



**Australian Federation of Homelessness Organisations**

# Submission to the Productivity Commission

## First Home Ownership Inquiry

21 October 2003



The Australian Federation of Homelessness Organisations (AFHO) is the national homelessness peak organisation that works to address and prevent homelessness in Australia.

AFHO develops and analyses policy, consults with and represents services for homeless people, advocates for homeless people and provides information about homelessness.

AFHO seeks to collaborate with services for homeless people, government, and the broader community to achieve its objectives.

AFHO federates three founding members representing services for homeless people at the national level – the Council for Homeless Persons Australia (CHPA), the National Youth Coalition for Housing (NYCH), and the Women’s Services Network (WESNET).

Single men and women, families, young people and women and children escaping domestic and family violence are all represented through the founding members of AFHO.

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## INTRODUCTION

The AFHO policy on housing and homelessness comprises 46 policy statements.

This submission will discuss some of these policies while commenting on the focus of the Productivity Commission Inquiry into First Home Ownership (hereafter called “the Inquiry”).

## HOUSING AND HOMELESSNESS IN AUSTRALIA—THE AFHO POLICY PLATFORM

There are two over-arching policy statements in the AFHO Policy Platform:

1. AFHO urges the development of a national housing policy to improve co-ordination and integration of the wide range of policy areas impacting on affordable housing access and supply across Australia.
2. AFHO calls for a review of housing assistance to high income earners, with a view to substantial redistribution to low income earners.

One of the most significant causes of homelessness in Australia relates to the inability of some people in Australia to access appropriate housing. Access to housing is prevented most significantly by an inability to *afford* appropriate housing. Other factors such as discrimination and domestic or family violence also restrict access to housing for some groups. All people who are homeless require an appropriate and safe dwelling they can afford as a fundamental starting point. An adequate, safe dwelling is a minimum requirement for good health and the opportunity to participate in social life, including employment and education.

The Australian government as a signatory to the International Covenant on Economic, Social and Cultural Rights has undertaken to take steps to ensure the full realisation of the right of everyone to an adequate standard of living including housing. Adequate housing means housing that:

- is affordable;
- provides safety to the occupant;
- provides security of tenure;
- is appropriate in design and location for the particular occupant;
- is of good quality; and
- can be accessed without discrimination.

Australian housing markets have been characterised over the last 40 years by a growing shortage in low cost housing for low income earners, particularly in the rental sectors. The current chronic shortage of low cost private and public rental housing in many housing markets is a key factor in contemporary homelessness.

The government provides housing assistance to people in all tenure types, that is, homeowners, owner-purchasers, private tenants and public and community tenants.

Housing assistance to home owners and owner-purchasers is provided in the form of deposit assistance, mortgage relief, non-taxation of imputed rent and capital gains tax exemption for owner occupied homes (principal dwellings). Tax incentives

(negative gearing and depreciation deductions) are used to encourage the provision of private rental housing.

Private rental housing assistance is provided through Commonwealth Rent Assistance to most recipients of social security and Department of Veterans' Affairs payments who are renting accommodation in the private market and who pay above-threshold rents. Currently, students and other young people under 25 years of age who are not assessed as independent or needing to live away from home are excluded from eligibility for Rent Assistance. Students over 25 years of age in receipt of Austudy and people on low waged incomes are also ineligible for Rent Assistance. Families receiving family payments can however receive Rent Assistance.

Public and community housing (known together as 'social housing') are funded through the Commonwealth State Housing Agreement (CSHA). Public housing is built, owned and managed by the government and rented to tenants at significantly below-market rent. Community housing is similar except it is managed or owned and managed by non-government organisations.

Data compiled by the Industry Commission Inquiry into Public Housing in 1993 can be used to compare aggregated assistance provided to the different tenure types. Homeowners and public housing tenants receive a higher rate of subsidy than private renters do, and high-income homeowners receive a particularly high rate of subsidy.

Recent policy has led to a greater Commonwealth expenditure on Rent Assistance and a declining investment in public and community housing. The provision of Rent Assistance to low income private rental housing tenants does nothing to ensure sufficient supply of low cost rental housing, and its capacity to address affordability problems is questionable.

The development of a National Housing Policy is required to integrate policy and service delivery between the CHSA, Rent Assistance, income support, employment, taxation, interest rates, support programs, urban and land planning and intervention in housing markets to name a few of the many policy areas implicated. Responsibility for administering this policy could be given to a new national agency, led by a Federal Cabinet Minister. The national agency would work across the social, economic and environmental influences and policy issues shaping access to affordable and appropriate housing.

This Inquiry is focussed on the affordability and availability of housing for first home buyers. The Terms of Reference of the Inquiry recognises "that home ownership...is central to social and family stability...".

AFHO would argue, in response, and with reference to our policy as stated above:

- the problems of affordability and availability of housing are not confined to first home buyers
- these problems are as acute in the private rental market
- the problems of availability (i.e. long wait times) in public housing are well and regularly documented
- **affordable, secure housing per se** is central to social and family stability regardless of housing tenure and therefore government attention, policies and intervention should not be confined to the home ownership tenure.

AFHO welcomes the fact that these broader issues have been addressed, albeit briefly, in the Issues Paper<sup>1</sup> and that the Inquiry has undertaken to investigate the societal benefits of home ownership and whether these benefits warrant policy intervention to assist home ownership<sup>2</sup>.

Eight other policies, on social housing and the private rental market<sup>3</sup>, and salient to this Inquiry, are detailed below. They are presented without any further individual explanation except to emphasise the need for a ***national*** housing policy and to emphasise the fact that it is not just the first home ownership sector that requires attention.

4. AFHO promotes a substantial increase in government expenditure on social housing to meet identified need...
6. AFHO urges both levels of government to increase funding commitments to public housing to considerably increase public housing stock nationally.
8. AFHO promotes broad eligibility for public housing among low income earners, including young people, to address housing need and to manage the risk of homelessness across Australia.
14. AFHO promotes an expansion of general and specialist support programs to assist public housing tenants with high and complex needs to sustain their tenancies. Additional program funds are critical to this expansion in view of the significant existing levels of unmet demand for services under such programs.
23. AFHO commits to working with the community housing sector to develop a clear vision of the extent to which community housing can successfully house people who are homeless or at risk of homelessness.
24. AFHO urges the Commonwealth and State/Territory Governments to increase capital investment in social housing for Aboriginal and Torres Strait Islander peoples...given their limited access to other housing tenures.
29. AFHO urges the Commonwealth and State/Territory Governments to jointly recognise and redress the current deficit of low cost, adequate private rental housing in Australia without eroding commitment to the social housing sector in anyway.
36. AFHO urges a joint State/Commonwealth approach to expand affordable rental housing to address the growing and significant housing affordability and housing supply issues facing low income Australians. This national approach should, at a minimum:
  - identify the level of need for affordable rental housing in each State and Territory
  - set targets for the supply of affordable rental housing in each State and territory
  - determine the most effective intervention methods to achieve these targets through public, community and/or private rental demand and/or supply side strategies.

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<sup>1</sup> Productivity Commission (2003), *First Home Ownership, Issues Paper*, Productivity Commission, Melbourne, pp 22–24

<sup>2</sup> Issues Paper, p.23

<sup>3</sup> With the original numbering of the AFHO Policy Platform

## **CONCLUSION**

AFHO is aware of at least two other submissions<sup>4</sup> which have recorded disappointment in the narrow focus of this Inquiry and stated that the problems regarding access to first home ownership cannot be investigated in isolation. These two submissions have also gone into considerable more detail than AFHO—AFHO supports their submissions.

AFHO hopes that the final report of this Inquiry will reflect the concerns of these submissions and suggest further government investigations across the total housing market.

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<sup>4</sup> ACOSS and National Shelter