

LET'S BUILD A FAIRER AUSTRALIA!

POLICY PAPER HOUSING AND HOMELESSNESS

AUGUST 2023



Frederic Ozanam (1813-53), founder of St Vincent de Paul Society



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



St Vincent de Paul Society National Council of Australia is committed to reconciliation with Australia's First Nations. We acknowledge the Ngunnawal and Ngambri people as the original custodians of the ancient land on which we are privileged to live and work. We also acknowledge those difficult legacies in Australia's past which have caused pain and suffering to First Nations people. In respectful dialogue and partnership with our Indigenous sisters and brothers, we are committed to national reconciliation and a more just Australian society.

August 2023

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Foreword

On any given night, more than 122,000 Australians, including many children, are homeless. Of these people, almost one in four are aged between 12 to 24 years.

Australia is a signatory to the Universal Declaration on Human Rights which states that housing is a fundamental human right.

Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control. (Article 25)

Australia is also a party to the International Covenant on Economic, Social and Cultural Rights which recognises the right to an adequate standard of living.

The States Parties to the present Covenant recognize the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions. (Article 11.1)

As St Vincent de Paul Society Founder Frederic Ozanam said, 'Our duty to ourselves as Christians is to make equality as operative as is possible among people.'

Secure housing reduces poverty and improves outcomes in the areas of health, education and employment, economic and social participation, and social mobility.

Housing is much more than just a place to live. There is an emotional and psychological symbolism around the meaning of home which conceives of the dwelling not only as shelter and accommodation, not only as a financial asset conferring benefits over the life course in the case of private ownership, but as the expected place of security and stability, in which personal identities can be forged and the caring responsibilities of family life properly fulfilled.

Investing in housing also makes sound economic sense – building 25,000 social housing units each year would not only help address the housing shortfall, but also generate economic output of \$12.7 billion and create 15,700 jobs.

The Australian Government has committed to leaving no one behind. Our policies outlined in this document call on our membership, volunteers and the Government to take action.

Mark Gaetani, National President, St Vincent de Paul Society

What the Society does

The St Vincent de Paul Society of Australia (the Society) is a lay Catholic charity that comprises over 45,000 members and volunteers and over 3,000 employees who help and support Australians in need. The Society has been active in Australia for 190 years and the assistance provided includes responding to housing needs.

The Society's profile of housing services varies across the states and territories because it has developed over time as opportunities have arisen and in response to local needs. The housing assistance offered by the Society includes short-term crisis accommodation, transitional housing, medium to longer-term community housing, accessible housing for people living with disabilities and specialist homelessness services. Dwellings range from single bedrooms with shared facilities to four-bedroom homes.

When assisting people, the Society's preference is to use a case-managed, client-centred approach to address their housing and social support needs. This involves either providing assistance directly or referring people to health, legal and other social support services. Community-based programs are also conducted to share information and build people's confidence, independence, social networks and self-esteem.

This paper summarises the Society's policy position on housing and homelessness and reflects the Society's most recent concerns and recommendations made in submissions to the Productivity Commission's Review of the National Housing and Homelessness Agreement and the Parliamentary Inquiries into Homelessness (Sub No 142), Housing Affordability (Sub No 111), and the Worsening Rental Crisis.¹

The housing problem

The Society has long been concerned about the housing crisis facing many Australians, particularly those on low to middle incomes and most especially those who are at risk of homelessness.

In 2016, the Society's National Council Social Justice Committee developed the [Ache for Home](#) report which called on bipartisan support for the development of a national housing plan, establishment of a \$10 billion social and affordable housing fund, recognition of the human right to housing and the setting of targets to halve homelessness and the housing shortfall by 2025.

In the seven years since the *Ache for Home* report was written, little progress has been made.

This lack of progress in addressing the housing crisis is not because Australia has faced dire economic circumstances. From 1992 Australia was the only OECD country to have experienced 27 years of uninterrupted economic growth.² Living standards and household wealth for the average Australian have improved significantly over these years. In contrast, the recorded rates of public housing construction have fallen from above 10,000 per year over the late 1980s and early 1990s to just over 2,000 in 2020.³

Social housing per head of population has shrunk from six per cent in 1994 to four per cent today.⁴ Social housing has not kept pace with rising demand, with population growth outstripping supply at more than two to three times the level of social housing expansion in the last 20 years.⁵ The proportion of households living in social housing in Australia decreased from 4.8 per cent in 2011 to 4.1 per cent in 2022. The highest number of overcrowded dwellings were in public housing and in major cities (over 9,100 households).⁶

The current home ownership rate is around 66 per cent.⁷ From the early 1970s home ownership has remained relatively static (between 67 to 70 per cent), but the rate for different age groups, such as 25–34-year-olds, has varied markedly over this time.⁸ Further, the private rental market has increased significantly to around 26 per cent of all households.⁹

The most vulnerable in our society are feeling the social and economic pressures of cost-of-living increases, debt, insecure work, and inadequate income support payments. They are struggling with rising interest rates, rents, energy costs and inflation, and a heightened risk of homelessness. It should not be forgotten that all of this, particularly rental affordability, has been exacerbated by the social and economic impacts of COVID-19,¹⁰ and ensuing supply issues and global economic uncertainty.

The Society therefore 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 on 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. The Annual progress reports should be tabled in Parliament and it must complement the next intergovernmental National Housing and Homelessness Agreement (NHHA). As recommended by the Productivity Commission, the focus must be on increasing homelessness services and improving the targeting of housing assistance and the 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.

The housing situation now requires immediate actions to remedy the suffering being experienced, particularly by the most vulnerable people in our society, because of decades of housing policy failure since the late 1980s.

Why we need to act now

Waiting lists for social housing have surged to 176,000 households and many more are estimated to be in need.¹¹

Affordable private rental properties in metropolitan and regional centres are increasingly unattainable as rents skyrocket.¹² Currently, median weekly rent in a capital city location is \$617, and in a regional location, \$517. By July 2023, rents increased 9.7 per cent nationally over the 12 month period, with a vacancy rate of 1.5 per cent.¹³

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 record demand 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 experienced the largest rental rises, with all 12 LGAs experiencing rental increases of 30 per cent or more.¹⁴

While nearly all Australians have been impacted by rising rents and interest rates, those most impacted by the recent housing and rental crisis are people on low incomes who are much less likely to own their home, who spend more of their income on rent and live further away from work and study.

Home ownership rates for young people on low incomes have also steadily declined. Between 1981 and 2016, home ownership rates among 25–34-year-olds declined from '60 per cent to 45 per cent, and among the poorest 40 per cent of that age group, it has more than halved, from 57 per cent to 28 per cent.¹⁵ For low-income, older Australians (45-54) only '55 per cent own their homes today, down from 71 per cent four decades ago.¹⁶

In the 1980s, home ownership rates among those aged 25 to 34 years were similar, regardless of income. Now, home ownership rates for the poorest 20 per cent of young people have fallen from 63 per cent to 23 per cent.¹⁷ Home ownership is also becoming unaffordable for middle income earners, mainly because it takes much longer to save for a deposit. In the early 1990s, it took on average seven years to save a 20 per cent deposit for a typical dwelling. Now it takes around 12 years.¹⁸ The number of households experiencing housing and financial stress is increasing as rents and property prices rise much faster than incomes.

The number of people experiencing homelessness is consistently growing nationally, along with an increase in severely overcrowded dwellings and people sleeping rough. In 2021-22, specialist homelessness services assisted 272,700 people, and more than 1.5 million clients since 2011. Over two-thirds of those assisted in 2021-22 have previously received help. Just over 30 per cent of people identified as having a current mental health issue, while almost 40 per cent identified as having experienced family violence.¹⁹

Many people assisted by the Society also need help with their utility bills. They struggle to keep their homes cool in summer and warm in winter and these costs impose a disproportionate burden on them. Apart from improved health outcomes, investment in this area would lift Gross Domestic Product, create jobs and deliver ongoing productivity improvements for the Australian economy.²⁰ As climate change mitigation begins to further impact the building industry, especially in relation to the integration of renewable energy into homes, lower income Australians could find themselves prevented from benefitting from this technology.

More must be done to ensure that low-income households are not left behind in the shift to less carbon intensive fuels like renewable energy. Not owning a home is one of the most reported barriers to electrification, alongside upfront costs. Many renters reported poor housing conditions and an unwillingness to raise improvements with their landlord out of fear of rent increases or eviction.²¹

The people and organisations we support

The Society provides over \$50 million each year in the form of emergency relief. This assistance is used to cover the necessities of life, including accommodation and utility costs. The reality is that the Society's members often have limited options when it comes to addressing long-term housing needs. While help can be provided with completing application forms for housing, or by providing crisis, temporary or short-term accommodation, lives are on hold until people can access safe and affordable long-term housing. As a community housing provider, the Society is acutely aware of the demand that now exists, and of the ever-increasing shortfall of safe, secure and affordable housing for those we help.

Options are available such as a Housing Boost Aggregator. This would provide community housing organisations with access to an annual refundable tax offset (boost), and an aggregator who would amass their capital requirements, create a fund and offer shares in that fund to institutional investors. The investors would provide upfront capital to the community housing organisation. This would help close the funding gap on new housing developments undertaken by community housing organisations.

In recognition of the fact that we cannot do this alone, the Society supports:

- [National Shelter Australia's Housing Policy Platform](#)
- [ACOSS' Housing and Homelessness Measures](#)
- [Everybody's Home Policy Platform](#)
- [National Low Income Energy Productivity Program](#)
- [Social Housing Acceleration and Renovation Program](#)
- [Grattan Institute's National Shared Equity Scheme](#)
- Constellation Project's Housing Boost Aggregator.

Recommendations:

There are almost limitless policy options available to all levels of government to improve housing affordability and accessibility. Many research institutions, peak bodies, campaigners, and industry representatives have called on the Australian Government to take urgent action.²²

Numerous Parliamentary committees²³ and Infrastructure Australia have recommended that social and community housing be prioritised, noting that housing quality, supply and design are inadequate across the country.

The Society recommends:

- A review of Commonwealth Rent Assistance and increase to the maximum rate by 25 per cent
- Funding to implement 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).

The Society does not have all the answers but every day across the country, our members, volunteers and donors are striving to help those in need, with housing being a common issue.

Investing in social and community housing not only helps those who need a roof over their heads to get on with their lives, it makes sound economic sense, creating jobs and stimulating the economy.

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