



# Putting homes first

**Everybody's Home is calling on governments to prioritise first home-buyers over property speculators by resetting the tax system.**

Australia's current tax treatment of housing subsidises property investors at the expense of people trying to buy a home. These tax breaks fuel speculative investment and high levels of house price inflation, causing house prices to rise much faster than incomes.

A generation of Australians are now locked out of the house purchase market. The Federal Government needs to reset housing taxation to deliver fairer outcomes by reducing negative gearing and capital gains tax exemptions, and use the revenue raised to encourage investment in social and affordable rental housing.

## The problem

House prices in Australia have been rising much faster than incomes for decades, in large part fueled by tax concessions for property ownership that encourage speculative investment, and disadvantage first homebuyers.

In addition to squeezing first home buyers out of the market, these tax concessions also cost nearly \$7 billion annually, resources that would be much better targeted to directly delivering more affordable rental housing.

## The Solution

### Resetting the tax system

Currently, investors get a 50 per cent discount on the tax on capital gains when they sell a property they have owned for more than 12 months.

Everybody's Home proposes that the capital gains tax discount should be incrementally reduced over the next 10 years. This incremental approach will mitigate negative price impacts on housing markets.

Additionally, by negatively gearing, investors can also deduct the costs of investing in property, such as interest, rates and maintenance, from their wage income offsetting rental losses. This strategy is particularly attractive for high-income earners.

In addition to the house price pressures affecting first-home buyers, these tax concessions encourage over investment in existing housing and do not incentivise investment in new housing. They also create a focus on profit from sales rather than income from renting and encourages speculative investment. Consequently, both purchasers and renters are affected.

The unfairness is compounded by the fact that negative gearing benefits are heavily skewed to wealthy households. Analysis by the Grattan Institute using 2016 taxation data showed that the top 10% of income earners before rental deductions receive almost 50% of the tax benefits from negative gearing.

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## Reinvesting in affordable rental and social housing

The revenue savings from these changes should be invested in measures that directly improve rental affordability, including a more effective incentive for new investment in homes for rent.

This could include a tax subsidy or concession targeted at investments in new rental dwellings, up to a maximum cost (to exclude luxury dwellings), that are rented at a discount to market of at least 75% of market rent for a guaranteed minimum period of at least 15 years.

The detail of reform required will be one of the major subjects of the National Strategy Everybody's Home is also calling for.

Reforms should be balanced to ease the burden for first time home purchasers, without prejudicing small-scale investors. This may include 'grandfathering' and designing scalable deductions that truly reflect the financial standing of investors.

## It makes sense

Recent research suggests our approach can this can:

1. Reduce house price inflation
2. Encourage investment in new build to add to housing supply
3. Reduce price pressure in the rental market
4. Achieve these objectives without collapsing current house prices



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## Fix the system

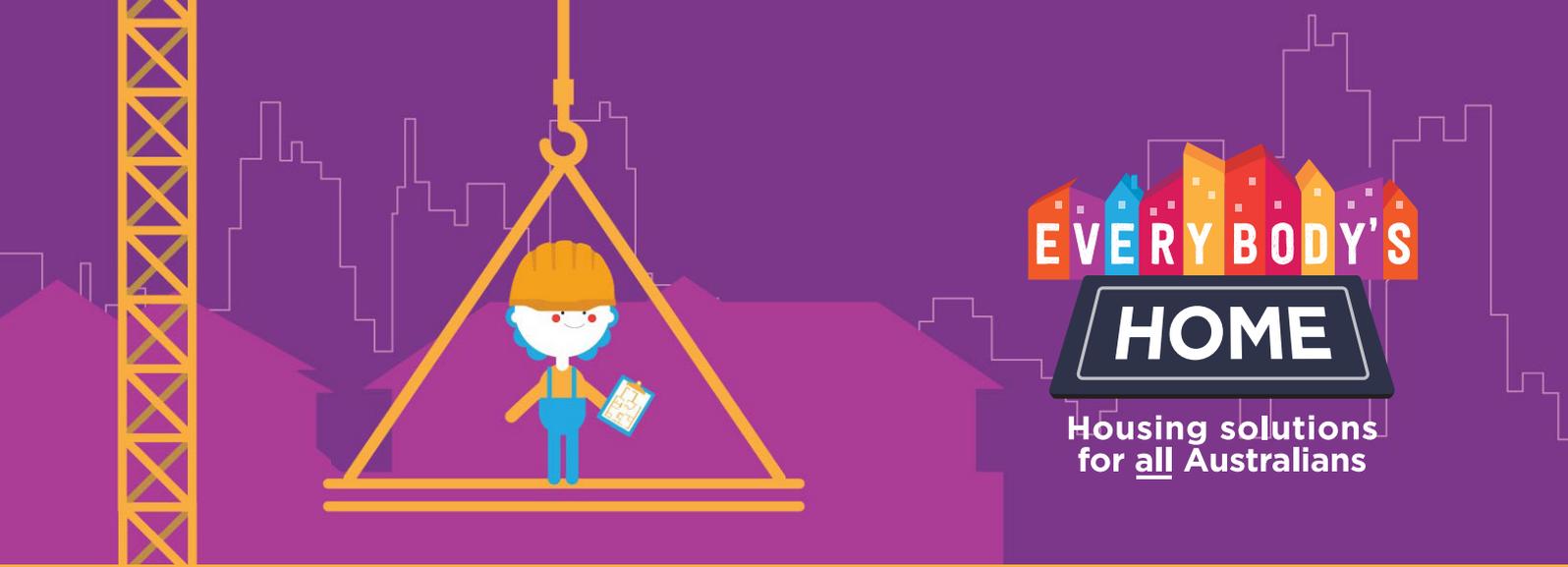
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# We need a National Strategy

## Everybody's Home is asking all parties to support investment in 500,000 new social and affordable homes to provide more affordable housing options for renters and first home buyers

Competition for rental properties that low- and middle-income earners can afford is so fierce that thousands of Australians are missing out every week. This scarcity of rental properties drives homelessness, rental bidding, and overcrowding. Governments can release this pressure valve through a sustained program to deliver more low cost rental housing. More low-cost properties means more choices for all renters, making it cheaper and easier to find a home. The Federal Government needs to develop a coherent National Strategy to deliver:

- new capital investment to generate 300,000 new social and Aboriginal housing properties, and
- a new tax incentive or direct subsidy to leverage super fund and other private sector investment in 200,000 low cost rental properties for low and middle income earners

## The problem

The recognition that the housing system is 'broken' focuses attention on what is required to fix it. While this isn't simply an issue of general housing supply, a shortage of low cost, social and affordable housing is a key cause of our current housing crisis.

It's placing pressures on rental markets, with rents rising as home ownership rates fall. All of which, has increased competition for rental properties.

Australian households are spending a growing proportion of their incomes on rent and lower income households, including those receiving Centrelink payments and many workers in the service (including public service) and blue-collar industries, struggle to find housing that they can afford.

This has been made worse by an acute shortage of social and affordable housing. Currently, almost 200,000 people are on social housing waiting lists across Australia, with an average waiting time of more than 10 years in some states.

The increasing number of households unable to find a private rental or to access social and affordable housing is the main driver of the increase in homelessness - which has increased by 14% between 2011 and 2016, to 116,999 people on any night.

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## The solution

### How many social and affordable homes do we need?

The Everybody's Home campaign has commissioned analysis to estimate the additional social and affordable housing required to address the present need and meet the projected population growth running up to 2026 .

The analysis focused on people who are waiting for social housing as well as those on low and moderate , incomes paying more than 30% of their income in rent in the private market.

Our analysis suggests Australia will need an additional 500,000 social and affordable homes to meet these needs.

We are therefore calling for a National Housing Strategy supported by an ongoing investment program to deliver these new homes.

### Financing mechanisms

The publication of Canada's A Place To Call Home Strategy and a commitment of C\$40 billion has illustrated the leadership that federal government can bring to achieving housing targets and objectives.

In Australia too, significant public expenditure at all levels of government will be required, but it is also critical that government money is delivered in a way that encourages other partners to come on board to achieve the scale of growth needed. This also guarantees the public value for money.

Everybody's Home is also calling for a review of current tax settings to promote greater equity of housing subsidy toward support for low income rental housing and away from current highly favourable tax settings for housing investors.

The detail of the mechanisms that support the achievement of a national target of 500,000 social and affordable rental homes will be determined in the formulation of a National Strategy but could include:

1. allocating a proportion of stamp duty and other government revenue sources to social and affordable housing
2. re-investing the proceeds from the sale of public assets into social and affordable housing
3. a tax credit scheme to encourage investment from financial institutions including superannuation funds
4. transfer or sale of government land at concessional rates for social and affordable housing developments
5. implementation and further development of the much welcomed National Housing Finance and Investment Corporation to provide a ring-fenced capital fund aggregating and guaranteeing low rate loans for social housing development by community housing providers, and
6. planning rules that require developers to allocate a percentage of any redevelopment to social and affordable housing (inclusionary zoning)

### The benefits for all Australians

Building 500,000 new homes is not a cost to government but an investment in the future of the nation.

Providing access for all to affordable and secure housing will greatly reduce the costs of supporting people experiencing homelessness.

It is an investment in social infrastructure with benefits for health and educational outcomes for thousands of Australians. It will provide economic stimulus, promoting significant tax returns to offset costs and solve one of the most pressing social problems that Australian society faces.



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# A fairer deal for renters

**Everybody's Home is calling for nationally consistent protection for Australian renters through legislative protections against evictions, rent rises, discrimination and landlords who refuse to maintain properties**

Fierce competition for rental properties means tenants are often forced into properties that don't meet basic community standards, and are subject to unscrupulous behaviour by landlords. Aboriginal people, in particular, often experience discrimination from landlords in the private rental market. We can fix this by giving renters stronger protections and by making more rental housing available to give tenants more choice.

## The problem

The number of Australian's renting is on the rise, with now almost as many Australians renting as there are people who own their property outright.

Data from the 2016 Australian Census reveals that 30.9 per cent of population is in private rental accommodation, an increase from 29.6 per cent in the 2011 Census. This reflects a consistent trend of an increasing rental population with fewer Australians able to afford to own their home outright.

As more Australian's face the prospect of being 'life-long renters', it is important that we ensure protections are in place to ensure all groups can obtain and maintain tenancies in the private rental market. The Everybody's Home campaign is calling on Australian states and territories to enact the following reforms to enhance private rental markets protections and standards, in addition to facilitating more tenant choice through increasing supply of social and affordable housing,

## The solution

### 1. The removal of "no grounds" provisions from legislation governing rental rights and responsibilities

All Australian jurisdictions have legislation that enables landlords to evict tenants for no specified reason (or no grounds evictions).

Such provisions create a high risk of landlords making retaliatory, discriminatory, or arbitrary evictions. Being forced to move brings significant personal, social and financial costs for renters. Renters on low incomes or with complex needs may be forced into accepting less suitable, or substandard accommodation and are at a much higher risk of being evicted directly into homelessness. These provisions also create circumstances in which tenants may feel too intimidated to request repairs or to contest steep increases to their rent because of

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the risk that landlords will choose to terminate the tenancy rather than adhere to their responsibilities.

Everybody's Home is also calling on Australian jurisdictions to promote longer term leases as an option for providing security of tenure to renters.

## **2. Legislative reform to ensure all Australian jurisdictions only enable rent increases once every 12 months in the private rental market and provide increased protections for tenants against excessive rent rise.**

Rules vary from state to state but generally rents can be increased with relative ease once the fixed-term period of a tenancy agreement ends. In New South Wales for example there is no limit as to how often a landlord can increase rents. Tenants are often subjected to significant increases in the rents they are required to pay.

While many states and territories have protections against 'excessive rent rises', tenants are often unwilling to contest large increases out of fear of eviction. It is also exceptionally hard for tenants to demonstrate a proposed rental increase is excessive (the burden of proof under these protections rests with the tenant).

## **3. Regulating the application process for rentals**

Many prospective tenants report experiencing discrimination from landlords.

Recent research undertaken by CHOICE, National Shelter and NATO found that half of all renters report having experienced some form of discrimination when looking for a rental property in the last five years.

While protections under Anti-Discrimination legislation exist for select grounds, these can be difficult to enforce. There is also no regulation of residential tenancy application processes to monitor assessment of people in receipt of Centrelink benefits, history of homelessness or people who have asserted their legal rights.

## **4. The introduction of minimum property standards that address health, safety and energy efficiency**

There are currently few (if any) protections available in Australia to ensure that rental properties are of a liveable, minimum standard. As a result, many tenants are living in unsafe and energy inefficient properties. The campaign is seeking the introduction of minimum standards for health, safety, and energy efficiency. These standards should apply to all rental properties with no exemptions, and can be implemented over time in a fair way to minimise any disruption in the market. Such standards are routinely available to tenants in many national contexts in Europe and in the UK.

The proposed reforms would collectively improve circumstances for many private sector renter, reduce evictions and homelessness and reduce demand pressure on the social housing system.



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## **Fix the system**

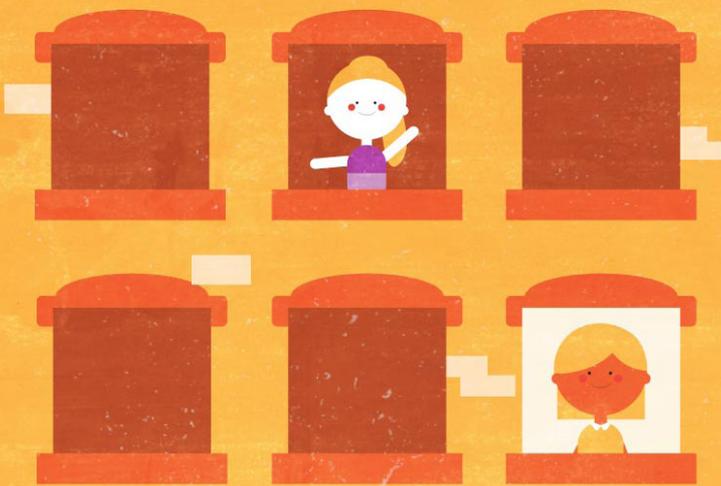
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# Relief now – increasing CRA

## **Everybody's Home is asking the government to provide provide immediate relief to people in housing stress by increasing rent assistance**

In many Australian cities and towns rents have been rising much faster than people's incomes. People on low and middle incomes are struggling to keep up, with thousands paying so much in rent that they can't meet other basic costs, like decent food and medical expenses. To afford housing, people need places to be available that they can afford to rent and to have a living income to meet essential expenses. While new low cost housing is being created, an immediate increase in Commonwealth Rent Assistance (CRA) – especially for those on the very lowest payments – would assist people in rental stress to keep a roof over their heads.

## **The problem**

Commonwealth Rent Assistance is intended to help low-income tenants of private housing afford their rent, but while rents have skyrocketed, the maximum rate of Rent Assistance hasn't kept pace. Each year Rent Assistance covers a smaller proportion rental costs.

As a result, more than two in every five recipients are still in rental stress even after getting Rent Assistance – paying so much in rent they can't meet other basic needs.

## **The solution**

People in expensive cities and towns, and those on the lowest payments, like Youth Allowance, are most vulnerable to rent stress.

While the fundamental cause of this rental stress is inadequate availability of low cost rental properties – and the problem can't be addressed without creating more low cost rentals – some immediate relief for renters could be achieved by increasing rent assistance payments for people on the lowest incomes.

A catch-up increase of 30 per cent, or approximately \$20 per week, prioritising people in the highest rental stress, would improve affordability for many households.

Longer term a public review of Commonwealth Rent Assistance is needed to address the extreme vulnerability of some household types to rental stress.



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# A national action plan on homelessness

**Everybody's Home is asking all parties to commit to ending homelessness by 2030 by taking action to prevent homelessness and delivering rapid access to the housing and support people need if they do lose their own home**

Homelessness in Australia is significantly increasing as a consequence of growing poverty, declining access to affordable housing, and persistently high levels of family violence. This problem can be fixed by a national action plan to end homelessness that:

1. addresses the drivers of homelessness including the lack of affordable housing, poverty and family violence;
2. rapidly rehouses people who are homeless and supports them to maintain that housing; and
3. addresses the over-representation of Aboriginal people in the homelessness service system.

## The problem

Homelessness in Australia is rapidly increasing as a consequence of declining access to affordable housing, growing poverty and persistently high levels of domestic and family violence. On any given night more than 116,000 people are homeless across Australia which is an increase of 14% in five years.

## The solution

This problem can be fixed by commitment to a national action plan to end homelessness that has achievable targets and adequate funding that takes best practice to scale. A national action plan to end homelessness should:

1. Address the drivers of homelessness including the inability to access affordable housing, poverty and domestic and family violence
2. Rapidly rehouse people who are homeless; and
3. Provide support to people who need assistance to sustain their housing.

Importantly, the investment required to end homelessness needs to be towards social and affordable housing. Internationally, homelessness has been ended by maintaining a reduced amount of crisis accommodation and investing in social and affordable housing.

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## Preventing homelessness in the first place

Preventing people from becoming homeless in the first place must be paramount in any homelessness strategy. To achieve this we need:

- Access to affordable housing and appropriate incomes so that people are able to maintain tenancies;
- Homelessness early intervention initiatives with measurable targets that are built into all government program reforms. These targets need to establish responsibilities to prevent homelessness within social housing, mental health, drug and alcohol, domestic and family violence, out of home care and justice, with a particular focus on preventing Aboriginal homelessness.
- Specific funding allocated to Specialist Homelessness Services to strengthen support services to assist in maintaining tenancies in both private and social housing.
- An output measure established to monitor evictions into homelessness from social housing.

## Supportive housing

When people have been homeless for extended periods of time, and/or when they have complex health challenges, experiences of trauma, mental illness, disability, or substance use, they may need considerable support, as well as housing, to end their experience of homelessness. This approach, called Housing First, is now used in many countries internationally, and is consistently shown to be more effective than provision of crisis or temporary housing.

Women and children escaping domestic and family violence and young people experiencing homelessness also often need support to maintain housing and get their lives on track, and likewise do much better with support and permanent housing, rather than temporary options, like crisis or transitional housing.

For this approach to be effectively implemented it requires:

- a rapid rehousing approach that does not leave clients to linger in crisis or transitional housing
- resource levels and systems that enable both support and housing to be allocated at the same time to people in need
- adequate resourcing of homelessness support services so that people can receive the level of support they need, for the length of time needed, to establish and maintain their tenancies, and
- appropriate calibration of supportive housing for different cohorts including rough sleepers, people leaving custody, people with complex needs, families and young people.

## Achievable targets of halving homelessness in five years and ending it in 10 years

Many countries are on their way to ending homelessness. They have achieved this by developing an evidence base of what works which is reviewed and refined to ensure that targets are being met. It also requires commitment from all levels of government and a long-term commitment of resources. A national action plan on homelessness needs to include a resourced research and evaluation agenda that allows for ambitious yet achievable targets to be met.

The national action plan needs to be a plan that aims to halve homelessness in five years and end it in 10 years. The plan needs to include review points that allow the plan to be adjusted and revised to ensure that we are on track to meet these targets. Ending homelessness in Australia is a realistic goal that we should all be striving to achieve.



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