



Pre-Budget Submission 2023-24

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Recommendations

A meaningful increase to Commonwealth Rent Assistance

- That the Australian government, through the National Housing Supply and Affordability Council or the Economic Inclusion Advisory Committee, undertake an inquiry to examine reform of CRA to optimise value and impact for low-income rental households.
- And in the meantime, the Australian Government increase the maximum rate of CRA by at least 50%, and that this amount be indexed to the rental component of CPI from 2023 onwards.
- That eligibility for CRA be extended to all people who meet income tests requirements, irrespective of their source of income.
- The Australian Government permanently increase JobSeeker, Youth Allowance, Austudy, Abstudy, Special Benefit and Parenting Payments to at least \$73 per day.

Housing taxation reform to restore the balance

- Reducing the CGT discount for individuals and trust to 25%.
- Limiting negative gearing and quarantine passive investment losses so they can only be written off against other investment income.
- Utilise negative gearing as an incentive to deliver other housing policy objectives, such as Livable Housing Design Standard and the National Construction Code.
- Removing negative gearing and CGT discount on properties that are used for short term rental.
- Redirecting of revenue savings towards social and affordable housing.

Increased investment in social and affordable housing

- Commit and fund to delivering social and affordable housing to meet the target of social and affordable housing comprising 10% of total housing stock.
- The CHIA proposal to establish a one year contestable \$2.0 Billion 'Rapid Response Housing fund' to encourage proposals from community housing providers, including community housing led partnerships to expand social and affordable housing via mechanisms other than new construction.

A well-resourced housing and homelessness sector

- Providing addition specialist homelessness funding to the Northern Territory above the current funding through the NHHA of \$100million per annum for the next ten years indexed at CPI.
- Increasing the funding to homelessness services to at least cover the ERO for 2023/24, and to ensure that a future National Housing and Homelessness Agreements adequately resource the sector to cover wages, staffing costs, and fair indexation
- Returning funding to housing and homelessness peak bodies, including National Shelter, to be able to meaningful engage in the development of the National Housing and Homelessness Plan representing the interests of their members and constituents, as well as contribute to ongoing policy development and engagement.

An enhanced coordination role for the Commonwealth

Inclusionary zoning

- That the Australian government lead the development of a national policy framework for the development and delivery of inclusionary zoning to increase the supply of social and affordable housing

A national tenancy framework

- That the Australian government lead the development of a new national agenda for tenancy law reform with state/territory governments that provides better protections for tenants for security of tenure, minimum standards, and rent increases

Leading the creation of an accessible housing market

- The Australian Government's leadership on housing include an explicit focus on the tenancy rights of people with disability that are currently being ignored or sidelined, and that it pushes for reforms that protect these rights across all jurisdictions.
- The "gold" standard, voluntary in the NCC 2022 should be the level of design applied to all new housing built as a result of the Australian Government's National Housing Accord, and any other government-funded or incentivised housing development going forward.
- To ensure housing is built to accommodate people with diverse needs into the future, the Australian Government should lead the states and territories to push for the adoption of "gold" Livable Housing as the mandatory standard in the next version of the NCC.
- The Australian Government addresses home modifications as a national issue that is relevant to the supply of housing urgently required by people living with disability, and that requires a harmonisation of approach by all jurisdictions and all departments which currently administer and subsidise home modifications.
- The immediate funding of Home Modifications Australia (MOD.A), which currently operates without staff as the peak association for the home modifications industry and uses the example of Foundations UK as the model for MOD.A's operation.
- Incentives for homeowners to renovate to accessible standard, thus reducing the cost burden to government in future to subsidise home modifications.
- Strategies and initiatives to ensure that all property available for private sale or rental which is built to accessible standard is advertised with these features prominently displayed.
- Incentives and education for private landlords and real estate agents about the benefits of providing accessible features in their properties, and of enabling modifications to be made when requested.
- Education and awareness raising amongst owners corporations and strata management companies regarding their obligations to provide greater accessibility in properties, and the benefits that will accrue from this.
- The Australian Government funds an initiative that is focused on awareness raising and the development of nationally consistent measures which will increase the availability of accessible dwellings in the private housing market and improve the provision of information to prospective customers who require these features in their homes.

1. Introduction

National Shelter welcomes the opportunity to make this pre-budget submission on its priorities for the 2023-24 Budget.

This pre-budget submission considers five key areas:

- A meaningful increase to Commonwealth Rent Assistance
- Housing taxation reform to restore the balance
- Increased investment in social and affordable housing
- A well-resourced housing and homelessness sector
- An enhanced coordination role for the Commonwealth

About National Shelter

National Shelter is a non-government peak body that aims to improve housing access, affordability, appropriateness, safety, and security for people living on low incomes.

Since 1975, National Shelter has worked towards this goal by influencing government policy and action, and by raising public awareness about housing issues.

National Shelter's aim is to work towards every Australian having access to housing that is:

- affordable — people should not be living in poverty after they have met their housing costs
- adequate — everybody is entitled to housing that meets basic standards of decency and their own basic needs
- secure — people should not live under a threat of loss of home and shelter
- accessible — access to housing should be free from discrimination and conform with universal design principles, at a minimum.
- in the right place — housing should be located close to transport, services and support networks, job opportunities, and social and leisure activities
- able to meet their lifecycle needs — people have different housing needs at different stages of their lives, and housing should be available to meet these changing needs

National Shelter is supported by the work of State Shelters and members in all jurisdictions, as well as national member organisations, associate members, and sponsors.

National Shelter endorses the pre-budget submissions of the National Aboriginal and Torres Strait Islander Housing Association (NATSIHA), the Community Housing Industry Association (CHIA), Homelessness Australian, and Everybody's Home.

2. The changing policy context

This policy context for this pre-budget submission is significantly different from the pre-budget submissions of the past ten years with the Commonwealth returning to a leadership role in housing, in particular social and affordable housing.

National Shelter has previously commended the governments housing commitments including the establishment of the Housing Australia Future Fund, Housing Australia, the Housing Supply and Affordability Council ('the Council'), and the National Housing and Homelessness Plan ('the Plan').

The commitment by the government for the HAFF was to deliver 30,000 social and affordable homes over 5 years and allocate \$330 million for acute housing needs.

As well as the delivery of the commitments from the 2022 federal election, the government announced in October 2022 the National Housing Accord ('the Accord')ⁱ. The Accord aims to 'improve affordability by addressing Australia's housing supply challenges and enabling the delivery of more social and affordable housing' and has an aspirational target of 1million homes to be delivered over five years from 2024, and bringing together 'all levels of government, investors, and the residential development, building and construction sector to unlock quality, affordable housing supply over the medium term'. The Accord acknowledges that Australia has low levels of institutional investment in housing. The further 10,000 affordable homes are to be delivered through the Accord. It is also anticipated that a further 5,500 social and affordable homes will be funded from the repurposed National Housing Infrastructure Facility (NHIF).

The Treasurer also announced the Treasurer's Investor Roundtable to 'identify and unlock investment opportunity in national priority areas'ⁱⁱ. The first roundtable focused on housing including addressing barriers to investment within the housing sector, improving revenue streams and investor confidence, and identifying partnership opportunities.

The combination of the HAFF, Housing Australia, the Council, and the Accord are a framework of elements that have the opportunity provide a clear approach to addressing Australia's housing crisis, and a strategic direction to developing a healthier housing system that is more responsive and coordinated. It is a long overdue architecture to respond to housing in the longer term.

Housing need in Australia

By almost every measure, Australia is facing a nationwide housing emergency:

- Vacancy rates across Australia are functionally zero with both metropolitan, urban, and regional areas experiencing very low private rental vacancy rates at 0.8% (November 2022), with some areas experiencing vacancy rates at 0.1%^{iii iv}
- Domain state that vacant rental listings nationally are over 48% lower annually^v with CoreLogic stating that new advertised rental listings for December 2022 being almost -14% lower than the five-year average for this time of year^{vi}
- Significant increases in private rental prices^{vii} with the median rent for the December 2022 quarter having increased nationally 10.2% in 12months, with capital cities increases 10.9% and regional areas 8.4%. The ten-year change in rental rates is 31.5% for units and 34.8% for houses nationally.
- The 2022 Rental Affordability Index (RAI) demonstrates deteriorating rental affordability in both capital city and regional areas of Australia. Regional areas were found to be the hardest hit, with rental affordability worsening across every state, even more so than capital cities^{viii}.
- Increasing rates of users of specialist homelessness services (SHS) with the number of users growing from 84,800 persons in 2017-18 to 91,300 persons in 2021-22^{ix}. This represents an increase of 8%, double the contemporary growth in national household population. Also, since 2017-18 the number of SHS services users has growth at double the rate in regional Australia as in capital cities (13% compared with 6%).
- The construction of social housing is not keeping pace with population growth or household growth. Social housing grew 2.6% between 2016-2021, while population growth was 5.7% and household growth 8.2%. In real terms, the growth of social housing was from 420,000 dwellings to 431,000 dwellings^x.
- The winding up of the National Rental Affordability Scheme (NRAS) means that almost 25,000 incentives will expire between 2023 and 2026 placing additional pressure on the lower end of the market^{xi}. It is anticipated that most of the homes owned by private NRAS recipients will not be retained as affordable housing, while NRAS properties owned by the community housing sector are more likely to be retained as affordable housing. This could see the loss of a minimum of 12,500 affordable rental homes but anticipate that the figure will be much higher.

- Recent research for CHIA has demonstrated that by 2041 there will be almost one million households with unmet housing needs^{xii} - an increase of 300,000 households from 2021¹. The research illustrates an overrepresentation of families with unmet housing need, and that lone person households' regional areas will be considerably impacted.
- People with disability or long-term health condition are over-represented in the private rental market than home ownership^{xiii}. Ongoing project work in conducted by National Shelter, in conjunction with Rights & Inclusion Australia (R&IA)², indicates that against virtually all measures people with disability are at further disadvantage when it comes to accessing and maintaining housing. Across the country renters with disability predominantly access the private rental market (for example, in Western Australia over 78,000 out of a total of 111,600) and are subject to discrimination and insecurity of tenure as a result of steeply rising rental prices, and an unwillingness on the part of landlords to apply the required modifications needed to make dwellings accessible.

The housing crisis is predicted to increase, particularly for those households in the rental sector.

The increased quota for the permanent migration program to address the skills shortage gap will increase from 160,000 to 195,000 a year^{xiv}. This is anticipated to place additional demand on our housing market, particularly the rental market. The Reserve Bank of Australia (RBA) anticipate that 'further large increases in rents expected over coming years as population growth picks up'^{xv}.

To add to this, the October 2022 Budget predicted that cost of living pressures will be considerable for lower income households in the near future with increases in electricity prices and domestic gas prices. Real wages are expected to fall. It is projected that by June next year real wages will be 5% below June 2019. CPI is also rising faster than wages meaning wages are going backwards in real terms^{xvi} and are back to 2010 levels^{xvii}. The inflation spike is occurring in non-discretionary items (such as energy bills, food, transport) rather than discretionary items that can be left off purchasing for another time^{xviii}.

Very low to low-income households are making very difficult decisions about expenditure on non-discretionary items that include housing, food, fuel, utilities, and healthcare. It is within this context that frames National Shelter's pre-budget submission with a priority focus on immediate relief for low-income private renters.

3. A meaningful increase to Commonwealth Rent Assistance

The focus of government housing policy and programs has rightly been to commence the restoration/rectification of the lack of investment in social and affordable housing that has occurred from the past decade. However, there has been little response to alleviate the considerable and immediate housing stress for very low- and low-income households in the private rental market.

Commonwealth Rent Assistance (CRA) provides assistance to low-income renters in private rentals and community housing and prevents even more widespread housing stress and housing affordability issues among this group. However, CRA has not kept pace with increasing rents and household costs.

The most recent Report on Government Services (ROGS) states that the Australian government expenditure on Commonwealth Rent Assistance was \$4.9billion in 2021-22^{xix}. It is the most common form of housing assistance received by households today.

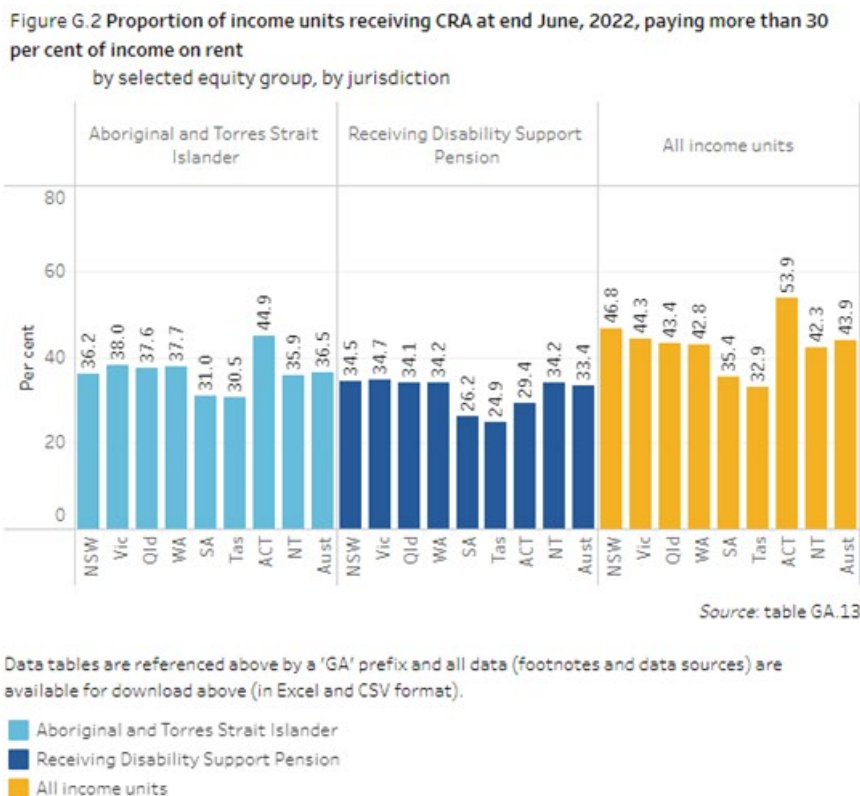
Low-income earners are particularly susceptible to housing instability as market factors lead to higher private rental prices. In 2019, just over 50% of lower income households renting in the private sector were paying more than 30% of their gross household income on housing costs.

¹ Unmet need is defined as holds were not in appropriate housing on census night. These Australians were either experiencing homelessness, in overcrowded homes or spending over 30% of their income on rent.

² This project is being undertaken by National Shelter, Rights and Inclusion Australia, and Enliven Communities. It is an Information, Linkages and Capacity Building (ILC) project funded by the department of Social Services (DSS).

The latest data from the ABS shows that across Australia, nearly 20% of low-income private renters were paying rents equating to more than half of their household income, and 58% of all low-income private tenants are paying more than 30% of their income on rent^{xx}.

The most recent ROGS illustrates that of low-income households that received CRA, almost 72% would have experienced rental stress without CRA. Significantly, almost 44% still experienced rental stress with CRA. This means the value of CRA is not keeping pace with rental increases.



Source: <https://www.pc.gov.au/ongoing/report-on-government-services/2023/housing-and-homelessness>

There are a number of other identified issues with CRA including the rate of CRA indexed to overall inflation not the increases in rents, low-income households not eligible for CRA because they are not in receipt of income support payments, and a lack of regional variation in payment rates^{xxi}.

With this in mind, National Shelter recommends a review of CRA to ensure that is better targeted towards households in need, responds to regional variations, and is better able to respond to increased housing costs. This is a review that could be undertaken via the National Housing Supply and Affordability Council or the Economic Inclusion Advisory Committee, and input into the National Housing and Homelessness Plan.

While increasing CRA does not facilitate the supply of social and affordable housing, it provides meaningful relief to households who may not be eligible for or require a social and affordable housing outcome.

Recommendation

National Shelter recommends:

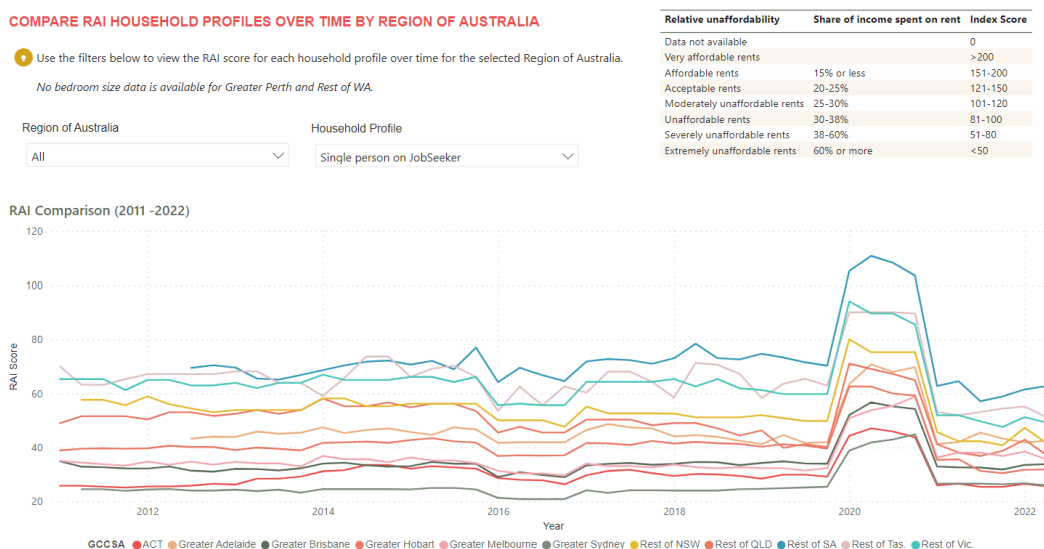
- That the Australian government, through the National Housing Supply and Affordability Council or the Economic Inclusion Advisory Committee, undertake an inquiry to examine reform of CRA to optimise value and impact for low-income rental households

- And in the meantime, the Australian Government increase the maximum rate of CRA by at least 50%, and that this amount be indexed to the rental component of CPI from 2023 onwards
- That eligibility for CRA be extended to all people who meet income tests requirements, irrespective of their source of income.

A permanent increase to income support

Any meaningful impact to alleviating housing stress for lower income households must also include the permanent boost to income support. The routine indexing of pensions and payments is inadequate.

The time series of the Rental Affordability Index demonstrates the positive impact of temporarily raising the rate of JobSeeker had on rental affordability for a single person in capital city areas and regional areas. Once the supplement ceased, almost all areas reverted to their prior level of unaffordability.



Source: <https://www.sgsep.com.au/projects/rental-affordability-index>

National Shelter supports the campaign of Raise the Rate to permanently increase the working age payments to least \$73 per day. This would have a meaningful impact on the ability of low income households to meet housing costs and other non-discretionary items.

Recommendation

National Shelter recommends:

- The Australian Government permanently increase JobSeeker, Youth Allowance, Austudy, Abstudy, Special Benefit and Parenting Payments to at least \$73 per day.

4. Housing taxation reform to restore the balance

Australia's current tax treatment of housing adds inflationary pressure to the price of housing. Capital gains tax concessions and negative gearing provide much greater benefits to existing owners and people who can afford to invest to the detriment of

The current tax settings allow for a 50% discount on capital gains tax (CGT) concessions for those who invest in rental housing, with the ability to deduct losses on rental housing against any income source through negative gearing.

According to the Parliamentary Budget Office (PBO) negative gearing costs are set to double as interest rates rise, with the potential to triple over the next decade, depending on interest rate rises. The total of the negative gearing tax concessions and CGT discount in 2023/24 will be \$12.5billion, with it projected to increase to \$20billion in 2032/33. Total tax revenue forgone for the decade will be \$157billion.

Tax revenue foregone, projected 2023-24 to 2032-33 (\$ million) - assuming 2.85% cash rate

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	10 yr total
Negative gearing deductions	7570.0	7656.0	8128.0	8570.0	9099.0	9720.0	10392.0	11103.0	11850.0	12674.0	96762.0
Capital gain tax discount	4783.4	4921.1	5170.8	5451.6	5751.1	6084.4	6446.9	6837.5	7233.7	7660.1	60340.6
Total	12353.4	12577.1	13298.8	14021.6	14850.1	15804.4	16838.9	17940.5	19083.7	20334.1	157102.6

Source: <https://greens.org.au/news/media-release/cost-negative-gearing-and-capital-gains-tax-discounts-blow-out-157-billion-over>

Negative gearing and CGT discounts disproportionately benefit higher income households, with \$11.4billion of the combined \$20.4billion flowing to households earning more than \$189,000pa. Thirty-nine percent of negative gearing concessions flow to the top 10% of income earners, and 65% to the top 30% of income earners.

The OECD have recommended that tax settings such as negative gearing and CGT exemptions and discounts should be capped or balanced by recurrent taxes, such as land tax. The report by the OECD also noted that older, wealthier households are the beneficiaries of such discounts to detriment of younger, lower, and moderate-income households^{xxii}.

Overall, our current taxation measures detract from revenue which could be more purposefully applied to social and affordable housing, including attracting at scale private institutional investment into affordable and social housing. These tax settings continue the commodification of housing as a wealth generation tool instead of a housing as a primary place of residence and home. They also contribute to the disparity of wealth between households, with implications that stretch over the life course into retirement wealth^{xxiii xxiv}.

Should negative gearing remain, it could be utilised more effectively to achieve better housing outcomes, including those for people with disability. There is an urgent need to intervene in the housing market to make it accessible to people living with disability (see Section 7). The adoption of the Livable Housing Design Standard (silver) in the National Construction Code 2022 (NCC) guarantees a basic level of accessibility in housing construction in most jurisdictions³. It will take several decades for the housing market to become saturated with stock that is designed and built with these features, and in the meantime premises available for sale or rent will need to be modified. Negative gearing could be targeted as an incentive for this purpose to drive a positive change in the design of housing.

Finally, property owners who are involved in short-term letting can take advantage of negative gearing and CGT discounts. Short term lettings have a significant impact on the quantum of stock in the private rental market^{xxv}, and taxation treatment of these properties should disincentivise the loss of stock from the long-term rental market.

³ With the exception of NSW and WA.

Recommendation

National Shelter recommends:

- Reducing the CGT discount for individuals and trust to 25%
- Limiting negative gearing and quarantine passive investment losses so they can only be written off against other investment income
- Utilise negative gearing as an incentive to deliver other housing policy objectives, such as Livable Housing Design Standard and the National Construction Code
- Removing negative gearing and CGT discount on properties that are used for short term rental
- Redirecting of revenue savings towards social and affordable housing.

5. Increased investment in social and affordable housing

The Housing Australia Future Fund is a welcome first step to remediating the under supply of social and affordable housing.

There is a need to significantly lift the investment into social and affordable housing to respond to the current demand, meet the backlog, and future demand. At least a minimum of 30,000 social and affordable dwellings needs to be delivered *annually* to meet this demand. Alternatively, we need to aim for social and affordable housing to be 10% of housing stock. This quantum does not need to be delivered from 2023/24, but a well laid out plan and commitment that ramps up delivery of a pipeline of 30,000 new dwellings per year. The current funding regime, including both the NHHA and the HAFF will not achieve this aim.

The funding commitment through the NHHA of \$1.6billion has remained relatively stable for some time without significant funding enhancements. The Australian government does have the means and will to provide significant funding towards housing outcomes when needed. This includes the \$2.5billion for the HomeBuilder scheme to support confidence in the residential construction sector, or the \$5.6billion Social Housing Initiative which had both significant social and economic benefits^{xxvi}.

There will be a delay between the establishment of the Housing Australia Future Fund and the National Housing Accord and the delivery of dwellings on the ground. National Shelter endorses the proposal by the Community Housing Industry Association of a one-off contestable capital grant process to community housing providers to stimulate initiatives that may have a more immediate impact, including the acquisition of suitably distressed new build properties, and older rental homes. CHIA estimate that this could deliver between 4,000 to 5,000 properties in the first year.

The development of the National Housing and Homelessness Plan, and the renegotiated NHHA provides an opportunity to continue the more successful schemes to meet the need for social and affordable housing.

Recommendations

National Shelter recommends:

- Commit and fund to delivering social and affordable housing to meet the target of social and affordable housing comprising 10% of total housing stock.
- The CHIA proposal to establish a one year contestable \$2.0 Billion 'Rapid Response Housing fund' to encourage proposals from community housing providers, including community housing led partnerships to expand social and affordable housing via mechanisms other than new construction.

6. A well-resourced housing and homelessness sector

It is critical that the housing and homelessness sector is more than adequately resourced to be able to respond to the growing need for services, and that funding is fair.

In 2021/22 over 272,000 clients assisted were assisted by services, and accommodation issues, including a housing crisis or housing stress, was nominated by over 54% of clients. There is significant pressure on services with very low vacancy rates and significant rent increases leading to surging demand for assistance^{xxvii}.

Funding the Northern Territory

The Northern Territory experiences a level of homelessness beyond the funding it receives to provide appropriate service responses. The submission by Shelter NT to the Productivity Commission Inquiry in to the NHHA^{xxviii} outlines the disparity in funding it receives comparative to its rate of homelessness. The Northern Territory receives an allocation of \$20million out of a total of \$1.6billion agreement each year from a per capita funding model to a jurisdiction that has 12 times the national rate of homelessness.

The Territory receives a much lower proportion of the NHHA given its much lower population but is underfunded in its means to appropriately respond to its high level of homelessness. While funding for social housing and homelessness are contained in the NHHA allocations making it a state jurisdictional matter to apply funding, the entire Territory allocation for NHHA of \$20million is insufficient to meet the service requirements for a homeless population of 13,721.

National Shelter generally promotes the national perspective but believes a special case needs to be made for the Northern Territory.

Recommendation

National Shelter recommend:

- Providing addition specialist homelessness funding to the Northern Territory above the current funding through the NHHA of \$100million per annum for the next ten years indexed at CPI.

Paying sector staff fairly

From 2018/19 to 2021/22 the Commonwealth government has contributed to the Equal Remuneration Order (ERO) supplementation funding to the states within the NHHA to contribute towards the extra staffing cost resulting from the ERO order from 2012. The Australian Government agreed to fund SACS wage supplementation as a temporary measure, to support states' transition to full implementation of the ERO by 2020-21.

At the time of drafting, it is National Shelters understanding that the National Housing and Homelessness Agreement is to be rolled over for 2023/24 instead of the renegotiation of a further five-year agreement due to the development of the National Housing and Homelessness Plan, and the revised agreement is not likely to include the ERO to meet the cost of higher wages. This equates to a \$56million cut in funding to homelessness services to take effect on 1 July 2023. Homelessness Australia estimate that this will equate to a cut of 560 homelessness workers across the country reducing service capacity. It is critical that homelessness services are able to retain staff during a housing crisis.

Funding cuts are also likely to disproportionately impact on women, as the sector is a female dominated workforce^{xxix}.

Recommendation

National Shelter recommends:

- Increasing the funding to homelessness services to at least cover the ERO for 2023/24, and to ensure that a future National Housing and Homelessness Agreements adequately resource the sector to cover wages, staffing costs, and fair indexation.

Restoration of funding for peak bodies

Australia has been without funded national peak bodies for housing and homelessness since June 2015. National Shelter has relied on membership and philanthropic funding to be able to participate in the development of policy and engage with the sector.

The commitment to develop a National Housing and Homelessness Plan provides an opportunity to fund these peaks to provide significant input of people with lived experience, services, and the community. Peak bodies are not adequately resourced to fully participate in the development of the National Housing and Homelessness Plan.

National Shelter is a reputable and trusted peak body that has for almost 50 years represented the housing interests of low-income Australians. During that time National Shelter has demonstrated a commitment to working collaboratively with government. This has included provided non-partisan advice, research, and bringing forward the voices of low-income Australians. National Shelter has always worked towards the development of a healthy housing system and reflects a range of perspectives. The voice of peak bodies is needed now more than ever during this national housing emergency to contribute to the development of not only the national plan, but also provide ongoing advice and expertise to government.

Recommendation

National Shelter recommends:

- Returning funding to housing and homelessness peak bodies, including National Shelter, to be able to meaningful engage in the development of the National Housing and Homelessness Plan representing the interests of their members and constituents, as well as contribute to ongoing policy development and engagement.

7. An enhanced coordination role for the Commonwealth

There are two specific areas where the Commonwealth could play coordinating role to bring forward the delivery of more social and affordable housing, as well as better housing security for households in the private rental market. This is inclusionary zoning and a national framework of tenancy laws.

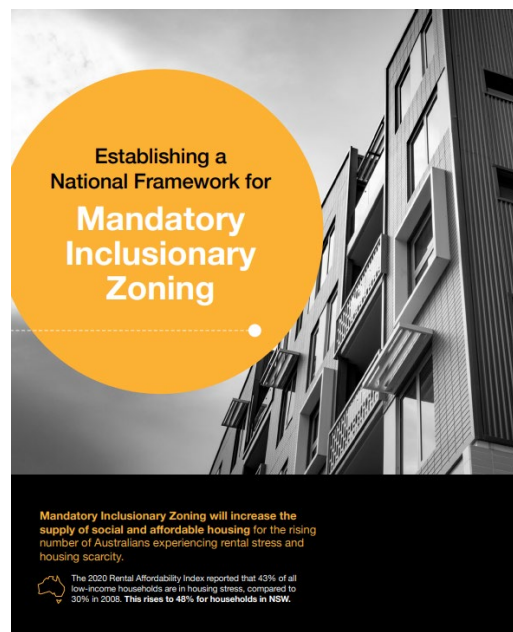
Inclusionary Zoning

The announcement of the National Housing Accord in the October 2022 Budget is a clear recognition that the Commonwealth plays a significant role in leadership and coordination of housing policy, including land use planning with the states/territories and local government. National Shelter welcomed the commitment by state/territory governments to expedite zoning, planning and land release to deliver the joint commitment on social and affordable housing in well located areas. A

missing but critical element in the National Housing Accord is inclusionary zoning⁴ as specific planning outcome that can deliver additional social and affordable housing.

Attempts to introduce inclusionary zoning in Australia have been mixed^{xxx}. The only successful scheme is in New South Wales which has been operating for 30 years and delivered 900 dwellings managed by a local community housing provider^{xxxii}. Inclusionary zoning operates successfully overseas delivering social and affordable housing outcomes at scale^{xxxii}.

National Shelter has participated in the development of a national framework for inclusionary zoning through The Constellation Project^{xxxiii}. This framework of principles can be amended for local conditions, but provides the consistency required by the development industry across jurisdictions and allows for a transition period. Modelling shows that the scheme could result in the creation of up to 160,000 more affordable homes by 2036 in Brisbane, Melbourne, and Sydney alone, with these properties retained by community housing providers. The framework also provides for additional affordable housing contributions on government land.



Recommendation

National Shelter recommends:

- That the Australian government lead the development of a national policy framework for the development and delivery of inclusionary zoning to increase the supply of social and affordable housing.

A National Tenancy Framework

Another area that would benefit from the leadership of the Commonwealth is the development of a national tenancy framework.

According to Martin et al (2022), the regulation of the Australian private rental sector directly affects about 40% of Australian households – 26% who live in private rental housing as tenants and 14% as owners^{xxxiv}. States and territories are either currently undertaking reform of their residential tenancies legislation⁵ or have completed reform processes⁶. There is criticism that these processes have been ‘uncoordinated at a national level, and significant divergences and gaps have opened up in the

⁴ This is when a certain percentage of social and affordable housing must be included within all new housing projects. This can be expressed in terms of land, dwellings or payment of an equivalent levy allocated to such housing. The social or affordable homes built as a result of MIZ are owned and managed by not-for-profit community housing providers.

⁵ See South Australia, Western Australia, the Northern Territory, and Queensland is working through a second round of reforms.

⁶ See New South Wales, Victoria, and the ACT

law^{xxxv}. Despite the reforms, the regulations still accommodate property owners over the choice and control of the tenant resulting in an unbalanced relationship.

While tenancy legislation is the remit of the state/territory governments, there has previously been a role for the Australian government to set the agenda for tenancy law. Almost 50 years ago the Australian government, through the reports of the Commission of Inquiry into Poverty, set the agenda for the law reform processes that eventually produced the residential tenancies legislation currently operating in all states/territories.

It is not unthinkable for the Australian government to lead the states/territories in establishing tenancy legislation that is consistent across the jurisdictions, particularly as the Commonwealth provides significant funds into the rental sector through Commonwealth Rent Assistance of almost \$5billion annually.

A significant and increasing proportion of Australians rent and will do so for long periods of time or the rest of their life. Renting is no longer a residual or transitional tenure. It is critical that tenancy regulations are more sophisticated to reflect the growing importance of renting, including better security of tenure, rent setting and rental increases, and dwelling conditions and repairs. Regulations should also reflect the minimum standards required for housing that is healthy, reduces energy poverty, and responds to climate change.

Poor tenancy regulations have implications for participants of the National Disability Insurance Scheme (NDIS) who are not able to undertake modifications to their dwellings because of a lack of security of tenure (see Section 7).

Recommendation

National Shelter recommends:

- That the Australian government lead the development of a new national agenda for tenancy law reform with state/territory governments that provides better protections for tenants for security of tenure, minimum standards, and rent increases.

Leading the creation of an accessible housing market

National housing policy and initiatives must explicitly address the housing barriers faced by Australians living with disability. The 'Opening the Door' project undertaken by National Shelter and Rights and Inclusion Australia has identified key areas that require immediate attention:

- Tenancy rights
- Housing supply
- Availability of home modifications
- Education and awareness raising within the private markets

Tenancy rights for people with disability

The lack of consistency of tenancy rights legislation and regulation across jurisdictions means that people with disability face a postcode lottery when it comes to security of tenure. Too much emphasis is currently placed on the National Disability Insurance Scheme (NDIS) to meet the individual needs of people with lifelong disability, but in fact its remit does not extend to the provision of housing, beyond the Specialist Disability Accommodation (SDA) program, and the delivery of support to group homes.

Problems with these arrangements have recently been highlighted in the Own Motion Report on Aspects of Supported Accommodation in the NDIS by the NDIS Quality and Safeguards Commission^{xxxvi}, including the lack of choice available to people living in group homes to be able to consider other housing options. While the report emphasises the management control that service providers often wield over those who reside in group homes, the feedback from participants in workshops held by National Shelter and R&IA identified the lack of basic tenancy or residents' rights

available to many people living in supported accommodation. This includes reports of people with disability being moved against their will between houses that are operated by the same service provider, with no recourse for that resident to any legal instrument or support as prevention or remedy. Given the goals of inclusion and parity for people with disability with other members of Australian society, this points to a need for a rapid fix in tenancy regulation to cover the rights of people in supported accommodation, and for this cover to be universal across all Australian jurisdictions.

People with disability have reported being prevented from keeping companion animals in rented accommodation. This is being addressed in some reviews of tenancy laws, but again only in some jurisdictions, and although approved therapy animals tend not to be excluded, reforms need to be made across the board to enable companion animals to be kept. The availability of home modifications to people renting privately is, to a large extent, in the hands of landlords, who in most jurisdictions are allowed to refuse requests for these essential improvements to be made, even if they are to be paid for by the tenant or, more often, a government subsidy program. Tenancy reform in this area is seeking to shift the responsibility to the landlord to provide good reason why a request for modifications should be denied.

Recommendation.

National Shelter recommends:

- The Australian Government's leadership on housing include an explicit focus on the tenancy rights of people with disability that are currently being ignored or sidelined, and that it pushes for reforms that protect these rights across all jurisdictions.

Housing supply

People with disability are more negatively impacted by the current housing shortage because of the need of many people with mobility impairment to be in housing which has basic features that enables them to function independently, and/or of housing that is situated close to amenities and support networks, including family, friends and specialist services. The changes to the NCC to include the Livable Housing Design Standard (silver) will improve the availability of better designed dwelling in the long-term, but there is a need for a rapid increase in the supply of housing that is built to this, and higher standards, immediately. The NCC also includes a voluntary "gold" standard, which is currently being published as a Standard and a Workbook by the Australian Building Codes Board. This level needs to be the standard attained in all initiatives of government from the time the NCC is operational (May 2023) and needs to be the standard that we work to implement as mandatory when the NCC is next reviewed and amended.

Recommendation

National Shelter recommends:

- The "gold" standard, voluntary in the NCC 2022 should be the level of design applied to all new housing built as a result of the Australian Government's National Housing Accord, and any other government-funded or incentivised housing development going forward.
- To ensure housing is built to accommodate people with diverse needs into the future, the Australian Government should lead the states and territories to push for the adoption of "gold" Livable Housing as the mandatory standard in the next version of the NCC.

Availability of home modifications

Housing in Australia will be better designed and built into the future due to the changes in the NCC, but this will not address the shortage of suitable housing for people living with disability in the immediate and short-term.

There will remain the need for significant home modifications, some involving expensive adjustments to the structure of the dwelling, due to the poor design and construction of many if not most houses in Australia up until this point. The lack of availability of home modifications to people in private rental

has already been mentioned, and this is currently not being remedied by the promise of full-cost recovery programs such as the NDIS, as landlords mainly have carriage over whether or not modifications get done in properties they own. Added to this is the problem of a disjointed and differently funded home modification “system” in Australia, which is in fact a series of non-connected programs which are determined by eligibility status based on disability, or age, or Veteran-status, or entitlement through traumatic injury. These are administered separately and with no reference to each other by various state and Commonwealth departments. The result is a confusing and inequitable set of subsidies available to people who require modifications (e.g. a person who becomes disabled prior to the age of 64 can get access to full cost-recovery modifications, whereas a person over the age of 65 can get access to a limited and capped subsidy, if funds remain either in the CHSP service or in their Home Care Package).

There is a need at this time to for the Australian Government to consider the issue of home modifications as primarily a housing issue that positively contributes to the care and support of individuals at home, and increases their functional independence and wellbeing, and one which is critical as much because of the historical negligence in housing planning leading to inaccessible and dangerous housing, as much as it relates to a person’s individual frailties due to disability and/or ageing. There is a need for coordination of all home modification programs across Australia, to provide a simpler and more equitable program to all people who require these modifications, and to enable certainty within the industry that has formed over the past 40 years to service these needs, but which is fractured by programmatic diversity and is not currently provided with the means to maintain and improve industry standards, nor to ensure there is coverage to ensure the availability of service throughout the country. This stands in contrast to the UK, for example, where the centralised Disabled Facilities Grant^{xxxvii} stands as the centrepiece of a system where providers are quality assured and given training by a well resourced industry association that receives government funding to improve the sector and to innovate.

Recommendation

National Shelter recommends:

- The Australian Government addresses home modifications as a national issue that is relevant to the supply of housing urgently required by people living with disability, and that requires a harmonisation of approach by all jurisdictions and all departments which currently administer and subsidise home modifications.
- The immediate funding of Home Modifications Australia (MOD.A), which currently operates without staff as the peak association for the home modifications industry and uses the example of Foundations UK as the model for MOD.A’s operation.

Education and awareness raising within private markets

Having an explicit focus on housing for people living with disability within a role of coordination across housing generally will enable the identification of areas which are currently either unexplored or lie outside of the administrative remit of the departments and jurisdictions which currently have carriage over the NDIS and Aged Care (and Veterans Affairs and mental health and homelessness services etc). It also allows a focus on achieving equity in sensitive areas such as the modification of private property which has been argued can increase the value of the person’s home who is in receipt of the modifications^{xxxviii}, as well identifying where gaps in supply exist and where cost pressures are so prohibitive that people have no option but to move out, often into residential care.

Beyond the issue of home modifications there is a need for greater publicity about the availability of housing which has accessible features, an agreed standard for what can be classed as “accessible” in the advertising of properties, and a requirement for all real estate agents to promote these features when marketing properties for sale or rent. There is evidence of such initiatives being trialled in Western Australia, but again there is no consistency across jurisdictions. There are areas which need to be explored, including:

- Incentives for home owners to renovate to accessible standard, thus reducing the cost burden to government in future to subsidise home modifications;

- Strategies and initiatives to ensure that all property available for private sale or rental which is built to accessible standard is advertised with these features prominently displayed;
- Incentives and education for private landlords and real estate agents about the benefits of providing accessible features in their properties, and of enabling modifications to be made when requested;
- Education and awareness raising amongst owners corporations and strata management companies regarding their obligations to provide greater accessibility in properties, and the benefits that will accrue from this.

Recommendation

National Shelter recommends:

- The Australian Government funds an initiative that is focused on awareness raising and the development of nationally consistent measures which will increase the availability of accessible dwellings in the private housing market and improve the provision of information to prospective customers who require these features in their homes.

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

ⁱⁱ <https://ministers.treasury.gov.au/ministers/jim-chalmers-2022/media-releases/treasurers-investor-roundtable>

ⁱⁱⁱ <https://www.domain.com.au/research/vacancy-rates-november-2022-1186725/>

^{iv} Corelogic, 2023, Quarterly Rental Review, Australia, Released January 2023

^v <https://www.domain.com.au/news/rent-prices-soar-to-record-highs-across-australias-capital-cities-1174319/>

^{vi} Corelogic, 2023, Quarterly Rental Review, Australia, Released January 2023

^{vii} Corelogic, 2023, Quarterly Rental Review, Australia, Released January 2023

^{viii} <https://www.sgsep.com.au/projects/rental-affordability-index>

^{ix} <https://www.launchhousing.org.au/ending-homelessness/research-hub/australian-homelessness-monitor-2022>

^x <https://www.launchhousing.org.au/ending-homelessness/research-hub/australian-homelessness-monitor-2022>

^{xi} https://www.dss.gov.au/sites/default/files/documents/11_2022/september-2022-nras-quarterly-performance-report.pdf

^{xii} <https://www.communityhousing.com.au/chia-media-release-housing-stress-could-envelope-one-million-households-by-2041/>

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

^{xiv} <https://immi.homeaffairs.gov.au/what-we-do/migration-program-planning-levels>

^{xv} <https://www.rba.gov.au/monetary-policy/rba-board-minutes/2022/2022-12-06.html>

^{xvi} <https://www.theguardian.com/business/grogonomics/2022/oct/27/why-is-the-cost-of-living-going-crazy-even-as-the-reserve-bank-raises-rates>

^{xvii} <https://www.theguardian.com/business/grogonomics/2022/oct/27/why-is-the-cost-of-living-going-crazy-even-as-the-reserve-bank-raises-rates>

^{xviii} <https://www.theguardian.com/business/grogonomics/2022/oct/27/why-is-the-cost-of-living-going-crazy-even-as-the-reserve-bank-raises-rates>

^{xix} <https://www.pc.gov.au/ongoing/report-on-government-services/2023/housing-and-homelessness>

^{xx} https://cms.launchhousing.org.au/app/uploads/2022/12/AustralianHomelessnessMonitor_2022.pdf

^{xxi} Ong, R., Pawson, H., Singh, R., and Martin, C. (2020) *Demand-side assistance in Australia's rental housing market: exploring reform options*, AHURI Final Report No. 342, Australian Housing and Urban Research Institute Limited, Melbourne, <https://www.ahuri.edu.au/research/final-reports/342>, doi:10.18408/ahuri8120801.

^{xxii} <https://www.oecd.org/ctp/housing-taxation-in-oecd-countries-03dfe007-en.htm>

^{xxiii}

https://www.ahuri.edu.au/sites/default/files/migration/documents/AHURI_Final_Report_No250_The_relationship_between_intergenerational_transfers_housing_and_economic_outcomes.pdf

^{xxiv} <https://www.pc.gov.au/research/completed/wealth-transfers/wealth-transfers.pdf>

^{xxv} https://shelertas.org.au/wp-content/uploads/2022/01/STR-Baseline-Report-June-2022_FINAL-combined-files.pdf?fbclid=IwAR386MznIGCz3-vhtzY-wNQS4bJS24FbQPlex7dGN6wW79dMAI9oy4glLxY

^{xxvi} <https://formerministers.dss.gov.au/11367/social-housing-initiative-creates-jobs-is-value-for-money/>

^{xxvii} <https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/contents/clients-services-and-outcomes#Clients%20service%20use>

^{xxviii} https://ntshelter.org.au/wp-content/uploads/2022/10/NHHA-Review-by-PC-NT-Shelter-Submission_180322.pdf

^{xxix} <https://chp.org.au/wp-content/uploads/2022/03/SHS-Workforce-Development-Strategy.pdf>

^{xxx} <https://shelter.org.au/site/wp-content/uploads/190325-Inclusionary-Zoning-Report-V6-Final.pdf>

^{xxxi} <https://www.sgsep.com.au/publications/insights/the-affordable-housing-beacon-we-sailed-past>

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^{xxxvi} See <https://www.ndiscommission.gov.au/resources/reports-policies-and-frameworks/inquiries-and-reviews/own-motion-inquiry-aspects>

^{xxxvii} See <https://wwwFOUNDATIONS.UK.com/guides/process-a-dfg/>

^{xxxviii} See for example <https://www.health.gov.au/resources/publications/assistive-technologies-and-home-modifications-scheme-for-in-home-aged-care?language=en> p. 23