



HOUSING FOR THE AGED ACTION GROUP INC.

Inquiry into housing affordability and supply in Australia

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Introduction

Housing for the Aged Action Group (HAAG) is the only Australian organisation of its kind specialised in the housing needs of older people. Established over 30 years ago as a grassroots movement, the organisation delivers a housing information and support service for older people in Victoria and advocates for older people experiencing housing and homelessness related issues across the country. During the 2020-21 financial year HAAG supported close to 1,000 people, including over 150 people supported into long-term housing.

In 2016, HAAG was funded by the Wicking Trust (a philanthropic organisation) to conduct research to understand the depth and breadth of housing and homelessness issues of older people across the country. In consultation with services, people with lived experience, advocates and peak bodies, the project produced a number of research reports on the housing issues of older people,¹ including reports on housing circumstances for older people in Western Australia, Queensland, South Australia, New South Wales, Tasmania and Victoria, and has built networks in every state.

HAAG welcomes the opportunity to provide input into housing affordability and supply in Australia. We understand the critical importance of having access to safe and affordable housing for older people and encourage this Committee to consider avenues to increase social and affordable housing stock across the country, including non-market solutions.

Recommendations

The Federal Government must -

- Incorporate Mandatory Inclusionary Zoning in the next iteration of National Housing and Homelessness Agreement (NHA) between the Federal government and States and Territories. This should include:
 - A minimum of 10% of mandatory inclusionary zoning on all new private housing developments, and
 - A minimum of up to 30% of mandatory inclusionary zoning, on all residential development undertaken on surplus Commonwealth, State and Local Government land.
- Identify and fund targeted measures to increase affordable housing stock earmarked for older people including through targeted funding under National Housing Finance and Investment Corporation.
- Implement measures to incrementally remove Capital Gains Tax and Negative Gearing to create an equitable housing market.

Current context

Homelessness is a significant issue in Australia with over 116,000 people experiencing homelessness.² Across the country, one seventh of all homelessness is experienced by those over

¹ See further: Housing for the Aged Action Group, Ageing on the Edge National Action Project, accessible at: <https://www.oldertenants.org.au/ageing-edge-national-action-project>

² Australian Bureau of Statistics, 2049.0 - Census of Population and Housing: Estimating homelessness, 2016, accessible at: <https://www.abs.gov.au/ausstats/abs@.nsf/mf/2049.0>

the age of 55 years.³ These numbers are likely to be higher due to underreporting. Older women are the fastest growing cohort of people experiencing homelessness in Australia and unlikely to seek support from homelessness services.⁴ Research show that 61% of older Australians aged 55–64 cited lack of a deposit as a barrier to long term housing aspirations, the most important barrier of all cited. This was also an issue for those aged 65–74 and those 75 years and above.⁵

A Productivity Commission report noted that obtaining affordable housing is a challenge for many low-income private renters, with two-thirds of low-income renters paying more than 30% of their income in rent.⁶ It further reported that households reliant on government pensions and allowances, particularly those including *older people* or unemployed people, and sole person households are more likely to experience rental stress in the private rental market.⁷ There are over 478,000 low and very low income households across Australians in unaffordable rental housing.⁸ Older households are disproportionately low-income, and age is strongly associated with reliance on government payments, disability and lower educational attainment.⁹ All these factors should be closely considered when developing housing policies aimed at increasing affordability.

The Federal Treasury Retirement Income Review Final Report found that for many who retire involuntarily due to job-related reasons, the adequacy of their living standards before Age Pension eligibility age depends on the level of the JobSeeker Payment. Renters and involuntary retirees experience higher levels of financial stress and poverty than the working-age population.¹⁰

After the 2017–2018 federal budget and under the new National Housing and Homelessness Agreement (NHHA), there is now certainty in relation to future funding for homelessness services. This funding guarantee for community services that support people experiencing homelessness was a welcome development.

It is encouraging that many States and Territory governments adopted measures to support people experiencing homelessness and rapidly provide accommodation as a response to COVID-19. However, these are temporary measures that were implemented by State and Territory governments and have been discontinued in most States and Territories. Furthermore, there has not been an adequate direct response or leadership from the Commonwealth government in relation to people experiencing homelessness.

Even prior to COVID-19 related housing challenges, cost of housing was a significant issue across all jurisdictions including in rural and remote areas. As highlighted, combination of rising housing costs

³ Ibid

⁴ Australian Human Rights Commission, *Older Women's Risk of Homelessness: Background Paper*, 2019, accessible at:

https://humanrights.gov.au/sites/default/files/document/publication/ahrc_ow_homelessness2019.pdf

⁵ A. James, et al, *Older Australians and the housing aspirations gap*, AHURI Final Report No. 317, 2019, accessible at: <https://www.ahuri.edu.au/research/final-reports/317>

⁶ Productivity Commission, *Vulnerable Private Renters: Evidence and Options*, 2019, accessible at:

<https://www.pc.gov.au/research/completed/renters/private-renters.pdf>

⁷ Ibid

⁸ Australian Housing and Urban Research Institute, *Unpacking the housing measures in the 2020-21 Federal Budget*, 2021, accessible at: <https://www.ahuri.edu.au/research/news/Unpacking-the-housing-measures-in-the-2020-21-Federal-Budget>

⁹ Ibid

¹⁰ The Department of Treasury, *Retirement Income Review Final Report*, 2020, accessible at:

https://treasury.gov.au/sites/default/files/2020-11/p2020-100554-00bkey-observations_0.pdf

and lack of government investment in social and affordable housing had increased the significant pressure on low-income households to manage household expenses after paying rent. Given the importance of housing in the current context, it is particularly crucial that the housing solutions for homelessness and increasing affordable housing supply are driven by the Commonwealth government.

A range of housing options is required to cater for a broad spectrum of circumstances, including supports to age in place, an increased supply of social and affordable housing for older people, supported accommodation models for older people with more complex needs and specific residential aged care facilities that can provide intensive supports to those who have previously experienced homelessness.

Nationally, Aboriginal and Torres Strait Islander people accounted for 20% (23,437 persons) of all persons who were homeless on Census night in 2016 and experienced much higher rates of overcrowding.¹¹ Evidence also demonstrates that people from migrant and refugee backgrounds, people with disability, people from LGBTIQ backgrounds and other cohorts experiencing disadvantage are at an increased risk of homelessness and need access to long-term, affordable housing. Thus, the solutions to addressing housing should not be a 'one hat fits all' approach and include measures to cater for the multifaceted and intersectional housing needs across the country.

Charges and regulatory settings at a Federal, State and Local Government level on housing supply

Given that housing and homelessness are related issues and require responses at Federal, State and Territory as well as local government levels, there is a clear need for coordination and collaboration between different layers of government that engage with people experiencing homelessness and/or are in housing stress.

Analysis of the government policy responses on housing and homelessness in the past budgets indicate that most affordable housing and other housing measures are likely to be aimed at first home buyers and younger people trying to enter the housing market.¹² Most older people, particularly older women, are unlikely to benefit from these policies as they may have been joint home owners in the past prior to becoming single, leaving violent relationships or are unlikely to be successful in obtaining housing finance due insufficient income or savings as a result of history of financial insecurity (including consequences of gender pay gap, time out of workforce for caring roles and gendered professions such as care sector with lower wages).

Mandatory Inclusionary Zoning

In order to address the issue of homelessness and related issues more effectively, planning regulations must be considered. Mandatory Inclusionary Zoning has proven to be an effective tool in increasing affordable housing.

¹¹ Australian Bureau of Statistics, 2049.0 - Census of Population and Housing: Estimating homelessness, 2016, 2018, accessible at: <https://www.abs.gov.au/statistics/people/housing/census-population-and-housing-estimating-homelessness>

¹² Australian Housing and Urban Research Institute, Unpacking the housing measures in the 2020-21 Federal Budget, 2021, accessible at: <https://www.ahuri.edu.au/research/news/Unpacking-the-housing-measures-in-the-2020-21-Federal-Budget>

Inclusionary zoning is a land use planning intervention by government that either mandates or creates incentives so that a proportion of a residential development includes a number of affordable housing dwellings. Affordable housing inclusion can be mandated when land is rezoned for residential development, when planning rules are varied for particular projects, or following significant infrastructure investment.¹³ Various States and Territories have employed both mandatory and voluntary (incentivised) inclusionary zoning measures.

Research found that between 2005 and 2016, planning schemes delivered 5,485 affordable homes rental and low cost home ownership dwellings in South Australia.¹⁴ Currently, as part of the Victorian government's housing strategy, Homes for Victorians, the Department of Environment, Land, Water and Planning (DELWP) is undertaking an Inclusionary Housing Pilot (Pilot) on six surplus government land parcels.¹⁵ There are similar approaches in some other States and Territories with varying levels of success.

In the UK similar schemes led to 83,790 new affordable dwellings.¹⁶ In New York, new developments, or enlargements constituting more than 50 per cent of existing floor area, within Inclusionary Housing designated areas that allocate at least 20 per cent of their residential floor area for affordable housing can receive a floor area bonus of 33 per cent above the base floor area permitted.

Planning system tools for affordable housing supply work best when part of a wider whole-of-government strategy to address the continuum of housing needs.¹⁷ The Federal Government should work with State and Territory governments to significantly expand the current inclusionary zoning policies to meet the emerging housing demand through the next iteration of National Housing and Homelessness Agreement (NHHA) between the Federal government and States and Territories. This should include:

- A minimum of 10% of mandatory inclusionary zoning on all new private housing developments, and
- A minimum of up to 30% of mandatory inclusionary zoning, on all residential development undertaken on surplus Commonwealth, State and Local Government land.

Financial models to boost supply for low-income households

The National Housing Finance and Investment Corporation (NHFC) through the Affordable Housing Bond Aggregator and National Housing Infrastructure Facility will make a useful contribution in making concessional funding available for Community Housing Providers.

¹³ N. Gurran, et al, Supporting affordable housing supply: inclusionary planning in new and renewing communities, 2018, accessible at: https://www.ahuri.edu.au/_data/assets/pdf_file/0017/20483/Inquiry-into-increasing-affordablehousing-supply-Evidence-based-principles-and-strategies-for-Australian-policy-and-practice-ExecutiveSummary.pdf

¹⁴ Ibid

¹⁵ Victorian Department of Environment, Land, Water and Planning, Inclusionary Housing Pilot, accessible at: <https://www.planning.vic.gov.au/policy-and-strategy/housing-strategy/inclusionary-housing-pilot>

¹⁶ N. Gurran, et al, Supporting affordable housing supply: inclusionary planning in new and renewing communities, 2018, accessible at: <http://www.ahuri.edu.au/research/final-reports/297>

¹⁷ Ibid

Even with efficient financing provided by the NHFIC, there remains a considerable funding gap.¹⁸ *Social housing as infrastructure: rationale, prioritisation and investment pathway* report analysed the unmet need by examining levels of homelessness and housing stress amongst very low-income in the lowest income quintile households renting privately. It found a need for construction of some 730,000 new social dwellings over the next 20 years.¹⁹ This report further identified that housing need and procurement costs vary across different land and housing markets, necessitating a nuanced strategy.²⁰

It was encouraging that in the 2020–21 Budget the Government is increasing NHFIC's cap on total guaranteed liabilities by an additional \$1 billion to \$3 billion.²¹ Currently, NHFIC administers three Schemes to support specific cohorts, i.e. First Home Loan Deposit Scheme, New Home Guarantee and Family Home Guarantee for single parents.²² The critical link between housing and safety was highlighted at recent National Women's Safety Summit. Thus, a similar category could be created for older people, with a special focus on older women with limited assets to access affordable housing with increased financial assistance from the government.

Social impact investing provides one avenue for government to address the housing supply shortfall. As we are currently seeing in the Specialist Disability Accommodation market, the creation of appropriately structured subsidies has the potential to attract significant private investment into the creation of housing for cohorts in need. A similar model can be adopted and scaled up to increase affordable housing stock.

Co-housing or shared equity models

Co-living housing and other shared accommodation options are appropriate in some cases where the regulations and supports are in place. There are some examples of successful models that are appropriate for some people with a certain level of equity in the form of savings. As highlighted above, older people with limited savings, especially older women should be provided with access to affordable housing options where appropriate.

However, it must be noted that these options should form a small part of the suite of solutions to increase affordable housing, with government investment in social and affordable housing being the main solution.

Tax reform

Tax breaks provided to property investors come at an annual cost of \$11.7 billion to government revenue.²³ Concerns have been raised about the inequity of the Capital Gains Tax (CTG) and Negative Gearing. Specifically, data on the net capital gains of individual taxpayers in Australia indicate that most of the benefit of the CGT discount is skewed towards high income taxpayers.²⁴ The top 20% of

¹⁸ J. Lawson, et al, *Social housing as infrastructure: rationale, prioritisation and investment pathway*, 2019, accessible at: <http://www.ahuri.edu.au/research/final-reports/315>

¹⁹ Ibid

²⁰ Ibid

²¹ The Federal Treasury, *Budget papers 2020-21*, accessible at: <https://archive.budget.gov.au/index.htm>

²² National Housing Finance and Investment Corporation, *Support to buy a home*, accessible at: <https://www.nhfc.gov.au/what-we-do/support-to-buy-a-home>

²³ Grattan Institute, *Time to fix Australia's unaffordable capital gains tax and negative gearing policies*, 2016, accessible at: <https://grattan.edu.au/time-to-fix-australias-unaffordable-capital-gains-tax-and-negative-gearing-policies/>

²⁴ B. Freudenberg and J. Minas, *Reforming Australia's 50 per cent capital gains tax discount incrementally*, *eJournal of Tax Research* (2019) vol. 16, no. 2, pp. 317-339.

household incomes received 82% of the CGT discount, whereas only 14% of the CGT discount was accessed by the bottom 70% of household incomes.²⁵ Incremental reform would address many of the concerns raised with the CGT discount and such reform appears to have the support of a significant proportion of the taxpayer population.

Therefore, tax reform is critical to improving housing affordability, by creating the conditions necessary for an even playing field to allow young and first time homeowners an opportunity to enter the market. As highlighted above, current negative gearing settings and capital gains tax exemptions distort the housing market and impact housing affordability. All Federal and State/Territory tax settings impacting the housing market need to be modelled and analysed as part of any tax reform process and revenue gains should be directed to affordable housing.

Creating sustainable pathways out of homelessness through affordable housing

Although outside of the scope for this inquiry, the resulting impact of housing unaffordability has a direct correlation to homelessness. Strategic planning coupled with long-term and sustainable funding is required to address homelessness, including increasing non-market housing solutions.

Considering the importance of addressing homelessness and unemployment during the economic downturn as a result of the pandemic, the community sector organisations developed the Social Housing Acceleration and Renovation Program (SHARP) proposal. Under the SHARP, backed by state/territory contributions, Australian Government investment would enable the delivery of at least 30,000 additional social housing units over four years and renovation to high environmental standards of many thousands more existing properties. It would also create on average up to 18,000 full-time equivalent jobs each year.²⁶ This proposal can be considered as part of a suite of solutions to increase social and affordable housing stock.

A diverse range of solutions are required to meet the needs of people experiencing homelessness at different points in their life. Older people, particularly older women are often disadvantaged in relation to housing due to structural and systemic issues. Therefore, it is critical that all future housing policies give due consideration to the needs of older people over 55 who do not own a home.

²⁵ The Australia Institute, Rich men and tax concessions How certain tax concessions are widening the gender and wealth divide, 2021, accessible at: <https://australiainstitute.org.au/wp-content/uploads/2021/04/P911-Income-wealth-an-gender-distribution-of-tax-concessions-WEB.pdf>

²⁶ SGS Economics and Planning Economic Impacts Of Social Housing Investment , Final Report June 2020, <https://www.communityhousing.com.au/wp-content/uploads/2020/06/20200197-SHARP-FinalReportSGS.pdf?x25820>