

Creating A Fair Housing Future

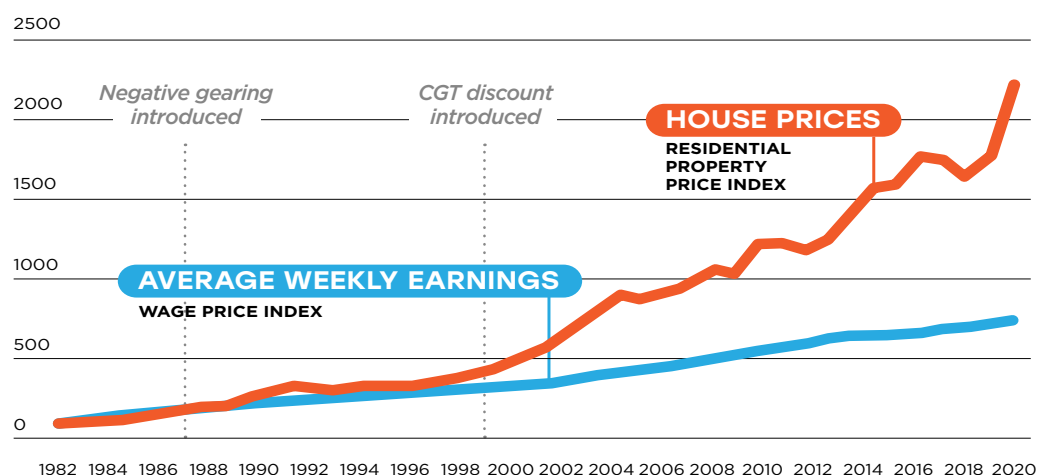
Everyone needs a home. A home where they feel safe, a home that's secure, and a home they can afford. Yet Australia's housing system has never been less affordable. As Australians are spending record amounts on housing, hundreds of thousands of households are in severe rental stress, and the supply of social housing is depleting as waiting lists balloon.

The past four decades have marked a significant shift in how the Federal Government tackles housing. It used to fund public housing as its answer to housing affordability. This changed in the 1980s and 1990s, when the Government made the policy choice to subsidise the private market. It offered tax breaks to investors instead of providing affordable homes itself. This reliance on the private market continues to fail Australians. It is geared towards producing profits rather than providing homes.

Australia now spends record amounts of public money on housing, yet affordability has never been worse. By turning away from social housing and prioritising the tax treatment of investors, governments have pushed up the cost of housing for everyone. In doing so they have created a housing system where tax benefits are disproportionately skewed to the wealthy and inequality has increased.

Tackling this crisis will take time, and a willingness to put Australians who need a home ahead of all other interests. It will also require a concerted and enduring commitment from governments. However, with affordability worsening every single year, there is no time to waste to enact the solutions we need to fix Australia's housing crisis.

CHANGES IN HOUSE PRICES AND WAGES



Manual calculation by Per Capita (2022) [Housing Affordability in Australia: Tackling a wicked problem](https://www.per capita.com.au/research/housing-affordability-in-australia-tackling-a-wicked-problem).

For more information see www.everybodyshome.com.au

1 | Putting people before profits

House prices in Australia have been rising much faster than incomes for decades. This is largely fuelled by tax concessions for property ownership that encourage speculative investment, and disadvantage first-home buyers. It is now well known that these tax and policy settings have locked many Australians out of the housing market, and driven up rents across the country. What is less well understood is that the cost to the budget is largely spent on measures that make affordability worse. Investor tax concessions cost billions of dollars each year and outstrip federal spending on social housing by five times. These resources would be much better spent directly delivering more affordable rental housing.

How to make this happen

The Federal Government needs to reset housing taxation to deliver fairer outcomes by abolishing negative gearing and capital gains tax exemptions, and use the revenue to build social and affordable rental housing. Adopting this approach can reduce house price inflation, encourage investment in new buildings that add to housing supply, and reduce price pressure in the wider rental market.

Recommended action

Abolish negative gearing and the capital gains tax discount to reduce speculative investment.

2 | Ensuring everyone has a home

Competition for affordable rental homes is so fierce that thousands of Australians are missing out every week. This scarcity is driving homelessness, rental bidding, and overcrowding. The only way to ensure that every Australian can have a safe and secure place to call home is to expand social housing.

Across Australia hundreds of thousands of people are in need of social housing, with an average waiting time of more than ten years for some groups. Around half of those on waiting lists are already homeless. Right now, Australia has a shortfall of 640,000 social housing dwellings. That shortage is projected to grow to nearly one million by 2041.

How to make this happen

A large-scale investment program is needed to end the social housing shortfall. Governments must again take up their responsibility to ensure affordable homes for every Australian, including essential workers whose roles are vital to our communities. This approach has a track record of success – the availability of social housing to low and middle earners was the key to the affordability of housing in Australia between the 1950s and the 1980s.

Recommended action

Build one million social housing properties over the next two decades to meet current and future need.

3 | Reforming rent assistance

Commonwealth Rent Assistance is intended to ease the financial stress of people on low incomes. But while rents have skyrocketed, the rate of the payment hasn't kept pace. At the same time, many renters on the lowest income are being left out altogether because they aren't eligible for help. The result is that many people on low incomes are paying so much in rent that they can't meet other basic needs, like decent food and medical care. While more low cost housing is being created, an immediate expansion of Commonwealth Rent Assistance and increases to income support are essential for people in rental stress to remain in their homes.

How to make this happen

Tax reform and long-term investment in social housing will take time to yield results. In the meantime, Commonwealth Rent Assistance can play a role in reducing rental stress. To achieve that goal, major reform of the payment is needed to ensure it alleviates rental stress for those who get it, and to expand access to those who are currently ineligible.

Recommended action

Increase and expand Commonwealth Rent Assistance so that it relieves financial stress for people on low incomes.