

Community Housing Industry Association NSW

Submission to the: *INQUIRY INTO THE ADEQUACY OF NEWSTART AND RELATED PAYMENTS AND ALTERNATIVE MECHANISMS TO DETERMINE THE LEVEL OF INCOME SUPPORT PAYMENTS IN AUSTRALIA*

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About this submission

This submission is made by the Community Housing Industry Association NSW (CHIA NSW) in response to the inquiry into the adequacy of Newstart. The submission focusses on how the level of Newstart impacts people living in community housing and people in need of affordable housing as well as the broader implications for our housing system.

Income and housing are intrinsically linked. Peoples' incomes allow them to make choices about where to live and in what type of homes. Inadequate incomes limit housing choices and put people at risk or into homelessness. Community housing providers exist to provide housing for people on low incomes who cannot afford housing in the private market.

About CHIA NSW

CHIA NSW is the industry peak body for registered not-for-profit community housing providers in NSW. CHIA NSW is also supporting Aboriginal community housing providers in NSW in a process to establish a representative body.

CHIA NSW's purpose is to support the development of a not-for-profit rental housing industry which makes a difference to the lives of lower income and disadvantaged households in NSW.

Community housing gives people on lower incomes an opportunity to live in a home they can afford. Registered community housing providers manage social housing, which is long term housing for people with low incomes who may not be able to work or who may have support needs. Some registered community housing providers also manage affordable rental housing which is rented below the market rate to people with lower incomes.

The community housing industry in NSW is growing and diversifying. Community housing providers manage more than 52,000 homes, providing housing to around 100,000 people. CHIA NSW estimates that its members will have delivered around 3,000 new homes between 2012 and 2020, bringing around \$1 billion in investment into local communities.

CHIA NSW supports an increase in the Newstart payment and investment to stimulate the economy and improve employment outcomes

There is an increasing weight of evidence showing that the current level of the Newstart payment is damaging to individualsⁱ and to the Australian economyⁱⁱ. CHIA NSW believes this evidence points to a need to increase the current level of Newstart to an appropriate amount which ensures that Newstart recipients are not living in poverty.

Commonwealth Rent Assistance can have a limited impact in helping recipients living in the private rental market avoid rental stress.ⁱⁱⁱ CHIA NSW supports an increase in the maximum rate of Commonwealth Rent Assistance to ensure that it plays a more effective role in mitigating rental stress.

New investment in social and affordable rental housing is required to complement an increase in Newstart. Investment in social housing can create jobs and stimulate the economy^{iv}. Research also suggests that targeted investment in affordable rental housing can make the labour market more efficient and the economy more productive.^v

Housing stability is positively related to employment^{vi}, so this investment will also provide a vital building block to help Australians back into work.

Newstart and housing affordability

The inadequacy of Newstart has been linked to a number of poor social and economic outcomes by advocates, commentators, academics and people with lived experience of the payment. Nowhere are the links more pronounced than between Newstart and housing affordability.

Anglicare has been providing its rental affordability snapshot^{vii} since 2011. This analysis has consistently highlighted the reality of renting for people on Newstart.

The April 2019 Anglicare snapshot found there were just 2 properties affordable and appropriate to single people on Newstart being advertised for rent in the whole of Australia.^{viii}

In Greater Sydney and the Illawarra in April 2019 there were no private rental properties affordable to Newstart recipients (single people)^{ix}.

About 1 in 3 Newstart recipients are also in receipt of Commonwealth Rent Assistance to help them meet their housing costs^x. Despite this, in Greater Sydney, almost three quarters of people receiving Newstart and Commonwealth Rent Assistance are living in rental stress (i.e. paying more than 30% of their income in rent) and almost 40% of are in severe rental stress (paying more than half of their income in rent).^{xi}

Links between income and homelessness

Homelessness is increasing in Australia. Nationally, there was a 14% increase in people experiencing homelessness between 2011 and 2016. In NSW the increase was 37%.^{xii}

For almost 1 in 5 people who seek support from specialist homelessness services in NSW, their main reason for seeking support is financial difficulties, and for over half of people seeking support, financial difficulties are a factor in needing homelessness support.^{xiii}

People receiving Newstart appear to be at increasing risk of homelessness. The number of people seeking support from specialist homelessness services that are receiving Newstart increased by 75% between 2011-12 and 2017-18 to around 55,000 people nationally.^{xiv}

Newstart and social housing

Newstart forms a key part of the social security safety net. Social housing is another critical part of the Australian safety net, providing housing to low income people in need.

The residualisation of social housing^{xv} in Australia means that increasingly the people living in social housing are reliant upon Centrelink payments as their main source of income. CHIA NSW estimates that 9 out of 10 people living in social housing managed by community housing providers have a Centrelink payment as their main source of income.^{xvi}

Data made available by the NSW Department of Communities and Justice^{xvii} indicates that the number of new social housing tenants with Newstart as their main source of income has increased by almost 25% since 2013-14 with almost 30% of new tenants being in receipt of this payment by 2017-18. The data trend suggests that Newstart will overtake the Disability Support Pension as the predominant income source for new social housing tenants in 2018-19.

Community housing providers charge rents based on household income so the lower the incomes of their tenants, the lower the amount of money they collect in rent. One effect of a growing number of Newstart recipients in social housing is a reducing rental revenue stream to maintain properties and provide vital services to tenants and people seeking housing. Without an explicit subsidy to meet the gap between rent collected and the cost of maintaining the system, the social housing model is financially unsustainable.^{xviii}

Social housing shortages

Demand for social housing significantly exceeds supply, with around 150,000 households currently on wait lists for social housing across the country.^{xix}

Research recently published by AHURI^{xx} has estimated the need for 730,000 new social housing homes in Australia. This research estimates current shortfall of social housing at around 440,000 homes

nationally with an additional 290,000 homes required to meet the growth in need forecast by 2036. This includes a current shortfall of around 140,000 homes in NSW with an additional 76,000 social housing homes required by 2036.

ⁱ <https://www.theguardian.com/australia-news/2019/sep/09/newstart-recipients-six-times-more-likely-to-suffer-poor-health-researchers-find>

ⁱⁱ <https://www.theguardian.com/australia-news/2019/jun/21/reserve-bank-governor-suggests-newstart-increase-would-be-good-for-the-economy>

ⁱⁱⁱ <https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia-2019/contents/financial-assistance>

^{iv} <https://grattan.edu.au/news/the-treasurer-should-be-planning-economic-stimulus-now/>

^v https://cityfutures.be.unsw.edu.au/documents/515/Full_Report_Final_edited_logos.pdf

^{vi} <https://www.pc.gov.au/research/completed/housing-employment/housing-employment-volume1.pdf>

^{vii} <https://www.anglicare.asn.au/our-work/research-reports/the-rental-affordability-snapshot>

^{viii} <https://www.anglicare.asn.au/docs/default-source/default-document-library/final---rental-affordability-snapshota302da309d6962baacc1ff0000899bca.pdf?sfvrsn=4>

^{ix} <https://www.anglicare.org.au/media/5079/rental-affordability-snapshot-greater-sydney-and-the-illawarra-2019.pdf>

^x <https://theconversation.com/factcheck-do-99-of-newstart-recipients-also-receive-other-benefits-116667>

^{xi} Based on data provided by DSS in response to data request

^{xii} <https://www.homelessnessnsw.org.au/sites/homelessnessnsw/files/2018-08/Homelessness%20in%20New%20South%20Wales%20.pdf>

^{xiii} <https://www.aihw.gov.au/getmedia/afecfe04-915b-4219-aa1b-3a755d638881/aihw-hou-299-new-south-wales-data-tables.xlsx.aspx>

^{xiv} <https://chp.org.au/media-releases/clear-connection-between-homelessness-and-inadequate-newstart-payments-says-homelessness-australia/>

^{xv} <https://www.ahuri.edu.au/policy/ahuri-briefs/understanding-the-residualisation-of-social-housing>

^{xvi} <http://communityhousing.org.au/wp-content/uploads/2018/12/StateoftheIndustry-web.pdf>

^{xvii} <https://public.tableau.com/profile/facs.statistics#!/vizhome/Objective4-Breakingdisadvantagewithsocialhousingassistance/Dashboard6>

^{xviii} [https://www.ipart.nsw.gov.au/files/sharedassets/website/shared-files/pricing-reviews-section-9-publications-review-of-social-and-affordable-housing-rent-models/final-report-review-of-rent-models-for-social-and-affordable-housing-july-2017-\[w172737\].pdf](https://www.ipart.nsw.gov.au/files/sharedassets/website/shared-files/pricing-reviews-section-9-publications-review-of-social-and-affordable-housing-rent-models/final-report-review-of-rent-models-for-social-and-affordable-housing-july-2017-[w172737].pdf)

^{xix} <https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia-2019/contents/priority-groups-and-wait-lists>

^{xx} https://www.ahuri.edu.au/_data/assets/pdf_file/0025/29059/AHURI-Final-Report-306-Social-housing-as-infrastructure-an-investment-pathway.pdf