections by National Shelter indicate that in order to reverse these trends and to ensure that all Australians have access to affordable and appropriate housing, at least 400,000



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additional units of social housing must be created by 2020.

This would effectively double social housing stock in the country, and at an average of \$200,000 per dwelling achieving this target would require a five-fold increase in funding for social housing, to around \$4.7 billion per year. While no small achievement, it would be possible to achieve this target without further burdening the Australian taxpayer, by retargeting the First Home Owners Scheme and various tax breaks towards increasing social housing stock (please refer to our background paper for further details).

In addition to aiming to achieve the above targets to increase social housing, National Shelter recommends that a National Housing Policy should seek to provide security of tenure for low-income housing tenants and consumers - a secure and stable base for people and families.

#### 4. An Affordable Housing Innovation Unit

Over the years, local government, industry and the community sector have put forward many ideas to increase the supply of affordable housing. Some of these ideas have appeared promising on paper, but no concerted effort has been made to foster the practical development of such ideas.

**National Shelter recommends** that an Affordable Housing Innovation Unit be established within a Commonwealth Department of Housing. Such a Unit could provide budget support to test, facilitate and promote innovative approaches to low-income housing provision by providing funds, resources and ideas.

