

## **Submission to the Senate Standing Committee on Economics Inquiry into Affordable Housing**

The National Foundation for Australian Women (NFAW) welcomes the opportunity to make a submission to the Senate Inquiry into Affordable Housing. NFAW is a non-partisan feminist organisation working to achieve policy outcomes for women. NFAW has been advocating on behalf of women, including in relation to access to more affordable housing, for over two decades.<sup>i</sup>

### **Access to affordable housing is a critical issue for women, their families and the economy.**

The last ten years has seen a continual increase in the number and proportion of people who are homeless or living in marginal housing.<sup>ii</sup> Private renters, single-person households under the age of 65 and low-income home purchasers experience housing affordability stress most acutely.<sup>iii</sup> Women are over-represented among these groups, especially women with children. Research also shows that large numbers of single, older women will soon reach retirement without economic and housing security.<sup>iv</sup>

Failure to address the lack of affordable housing has implications not only for women but also health, employment and educational outcomes for the individuals, families, and the economy. The National Housing Supply Council (NHSC) projects that by 2020 the dwelling gap between supply and demand will have grown to 456,400 dwellings.<sup>v</sup>

Housing is an engine of growth in the economy. It is vital that reform that improves the regulation, investment and coordination of housing policy across all levels of governments is undertaken.

### **The NFAW recommends:**

- **Continuing and increasing public and private investment in affordable housing, including through the expansion of the National Rental Affordability Scheme (NRAS);**
- **Ensuring that vulnerable women have access to secure, appropriate, affordable and adaptable accommodation, through increasing the supply of affordable housing, funding of emergency services and homelessness prevention programs, and adequate support for renters, as a growing proportion of the housing market;**
- **Identifying innovative approaches to addressing housing supply issues including options that support or enable superannuation funds to invest in affordable housing.**
- **Reforming the current taxation arrangements related to housing which provide significant support to private investors, and which do not meet current or future needs, while public investment in affordable housing declines.**
- **Establishing a long-term, national affordable housing plan, including improved coordination across the Commonwealth, state and territory governments, stream-lined planning processes, and making affordable housing a requirement for all developments.**

## **1. The need to increase the supply of accessible and adaptable housing**

Housing is critical infrastructure not only for the shelter it provides but the health, stability and wellbeing of families. Housing enables people to work and feel secure. As a sector, housing is also a major employer, with the construction industry alone employing over 1 million people.<sup>vi</sup> Housing makes a significant contribution both directly and indirectly to the lives of women, their families and the economy.

And yet there is an increasingly inadequate supply of affordable housing. As the Australian Institute of Health and Welfare reports, “... not everyone has access to stable and secure housing within their means; housing is one of the highest costs for most Australians, and a large number of Australian households are experiencing housing stress. Australian governments and many community-based organisations assist households struggling to meet housing costs through a range of programs, collectively referred to as housing assistance. Housing assistance encompasses the provision of housing, rent assistance, home purchase assistance and services that support maintaining tenancies.”<sup>vii</sup>

The lack of affordable housing is reaching a critical point and is expected to get worse without serious investment and reform of the sector. The Australian Institute of Health and Welfare summarised the situation well:<sup>viii</sup>

- The 7.8 million Australian households in 2006 is estimated to increase by 49% to 11.6 million by 2031.
- National median house prices increased 147% between 2001 and 2011—from \$169,000 to \$417,500.
- Housing stress has increased from 14% of households in 1994–95 to 18% in 2011–12.
- As at 30 June 2012, there were over 200,000 households on public housing or state owned and managed indigenous housing waiting lists across Australia.

The last ten years has seen a continual increase in the number and proportion of people who are homeless or living in marginal housing.<sup>ix</sup> Private renters, single-person households under the age of 65 and low-income home purchasers experience housing affordability stress most acutely.<sup>x</sup> Women are over-represented among these groups. Research also shows that the number of single, older women soon reaching retirement age without either economic and housing security is set to increase.<sup>xi</sup>

According to the Australian Institute of Health and Welfare’s *Specialist Homeless Services 2012-13*, “The majority of clients who received [specialist homelessness] assistance in 2012–13 were female (59%), and 41% were male...There were more females in all age groups except those aged under 10, although there were similar numbers of males and females in the youngest and oldest age groups (clients aged under 14 or 55 and over)... In terms of rates of access to services, in 2012–13, 125 per 10,000 females received specialist homelessness support, compared with 90 per 10,000 males.”<sup>xii</sup>

Failure to address the lack of affordable housing has implications not only for women but also health, employment and educational outcomes for the individuals, families, and the economy. The National Housing

Supply Council (NHSC) projects that by 2020 the dwelling gap between supply and demand will have grown to 456,400.<sup>xiii</sup> With only 6 years to 2020 the situation is reaching crisis point.

The NHSC says substantial growth in affordable rental housing stock is key to addressing affordability issues.<sup>xiv</sup> The National Rental Affordability Scheme (NRAS) is a critical component of this investment in increasing the stock of affordable housing. NRAS aims to grow affordable rental housing stock by offering financial incentives to build and rent dwellings to low and moderate income households at at least 20 per cent below the market rate. This has proven to be a critical program supporting investment, especially by the social and community housing sector. Providing certainty in NRAS and other funding sources from government is critical to offer housing providers the security they need to allow them to engage in a long term housing project.

***NFAW recommends:***

- ***Continuing and increasing public and private investment in affordable housing, including through expansion of the National Rental Affordability Scheme (NRAS)***
  
- 2. Ensuring that women, particularly vulnerable women, have access to secure, appropriate, affordable and adaptable accommodation**

With changing demographics, the need for additional affordable housing to meet the needs of the disadvantaged and particularly vulnerable women is set to rise. Women make up the largest proportion of individuals and households facing low-socio economic status, and the absolute number of vulnerable women is projected to grow as the population ages and women live longer. The ABS 2011-12 Survey of Income and Housing reveals:<sup>xv</sup>

- More women (79%) than men (70%) aged 65 years and over and not in the labour force depended on government pensions and allowances as their main source of personal income.
- Significantly more female lone parents than male lone parents aged 15 years and over were living in low income households (42% compared to 27% respectively).
- While a similar proportion of females and males living in low income households were experiencing rental stress (38%), the increase from 29% in 2003-04 for female lone parents was significant but the increase for male lone parents, from 31% in 2003-04, was not significant.

Affordable and social housing is critical to meeting the needs of the vulnerable women. In 2011–12, social housing created a pathway out of homelessness for more than 13,000 households, and provided accommodation to 160,000 households with a member with disability.<sup>xvi</sup> The pressure on affordable and social housing is only set to rise.

Many other changes in the lives of women will impact on housing needs of women into the future. As AHURI reported, “Over the next 10 to 20 years then, Australia’s female population will not only be much older, and also include significant populations of (older) Indigenous women and women from CALD backgrounds, as well as older women with disabilities, it will also include more women who have never married or had children, more women living in de facto relationships or remaining unpartnered for extended periods of time, more women who have had their first child in their 30s (or later still) and more women who are divorced or separated and who will not formally remarry.”<sup>xvii</sup> The proportion of women experiencing multiple disadvantages will increase demand for housing support.

“Change in the housing stock is likely to raise additional challenges for women raising children as the growing proportion of households living in higher or medium density dwellings will mean that greater numbers of families will not have access to private open space and will instead rely upon public open space. Governments will need to ensure that the urban forms of our emerging higher density cities offer an environment that is safe for women and children, provides opportunity for supervised play and learning, and is not entirely dependent upon car-based transport. Clearly this represents a significant challenge for the planning of our cities. State and local governments, in consultation with the private sector, have an important role in leading the development of cities that are more ‘friendly’ to women and children.”<sup>xviii</sup> Women also face particular insecurity in retirement, increasing the pressure on the supply of affordable housing. Women hold just 37 per cent of Australia’s total super savings while men hold 63 per cent. The average superannuation balance, when only those who have super are included, is \$105,000 for males and \$65,800 for females. Combined with women earning on average 17.5% less than men, the financial security of women will increasingly depend on the availability of affordable housing.<sup>xix</sup>

Addressing supply issues in affordable housing provides an opportunity to also prevent other housing related problems, such as financial stress or disconnection from family and/or employment. Housing also provides a firm foundation to deal with more complicated issues many disadvantaged people are facing. Having sufficient affordable housing to support effective programming models such as ‘housing first’ or other integrated models of care, will be critical to achieving positive outcomes for disadvantaged women facing housing stress.

### ***The risk of renting***

Past policies have privileged home ownership to the detriment of the third of all households who are renters. Rental Housing must be placed on Australia’s national policy agenda as a key issue to address poverty. Access to affordable housing needs to be regarded in the same context as health and education as a means to escape from poverty. We need to get excitement into all levels of Government about affordable rental housing! We also need to establish an understanding of how housing insecurity and a lack of access to affordable housing have a different effect on women compared to men.”<sup>xx</sup>

Work by Professor Judith Yates has found that “women in private rental carry a significant burden of rental stress. The impact of the lack of affordable housing is felt disproportionately by women because of the higher

number of women in low paid jobs, women heading single parent families and the higher rates of poverty among older women living alone.”<sup>xxi</sup>

Public housing saves many low income older women from housing poverty as well as income poverty. The prospect of more older women facing income and housing poverty means further investment to increase the supply of public and affordable housing is required.

### ***Older women***

A further consideration and challenge is meeting the needs of older women and men. While Commonwealth aged care policy has more recently emphasised ageing in place, this is not an adequate response or solution when so many older people do not have any secure and/or suitable housing in which they can age. This focus has arguably led to a neglect of the range of alternative options such as forms of congregate housing, boarding houses, and retirement villages. A particular gap that has emerged as a result of policy changes is the failure to provide any alternatives for the accommodation role of former hostels; the role of these facilities has seen increasing emphasis on care of more disabled residents, and most of the decline of 15 places per 1000 population aged 70 and over has been associated with a squeezing out of hostel places. This is not to argue for an increase in residential aged care places but for attention to alternative forms of housing with close integration with community care services.

Older people, with distinctive characteristics, make up a substantial part of Australia’s homeless population. The age profile and living circumstances of increasing numbers of older people across all parts of Australia suggest a multifaceted social problem. This is of particular concern given the changes in Australia’s demography.

A range of agencies have successfully developed and operated housing and integrated services for financially disadvantaged older people, including those with complex health needs in both the community and public sectors. Only a small number of agencies provide specialised and innovative housing models for these groups, and there remains a need for further investment. Outreach, as conducted by Assistance with Care and Housing for the Aged program, is a highly cost effective model to prevent homelessness and quickly house older people at high risk of homelessness. The flexible model with a person centred focus works successfully with older people in crisis. It remains however a very small program and is absent in large parts of Australia. ACHA needs to be expanded in scale and in geographic coverage.

The success of outreach with older people rests on the availability of affordable accessible housing to enable older people to age in place. Not only have Australian public and community housing providers operated innovative service integrated housing for financially disadvantaged people, but the private sector makes provision across the full market spectrum. These models can be drawn on and developed to reduce late life homelessness in Australia”<sup>xxii</sup>

It is important to note, however, that such models of care are a specialised field and it is preferable to have a small number of agencies do this work very well, rather than a large number trying and failing.

Many older people receiving renal assistance live in private boarding houses. There are also rental retirement villages that enable those with low assets to buy in. Some of these providers would be candidates as private sector partners in NRAS, a program that requires ongoing support.

### ***Escaping violence***

Affordable housing strategies must also account for women escaping domestic violence, the needs of single parents and single, older women on low-medium incomes in rental accommodation.

“Finally, it is important for governments to recognise the very real impact of violence in the home and provide adequate supports to women who are forced to address this corrosive and damaging issue, frequently forced out of their homes by their partner’s behaviour. There is substantial evidence of shortfalls within the current system of response. There is a need for both additional facilities and a working strategy to identify and provide pathways back into conventional, safe, secure and affordable housing for women and their children.”<sup>xxiii</sup>

### ***NFAW recommends:***

- ***Ensuring that women, particularly vulnerable women, have access to secure, appropriate, affordable and adaptable accommodation, through increasing the supply of affordable housing, funding of emergency services and homelessness prevention programs, and increased support for renters, as a growing proportion of the housing market;***

### **3. Identifying innovative approaches to addressing housing supply issues**

A range of innovative approaches have been proposed from various proponents that have the potential to offer and attract new investors in affordable housing. Amongst them could be options for innovative financing mechanisms, whether social benefit bonds or government backed guarantees. Such approaches could increase the borrowing capacity of developers and attract much needed investment to the sector.

The proposal for superannuation funds to be able to invest in affordable housing has been discussed for some time. The impediments to super funds being able to undertake financially viable investments in affordable housing need to be addressed. Affordable housing can be financially sustainable and further effort to enable investment in this sector from the trillion dollar superannuation sector is needed.

NFAW supports the work of the Australian Housing and Urban Research Institute (AHURI) in developing the detailed analysis and frameworks necessary for innovation in the financing of more affordable housing.<sup>xxiv</sup>

### ***NFAW recommends:***

- ***Identifying innovative approaches to addressing housing supply issues including options that support or enable superannuation funds to invest in affordable housing.***

#### **4. Reforming the current taxation arrangements related to housing**

The current taxation arrangements related to housing are having a significant impact on the efficiency of the Australian housing market. As Helen Hodgson, member of the NFAW Social Policy Committee has stated: “In Australia owner occupiers compete with investors for housing property; and there is also competition within these groups. A small increase in the number of superannuation funds and foreign investors purchasing property can have a significant impact on demand; while first home owners are finding it increasingly difficult to enter the market. Each of these groups is impacted differently by the tax system.

The 2013-14 Tax Expenditures Statement costed the Capital Gains Tax (CGT) exemptions on owner-occupied housing at A\$30 billion, almost on a par with concessional taxation of superannuation at A\$32.1 billion.

The Henry Review acknowledged that these tax expenditures can be justified as both contribute to people’s living standards in retirement. However the CGT main residence exemption and negative gearing distort the market as owner occupiers invest more in their residence, diverting capital from other more productive investments in the expectation of tax free capital gains.”<sup>xxv</sup>

While reform of CGT is a challenging proposition it is worth noting that CGT on investment property was changed in 1983. This shows that significant reforms in this area can be made. This is not a proposal for punitive CGT on owner occupied housing, but even a modest CGT would yield substantial revenue. Likewise, a modest change to negative gearing, phased in over say 5-10 years, would generate the revenue to expand the supply of housing at the same time.

NFAW urges urgent consideration of the recommendations contained in the Henry Review.

The Housing Industry Association acknowledges the finding of the Henry recommendations, including that “By removing specific, mainly state based taxes and replacing them with broad-based taxes, GDP was estimated to expand by 2 to 3 per cent or by \$25 billion to \$40 billion a year.”<sup>xxvi</sup> While tackling tax reform of this scale will be difficult, the opportunity it presents to fund necessary investments in affordable housing and other critical infrastructure and investments in human capital are significant.

#### ***NFAW recommends:***

- ***Reforming the current taxation arrangements related to housing which provide significant support to private investors, which does not meet current or future needs, while public investment in affordable housing declines.***

#### **5. Establishing a national affordable housing plan, staged from 2015 to 2030.**



Federal, State and Local Government need to work together to address the issues of funding, regulation, and local planning rules to enable greater investment in the supply of affordable housing. Further, other participants in the housing sector such as community housing, other housing providers, and the private sector – need to work together with government to deliver a coordinated plan.

A national affordable housing plan presents an opportunity to clarify the division of responsibility between Ministers at the Federal level and responsibilities between levels of government, and improve uniformity of regulations across states and territories.

It should also ensure the needs of women are a focus in a national agenda for affordable housing.

**NFAW recommends:**

- ***Establishing a long-term, national affordable housing plan, including improved coordination across the Commonwealth, state and territory governments, stream-lined planning processes, and making affordable housing a requirement for all developments***

This submission has been approved by the NFAW Board.

Marie Coleman

Chair, NFAW Social Policy Committee

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<sup>i</sup> See for example work by the NFAW at: <http://www.nfaw.org/what-we-do/social-policy/documents/housing/> and <http://www.nfaw.org/wp-content/uploads/2013/07/Housing-comparison-July-2013.pdf>

<sup>ii</sup> Housing Supply Council- Housing Supply and Affordability Issues 2012-2013. Available at: [http://nhsc.org.au/files/2013/04/housing\\_supply\\_affordability\\_report\\_2012-13.pdf](http://nhsc.org.au/files/2013/04/housing_supply_affordability_report_2012-13.pdf)

<sup>iii</sup> AHURI –Housing Affordability. Available at: [http://www.ahuri.edu.au/themes/housing\\_affordability/](http://www.ahuri.edu.au/themes/housing_affordability/)

<sup>iv</sup> For example, Dr Andrea Sharam, A predictable crisis: older, single women as the new face of homelessness. <http://www.apo.org.au/sites/default/files/A%20predictable%20crisis%20updated%20version%202011.pdf>

<sup>v</sup> National Housing Supply Council, State of Supply Report 2011. Available at: <http://nhsc.org.au/files/2013/02/nhsc-state-of-supply-report-2011.pdf>

<sup>vi</sup> ABS, Year Book Australia 2012, Available at: <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/1301.0~2012~Main%20Features~Construction%20industry~98>

<sup>vii</sup> Australian Institute of Health and Welfare, Housing Assistance in 2013. Available at: <http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=60129545051>

<sup>viii</sup> Ibid, Australian Institute of Health and Welfare, Housing Assistance in 2013.

<sup>ix</sup> Housing Supply Council- Housing Supply and Affordability Issues 2012-2013. Available at: [http://nhsc.org.au/files/2013/04/housing\\_supply\\_affordability\\_report\\_2012-13.pdf](http://nhsc.org.au/files/2013/04/housing_supply_affordability_report_2012-13.pdf)

<sup>x</sup> AHURI –Housing Affordability. Available at: [http://www.ahuri.edu.au/themes/housing\\_affordability/](http://www.ahuri.edu.au/themes/housing_affordability/)

<sup>xi</sup> For example, see Dr Andrea Sharam, A predictable crisis: older, single women as the new face of homelessness: <http://www.apo.org.au/sites/default/files/A%20predictable%20crisis%20updated%20version%202011.pdf>



- <sup>xii</sup> Australian Institute of Health and Welfare 2013. Specialist homelessness services:2012–2013. Cat. no. HOU 27. Canberra: AIHW.
- <sup>xiii</sup> National Housing Supply Council, State of Supply Report 2011. Available at: <http://nhsc.org.au/files/2013/02/nhsc-state-of-supply-report-2011.pdf>
- <sup>xiv</sup> National Housing Supply Council, Housing Supply and Affordability Issues 2012–13, Chapter 6 – Conclusions. Available at: <http://nhsc.org.au/publications/housing-supply-and-affordability-issues-2012-13/chapter-6/>
- <sup>xv</sup> ABS, Gender Indicators February 2014. Available at: [http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/4125.0~Feb%202014~Main%20Features~Latest%20Highlights%20\(Economic%20Security\)~10002](http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/4125.0~Feb%202014~Main%20Features~Latest%20Highlights%20(Economic%20Security)~10002)
- <sup>xvi</sup> Australian Institute of Health and Welfare, Housing Assistance in 2013. Available at: <http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=60129545051>
- <sup>xvii</sup> AHURI, *Too Big to Ignore Report – Future Issues for Australian Womens Housing 2006-2025*. Available at: <http://www.nfaw.org/wp-content/uploads/2012/06/AHURI-Too-Big-To-Ignore-Report-Future-Issus-for-Australian-Womens-Housing-2006-2025.pdf>
- <sup>xviii</sup> Ibid, AHURI
- <sup>xix</sup> Ross Claire, ASFA 2011, *Developments in the level and Distribution of retirements saving*; Available here: <http://www.superannuation.asn.au/policy/reports/>
- <sup>xx</sup> NFAW, National Strategy for Affordable Rental Housing, Conference summary: Equality Rights Alliance, ES4W, National Foundation for Australian Women and National Rural Women's Coalition. <http://www.nfaw.org/wp-content/uploads/2012/06/A-National-Strategy-for-Affordable-Rental-Housing.pdf>
- <sup>xxi</sup> Ibid, NFAW
- <http://www.nfaw.org/wp-content/uploads/2012/06/A-National-Strategy-for-Affordable-Rental-Housing.pdf>
- <sup>xxii</sup> University of Queensland, Institute for Social Science Research, *Addressing later life homelessness, Report of the National Homelessness Research Partnership with FAHCSIA*. June 2013
- <sup>xxiii</sup> AHURI, *Too Big to Ignore Report – Future Issues for Australian Womens Housing 2006-2025*. Available at: <http://www.nfaw.org/wp-content/uploads/2012/06/AHURI-Too-Big-To-Ignore-Report-Future-Issus-for-Australian-Womens-Housing-2006-2025.pdf>
- <sup>xxiv</sup> See for instance from the AHURI website: *Housing Supply Bonds: a suitable instrument to channel investment towards affordable housing in Australia?* Available at <http://www.ahuri.edu.au/publications/projects/p30652#sthash.DcT3UjKU.dpufhttp://www.ahuri.edu.au/publications/projects/p30652>
- <sup>xxv</sup> Helen Hodgson, The Conversation, Explainer – why negative gearing is bad policy, 4 February 2014. Available at: [http://theconversation.com/explainer-why-negative-gearing-is-bad-policy-21882?utm\\_medium=email&utm\\_campaign=Latest%20from%20The%20Conversation%20for%204%20February%202014&utm\\_content=Latest%20from%20The%20Conversation%20for%204%20February%202014+CID\\_eae12123dd4c0baf12e08a5091017993&utm\\_source=campaign\\_monitor&utm\\_term=Explainer%20why%20negative%20gearing%20is%20bad%20policy](http://theconversation.com/explainer-why-negative-gearing-is-bad-policy-21882?utm_medium=email&utm_campaign=Latest%20from%20The%20Conversation%20for%204%20February%202014&utm_content=Latest%20from%20The%20Conversation%20for%204%20February%202014+CID_eae12123dd4c0baf12e08a5091017993&utm_source=campaign_monitor&utm_term=Explainer%20why%20negative%20gearing%20is%20bad%20policy)
- <sup>xxvi</sup> Housing Industry Association report prepared by Centre for International Economics, *Taxation of the Housing Sector*, 2011. Available at <http://hia.com.au/media/Industry-policy/~media/Files/documents/CIE%20Tax%20Report.ashx>