

Submission to the Productivity Inquiry into First Homeownership

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Australia is facing a looming housing crisis. House prices are escalating. The rate of home ownership is declining. There is a shrinking supply of affordable private rental housing, and less public housing each year due to funding cuts. 100,000 people are homeless on any one night in Australia. We have now reached a crossroad in terms of housing policy.

Tackling a housing problem of this magnitude and complexity requires us to develop a National Housing Policy. Such a policy would have two key features. The first is a vision for housing in Australia. We need to decide as a nation what our ideal housing situation looks like. We will never achieve our housing goals if we don't agree what they are, *and* have specific national targets.

The second is a more holistic approach to the broader housing system. Short term policy bandaids will not be enough to change our present course.

It is now time to grasp the nettle and develop a National Housing Policy. We have a national defence policy, health policy and education policy – why not a national housing policy?

Such a policy would begin with a statement of our social and economic goals, and an explanation of the ways that housing contributes to these goals. For example, if we want a socially cohesive society then we need a housing system that provides opportunities for people to put down roots in their local community, close to family and friends.

Housing is more than a roof, and a National Housing Policy would address issues such as housing cost and quality, security of tenure, location and neighbourhood.

We are starting to understand that these different aspects of housing matter in different ways. Research from the United States suggests that the neighbourhood you live in can affect how well your children perform at school. Research from Britain indicates that poor quality housing can increase the incidence of stress and mental illness. Our own research in Australia suggests that regularly moving house and school can reduce the effectiveness of efforts to help children with learning difficulties.

We have also found that stable housing can reduce social isolation. I recently interviewed a family who had experienced a terrible tragedy. They survived this event in part because they lived in stable public rental housing close to family and friends. This single parent family would have been unable to rent privately in this same neighbourhood.

The Singapore government has incorporated an understanding about housing and family cohesion into their own housing policy. Their vision for housing includes family members having opportunities to live close to one another to help with day-to-day support such as child care and shopping for aging relatives. This vision is given effect through a \$10,000 first home owner's bonus if you buy a home within two kilometres of your parents or married children.

The Australian Government's First Home Owners Scheme includes no such incentives to encourage family cohesion. Perhaps our lack of national housing goals contributed to this missed opportunity.

Many different government policies affect our housing, and we need better coordination to get these policies working in harmony. Whether you live in a flat or a detached house in your suburb depends on whether local planning laws allow medium density housing. How much rent you pay is affected by Commonwealth taxation policies such as negative gearing. Whether you can afford your rent may depend on whether you are entitled to Commonwealth rent assistance. How much you pay to buy your home depends on a range of State and Commonwealth taxes and charges, financial regulations, and local building codes. You can be forced to move if local zoning rules encourage the redevelopment of boarding houses, and your housing choices may be reduced by Commonwealth funding cuts for public housing.

These are some of the elements of the housing system. A vision is the starting point of a National Housing Policy. The engine room of such a policy would be a coordinated approach to reviewing this range of Commonwealth, State and Local Government policies that affect the housing system.

It is unlikely that the range of policies that affect housing will work in harmony without an overarching National Housing Policy, which includes a clear set of goals to guide decision making. We need a vision for housing in Australia as a reference point to assist decision makers at all levels of government to make complementary policies – policies that bring us closer to a housing system that works for all Australians.

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