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**Q1**

Name of organisation

Community Housing Industry Association

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**Q2**

Your name

Wendy Hayhurst

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**Q3**

Position

CEO

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## Q10

Describe the experiences of people struggling to access affordable and suitable housing in the context of your organisation's work.

CHIA is a peak body representing over 150 not for profit housing providers. Our members set our priorities and their number one priority is that we advocate for more social and affordable rental housing to help them respond to the massive shortfall in affordable rental homes.

Research commissioned by CHIA from City Futures Research Centre, UNSW and University of Sydney estimated that 640,000 households in the bottom two income quintiles were in housing stress or homeless on census night. This figure will grow to one million by 2041 without an ongoing (year on year) program to build social and affordable housing at scale. Households who cannot access affordable housing rental costs are increasingly a cause of poverty and precarity. In 2022, well over half of low-income households in the private rental market (58%) were paying 'unaffordable' rents (more than 30% of household income). The situation is especially dire for people reliant on income support payments. In June 2022, 63% of JobSeeker recipients and 75% of Youth Allowance recipients were in rental stress, even after receiving CRA.

Housing costs have severe implications for low-income households who are already experiencing poverty, and are also a significant contributor to after housing poverty. The high cost of renting impacts people's capacity to afford other essentials, with low and middle income renters commonly having to forgo spending on food, transport, medicine or educational costs after paying rent.

The inability to keep up with the cost of rent is also the biggest and fastest growing cause of homelessness. New analysis of AIHW Specialist Homelessness Services data reveals that the average number of people seeking homelessness support each month due to financial stress has surged by 4,455 to 42,778 people in 2023 compared to 2017.

The lack of alternative affordable housing can also deter women from leaving an abusive relationship or contribute to them returning to such a relationship.

Research CHIA commissioned from the Centre for Urban Transitions at Swinburne University of Technology demonstrated that homelessness, housing costs and housing affordability stress, negatively affect individual and societal wellbeing, and generate additional (but avoidable) costs to governments and society.

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## Q11

Describe the flow-on impacts of the housing crisis in the context of your organisation's work.

Clearly our member organisations are unable to provide assistance to the majority of households seeking accommodation. A few reasons stand out.

Many state and territory have restricted eligibility for social housing. Take income eligibility for social housing for example, in WA rates were maintained at \$430 (for a single person household) in cash terms from 2006 until the recent increase to marginally above \$500. QLD stands out as having frozen its eligibility threshold in cash terms at \$609 since 2006.

Households in social housing are staying put for longer. Using the Report on Government Services we have examined how many applicant households are being assisted (allocated) social housing each year. Using data from ROG Tables 18A.15, 18A.16 and 18A.17 we estimated the change in numbers of households assisted via public housing, community housing or SOMIH between 17/18 and 21/22. Excluded from these figures are Indigenous Community Housing Organisation lets and also 'new tenancies' created by community housing organisations simply because of a transfer of management from public housing. In Victoria there been a noticeable and encouraging increase in the numbers of people assisted in the last two years, presumably the result of BHB new supply coming on stream. Otherwise, the picture is gloomy.

There is a significantly lower national total for 2022-23 compared with 2017-18, i.e. 32,268 lettings, down from 35,562. Proportionate to population, down by 14% (from 1.4 lets per thousand population to 1.2 per thousand). Over the longer term it remains the case that social housing was generating 52,000 lettings p.a. in 1991. The lettings in 2022/23 are a reduction of 38% on the 1991 figure in nominal terms. Proportionate to population, however, the 2022-23 figure is 59% lower (down from 3.0 lets per thousand population to 1.2 per thousand). In other words, using this 'true measure of supply', Australia's effective social housing provision been more than halved over this period.

The 2024 ROGS also show the impact on homeless households with over one-third (34.9%) of people seeking help from homelessness services are not having their immediate accommodation needs met. This has risen from 28.7% in 2016. The proportion is almost 50% in NSW – up from 34.2% in 2016.

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## Q12

Describe how current policy settings impact housing affordability and access to housing from your organisation's perspective.

Our main concern has been the lack of ongoing government investment in social and affordable rental housing. There have been occasional one off programs including the current Victorian Big Housing build and Federal Housing Australia Future Fund but no policy (as with tax concessions for private investors) that is in place for the long term.

When there are government programs they are generally conducted as reverse auctions with the aim being to minimise the subsidy cost. In a competitive environment this can lead to high transactional costs and at least for affordable housing a focus on moderate income earners at the expense of lower paid workers who need a larger discount to market rent. This group is at risk of losing out in the current environment.

Access to land to build social and affordable housing remains fraught. State and territory governments seem unwilling to provide public land as a capital contribution towards social and affordable housing and it has required individual Councils to push for mandatory inclusionary zoning which operates in only an extremely small number of areas.

While streamlined approvals for social and affordable housing projects would reduce costs (by reducing the development period) this would be icing on the cake.

Clearly higher interest rates, the post COVID rise in material costs and workforce shortages have seen construction costs escalate substantially. Comparisons of development costs between 2018 and 2023 - done for CHIA by University of Sydney shows increases in construction (not including land costs) almost double in Melbourne and more than double in most parts of Sydney. Clearly this has a massive impact on social and affordable housing project feasibility.

Housing affordability is tied up with other attributes of the home - specifically energy performance. Ensuring existing social rented homes are maintained and improved is neglected. While there are small funding schemes there is no program to improve energy performance (and in particular insulate) of low income housing. ACROSS are currently completing work on the impact on tenant energy bills of raising energy performance to NAtHERS 5.

Not to be overlooked is the failure of building ministers in NSW and WA to agree to minimum accessibility standards. It is difficult to understand why states and territories cannot agree on identical energy performance and accessibility standards.

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### Q13

Describe what actions your organisation believes should be taken by governments to most improve affordability and access to housing.

These are the actions we recommended in our joint submission with National Shelter to the National Housing Plan process

- i. A national long-term program to build the social and affordable homes needed to address unmet and projected future needs enabling long-term construction pipelines, investment planning and sustained industry development
- ii. Planning reforms to support efficient delivery of social and affordable homes
- iii. Funded responses to address unmet housing needs in regional, rural and remote communities in collaboration with State and Territory governments
- iv. Tenancy law reform to improve renter's rights and conditions
- v. Tax reform to support achievement of long-term housing outcomes over speculative investment returns
- vi. Reform of income support and Commonwealth Rent Assistance payments to create a closer link to housing costs
- vii. Increased assistance for low to moderate income households to enter home ownership
- viii. Health homes meeting energy, condition and amenity standards
- ix. Implementation of a national climate change home retrofit strategy
- x. Establishment of a national social and affordable housing regulatory system

There is further detail behind these in the submission on our website.

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### Q14

Is there anything else your organisation would like to share with the Commission?

The importance of a strong National Housing and Homelessness Plan to drive change is critical.

The plan must:

1. Put homes for people at the centre by actively managing housing system processes and outcomes, being proactive in dealing with dysfunctional outcomes, and actively considering the implications of policy levers such as taxation, welfare and financial regulation for the housing system.
2. Ensure every locality has a permanent and diverse supply of homes affordable to low- and moderate-income people to protect against homelessness and poverty, boost productivity and create more vibrant neighbourhoods.

The Plan should have separate but fully integrated sub-plans are also needed to tackle specific forms of need such as homelessness, address the supply of rental homes for low- and moderate-income households in metropolitan, regional, rural and remote areas, and address the housing needs of people who experience very high barriers to accessing the private rental market such as First Nations households and people with disability.

The plan should be underpinned by a detailed, nation-wide analysis of housing needs and anticipated future demand to inform the location of new homes, including new social and affordable homes.

There should be action plans with allocated funding and targets and progress towards achieving these published regularly For the Plan to be successful it must be supported by institutional arrangements that:

1. Consolidate or successfully coordinate national level housing functions
2. Are designed with the aim of enabling long-term transformation of the housing market
3. Support effective coordination across all levels of government and industry to deliver plan actions successfully.

The Plan should be enshrined in legislation.

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