



Submission to the Inquiry into Capital Gains Tax Discount

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About HAAG

Housing for the Aged Action Group (HAAG) is a member-based, community organisation specialising in the housing needs of older people. HAAG has more than 1,000 members across Australia actively working towards achieving housing justice. Established over 40 years ago as a grassroots movement, HAAG has developed a robust service delivery arm in Victoria and has a strong presence in advocacy for older people experiencing housing and homelessness related issues across Australia. During the 2024-25 financial year, HAAG supported over 2,600 older Victorians.

Since 2016, HAAG has researched the depth of housing and homelessness issues for older people nationally, working with services, people with a lived experience, research and advocacy bodies across Australia. This positions us uniquely as one of the few organisations who can provide detailed insight into the impact of increasing housing insecurity on ageing and aged care provision.

HAAG welcomes the opportunity to provide input into the [Senate Select Committee on the Operation of the Capital Gains Tax \(CGT\) Discount](#).

As an organisation that delivers housing and related support services to older people experiencing homelessness and housing stress, we see first-hand how the unequal housing system impacts on the health and wellbeing of older people. We support policies that reduce inequality, strengthen economic security, and ensure all people have access to safe, decent and affordable housing.

HAAG is concerned that the current Capital Gains Tax (CGT) discount settings are contributing to widening inequality, worsening housing affordability, and undermining Australia's long-term social and economic wellbeing. We believe significant reform is necessary.

Our submission focusses on the CGT discount applied to housing, and responds primarily to the first terms of reference – (a) the contribution of the capital gains tax (CGT) discount to inequality in Australia, particularly in relation to housing.

Introduction

Having safe, affordable, accessible and long-term housing provides the basis for stability and security for individuals and families. It is fundamental to healthy ageing and the wellbeing of older people. However, decades of inadequate action and under-investment by all levels of government and private sector have resulted in housing being treated as an investment vehicle rather than a home. This in turn has distorted the housing market pushing many people, especially people on low to moderate incomes in to housing precarity.

Australia's tax system provides significant incentives to people investing in housing, placing housing investors at a significant advantage over home buyers. The CGT discount, coupled with negative gearing, distorts the housing market and pushes up house prices, making homes harder to afford for both home buyers and renters.

A fairer tax system would recognise that housing is first and foremost about providing homes for people to live in. Removing the handouts to property investors, particularly the CGT discount, and negative gearing, and directing the substantial revenue gains¹, predicted to be over \$80 billion, to investment in public, community and affordable housing, is essential to create a more equitable housing system.

The housing crisis for older people

An increasing number of older people are experiencing homelessness, at risk of homelessness, or in housing stress. They are retiring into insecure and unstable housing, and the number experiencing this is only continuing to grow.

Financial pressures due to skyrocketing housing costs and cost of living increases, along with the significant inadequacy of Age Pension and Jobseeker payment, are pushing older people into severe housing stress and poverty. The rental market is particularly challenging for older people who are on low incomes or reliant on government income support payments as their main source of income. The incentives that are directed to property investors should be redirected to ensure people are able to afford housing whether they are renting or under severe housing stress with a mortgage.

¹ A. Morris, The Conversation, \$84bn lost to housing tax lurks? That would go a long way towards ending the housing crisis, 13 September 2024, accessible at: <https://theconversation.com/84bn-lost-to-housing-tax-lurks-that-would-go-a-long-way-towards-ending-the-housing-crisis-237333#:~:text=in%20A%24%20billion.-,The%20combined%20value%20of%20revenue%20forgone%20due%20to%20negative%20gearing,years%20from%202024%20to%202034>

How the CGT discount impacts on the housing market and older people

The CGT discount has profound, system-wide effects that directly impacts on the housing crisis facing older people.

Key systemic concerns, and their impact on older people are discussed below.

Higher rents and increased precarity

The CGT discount encourages property investors to purchase existing homes rather than build new ones, increasing demand for the same pool of housing. [This drives up prices](#)² and, in turn, puts upward pressure on rents, making it harder for low-income households, older renters, young people, and single-parent families to secure affordable housing. As investors chase higher returns, properties are more frequently bought and sold, often leading to renters being forced to move, sometimes repeatedly, [costing thousands of dollars each time](#).³ This instability affects health and educational outcomes, workforce participation and job security, and community connection and safety.

According to census data, about 700,000 people aged 55 and older rented from a private landlord, a 73% increase in ten years. There are at least 220,000 older people over 55 renting privately in the lowest two income quintiles.⁴ With limited housing options that are accessible and affordable across the country for people with disability and older people, there is stiff competition for the small number of houses that are accessible, close to amenities and are affordable.

The *Priced Out, Run Down: Older Australians in unaffordable and poor-condition housing* report found that 31% of older renters are in unaffordable, poor quality housing with older women disproportionately overrepresented in this group.⁵

This is further demonstrated by the significant increase in demand for HAAG's services. In the last financial year alone, HAAG saw a 180% increase in the number of older people assisted in Victoria with their housing challenges.⁶

² <https://australiainstitute.org.au/post/negative-gearing-and-capital-gains-tax-discount-driving-up-house-prices/>

³ <https://www.tenants.org.au/blog/true-cost-eviction>

⁴ W. Stone et al, *Ageing in a Housing Crisis: Older people's housing insecurity & homelessness in Australia* (Commissioned by Housing for the Aged Action Group), 2023, <https://www.older tenants.org.au/publications/ageing-in-a-housing-crisis-older-peoples-housing-insecurity-homelessness-in-australia>

⁵ P. Veeroja et al, *Priced Out, Run Down: Older Australians in unaffordable and poor-condition housing*, Commissioned by Housing for the Aged Action Group), 2025, <https://www.older tenants.org.au/publications/priced-out-run-down-older-australians-in-unaffordable-and-poor-condition-housing>

⁶ Housing for the Aged Action Group, Annual Report 2024-2025, <https://www.older tenants.org.au/publications/annual-report-2024-25>

Case Study

Arthur*, aged in his 90's, suffered a heart attack after receiving a rent increase. He and his partner had been living in the same rental property for 30 years. After the property was sold, the new owner increased the rent to an amount that exceeded the combined pensions of the couple.

When he contacted HAAG, Arthur was anxious, overwhelmed and having difficulty retaining information due to stress. Multiple teams within HAAG worked with Arthur to work through his housing challenges. The team assisted him with gathering his paperwork, liaised with the real estate agent, connected him with a financial counsellor, and put forward a counteroffer to the landlord.

The new owners indicated that they intended to evict the elderly couple so they could renovate and sell the property for a profit, explaining “*this is what we do*”.

However, through strong advocacy from HAAG's tenancy team they agreed to a lower increase. This outcome prevented the couple from experiencing homelessness and stay in the home where they had lived for three decades. They are currently being assisted to apply for public and community housing.

**Names and other identifiable information have been changed for privacy*

Many older people are struggling to find housing that meets their growing accessibility needs in the private rental market as they have to compete with people with higher incomes. For those who are already in private rentals, there are significant challenges with improving the conditions to ensure properties are accessible for those with mobility issues. About 50% of older people HAAG supported into public and community housing had accessibility needs.

Rising inequality and worsening housing affordability

The CGT discount amplifies wealth inequality by disproportionately benefiting higher-income households⁷ and property investors, contributing to upward pressure on land and housing prices. This makes it harder for the communities we represent to secure stable, affordable homes.

The Australian retirement system is built on the expectation that older people will own a home at the time of retirement. Our research demonstrates that this is not the reality for 42% or more older people over 55 years.⁸

⁷ <https://australiainstitute.org.au/wp-content/uploads/2021/04/P911-Income-and-wealth-distribution-of-tax-concessions-Web.pdf>

⁸ W. Stone, et al, Ageing in a Housing Crisis: Older people's housing insecurity & homelessness in Australia, 2023, accessible at: <https://www.older tenants.org.au/publications/ageing-in-a-housing-crisis-older-peoples-housing-insecurity-homelessness-in-australia>

A considerable proportion of older people over 55 years in the lowest income groups (income quintiles 1 and 2) were paying off a mortgage on their primary residence at last census. The number of older people living in low income (Q2) households in homes with a mortgage nearly doubled in the decade to 2021 (increasing 99% compared to 52% in Q1 and 67% in Q3 and above households).⁹ Support to prevent these people from falling off home ownership is limited and hard to access, whereas property investors are able to accumulate more wealth through the tax system.

Rising rents and insecure tenancy also directly contribute to increased demand for homelessness and crisis support services. Many older people supported by HAAG live in severe rental stress, going without food and medication to afford rent as they fear eviction.

Case Study

Baida* and her mother Fayruz* rent a small two-story townhouse in Victoria. Baida is the sole carer of Fayruz who needs full-time care as she has dementia as well as mobility issues that require the use of a walking frame. Their rent increased to \$1,600 a month in October 2023 which is about \$150 more than what they were paying previously. As a result of this rent increase, they are now paying more than 50% of their combined household income on housing, leaving them with little money left for food, medication and utilities. They indicated that given Fayruz's high medical costs for her regular medications they both find that food is lower on their list of priorities.

Due to Fayruz's mobility issues she is unable to access the bedrooms upstairs and they have created a makeshift sleeping arrangement downstairs in the living room. The townhouse is not properly insulated with large windows and tiled floors. They find the property extremely cold in winter and unbearably hot in summer. Cold weather aggravates Fayruz's health issues. The only form of heating they have is an old heater that has very low energy ratings and is not working properly. They only use heating on extremely cold days to keep the living room area warm at night and still find the energy bills too high to manage on their limited income.

They have previously sought assistance from extended family members and friends in their community as they do not speak English. The language barrier is another challenge they experience as it is difficult for them to find food banks in their area or access government subsidies to supplement energy bills. They are unable to find alternative affordable rental housing options in the area close to their community, health services and other supports. They are currently receiving assistance to access Victorian Social Housing which can take up to 18 months to two years.

**Names and other identifiable information have been changed for privacy*

⁹ Ibid

Intergenerational inequity

The argument for the reform of housing related tax concessions is often made on the basis of intergenerational equity, as younger Australians face dual challenges of soaring housing prices and stagnant wages, while older or wealthier cohorts disproportionately benefit from property-based tax concessions.

In reality, increasing numbers of older people also experience the impact of an unfair housing system. As highlighted above, home ownership among older people is declining and many are locked out of housing market as they age due to barriers to obtain a home loans from financial institutions, and being ineligible for government incentives, especially those targeting first home buyers.

HAAG commissioned research found that there are over 508,000 people over 55 with low-moderate wealth and incomes living in private rental, or paying of mortgages into retirement. They can't afford their housing needs, and are unable to access public or community housing.¹⁰ About 210,000 or more people over 55 years have savings between \$35,000 - \$500,000 who have limited opportunities to purchase a home in a housing market that requires them to compete with investors who have significantly higher bargaining power and backing from financial institutions.

Measures such as first home buyers grants and shared equity schemes may support some people with home ownership aspirations. However, these often do not apply to or work in favour of older people, particularly older women over 55 who may not have enough assets to purchase a property in the private housing market or secure a bank loan even with government incentives.

"I just thought I'd go and use what I got out of it [divorce] as a deposit on another house. I've never thought of myself as not owning my own home. And when I went to the bank, they virtually just laughed at me, because I was 58, even though I worked all my life. I had a good deposit but nobody will touch me. I was a single woman at 58, they told me if it was my former husband, they would have given him a loan but because I was a woman, I wouldn't get one."

Member of HAAG's NSW Lived Experience Advocacy Group

Addressing housing affordability requires a multifaceted approach that includes assisting young people to purchase a property, supporting people over 55 years and paying off a mortgage to prevent them from falling out of home ownership, and identifying alternative housing options that are affordable for older people such as retirement villages, co-housing models and co-operative

¹⁰ W. Stone, et al, Not poor enough, not rich enough: Older people falling through the housing assistance eligibility gap (Commissioned by Housing for the Aged Action Group), 2024, accessible at: <https://www.older tenants.org.au/publications/not-poor-enough-not-rich-enough-older-people-falling-through-the-housing-assistance>

housing models. All of which require significant financial investments from Government, which can be achieved by addressing the distorted tax settings for property investors.

Impact on people experiencing disadvantage

The effects of the CGT discount interact with poverty, health outcomes, homelessness risk, and social exclusion. Stable and affordable housing is foundational to wellbeing, and the current tax settings make it harder to achieve.

Other related matters - reforming negative gearing

Without addressing negative gearing alongside the CGT discount, any reform will be incomplete.

These two concessions operate as a paired incentive that inflate property prices, fuel speculative investment, and lock renters and first-home buyers out of secure housing.

Recommendations

Housing for the Aged Action Group recommends the Australian Government:

- Implement measures to incrementally **phase out Capital Gains Tax, and negative gearing**, to create an **equitable housing market**.
- **Reinvest the savings** from these reforms into the **construction and acquisition of public and community housing** to meet [current and future need](https://everybodyshome.com.au/resources/out-of-reach/).¹¹

Conclusion

We urge the Committee to consider the broad and deep impacts of the CGT discount on inequality, housing security, and Australia's long-term economic future. Reform is essential to creating a fairer, more productive and inclusive Australia.

¹¹ <https://everybodyshome.com.au/resources/out-of-reach/>