



**THE SALVATION ARMY
AUSTRALIA SOUTHERN
TERRITORY**

PRELIMINARY RESPONSE

**“SELECT COMMITTEE
ON HOUSING
AFFORDABILITY
IN AUSTRALIA”**

March 2008

EXECUTIVE SUMMARY

The Salvation Army welcomes the opportunity to provide a preliminary response to the Select Committee On Housing Affordability in Australia and will issue a fuller submission to the Inquiry shortly.

The Salvation Army is in the final stages of completing data analysis of up to 1500 households, within The Salvation Army programmes, relating to Housing Affordability and housing tenure.

The Salvation Army also welcomes the opportunity to speak to the Committee at a hearing.

Within the scope of the Inquiry, The Salvation Army will provide a response specific to the barriers to home ownership in Australia, with particular reference to:

- (a) Proposed assistance for first home owners by State, Territory and the Commonwealth;**
- (b) The role of all levels of government in facilitating affordable home ownership; and**
- (c) The role of financial institutions in home lending.**

The Salvation Army will also provide information about the impact of the Housing Affordability crisis on other housing tenures, with particular regard to the rising number of people experiencing homelessness, within the Australian housing market.

For The Salvation Army, the issue of Housing Affordability within Australian communities historically occupies a significant area of social and economic reform. The broader policy and programmatic directions determined by Government directly impact on the circumstances of households engaged with The Salvation Army.

Housing Affordability is an enduring issue for low-income households across Australia.

The Salvation Army advocates that priority is given to the multiple challenges confronting low-income households in accessing and sustaining appropriate housing across all tenures.

The Salvation Army maintains that any examination of Housing Affordability should not be confined solely to home ownership. Given the complex and interconnected nature of housing tenures, including home ownership, private rental, public and community housing within the Australian housing market, it is inconceivable that people in all

housing tenures will not be affected by any changes Government may implement within home ownership.

Therefore, in the analysis of barriers to home ownership in Australia and subsequent policy and programmatic recommendations, it is necessary that the implications that may flow from future Government directions into other housing tenures must be considered.

THE AUSTRALIAN HOUSING MARKET

Accessible, affordable and secure housing provides the foundation for the well-being and participation of all citizens in community life.

Despite growing national prosperity, in the past 10 years –

- Australia has been identified as one of the least affordable housing markets in the world. Sydney, Melbourne, Adelaide and Perth are ranked in the top 20 least affordable cities in the world.
- The median house price in Australia has increased from 4 times the average annual income 6 to 7 times the average annual income.
- Australian households are paying the second highest mortgage rate in the developed world.
- Growth in the private rental market across Australia has been uneven, with a shortage of approximately 134,000 properties at the lowest cost end of the Market.
- Over 1.1 million low to middle income households are suffering 'housing stress'. Households are paying more than 30% of their income in either rent or mortgage repayments. This represents 1 in every 7 households. This is in contrast to the expectation that in 2001, the number of households experiencing housing stress was expected to double in 15 years and reach 1 million in 20 years.
- 35% of Commonwealth Rent Assistance recipients spend 30% or more of their incomes on housing costs.
- After housing costs, 357,000 Australian families with children have insufficient money for food, clothing, heating and transport.

- Nationally, more than 100,000 people are homeless on any given night.
- It is estimated that the number of households that have defaulted on mortgages since March 2007 has risen by 17%.

THE SALVATION ARMY – PRELIMINARY RESPONSE TO THE INQUIRY

As documented in The Salvation Army – Federal Election 2007 policy specific to a call for a ‘National Housing Affordability Statement’, The Salvation Army called upon Australian political parties to support, invest, develop and integrate a comprehensive housing response, thus ensuring housing for all Australians.

Within the scope of the Inquiry, The Salvation Army’s election 2007 recommendations included -

- Seek improved opportunities to home ownership for low-incomes households; and
- Increase Government regulation of brokers and financial lending providers to ensure household debt can be serviced.

The Salvation Army further recommends that the role of all levels of Government in facilitating affordable housing, including home ownership, be within a value framework. This framework should consider the quality of housing supply, including transport links, access to services, and appropriate recreational facilities, and not just the cost of housing. This builds sustainability into the foundations of an affordable housing strategy and is entirely consistent with the Government’s Social Inclusion Agenda.

CONCLUSION

As stated in the Executive Summary, The Salvation Army welcomes the opportunity to provide a preliminary response, to be followed by a full submission to the Select Committee on Housing Affordability in Australia.

This enquiry provides an opportunity to critically examine the barriers to home ownership in Australia as well as the barriers and solutions to creating an affordable housing market across all tenures, in particular for those who are disadvantaged and marginalised within the Australian community.