St Vincent de Paul Society
NATIONAL COUNCIL of AUSTRALIA Inc.
good works

LET'S BUILD A FAIRER AUSTRALIA!

Who we are

St Vincent de Paul Society is a lay Catholic charity with over 45,000 members and volunteers and 3,000 employees operating in Australia. Our people are locals who help all people in need in their communities. We are a registered charity, regulated by the Australian Charities and Not-for-profits Commission (ACNC).

Our work is informed by the teachings of our founder, Frederic Ozanam. Our Mission and Values draw on Catholic Social Teaching principles and we follow The Rule which sets out the Society's international charter.

What we do

Through our conferences and centres, emergency relief is provided to help people cover everyday basics, such as food, accommodation, utilities, clothing, transport, medical and educational costs. We also provide social support by lending an ear and connecting people with other networks and services, depending on their needs.

Our policy positions are approved by National Council. They are informed by the experiences of those we assist and our members, through the National Council's Social Justice Advisory Committee and the Vincentian Refugee Network.

We advocate for policies and funding that improve people's lives. We do so in a way that aligns with our charitable purpose and is politically non-partisan.

Why it's important

Through generous donations, sales through the Society's Shop Network, and some government funding, we are able to distribute over $50 million each year in emergency relief alone. Additionally, we provide short-term, emergency and longer-term community housing options, meals, clothing, and support services.

While providing material support to people, we also empower them to achieve their full potential.

Our 2022 Federal Election Statement, *A Fairer Australia*, has been updated to cover social justice priorities related to Australia's First Nations Peoples, People Seeking Asylum, Secure Work, Combatting Homelessness and Increasing Affordable Housing and Income Support, Poverty and Debt.

This booklet summarises our advocacy position with respect to Combatting Homelessness and Increasing Affordable Housing.

More information is also available on our website.

Our service to others, and advocacy on their behalf, is inspired by the words of St Vincent de Paul:

Deal with the most urgent needs…Teach reading and writing, educate with the aim of giving each the means of self-support. Intervene with authorities to reform structures…there is no charity without justice.

St Vincent de Paul Society National Council of Australia acknowledges the traditional custodians of country throughout Australia; recognises their continuing connection to land, waters and culture and community; and pays its respect to elders past, present and emerging.

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LET'S BUILD A FAIRER AUSTRALIA!
COMBATTING HOMELESSNESS, INCREASING AFFORDABLE HOUSING

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Under international law, secure and adequate housing is a human right, essential for human survival with dignity.

A home should be safe and affordable. Yet on any given night, more than 122,000 Australians are homeless. A high number of them are unemployed, and many have experienced family and domestic violence. Almost one in four are aged from 12 to 24 years. The monthly number of people using homelessness services has increased by eight per cent over the last four years, double the growth in the national household population.

Being homeless, or at risk of homelessness, or experiencing housing stress is a denial of dignity and greatly limits a person's life potential.

While far too many people are homeless, housing and property investment has become a significant way to generate wealth and constitutes a high proportion of Australian household wealth. This has helped make housing increasingly unaffordable, especially for low- and middle-income Australians aged 55 years and under.

For too long, policies that improve housing affordability, security, safety and energy efficiency have been neglected. Social housing now comprises around 4 per cent of the housing supply compared with almost 6 per cent in 1996. In the developed world, Australia has one of the lowest levels of housing stock per adult, with just over 400 dwellings per 1,000 people. The highest number of overcrowded dwellings is in public housing and in major cities (over 9,100 households).

Continued failure to act is estimated to cost the community $25 billion per year by 2051.

Those most affected are people living in poverty - JobSeeker recipients, single parents, older people in the rental market and people living with disability. A single person on JobSeeker cannot afford to rent anywhere in Australia, even after factoring in Commonwealth Rent Assistance and other available payments. The median income household would require 30.8 per cent of income to service a new rent lease nationally, but this increases to 51.6 per cent for lower income households (May 2023).

Workers are not faring much better. A couple comprising two full time workers earning the national minimum wage faces unaffordable to moderately unaffordable rents across most metropolitan areas (excluding Greater Adelaide).

People are also living far from work, commuting for hours and paying exorbitant rent. This applies especially to essential service workers such as police, nurses and teachers. Rental growth and affordability vary significantly within and across city and regional areas, with rental growth in regional areas now falling after a period of record demand. This has not only increased housing stress but also left many regional businesses unable to solve the skills shortage. From 2020-23, rents in Sydney's outer Local Government Areas (LGA) increased by more than 30 per cent, while Southeast Queensland has had the largest rental rises, with all 12 LGAs experiencing rental increases of 30 per cent or more.

We are also acutely aware that many people are just one life event away from housing stress – losing a job, falling ill, becoming a carer, ending a relationship, being on a temporary visa or experiencing family and domestic violence.

All governments must work together to address the housing crisis.

St Vincent de Paul Society in Australia welcomes:

- The **elevation of the Minister for Housing and Homelessness** to Federal Cabinet.
- The widening of the remit of the **National Housing Infrastructure Facility**, with $575 million unlocked for social and affordable housing and cross agency and government partnerships fostered to attract private capital.
- The establishment of a **National Housing Supply and Affordability Council**. However, while the Council is likely to be a statutory body within the existing legislative framework for the National Housing Finance and Investment Corporation (to be known as Housing Australia) and governed by an independent Board, members of the Board will be appointed by the Minister who may also provide direction on the Board's performance and functions.

- The $10 billion **Housing Australia Future Fund** to build 30,000 new properties in five years, although more is needed to address the current housing shortfall and improve the quality and energy efficiency of existing housing stock, such as annual funding top-ups. Finance options will also be available to facilitate institutional investment in social and affordable housing.
- The establishment of a **Regional First Home Buyer Scheme** and a **Help to Buy Program**.
- The development of a new **National Housing and Homelessness Plan** with benchmarks and targets. Annual progress reports should be tabled in Parliament, and the Plan must complement the next intergovernmental **National Housing and Homelessness Agreement (NHHA)**. As recommended by the Productivity Commission, the focus of the NHHA must be on increasing homelessness services and improving the targeting of housing assistance and affordability of the private rental market.
- The announcement of a **National Housing Accord** with an additional $350 million to deliver 10,000 affordable homes over five years from 2024. We support incentives for institutional investors and superannuation funds to invest in social and affordable housing by covering the gap between market rent and subsidised rents. We support state and territory government funding of up to 10,000 new homes, bringing the total to 20,000 homes. We welcome the expansion of the Affordable Housing Bond Aggregator by expanding the liability cap (by $2BN) and offering incentives to deliver new affordable build-to-rent projects. We also support the increase to the depreciation rate from 2.5 to 4 per cent per year for eligible new build-to-rent projects.
- Local governments delivering planning reforms and freeing up landholdings. It is essential that state and territory governments expedite zoning, planning and land release for social and affordable housing. We look forward to the **reforms proposed by the Planning Ministers'** proposal for National Cabinet to increase housing supply and affordability, in partnership with the Australian Local Government Association. We also hope that the **Treasurer's Investment Roundtable** will explore further areas of work to promote investment in housing.
- The commitment of state and territory Housing Ministers to develop a proposal for National Cabinet in the second half of 2023 outlining **reforms to strengthen renters' rights** across the country. Planning Ministers will also develop a proposal for National Cabinet outlining reforms to increase housing supply and affordability, working with the Australian Local Government Association. We hope any national minimum standards for renters include a wellbeing clause to better manage tenancy issues.
- 2023-24 Budget measures including tax incentives to support build-to-rent developments to reduce barriers to new supply in the private rental market, and broadening the eligibility criteria for the Home Guarantee Scheme to help more people buy a home sooner.

We call for:

- A review of Commonwealth Rent Assistance and 25 per cent increase to its funding base.
- Implementation of the National Low Income Energy Productivity Program.
- More private market incentives such as a suitable replacement for the National Rental Affordability Scheme.
- National minimum standards for renters and landlords.
- A reduction in the capital gains tax discount from 50 per cent to 37.5 per cent.
- A review of the NHHA, as recommended by the Productivity Commission, to ensure it complements the new National Housing and Homelessness Plan.
- The waiving of outstanding housing-related debts held by states and territories to the Australian Government ($2.5 billion at June 2020).

Housing Australia Future Fund

The $10 billion Housing Australia Future Fund is a welcome start, but we will continue to advocate for increased funding into the future to fully address the current social and affordable housing shortfall. Our position aligns with National Shelter Australia.

Social housing waiting lists have surged to 176,000 households. Too many people are waiting years for secure accommodation. Over 430,000 social housing dwellings and 210,000 affordable dwellings are needed right now – a minimum of 25,000 social housing units each year would not only address the shortfall today, but also generate economic output of $12.7 billion and create 15,700 real jobs.

We know that secure housing reduces poverty and improves outcomes in health, education and employment, economic and social participation, and social mobility. Remedying this delivers a strong return on investment: affordable housing with wrap-around support saves around $13,100 per person annually in government services, even after factoring in the cost of housing per person.

Secure housing also makes economic sense. The cost-benefit ratio of investing in more affordable housing is double the cost outlay - every $1 invested produces $2 in benefits - this is a better cost-benefit return than many other major infrastructure projects.

As at June 2023, the Australian Government has increased representation on the proposed National Housing Supply and Affordability Council, guaranteed an annual dispersal of at least $500M per year from 2024-25, agreed to index this annual funding amount against inflation from 2029-30 and will draft a special legislative instrument to enable the Treasurer and Finance Minister to increase the yearly disbursement, if needed. An additional $2BN of direct spending on social and affordable housing was also announced. As progression of the Housing and Future Fund Bill has been delayed for over six months, this is likely to result in delays in construction commencing from July 2024. We support progression of the Bill as an important starting point towards addressing the housing shortfall and establishing much needed institutions such as Housing Australia and the National Housing Supply and Affordability Council.

Commonwealth Rent Assistance

Housing costs are proportionately much higher for people on low incomes, especially if renting privately.

And housing options for those on low to middle incomes are rapidly disappearing. Rental affordability in metropolitan and regional locations across eastern Australia has plummeted to record lows.

Thirty per cent of low-income households, or 2.65 million people, are now in the private rental market and two thirds of them experience rental stress. One-hundred-and-seventy-thousand households are forced to survive on less than $250 per week after paying rent. Even Commonwealth Rent Assistance recipients experience high rent burdens and rental stress. Some 63 per cent of these recipients paid more than 30 per cent of their income on rent, and 23 per cent paid more than half of their income on rent. The situation is worsening over time - half of households experiencing rental stress are still experiencing rental stress four years later.

Two parliamentary inquiries have called for Commonwealth Rent Assistance to be increased and independently reviewed, taking into account the maximum rates, method of indexation and its interaction with other relevant payments. Commonwealth Rent Assistance should significantly improve rental affordability and reflect fluctuations in rents and local rental market circumstances.

The Productivity Commission has recently reiterated this call, noting that some payments are not targeted to people in greatest need and some people in similar circumstances might be treated differently because of their eligibility for income support. The review should cover all aspects of the payment design (including minimum and maximum rates, the co-payment rate, indexation, income tapering and eligibility) with the aim of improving the sufficiency, fairness and effectiveness of the payment.

The Australian Government announced a 15 per cent increase to Commonwealth Rent Assistance in the 2023 Budget, largely in response to the current rental and housing crisis. This is a step in the right direction but after many years of inaction, further funding is required, as well as a comprehensive review.

National Low Income Energy Productivity Program

People in low-income households are more likely to live in energy inefficient homes. The Society helps many people to manage their utility bills and knows they often go without heating or cooling or forego food or medication, putting their health at risk. As energy generation shifts from fossil fuels, and technology to mitigate climate change is adopted, the people living in poverty are likely to be left behind and will be further disadvantaged.

Improving the energy efficiency of low-income households through the National Low Income Energy Productivity Program is not only good for the climate, it improves the health and wellbeing of low-income households. Co-investment with state/territory and local governments in upgrading energy efficiency in social and community housing and low-income rentals would deliver between $3.4 billion (low) and $4.9 billion (high) in Gross Domestic Product between 2021 and 2025.

Recent research has found that while most householders support the transition from gas to cleaner energy sources, housing tenure and upfront costs were significant barriers to electrification. Tenants also reported an unwillingness to raise improvements with their landlord out of fear of rent increases or eviction. Minimum standards for energy efficiency and improved tenure security are essential, along with means-tested electrification-specific rebates and, where appropriate, loans.

Private market incentives

The National Rental Affordability Scheme is winding down, with 32,930 homes to be exited from the Scheme by 2026. This will push thousands of low-income renters into eviction or higher rents. The Society acknowledges that the Housing Accord includes funding to incentivise superannuation funds and institutional investors to invest in the social and affording housing market. The 2023-24 Budget also included tax incentives to support build-to-rent developments to help increase new supply in the private rental market. However, work must continue on incentives for private market investment in rental housing and this must be prioritised by the National Housing Supply and Affordability Council.

National minimum private rental standards

Residential rental properties must be maintained at the appropriate structural standards, and people's rights and responsibilities must be protected from exploitation in the rental and housing market. Nationally consistent protection for Australian renters should be enabled through legislative protections. These should include removal of "no grounds" evictions, private rental increases limited to once every 12 months to fair limits on rent increases, regulation of the application process and minimum property standards that address health, safety and energy efficiency. The standards would provide more certainty for both renters and landlords and improve the living arrangements and wellbeing of over six million people in the private rental market.

In April 2023, First Ministers agreed that Housing Ministers will develop a proposal for National Cabinet in the second half of 2023 outlining reforms to strengthen renters' rights across the country. The Australian Greens have deferred debate on the Housing Australia Future Fund Bill until their demands for a national rent freeze are met.

While the Society supports rent increases being limited to once every 12 months, it should not be used to prevent passage of the Housing and Future Fund Bill. Such an approach would need to be legislated by states and territories and some states have ruled out rent caps. There is also some debate about their effectiveness and unintended consequences. The ACT Government has introduced a rent cap and while rental prices have dropped slightly, its effectiveness depends on an accompanying program to boost housing supply.

Reducing the capital gains tax discount

The distribution of personal wealth is becoming more unequal, particularly when measured across age groups. The wealthiest section of the Australian population is those aged over 65 years and much of this wealth is attributed to home and property ownership - almost half of the growth in household wealth since 1990 is connected to residential property.

Further, the wealthiest 20 per cent of households own more residential property by value than all other households combined. High-income households are three times more likely to own investment properties than other income households. Conversely, home ownership has declined among all age groups but especially those aged 25 to 44 years and in middle-income groups. Declining homeownership, and longer periods to pay mortgages, will mean diminished income for many when they retire.

Policies and schemes that drive up market prices are contributing to the decline in homeownership. Pressures in the rental market could be decreased if the decline in homeownership could be arrested. This is why the Society supports the Regional First Home Buyer Scheme and the Help to Buy program.

A modest reduction in the capital gains tax discount from the current 50 per cent to 37.5 per cent would cover the costs of increasing Commonwealth Rent Assistance by 25 per cent. Ninety per cent of high wealth households would not be impacted by this change as most households are not claiming capital gains (which requires selling a property) in any one year.