

# Everybody's Home

## PRE-BUDGET SUBMISSION 2023/24



Housing solutions  
for all Australians



Everybody's Home welcomes the opportunity to make this submission. With Australia in the grips of a major housing crisis, and the Government's welcome focus on wellbeing, this Budget must continue to prioritise ensuring that everyone has a safe and decent place to call home.

While the Government's Housing Australia Future Fund, which aims to build 30,000 homes over five years is a great start, unfortunately after a decade of poor planning and underinvestment, a major budget injection is required to meet the rising demand for social and affordable housing.

Despite living in one of the world's wealthiest countries, we know almost one million low-income Australians are in housing stress, paying more than 30 percent of their income on housing.<sup>I</sup>

Vacancy rates are at historic lows<sup>II</sup> and rents have soared, hitting record highs in many suburbs. The

national weekly average has risen by 18 percent in the last year alone.<sup>III</sup> Lack of affordable housing options will soon be further compounded by the loss of more than 25,000 affordable rentals over the next four years as the National Affordable Rental Scheme winds down.<sup>IV</sup>

While we welcome the Government's efforts to show leadership and make a start on tackling the affordability crisis, the actions proposed to date do not match the scale of this crisis. Much more needs to be done, which is why the Commonwealth should commit now to finance, construct and deliver at least 25,000 social homes per year.

I. Housing Occupancy and Costs (2019–20) ABS <https://www.abs.gov.au/statistics/people/housing/housing-occupancy-and-costs/latest-release> [accessed 23/1/2023]

II. SQM Research, available online [\[link\]](#) [accessed 23/1/2023]

III. SQM Research, available online: <https://sqmresearch.com.au/weekly-rents.php?national=1&t=1> [accessed 23/1/2023]

IV. National Rental Affordability Scheme Quarterly Performance Report (2022) Department of Social Services [https://www.dss.gov.au/sites/default/files/documents/11\\_2022/september-2022-nras-quarterly-performance-report.pdf](https://www.dss.gov.au/sites/default/files/documents/11_2022/september-2022-nras-quarterly-performance-report.pdf)

## #BuildSocialHousing

[www.everybodyshome.com.au](http://www.everybodyshome.com.au)

### About Everybody's Home

Everybody's Home is a national campaign to fix the housing crisis. It was launched in 2018 by a coalition of housing, homelessness and welfare organisations to ensure everyone has a safe and decent place to live. The campaign has over 400 organisational members and 40,000 individual supporters across the country.

### Recommendations

#### 1. Scale up social housing investment to meet the need

We need to urgently build at least 25,000 social housing properties each year for 20 years to develop a pipeline that will address the current and projected affordable housing need.

#### 2. Increase the existing level of funding for social and affordable housing in the National Housing and Homelessness Agreement

It is not possible to end Australia's housing crisis off-budget. It will require a capital investment and planning to sustainably fund and maintain social housing and homelessness services over forward estimates.

#### 3. Reform housing taxation to deliver fairer outcomes

Reset the housing taxation system by reducing negative gearing and capital gains tax exemptions, and use the revenue raised to encourage investment in social and affordable housing.

#### 4. Raise and reform Commonwealth Rent Assistance

In the short term, we must make housing more affordable by increasing the maximum rate of Commonwealth Rent Assistance, broadening eligibility for the payment, and ensuring that everyone who gets it is given equal treatment.

The current housing crisis comes after years of undersupply of social and affordable homes. While the policy response over the last three decades has largely focused on increasing supply in the private market, this has demonstrably failed to make housing more affordable.

We are now in a situation where the housing needs of over 640,000 Australian households are not being met,

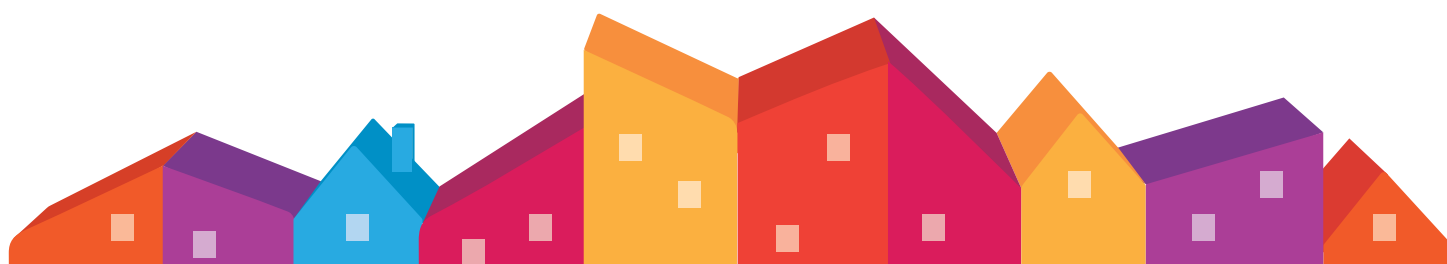
with projections this figure is set to blowout to nearly one million by 2041.<sup>V</sup>

A review of the National Housing Finance Investment Corporation (NHFIC) similarly identified the need for an additional 890,000 social and affordable homes over the next 20 years, requiring 45,000 homes to be built per year.<sup>VI</sup>

**A major budget investment is required to change course and end this shortfall.**

V. Van den Nouwelant, R; Troy, L, Soundararaj, B (2022) Quantifying Australia's unmet housing need: a national snapshot, *Community Housing Industry Association*, APO <https://apo.org.au/node/320820>

VI. Statutory review: operation of the National Housing Finance and Investment Corporation Act 2018. Final Report.(2021) *Commonwealth of Australia* (page 99) <https://treasury.gov.au/sites/default/files/2021-10/p2021-217760.pdf>







Over the last decade, funding for social and Indigenous housing has fallen by \$400 million per year.<sup>VII</sup> While the number of social housing dwellings has increased overall, it has not kept pace with population growth, with only 31,380 homes added to total social housing stock since 2006.<sup>VIII</sup>

At its peak in 1991, social housing made up six per cent of total housing stock. Today it is less than four.<sup>IX</sup> As a result, housing in the private market has become less and less affordable, and social housing waiting lists have grown.

The number of families in crisis - who fall under the 'greatest need' category - has risen to 67,000, up from

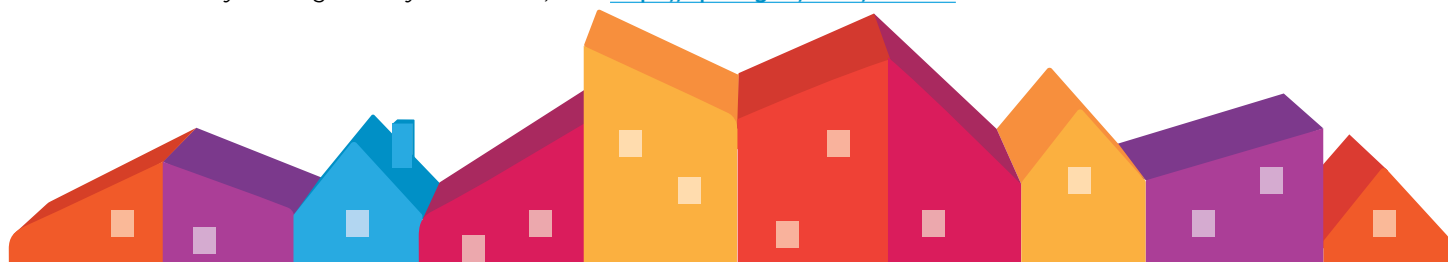
43,000 in 2014.<sup>X</sup> This means even highly vulnerable people in immediate crisis can be left waiting for up to two years for a home.

Just to maintain the current share of social housing as a proportion of Australia's housing stock will require construction of 15,000 new social housing properties a year.<sup>XI</sup>

The Government's proposed Housing Australia Future Fund is a welcome first step, but will not come close to meeting this shortfall. Taking on the shortfall will require building at least 25,000 social homes every year for two decades.<sup>XII</sup>

***The Federal Government has once in a decade opportunity in the negotiation of the next National Housing and Homelessness Agreement to plan for this investment.***

- VII. Everybody's Home analysis: Funding in 2013-14 was over \$2 billion and a decade later in 2023-24 will be only \$1.6 billion
- VIII. Social Housing Dwellings (2022) *AIHW* <https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia/contents/social-housing-dwellings>
- IX. A place to call home: it's time for a Social Housing Future Fund (2021) *Grattan Institute* <https://grattan.edu.au/news/a-place-to-call-home-its-time-for-a-social-housing-future-fund/>
- X. Housing assistance in Australia (2022) *AIHW* <https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia/contents/households-and-waiting-lists#Waiting>
- XI. Economic Impacts of Social Housing Construction (2021) *SGS Economics and Planning*
- XII. Van den Nouwelant, R; Troy, L, Soundararaj, B (2022) Quantifying Australia's unmet housing need: a national snapshot, *Community Housing Industry Association*, APO <https://apo.org.au/node/320820>



### The health and wellbeing dividend

Improving community health and wellbeing should be the primary driver of any budget measure.

Building more affordable homes will deliver enormous social and economic benefits including decreased homelessness, reduced domestic violence, and greater health and wellbeing.

#### Homelessness

The scarcity of affordable homes drives homelessness, rental bidding, and overcrowding. With the number of people experiencing homelessness on the rise, and more than half of people using homelessness services listing the main reason for seeking assistance as financial difficulties and housing affordability, building affordable homes is essential infrastructure to community health and wellbeing.<sup>XIII</sup>

#### Women's safety

Building more social housing is also critical to women's safety because without access to a safe affordable home, women and their children have to choose between staying with violence and homelessness.

Every year at least 7,690 women return to perpetrators after fleeing violence because they have nowhere to go, while another 9,120 become homeless.<sup>XIV</sup> Analysis found that only three per cent of women who approached homeless services after escaping violence had long-term housing provided.<sup>XV</sup> The research also revealed the substantial economic benefits generated by providing domestic violence survivors with social housing.

Building an extra 16,800 additional social housing units would save \$122.5 million in a year due to women not returning to a violent partner and a further \$257 million in a year in savings due to women not experiencing homelessness after leaving.

#### Closing the gap

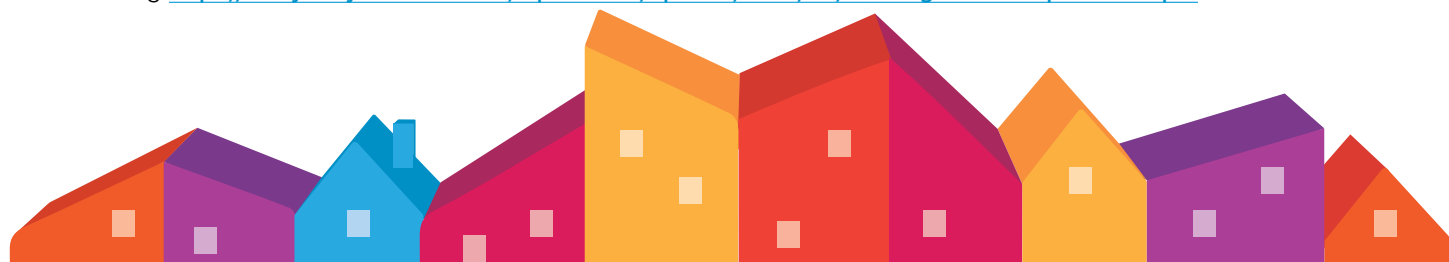
Housing is crucial to improving the health and wellbeing of First Nations peoples. Latest figures reveal more than one quarter of people using homelessness services identified as First Nations<sup>XVI</sup> and one in five Indigenous Australians are living in overcrowded dwellings.<sup>XVII</sup>

Everybody's Home recommends immediate investment over four years in a minimum of 8,500 new co-designed, culturally appropriate homes to address the severe overcrowding and disadvantage being experienced by Aboriginal and Torres Strait Islander peoples.

#### Regional access

Access to affordable rentals demonstrably improves people's labour force participation, productivity and mobility. Labour mobility is particularly important in regional areas, where the lack of housing is preventing workers from moving in and taking jobs, exacerbating the ongoing skills shortage. Recent analysis has shown the affordable housing shortage gripping regional Australia is blowing an economic hole in local economies which urgently require greater housing investment.<sup>XVIII</sup>

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- XIII. Specialist homelessness services annual report 2021-22 (2022) AIHW <https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/contents/clients-services-and-outcomes>
- XIV. Nowhere to Go (2022) SGS Economics and Planning <https://everybodyshome.com.au/resources/nowhere-to-go-the-benefits-of-providing-long-term-social-housing-to-women-that-have-experienced-domestic-and-family-violence/>
- XV. Nowhere to Go (2022) SGS Economics and Planning <https://everybodyshome.com.au/resources/nowhere-to-go-the-benefits-of-providing-long-term-social-housing-to-women-that-have-experienced-domestic-and-family-violence/>
- XVI. Specialist homelessness services annual report 2021-22 (2022) AIHW <https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/contents/clients-services-and-outcomes>
- XVII. Indigenous Housing (2021) AIHW <https://www.aihw.gov.au/reports/australias-welfare/indigenous-housing>
- XVIII. Housing Critical: The role of housing in solving critical skill shortages across the regions (2022) SGS Economics and Planning <https://everybodyshome.com.au/wp-content/uploads/2022/08/Housing-Critical-report-v02-1.pdf>







## The economic dividend

Investing in affordable housing is not only good for people, it is good for the economy.

Recent modelling found the construction of 25,000 social homes would support over 15,000 jobs per year, generate \$12.9 billion in additional output and contribute \$4.7 billion to GDP.<sup>XIX</sup>

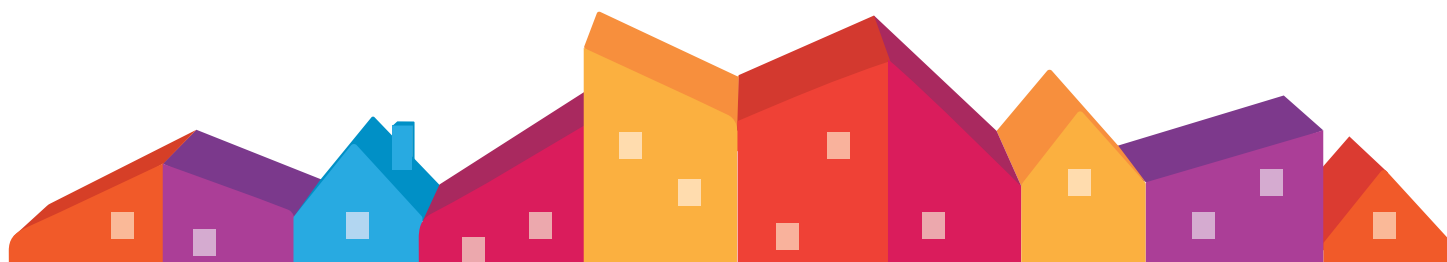
Housing also delivers substantial productivity gains. For every dollar invested in well located social and affordable housing, there is an economic return of \$4.80.<sup>XX</sup> This benefit extends over a 40-year period.

The social and economic costs of inaction are also costly. Lack of affordable housing is estimated to cost the community almost \$676.5 million per year. Based on the projected shortfall in social and affordable housing over the coming years, this cost is set to increase to \$1.2 billion per year by 2036.<sup>XXI</sup>

XIX. Economic Impacts of Social Housing Construction (2021) *SGS Economics and Planning*

XX. MacLennan et al. (2019) Strengthening economic cases for housing policies

XXI. Consequence of inaction: social and economic losses from (2022) *Swinburne University* <https://everybodyshome.com.au/resources/consequence-of-inaction-social-and-economic-losses-from/>





### Fairer taxation reform

House prices in Australia have been rising much faster than incomes for decades.

This is in large part fuelled by tax concessions for property ownership that encourage speculative investment. Investor capital gains and negative gearing tax concessions cost taxpayers \$8.5 billion in forgone revenue in 2021/22 – resources that would be much better targeted to directly delivering more affordable housing options.

Currently, investors receive a 50 percent discount on the tax on capital gains when they sell a property they have owned for more than 12 months, and are able to deduct the costs of owning that property against their annual wages. These tax concessions exacerbate the housing crisis by fuelling speculative investment and have demonstrably failed to make housing more affordable.

According to recent analysis by the Parliamentary Budget Office, the combined amount of forgone revenue of both measures over the next decade is set to exponentially increase to \$157 billion, with the cost of negative gearing to reach \$97 billion as interest rates rise, and capital gains tax discounts to total \$60 billion. These tax measures disproportionately benefit high

income earners, with more than half of the value of the two tax concessions projected to benefit the top 10% of income earners.

The revenue savings from reforming tax settings should be invested in measures that directly improve rental affordability, including a more effective incentive for new investment in social and affordable homes for rent. A review of the NHFIC concluded the total capital investment required to construct the required 891,000 social and affordable housing stock over the next 20 years is estimated at \$290 billion.<sup>XXII</sup> The Federal Government has the opportunity to partner with the states, private and not-profit sectors to plan for and leverage the resources to meet this need.

Phasing out negative gearing and capital gains tax exemptions would provide significant and immediate funds for homes for people on low incomes, in housing stress or experiencing homelessness. It would also reduce house price inflation, encourage further private investment in affordable housing, and reduce price pressure in the private rental market.

XXII. Statutory review: operation of the National Housing Finance and Investment Corporation Act 2018. Final Report.(2021) Commonwealth of Australia (page 99) <https://treasury.gov.au/sites/default/files/2021-10/p2021-217760.pdf>

