



St Vincent de Paul Society
NATIONAL COUNCIL *good works*

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01 May 2015

Submission to Australian Labor Party Discussion Paper on Housing Affordability

Background

The St Vincent de Paul Society (the Society) is a respected lay Catholic charitable organisation operating in 149 countries around the world. Our work in Australia covers every state and territory, and is carried out by more than 60,000 members, volunteers, and employees. Our people are deeply committed to social assistance and social justice, and our mission is to provide help for those who are marginalised by structures of exclusion and injustice. Our programmes assist millions of Australians each year, including people living with mental illness, people who are homeless and insecurely housed, migrants and refugees, and people experiencing poverty.

On 30 March 2015, the Australian Labor Party released a Discussion Paper on Housing Affordability.¹ The Society has consulted with its members, and we welcome the opportunity to contribute this submission.

Overview

Unless we address housing accessibility in Australia we will never succeed in eliminating poverty and homelessness. The Society is heavily involved in providing housing to thousands of Australians, as well as a range of other services that help people avoid homelessness (for example paying for food or bills, providing mental health support, and distributing white goods, clothes, and furnishings).

Housing is a human right, and one we believe that all levels of government have a duty to try to fulfil for those living in Australia. Many of the programs already in existence are doing great work, helping significant numbers of people as well as save huge amounts of money in the mid-to-long term. However, these programs need their funding extended, and in many cases increased. Commonwealth Rent Assistance must also be increased to help meet escalating housing costs, and negative gearing must be reformed to provide incentives for investment in affordable homes.

Everyone has the right to a place to call home, but the market is failing to deliver for many hundreds of thousands of Australians. Government has a duty to do what markets cannot.

Question 1. **Housing Affordability**

As many members of the Society attest, the issue of housing affordability and availability has a significant impact on the financial and emotional stress of those we serve in the community.

Recent research from the National Welfare Rights Network shows that over 502,000 Australians who receive Rent Assistance are in 'housing stress': paying over 30% of their

¹ www.alp.org.au/housing_affordability.

income on rent.² That's 40% of those who receive this payment, reflecting the fact that housing costs are proportionally far less affordable for those on low incomes.³ For example, in the ACT, the disparity between low payments and high rents means that a single parent on average would spend 74% of their weekly income on renting a two-bedroom unit.⁴ In fact, these prices are not only high, but they are rising at an alarming rate. Since March 1990, rents in Australia have increased 110%, which is 26% above the Consumer Price Index.⁵

It is no surprise that so many people who receive less than the average income are struggling to find housing, and are then paying a very large proportion of their income on this housing. In fact, ABS data shows that housing costs are a far larger portion of a low income household's expenditure than for higher income households.⁶ Similarly, rates of homelessness are very high: the most commonly used statistic is from the 2011 census, which suggested that over 105,000 Australians experience homelessness every night.⁷ We know there are also over 215,000 Australians on public housing wait-lists.⁸

What this points to is a picture of 'housing affordability' that is more complex than just ability to pay for new or rental housing. The underlying issue for those Australians living in poverty is one of housing *accessibility*: can they access community or government housing? Is housing suitable not just for individuals or couples, but families? Is public housing suitably subsidised? Are wait-lists short? Is there enough crisis accommodation for people sleeping rough, or fleeing their homes due to domestic violence? We believe that the real issue around housing must therefore be defined more broadly than only applying to those buying homes or paying market rents.

Case study: South Australia

After a change in the funding formula of the Commonwealth State Housing Agreement, which moved from being based on the amount of public housing stock to a per capita basis, stock in South Australia has declined by 22% over the past 15 years.

There have been many initiatives to remedy this loss, including State Government legislating for mixed housing, the National Rental Affordability Scheme, The Nation Building Economic Stimulus Plan (NBESP) and the State Government Affordable Housing

² National Welfare Rights Network, *The Impact of Rent Assistance on Housing Affordability for Low-Income Renters: Australia* (2014) at <https://www.welfarerights.org.au/>, page 14.

³ Australian Bureau of Statistics, at <http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/4130.0Main%20Features22011-12?opendocument&tabname=Summary&prodno=4130.0&issue=2011-12&num=&view=>.

⁴ St Vincent de Paul, *Housing Stress in Canberra Goulburn Report* (2010) at http://www.vinnies.org.au/icms_docs/182502_Housing_Stress_in_Canberra_Goulburn.pdf, page 8.

⁵ St Vincent de Paul, *The Relative Price Index* (December 2013), at [vinnies.org.au/icms_docs/180040_The_Relative_Price_Index_December_quarter_2013_Second_Release.pdf](http://www.vinnies.org.au/icms_docs/180040_The_Relative_Price_Index_December_quarter_2013_Second_Release.pdf), page 19.

⁶ Australian Bureau of Statistics, at <http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/4130.0Main%20Features22011-12?opendocument&tabname=Summary&prodno=4130.0&issue=2011-12&num=&view=>.

⁷ See Australian Bureau of Statistics, <http://abs.gov.au/ausstats/abs@.nsf/mf/2049.0?OpenDocument>.

⁸ National Shelter, *Housing Factsheet*, at <http://www.shelter.org.au/>.

Innovations Fund (AHIF). However, none of these have offset the overall losses of stock. Demand has stayed high in South Australia, with over 5,000 new housing applications annually. No new increase in supply means demand is outstripping supply, forcing thousands of high needs category 1 tenants to wait years to be housed.⁹

Question 2. Successful policies

Broadly, the Society will support policies that improve access to housing for the most disadvantaged, and particularly those that recognise the intersectional nature of housing deprivation for many individuals.¹⁰ The Society has seen huge success in mental health programs that provide accommodation. For example, in the ACT, Samaritan House and Oaks Estate are two services which very successfully combine housing services with mental health services. At Oaks Estate, people we assist and staff have all noted better compliance with mental health plans, less violence, and better social relationships developing as people's housing needs are met.

Case Study

Mr D was experiencing a range of severe health problems, including cancer, diabetes, and mental illness including severe depression. These illnesses prevented him from working, and Ms D was his full-time carer. Ms and Mr D were evicted from their private rental property when it was put on the market. On their income support payments, they were not able to find affordable replacement housing in their area.

Ms and Mr D came to the Society, which advocated for them to receive the Private Rental Subsidy and secure private rental.¹¹

Examples of housing policies that we have supported include:

- increasing Commonwealth Rent Assistance by at least 30%;
- targeting negative gearing so that it encourages the building of affordable housing;
- keeping people experiencing violence in their homes while perpetrators leave and supporting them with more legal aid and women's shelters;
- the National Partnership Agreement on Homelessness, the National Rental Affordability Scheme, the National Affordable Housing Agreement;
- any Justice Reinvestment approaches to housing; and
- long-term funding of advocacy peaks Homelessness Australia, National Shelter and the Community Housing Federation of Australia.¹²

⁹ Case study supplied by St Vincent de Paul, South Australia.

¹⁰ See, for example, St Vincent de Paul, *Submission to the 2014 Inquiry into Affordable Housing* (March 2014) at vinnies.org.au/page/Publications/National/Submissions/Housing_Submissions/Submission_to_the_Inquiry_into_Affordable_Housing/.

¹¹ This case study is from St Vincent de Paul NSW, *Submission to the NSW Inquiry Into Social, Public and Affordable Housing*, available at [parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/e1db57865ccc9efbca257c98007fed8b/\\$FILE/75708155.pdf/0144%20St%20Vincent%20de%20Paul%20Society%20NSW.pdf](http://parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/e1db57865ccc9efbca257c98007fed8b/$FILE/75708155.pdf/0144%20St%20Vincent%20de%20Paul%20Society%20NSW.pdf).

Question 6. First Home Buyer Schemes

The majority of the people that the Society assists are not first home buyers. While many older Australians who need our help own their homes already, we also see a growing group of people of all ages for whom home ownership is out of the question. For these people, who are paying very high rents in the private market, are living in public housing, are staying with friends and family, or sleeping rough, the idea of buying a home is simply out of the question. They are the growing percentage of Australians in entrenched and persistent disadvantage.¹³

We have received reports of First Home Buyer schemes helping some of the people that we assist to purchase a house (for example in the NT, in conjunction with the Indigenous Business Australia loan). However, these people are more likely to already have some assets for a deposit, or help from family, and be in good financial standing to get a mortgage. What this may mean is that prices are inflated as some first home buyers have more capital, which further locks out those who do not. As such, it is not clear to us that these schemes make housing generally more affordable for low-income earners.

Question 7. Taxation

For some time, the Society, along with many economists, has been arguing that negative gearing is not currently targeted towards producing affordable housing.¹⁴ Investors are motivated to buy and develop property with high income potential and low maintenance. Generally, this means that they will not invest in lower-quality 'affordable' housing, and they will not want people on very low (insecure) incomes renting their properties. In an overpriced and crowded housing market, there is little incentive for investors to do otherwise. Moreover, there is no evidence that investors are even building new (affordable) housing – instead, around 93% of negatively geared properties are established builds.¹⁵

Instead, we argue that negative gearing should be targeted so that it is only available for properties that will be rented out as affordable housing (eg community or public housing, or private rental to tenants whose incomes are low). Particularly, negative gearing should be

¹² See, eg, St Vincent de Paul, *Submission to the 2014 Inquiry into Affordable Housing* (March 2014) at vinnies.org.au/page/Publications/National/Submissions/Housing_Submissions/Submission_to_the_Inquiry_into_Affordable_Housing/.

¹³ See, eg, Committee for Economic Development of Australia, *Addressing Entrenched Disadvantage in Australia* (April 2015) at <http://adminpanel.ceda.com.au/FOLDERS/Service/Files/Documents/26005~CEDAAddressingentrencheddisadvantageinAustraliaApril2015.pdf>.

¹⁴ See, eg, St Vincent de Paul, *2015-2016 Pre-Budget Submission* (February 2015) at https://www.vinnies.org.au/page/Publications/National/Submissions/Low-Income_Submissions/Budget_Submissions/.

¹⁵ Callum Pickering, 'Why Negative Gearing is Australia's Biggest Policy Failure' *Business Spectator* (9 July 2014) at <http://www.businessspectator.com.au/article/2014/7/9/australian-news/why-negative-gearing-australias-biggest-policy-failure>.

targeted to encourage new builds of affordable housing.¹⁶ This way, the market will have an incentive to start creating many more affordable houses, which will go a long way to solving Australia's housing affordability crisis, reducing pressure on government to provide community housing at the same time.

We have also argued in the past for capital gains on investment properties to be taxed at higher rates, instead of the currently discounted rate. By taxing this investment earning the same way as other sources of income, government stands to raise significant money, without any damage to the housing market. Moreover, taxing capital gains on investment properties is equitable: this source of income and wealth ought to be taxed the same way as other sources. In fact, in a progressive taxation system, capital gains tax on investments should also be progressive: the rate ought to be higher for those who have significant income/wealth, as in the UK.¹⁷

Question 9. Rental Assistance

The Society believes that every Australian has the right to "a place to live". This right is enshrined in Article 25 of the *Universal Declaration of Human Rights*, and Article 11(1) of the *International Covenant on Economic, Social and Cultural Rights*. The Australian government has a duty to its citizens to increase the accessibility to adequate housing especially for people on low-incomes.

We believe that adequate levels of rent assistance are an essential part of this picture. However, coupled with other payments so low they violate human rights (eg Newstart),¹⁸ and being indexed to the low Consumer Price Index means that Commonwealth Rent Assistance is currently inadequate for many people's housing needs. For example, 13.2% of people receiving rent assistance are paying more than half their income in rent.¹⁹ For this reason, we believe that Commonwealth Rent Assistance be increased by at least 30%, and must be indexed to a more appropriate measure than the Consumer Price Index.²⁰

Question 12. Tenancy Agreements

Security of tenure is crucial for enjoyment of a range of other social goods, including education, employment, healthcare, and community engagement. We have consistently

¹⁶ See, for example, St Vincent de Paul NSW, *Social Justice Statement* (2015) 7 at https://www.vinnies.org.au/icms_docs/210410_Vinnies_Social_Justice_Statement.pdf.

¹⁷ <https://www.gov.uk/capital-gains-tax/work-out-your-capital-gains-tax-rate>.

¹⁸ See, for example, Australian Human Rights Commission, *The Adequacy of the Allowance Payment System* (August 2012) at <https://www.humanrights.gov.au/adequacy-allowance-payment-system-jobseekers-and-others-appropriateness-allowance-payment-system-0>.

¹⁹ National Welfare Rights Network, *How Commonwealth Rent Assistance Fails Low Income Australians* (May 2013) at <http://www.welfarerights.org.au/sites/default/files/news/How%20Commonwealth%20Rent%20Assistance%20fails%20low%20income%20Australians.pdf>, 4.

²⁰ See, for example, Australians for Affordable Housing, http://housingstressed.org.au/wp-content/uploads/2013/08/DOC_130814_-AAH-election-statement.pdf, 3.

argued for strong tenancy agreements that protect public housing occupants from unfair evictions and subsequent homelessness.²¹ Our members tell us that the current system is strongly weighted towards landlords, with standard 12-month leases and 60-day eviction periods all contributing to uncertainty for renters. This is highly detrimental to renters.

Our volunteers also tell us that many properties – under both private and public tenancy agreements – are not being well-maintained by landlords. It seems that standards are not being met in many cases. For example, a volunteer in Caloundra in Queensland told us that in some cases tenants are requesting crucial repairs, such as oven doors falling off and ceiling fans not operating, that are not being attended to for years. The people we assist are very economically vulnerable, and often unable or unwilling to push the issue with their landlords.

Question 13. Social and Public Housing

In line with there being a fundamental, non-derogable human right to housing, many countries provide a basic standard of housing or shelter for their residents, including China, Singapore, Austria, Finland, France, Germany, the Netherlands, Russia, Sweden, the United Kingdom and Canada. For example, the right of a citizen to housing was written into the German Constitution in 1919. In the UK, the *Housing Act 1996* enshrines the obligation of local government to house people. The effort in the UK has been successful. Homelessness was reduced by two thirds by 2002, although it now appears to be rising again as government investment declines.²²

Although there is no such right enshrined into Australian law, for these reasons we believe that social and public housing is a key responsibility of both Federal and State governments. We are deeply concerned by some of the suggestions in the current Reform of the Federation White Paper process in the direction of Federal withdrawal from this area of responsibility. We are also deeply concerned by any moves that result in a net reduction in the availability of public and community housing at state and territory levels in recent years from governments from both sides to disinvest from public housing.

Conclusion

Housing is a human right, and is essential in order for an individual to learn, work, care for others, and otherwise participate in society. But high property prices and limited housing stock continue to push up levels of housing stress. Our members across prosperous Australia see people desperate to make ends meet, people who have had massive barriers

²¹ See, for example, St Vincent de Paul, *Submission to the Housing Payments Deduction Scheme* (March 2013) at vinnies.org.au/page/Publications/National/Submissions/Housing_Submissions/Submission_on_Housing_Payment_Deduction_Scheme/.

²²See UK Government, *Statutory Homelessness: October to December quarter 2011* (2012), at <https://www.gov.uk/government/publications/statutory-homelessness-in-england-october-to-december-2011>.

built around them, locking them out of both the labour market and the housing market, often without a place they can call home.

We see people struggling, trying to make the best out of what they have, even when it's an overcrowded public housing flat with a partially collapsed ceiling, as some of our members witnessed recently on a visit to a family. The sad reality for many struggling individuals and families is that when income is severely constrained and choices are non-existent, it's often a matter of accepting grossly inappropriate and insecure housing or sleeping in a car.

If we are serious as a society about ensuring that housing is enjoyed as a human right by all and not a matter of luck for some then we actually need to invest more in NRAS and in other means of increasing the supply of social and affordable housing. We also need to increase Rent Assistance, indexing it to changes in the average private rental costs, and we need to look seriously at the current structure of negative gearing so that rather than increasing speculative investment we actually increase the supply of affordable housing.

Everyone has the right to a place to call home. The housing market fails to deliver on this basic human right. Governments must therefore do what markets cannot.