



# Inquiry into the worsening rental crisis in Australia

## Introduction

Housing for the Aged Action Group (HAAG) is member-based, community organisation specialising in the housing needs of older people. The organisation has over 800 members across the country actively campaigning for housing justice. Established nearly 40 years ago as a grassroots movement, the organisation 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 the country. During the 2022-23 financial year, HAAG supported over 1,000 older people, and assisted about 170 older people into long term, affordable housing.

In 2016, HAAG was funded by the Wicking Trust to conduct research in every state and territory to understand the depth and breadth of housing and homelessness issues of older people. In consultation and engagement with services, people with lived experience, advocates and peak advocacy bodies across Australia, the project produced a number of reports on the housing issues of older people.<sup>1</sup> HAAG was funded in 2020 for a further four years to continue this work.

HAAG welcomes the opportunity to provide input into the worsening rental crisis in Australia. This submission is based on our experience delivering housing and related support services to older people, research and lived experiences of older people experiencing housing stress or homelessness in Australia. We especially acknowledge the contributions to this submission made by members of HAAG's advisory groups including National Alliance of Seniors for Housing, Retirement Accommodation Action Group (RAAG), LGBTQIA+ reference group and culturally and linguistically diverse (CALD) reference group.

## Recommendations

- Develop a consultative framework and national plan for rental reform, to deliver meaningful outcomes across all jurisdictions and establish a shared set of rights and protections for renters and shared ambition for improvement across the rental housing system, while safeguarding against any regression of rights in any jurisdiction.
- Build 26,000 public and community homes per year across the country as a matter of priority, including specific allocations for older people.

---

<sup>1</sup> 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>

- Fund a range of housing options including affordable housing (capped at 30% of household income) and other below market rate options such as co-operative housing, low-cost retirement housing or other co-housing models appropriate for people aged 55 and older.
- Identify measures to regulate short-stay accommodation in consultation with State and Territory as well as local governments.
- Increase funding and the geographical spread of services that are designed to support older people to navigate the housing system such as Carefinder program.
- Increase income support payments as part a holistic response to address the housing and homelessness and lift people off severe poverty.
- Ensure that the National Construction Code contains measures that allow all current and future social and affordable housing stock to be adaptable to climate change and embed universal housing design principles for accessibility.
- Implement measures to incrementally remove Capital Gains Tax and Negative Gearing to create an equitable housing market.
- Incorporate and incentivise Mandatory Inclusionary Zoning to increase social and affordable housing stock in collaboration with State and Territory Governments, with a minimum 10% of all new housing stock to be community or public housing.

### **The experience of renters and people seeking rental housing**

Older people require safe, long-term, affordable and accessible housing to age in place. The Australian retirement system is built on the expectation that older people will own a home at the time of retirement, yet the proportion of people who live in homes that are owned outright is declining. Growing numbers of older people in Australia are living in private rental, in marginal housing and experiencing homelessness. According to 2021 ABS data almost 700,000 people aged 55 and older rented from a private landlord, a 73% increase in ten years<sup>2</sup>.

Cost of living pressures, mainly due to skyrocketing rent, coupled with the significant inadequacy of Age Pension and Jobseeker payment are pushing older renters into severe housing stress and poverty. The rental market is particularly challenging for older people who are on low-incomes or relying on government income support payments as their main source of income. Even before the current rental crisis, Retirement Income Review Final Report found that renters and involuntary retirees experience higher levels of financial stress and poverty than the working-age population.<sup>3</sup>

According to SQM Research, nationally rental prices went up by 10.2% in the last 12 months. These figures equate to over \$100 a week increases in rent in some areas. Vacancy rate for rentals is about

---

<sup>2</sup> Housing for the Aged Action Group, Ageing in a Housing Crisis, 2023, accessible at: <https://www.oldertenants.org.au/ageing-in-a-housing-crisis>

<sup>3</sup> 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](https://treasury.gov.au/sites/default/files/2020-11/p2020-100554-00bkey-observations_0.pdf)

1.3% during the same period.<sup>4</sup> *Housing Affordability Report: Reflections on the Pandemic and the Rental Market*, states that prior to the pandemic, low income renters required 47% of income to service rent on a new lease. However, this rose sharply through the pandemic, to 51.6% by March 2023.<sup>5</sup>

Before the pandemic, the private rental sector was already problematic for lower to moderate income households, with rents at levels creating financial stress and the lower end of the rental market exhibiting significant supply shortfalls.<sup>6</sup> Post-Covid the rental sector is arguably in a more general crisis. Rents have been increasing at rates which bear no relationship to rates of income increases, and rental vacancy rates, particularly in several regional areas, are at record low levels.<sup>7</sup>

Rental stress may exacerbate existing health conditions or contribute to new health issues, such as stress-related illnesses or social isolation among older people. The recent unprecedented rent increases continue to create increased amounts of anxiety among older people that may impact on their physical and mental health.

*“I have a rental agreement, but it is only a one year agreement, and I don’t know when the tenancy is going to end. There is no stability. I got a six month extension, and then six months. I feel insecure.”*

Member of HAAG’s CALD Reference Group

*“High level of anxiety and depression is shown to cause early onset for dementia in older person, high risk on health impact premature institutionalisation, create isolation, less community engagement, they can’t access age related service like Homecare Packages and other services aimed to implement ageing well policies.”*

Member of HAAG’s CALD Reference Group

The current rental crisis results in forcing some older people to move frequently due to rising rents and limited availability of affordable housing. This housing instability can have negative effects on their overall well-being and sense of security. The cost of moving and the need to find alternative accommodation options when there are time pressures can have significant financial, physical and mental health impacts on older people.

*“I feel like exploding. We don’t know what’ll happen next week or next month. There is nothing to support us (older renters). The landlords can say tomorrow “sorry, we’re going to sell up” and there’s nothing renters can meaningfully do. Where do we go to get help?”*

Member of HAAG’s LGBTIQA+ Reference Group from Victoria

---

<sup>4</sup> SQM Research, Weekly Residential Rents and Vacancy Rate: National, accessible at: <https://sgmresearch.com.au/weekly-rents.php?national=1&t=1>

<sup>5</sup> Core Logic, ANZ, Housing Affordability Report: Reflections on the Pandemic and the Rental Market, March 2023, accessible at: [https://news.anz.com/content/dam/news/articles/2023/May/PDF-housing-affordability-23/AU24823\\_Housing%20Affordability%20Report%202022\\_Digi\\_FA02B.pdf](https://news.anz.com/content/dam/news/articles/2023/May/PDF-housing-affordability-23/AU24823_Housing%20Affordability%20Report%202022_Digi_FA02B.pdf)

<sup>6</sup> T. Burke, Short term rental accommodation: new directions, new debates, 2023, accessible at: <https://www.ipcn.nsw.gov.au/resources/pac/media/files/pac/projects/2022/12/byron-shire-short-term-rental-pp/ahuri-report/ahuri-report.pdf>

<sup>7</sup> Ibid

### Case study

Layla\* an older woman is originally from Egypt. She lived in a private rental with three of her adult children in outer suburban Melbourne. Anne received a Notice to Vacate, which led to her children moving out of home. This was difficult for Layla, who experienced trauma throughout her life due to family violence.

By the date Layla was required to vacate, she had no alternative accommodation and experienced homelessness. Layla originally stayed with a friend, which caused tension to grow between them. She eventually started to couch surf with other friends. During COVID, Layla lived with her son but was consequently kicked out by his mother-in-law.

Layla was referred to emergency housing and eventually resettled in a private rental that was severely unaffordable. She was later evicted for rent arrears. Layla resumed couch surfing with friends. During this period, Layla was diagnosed with cancer, with her living conditions further deteriorating her psychological and physical wellbeing.

After HAAG assisted Layla with her application for public housing, a public housing property near the city became available. Although this property was not near her local community, Layla accepted the offer. This allowed her to receive stable, secure, and affordable accommodation.

*\* Name has been changed for privacy and consent of the person has been obtained to share the case study*

The rental crisis may also result in older people not leaving abusive or untenable relationships as a result of not being able to afford private rent or fear of eviction after moving to private rentals. There are instances where older people opt for unsafe and insecure housing arrangements as there are no affordable housing options available to them.

*"We had an older woman contact us in housing crisis. She's paying severely unaffordable rent and was looking online for share housing options. Often the share housing options they find through Gumtree or Facebook groups don't provide any security of tenure. They might be sub-letting from another renter without getting their name on the lease which means they can become homeless without much notice or be in physically unsafe housing situations."*

HAAG's Intake Officer

*"I'm living in an unregistered boarding house... I found it through flatmates or something similar. So, I've got a room, I've been there since February (2022). How stable is any boarding house? I've got no rights. I mean the door's unlocked so she [the landlord] goes in any time she wants to... Look she's lovely you know, she's got her way but it works."*

An older woman with lived experience of homelessness from NSW

Many older renters in the private rental market live in constant anxiety about what the current rental crisis may mean for them and their tenancies, especially those receiving income support payments who are less likely to find alternative income streams to increase their household income, due to their age.

*"There's so much rental insecurity going on ... What worries me is the insecurity of being on a benefit (income support payment). Having rent reviewed on a yearly basis. Can be evicted when suits them (landlords). Every year I have to think about the security of tenure."*

## Member of HAAG's LGBTIQA+ group in Victoria

According to Anglicare Australia analysis, only 0.4% of available market listings in 2023 were affordable for a single older person in Australia in receipt of the Age Pension. This increases marginally to 1.1% for a couple on the Age Pension.<sup>8</sup> There were only 4 properties affordable for older people on Jobseeker payment.<sup>9</sup>

The maximum rate of Disability Support Pension or Age Pension would be approximately \$1,064.00 a fortnight and \$1,604.00 for a couple.<sup>10</sup> The Commonwealth Rent Assistance (CRA) rate is \$157.20 a fortnight for a single person.<sup>11</sup> Assuming an older person gets the maximum rate of CRA, age pension and pension supplement (\$1313.70), they will be left with very little money every fortnight for all other expenses including food, utilities, health expenses and other bills. To avoid rental stress the maximum amount of rent an older person on age pension can pay is approximately \$400 a fortnight or \$200 a week. Given the current rental crisis, this means that older people are either forced to live under tremendous rental stress or being forced to find share housing options that are likely untenable.

### Case study

Ruby\* is a 68 year old woman who lived in a private rental, where she experienced severe rental stress. Ruby was on the single Age Pension, where she paid over half of her fortnightly income to her landlord. After additional expenses, such as food and medicine, she had no money left and she had no savings or family support to fall back on.

Ruby experienced a constant battle between surviving and paying her bills. This resulted in Ruby taking extreme measures, such as disconnecting her connection to the gas network and changing her daily routine to minimise her electricity usage. Ruby could also no longer afford to eat healthy food or use her phone every day due to the cost of pre-paid recharging.

Ruby felt angry that she could no longer afford the basic standard of living. HAAG assisted Ruby with a priority housing application for community housing, which is still pending.

*\*Name has been changed for privacy and consent of the person has been obtained to share the case study*

The rental costs are even worse for single older people over 55 years receiving the JobSeeker payment. People aged 55 years and over form the largest cohort receiving the JobSeeker payment. As of March 2023, there were 236,000 JobSeeker recipients were those aged over 55 years.<sup>12</sup> We welcome the government's recognition of challenges this cohort experience and the recent increase

---

<sup>8</sup> Anglicare Australia, Rental Affordability Snapshot: National Report, 2023, accessible at: <https://www.anglicare.asn.au/wp-content/uploads/2023/04/Rental-Affordability-Snapshot-National-Report.pdf>

<sup>9</sup> Ibid

<sup>10</sup> Services Australia, A guide to Australian Government payments 1 July 2023 to 19 September 2023, accessible at: <https://www.servicesaustralia.gov.au/how-much-age-pension-you-can-get?context=22526>

<sup>11</sup> Services Australia, A guide to Australian Government payments 1 July 2023 to 19 September 2023, accessible at: <https://www.servicesaustralia.gov.au/sites/default/files/2023-06/co029-2307.pdf>

<sup>12</sup> Department of Social Services (Cth), DSS Payment Demographic Data: March Quarterly Report, 2023 accessible at: <https://data.gov.au/dataset/ds-dga-cff2ae8a-55e4-47db-a66d-e177fe0ac6a0/details?q=>

in income support payments. However, the rates are still significantly inadequate to meet the rising cost of living.

With limited housing options that are accessible and affordable across the state 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. Furthermore, the competition for private rentals mean that older people have no choice but to inspect a large number of properties.

*“Real estate agents now saying you have to physically view property. It’s difficult when you have a disability and no car and you can’t make it at the times real estate agents set. Do I need to spend parts of my pension to catch a taxi if can’t get there on public transport? The extra hidden costs of searching for somewhere to live.”*

Member of HAAG’s Retirement Accommodation Advocacy Group

During 2021/22 financial year, approximately 50% of HAAG’s clients had mobility issues that impact on their housing and needed accessible housing. Although mandatory minimum accessibility standards have been included in the National Construction Code for new housing, there is a significant lack of accessible housing in the existing private rental market. A lack of accessible housing, and a lack of funds to modify homes to make them more accessible means that mobility issues can push people into homelessness.

#### **Case study**

Zainab is 61 year old woman with disability and was evicted from her private rental after falling into significant rent arrears. She is on the Disability Support Pension and has significant health issues. After being evicted, she moved in with a family member, and slept on the floor in the lounge room due to severe overcrowding.

*\*Consent of the person has been obtained to share the case study*

Due to the current rental market and the demand for the limited number of properties that are available, there is little or no incentive for landlords to upgrade or install ramps and handrails to make housing more accessible. Many older renters are afraid of asking for home modifications due to the fear of rent increases that may result from it or being asked to vacate the home.

*“Older people are worried about asking for simple modifications or renovations that would make their housing more liveable because they don’t want to ‘rock the boat’. They already know how tight the rental market is and how difficult it would be for them to re-enter and compete when there are hardly any rental properties that are truly affordable.”*

HAAG’s National Alliance of Seniors for Housing member

Single older women are amongst the most marginalised groups in terms of their access to safe, affordable housing that is well located and suitable for their needs.<sup>13</sup> The majority of older people,

---

<sup>13</sup> Homelessness NSW, Mercy Foundation, et al, 2016, A Plan for Change: Homes for Older Women, 2016, accessible at: <https://homelessnessnsw.org.au/wp-content/uploads/2021/03/Feb-2016-A-Plan-For-change-homes-for-older-women.pdf>

particularly older women find informal arrangements such as renting a room from a friend or a family member. These arrangements by nature are often not legally binding and therefore, leave many older people more vulnerable to homelessness and further harm.

*“The pressures of renting in an informal manner like renting off a friend is common among older people. Friends can disappoint and let you down.”*

HAAG reference group member

#### **Case study**

Ingrid\* is a 64 years old woman who is working part time in aged care. Due to a back injury she is unable to work more than 15 hours a week. She was living in a rental unit that was below market rate in a rural area that was run down and hard to keep warm. Her requests for maintenance were ignored by the real estate agent.

After a sudden hospitalisation during which she could not work for two weeks, Ingrid fell behind in the rent and received a rent increase notice. She used the last of her savings to pay the rent, and accessed private rental assistance. Despite all her efforts to pay the rental arrears, she still received an eviction notice.

*\*Consent of the person has been obtained to share the case study*

### **Actions that can be taken by governments to reduce rents or limit rent rises**

Although rental legislation is not directly under the purview of the Federal Government, there is a need for national, state and territory governments to work together to develop a consultative framework and national plan for rental reform, to deliver meaningful outcomes across all jurisdictions. A national framework and plan will establish a shared set of rights and protections for renters and shared ambition for improvement across the rental housing system, while safeguarding against any regression of rights in any jurisdiction.<sup>14</sup>

There is precedence for Federal Government to set a national housing agenda to address the social and affordable housing crisis. For example, The Road Home Strategy 2008 provided a broad framework over 12 years which encapsulated the need to support people to maintain tenancies, prevent exits into homelessness and address intersections with domestic and family violence and mental health.<sup>15</sup> Under the previous National Housing and Homelessness Agreements, State and Territory governments were required to develop Homelessness Strategies with meaningful measures to address the challenges. A similar approach can be adopted to ensure States and Territories are required to develop a shared set of rights and protections for renters.

Given the intensity of the housing crisis, there is a need to both rapidly expand affordable housing provision for older people and reduce housing stress and precarity. Although the commitment to

---

<sup>14</sup> Statement on the Worsening Rental Crisis in Australia, 2023, accessible at:

[https://files.tenants.org.au/policy/2308\\_Joint\\_statement\\_worsening\\_rental\\_crisis\\_Australia.pdf](https://files.tenants.org.au/policy/2308_Joint_statement_worsening_rental_crisis_Australia.pdf)

<sup>15</sup> Department of Families, Housing, Community Services and Indigenous Affairs (Australia), The road home: a national approach to reducing homelessness White Paper, 2008, accessible at: <https://apo.org.au/node/2882>

build 30,000 social and affordable homes over 5 years through National Housing Accord<sup>16</sup> is a welcome development, there is a clear need to significantly increase the public and community housing stock across the country at a much larger scale.

Measures to increase broader housing supply to address the current housing shortages across the country will not increase supply for this cohort, unless they are dedicated public or community housing. HAAG supports growth in both public and community housing to ensure older people are not pushed into homelessness or living in severe rental stress that has detrimental health impacts.

The Federal government in collaboration with State and Territory governments should fund the construction of social and affordable housing as a matter of priority. Given the current shortage and the future demand (as identified by NHFIC research), the government should fund the construction of 26,000 social and affordable homes per year as a matter of priority.

### **Improvements to renters' rights, including rent stabilisation, length of leases and no grounds evictions**

Australia's private rental sector does not provide security of tenure, affordability or accessibility for older low-income households. For renting in retirement to be as secure as home ownership, it requires proper regulation and legislative reform. Rental reform led by national leadership can ensure a rental system where everyone can have an affordable home and maintain community connections, including ageing in place.

There are many older people who are concerned about security of their tenure, especially given the current rental crisis and the level of competition to secure the small number of rental properties that are affordable. These are discussed in detail above. There is little consistency across the country in terms of rental protections and the level of protection against eviction depends on the State or Territory older renters live in, with some jurisdictions still allowing no grounds or no-fault evictions.

A coalition of organisations including National Shelter, Homelessness Australia and others are calling on the need for developing a consultative framework for rental reform. It is critical that this framework supports States and Territory Governments to strengthen legislation and create shared set of rights and protections, whilst ensuring there are no regressions in States and Territories where the supports are in place.<sup>17</sup>

HAAG along with the community sector organisations in calling on Federal Government to work with State and Territory Governments to strengthen rental laws, such as providing for longer leases, minimum accessibility standards and energy efficiency, removing no-reason or no-fault evictions, and better regulation of short-term holiday rentals to increase the stock available for long-term rentals.

---

<sup>16</sup> National Housing Accord, 2022, accessible at:

<https://ministers.treasury.gov.au/sites/ministers.treasury.gov.au/files/2022-10/national-housing-accord-2022.pdf>

<sup>17</sup> Statement on the Worsening Rental Crisis in Australia, 2023, accessible at:

[https://files.tenants.org.au/policy/2308\\_Joint\\_statement\\_worsening\\_rental\\_crisis\\_Australia.pdf](https://files.tenants.org.au/policy/2308_Joint_statement_worsening_rental_crisis_Australia.pdf)



## Factors impacting supply and demand of affordable rentals

Approximately 164,000 people were on public and community housing wait lists at the end of 2021 across the country while the stock of social housing declined.<sup>18</sup> More people are at risk of homelessness (for example, people in marginal housing or in private rental on low incomes) but not reflected in homelessness data. Further, many older people do not identify as experiencing homelessness, do not disclose their housing situation due to shame and stigma, and therefore less likely to access mainstream housing and homelessness services.

Demand from lower income households in the private rental market has risen over time, as social housing as a portion of housing stock has depleted.<sup>19</sup> There has also been a significant shift away from growth in public housing over time from an average of around 9% in the mid-to-late 1980's, to an average of just 1.6% in the past five years.<sup>20</sup> Tenants who cannot access social housing may have the private rental market as an option, but the private rental market does not offer longevity in tenure (according to the ABS around 90% of lease agreements in Australia are 12 months or less), and lower income households may be more likely to lose out on rentals when vacancies become low.<sup>21</sup>

Inflation in the construction of new dwellings remains elevated. Construction materials have become more expensive and difficult to source, tight labour market conditions make it hard to find construction workers and trades, and high interest rates have made it harder for developers to secure finance for presales on large apartment projects, which is now stalling approvals.<sup>22</sup> There is a need for a raft of policy changes to ensure housing supply meets the needs of older people.

## Short stay accommodation

While not the key cause of housing problems, short stay accommodation has greater impact in certain local contexts such as coastal or holiday communities and inner-city tourist destinations.<sup>23</sup>

Clear data in relation to the number of properties that are advertised on various short stay accommodation options are not readily available. However, research and HAAG's service experience suggest that the increase in short stay accommodation options has contributed to a decrease in available long-term rental properties, particularly in popular tourist destinations and inner-city areas.<sup>24</sup> This reduction in long-term rental housing supply has led to increased competition among tenants.

Solutions that all levels of governments may pursue could include introducing standardised registration across all short-term rentals, capping the number of days, additional taxes and charges,

---

<sup>18</sup> AHURI, What is the right level of social housing for Australia? Accessible at:

<https://www.ahuri.edu.au/analysis/brief/what-right-level-social-housing-australia>

<sup>19</sup> Core Logic, ANZ, Housing Affordability Report: Reflections on the Pandemic and the Rental Market, March 2023, accessible at: [https://news.anz.com/content/dam/news/articles/2023/May/PDF-housing-affordability-23/AU24823\\_Housing%20Affordability%20Report%202022\\_Digi\\_FA02B.pdf](https://news.anz.com/content/dam/news/articles/2023/May/PDF-housing-affordability-23/AU24823_Housing%20Affordability%20Report%202022_Digi_FA02B.pdf)

<sup>20</sup> Ibid

<sup>21</sup> Ibid

<sup>22</sup> Ibid

<sup>23</sup> T. Burke, Short term rental accommodation: new directions, new debates, 2023, accessible at:

<https://www.ipcn.nsw.gov.au/resources/pac/media/files/pac/projects/2022/12/byron-shire-short-term-rental-pp/ahuri-report/ahuri-report.pdf>

<sup>24</sup> See further: Tenants Union Tasmania, An analysis of short stay accommodation permit data in the Hobart City Council municipality, 2023, accessible at: <https://tutas.org.au/meet-the-hosts/>

limits on number of short-term rentals in a building, financial incentives to switch from short term to long term rentals and other similar measures.

There is international evidence that regulation of short-term rental accommodation does have positive outcomes, such as increasing the number of long-term rentals and improving affordability, however, needs to be supported by broader policy initiatives.<sup>25</sup>

### **The impact of government programs on the rental sector**

There is a role for all levels of governments to provide direct and complementary supports to renters, especially older renters who are struggling in the current housing market.

#### **Care finder program funded through Department of Health**

Although not directly impacting on the rental sector, there are some services that are effective in assisting older people to navigate the housing system including moving from private rental sector to public or community housing.

Currently, Care finder program funded through Commonwealth Department of Health supports older people who are at risk of homelessness. As part of efforts to streamline navigation services for aged care, the previous Assistance with Care and Housing (ACH) services has transitioned out of the Commonwealth Home Support Programme (CHSP) and into the new Care finder program from January 2023.

The ACH service was a vital housing support program that assists and prevents older people from experiencing homelessness by assisting them to find appropriate, affordable and long-term housing options. As highlighted above, some older people may not access mainstream services due to a variety of reasons such as lack of awareness, stigma and access to digital platforms. Although this program supports people at risk of homelessness, the new focus of the Care finder program has broadened to assistance to link with 'aged care and other services', rather than predominantly focussing on housing. Without affordable and secure housing, aged care services in the home are difficult to provide, even if older people at risk of homelessness were to be 'linked' with them.

The Federal Government should fund additional, tailored specialist housing support services for older people by increasing funding and geographical availability of services such as Care finder, and ensure that the focus of Care finder remains on assisting people at risk of homelessness with care and housing.

#### **Shared equity schemes**

The majority of the shared equity schemes funded by Federal, State and Territory governments are not accessible to older people. For example, they rely on financial institutions lending money to buyers, which means older people can't access them due to lending policies that favour older people to take out loans. If older women have gone through a divorce or separation later in life, they may have had to divide their assets, which could leave them with insufficient equity to purchase property at market rate and too many assets to be eligible for social housing.

---

<sup>25</sup> T. Burke, Short term rental accommodation: new directions, new debates, 2023, accessible at: <https://www.ipcn.nsw.gov.au/resources/pac/media/files/pac/projects/2022/12/byron-shire-short-term-rental-pp/ahuri-report/ahuri-report.pdf>

*“After a divorce, the bank refused to refinance my mortgage. My job, my career, my qualifications, were not as important as my marital status to qualify for a home loan.”*

Member of HAAG’s NSW Lived Experience Group

The Federal Government’s shared equity model provides equity to eligible low-and-middle households to avoid any Lenders Mortgage Insurance (LMI) liability for households with a deposit under 20% of the Loan-to-Value Ratio.<sup>26</sup> The eligibility requirements of these schemes includes not owning a property in the last 10 years, family home guarantee requiring having at least one dependant child and securing loans from private lenders.<sup>27</sup> Many older people are unable to secure long-term loans due to their limited future earning capacity, and less likely to have dependent children living with them.

Many schemes that provide financial support for home ownership are aimed at first home buyers. Often, many older people have owned property, particularly older women who are at risk of or experiencing homelessness after a relationship breakdown or divorce. Even where there are exemptions for this cohort, many older women may not be able to navigate the application and approval processes to benefit from the shared equity scheme.

Given the limited opportunities for older people to benefit from these schemes, there should be more tailored housing solutions for this cohort that are affordable, safe, long-term and accessible.

## **Any other related matters**

### **Impact of climate change**

Climate change can have disproportionate impacts on the most vulnerable communities. Older people are at greater risk of harm from storms, floods, heat waves, and other extreme events in part because they tend to be less mobile than younger adults and so find it more difficult to avoid hazardous situations.<sup>28</sup> Older people are also more likely to suffer from health conditions that limit the body’s ability to respond to stressors such as heat and air pollution.<sup>29</sup>

Technology-led, market-led or state-led transitions aimed at meeting sustainability targets may fail without integrating dimensions of social justice and addressing the social and political exclusion that prevent disadvantaged people from accessing such improvements and increasing their incomes.<sup>30</sup> This is particularly the case for older people in Australia who are in private rental market and receiving income support payments. Unlike homeowners, renters have little control over improvements that make the biggest difference to costs, such as insulation or fixed appliances. This results in older people not using heating in winter or risking their health in summer as they are unable to make rental properties energy efficient.

---

<sup>26</sup> National Housing Finances and Investment Corporation, Home Guarantee Scheme, accessible at: <https://www.nhfc.gov.au/support-buy-home/first-home-guarantee>

<sup>27</sup> Ibid

<sup>28</sup> K. R. Smith, et al, Human health: impacts, adaptation, and co-benefits. In: Climate Change 2014: Impacts, Adaptation, and Vulnerability. Part A: Global and Sectoral Aspects, Cambridge University Press, 2014, pp. 709-754

<sup>29</sup> Ibid

<sup>30</sup> Intergovernmental Panel on Climate Change, Climate Change 2022: Impacts, Adaptation and Vulnerability, 2022, accessible at: [https://report.ipcc.ch/ar6wg2/pdf/IPCC\\_AR6\\_WGII\\_FinalDraft\\_FullReport.pdf](https://report.ipcc.ch/ar6wg2/pdf/IPCC_AR6_WGII_FinalDraft_FullReport.pdf)

A growing body of evidence demonstrates the multitude of benefits in ensuring social and affordable housing are adaptable to climate change. The National Construction Code should be updated to make all constructions adaptable to climate change. This will result in delivering social, economic, environmental and energy security benefits that vastly outweigh the potential for adverse consequences (on rent or housing supply), which can be managed through a well-designed, staged implementation process.<sup>31</sup> Some of the State governments are already making positive strides to address these challenges. However, given the intensity of the challenges that the country is experiencing at the moment including the bush fires and recent floods, it is critical that these are incorporated into ongoing policy development with national consistency.

### **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.

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. Various States and Territories have employed both mandatory and voluntary (incentivized) inclusionary zoning measures successfully. For example, research found that between 2005 and 2016, planning schemes delivered 5,485 affordable homes rental and low cost home ownership dwellings in South Australia<sup>32</sup>.

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.<sup>33</sup> There are similar approaches in some other States and Territories with varying levels of success.

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. The State Government should work with local government to significantly expand the current inclusionary zoning policies to meet the emerging housing demand through consistent policy and procedures.

### **Addressing the tax settings**

Concerns have been raised about the inequity of the Capital Gains Tax (CGT) 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.<sup>34</sup> The top 20% of household

---

<sup>31</sup> Environment Victoria, Homeworthy Standards for Renters, accessible at:

<https://environmentvictoria.org.au/campaign/rental-standards/>

<sup>32</sup> 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-affordable-housing-supply-Evidence-based-principles-and-strategies-for-Australian-policy-and-practice-Executive-Summary.pdf](https://www.ahuri.edu.au/_data/assets/pdf_file/0017/20483/Inquiry-into-increasing-affordable-housing-supply-Evidence-based-principles-and-strategies-for-Australian-policy-and-practice-Executive-Summary.pdf)

<sup>33</sup> 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>

<sup>34</sup> 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.

incomes received 82% of the CGT discount, whereas only 14% of the CGT discount was accessed by the bottom 70% of household incomes.<sup>35</sup> 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.

However, penalising restrictive practices such as land banking can improve the number of dwellings available for sale or rent. As an example, land banking is discouraged by laws such as Victoria's Vacant Residential Land Tax (VRLT) which has operated since 1 January 2018.<sup>36</sup> As part of the VRLT, habitable homes located in 16 specified Melbourne-focused council areas that have been unoccupied for more than six months of the previous calendar year can attract a tax of 1% of the property's capital improved value (which includes land, buildings and other improvements).<sup>37</sup>

As highlighted above, current negative gearing settings and CGT exemptions distort the housing market and impact housing affordability. All Federal and state and 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.

## Conclusion

Australia's housing system is failing people experiencing disadvantage, particularly older people who are falling through the cracks. The existing policy frameworks are inadequately equipped to support people at risk of homelessness and there is a clear need for all levels of governments to work together to address these challenges.

Given the current housing crisis and the increasing demand for social and affordable housing, it is critical that a multipronged approach is adopted to increase the public and community housing stock whilst identifying methods to provide short term relief for renters.

---

<sup>35</sup> 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>

<sup>36</sup> AHURI, Are there 1 million empty homes and 13 million unused bedrooms?, 2022, accessible at: <https://www.ahuri.edu.au/analysis/brief/are-there-1-million-empty-homes-and-13-million-unused-bedrooms>

<sup>37</sup> Ibid