

2024-25

BUDGET SUBMISSION



2024-25 BUDGET PRIORITIES

Double the investment in social and affordable housing

- Doubling the Housing Australia Future Fund from \$10billion to \$20billion to provide a further pipeline of social and affordable housing.

Make renting more affordable and fairer

- The Commonwealth continue to lead the development of the rental reform agenda through National Cabinet to provide better, transparent regulations on rental increases.
- Increase the maximum rate of CRA by at least 50%, and that this amount be indexed to the rental component of CPI from 2024 onwards.
- Eligibility for CRA be extended to all people who meet income tests requirements, irrespective of their source of income, and
- 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.
- A permanent increase JobSeeker, Youth Allowance, Austudy, Abstudy, Special Benefit and Parenting Payments to at least \$78 per day.

Reform housing taxation to making housing equitable

- Phase out negative gearing and the CGT discount to reduce inequity in the housing system.
- Redirect revenue savings towards social and affordable housing.

Sustain a well-resourced housing and homelessness sector

- Increasing the funding to homelessness services by \$450million per annum so it can meet current and future demand.
- Ensure funding certainty for homelessness services, including extending the Equal Remuneration Order (ERO) funding of \$73million (2024-25), to cover wages, staffing costs, and fair indexation.

Fund National Shelter

- Restoring funding to National Shelter to operate sustainably as the national peak body representing the housing interests of low-income households.
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ABOUT NATIONAL SHELTER

NATIONAL SHELTER IS A NON-GOVERNMENT PEAK ORGANISATION THAT AIMS TO IMPROVE HOUSING ACCESS, AFFORDABILITY, APPROPRIATENESS, SAFETY AND SECURITY FOR PEOPLE ON LOW INCOMES.

SINCE 1975, NATIONAL SHELTER HAS BEEN A TRUSTED VOICE WORKING TOWARDS INFLUENCING GOVERNMENT POLICY AND ACTION. WE RAISE COMMUNITY AWARENESS ABOUT HOUSING ISSUES AND ILLUMINATE THE EXPERIENCE OF LOW-INCOME HOUSEHOLDS WITHIN AUSTRALIA'S HOUSING SYSTEM.

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.

INTRODUCTION

Australia remains in a national housing emergency. By almost every available measure access to housing and housing affordability has worsened since our 2023-24 Pre-Budget Submission.

Vacancy rates continue to remain extremely low at 0.8% nationally[i], and rental costs have increased significantly in the 12 months to December 2023. Rent growth has averaged 9.1% annually for the past three years, and the national median rent value is at \$601 per week[ii]. The most recent Rental Affordability Index (2023) 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[iii]. This is creating a challenging and unsustainable housing environment for Australian households. Combined with the cost-of-living crisis, we are seeing an increasing number of individuals and households accessing homelessness services, living precariously in unsafe housing, or sleeping rough.

As well as the current housing emergency, Australia is staring at a larger housing crisis. Past and current policy settings have led to the commodification of housing with national real estate valued at approximately \$10trillion[iv], with older Australians disproportionately holding a larger share relative to their share of the population. As the holders of this wealth die, Australia's looming intergenerational wealth transfer is set to be the largest in history which will create intra-generational inequality. This wealth transfer will not be consistent across age groups, income groups, gender, culture, or locations. In the past 30 years the housing wealth gap between income-poor young Australians and income-rich older Australians has doubled to more than 1000%[v]. If you do not own your home as you age, you have to pay rent and live on the pension. Yet our retirement system is predicated on home ownership.

While we are in a very real housing crisis now, in twenty years and beyond we will face a crisis larger than just housing. We face significant wealth inequality based on the housing market and policies of today and our very recent history.

National Shelter supports the considerable government housing policy and investment that has occurred in the past 12 months. However, there is more work to be done to ensure an equitable and healthy housing system that can adequately respond to the housing needs of Australia's today and into the future.

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

This Budget presents an opportunity for government to enhance recent housing policy and funding initiatives, but also use the opportunity to transform Australia's housing responses for inter-generational impact. There is a need to provide immediate relief for Australian households from the pressure of soaring housing costs and the cost of living, while re-aligning the Australian housing system so that it is more equitable and addresses wealth disparity.

We put forward five (5) key priority areas:

1. Double the investment in social and affordable housing
2. Make renting more affordable and fairer
3. Reform housing taxation to making housing equitable
4. A well-resourced housing and homelessness sector
5. Fund National Shelter

In the past 12 months National Shelter has made a number of submissions to consultations and inquiries that have recommended responses needed to address and evaluate Australia's housing challenges, including:

- [The National Housing and Homelessness Plan](#) (with CHIA)
- [Senate Community Affairs References Committee The worsening rental crisis in Australia](#)
- [Senate Standing Committee on Community Affairs - The Extent and Nature of Poverty in Australia](#)
- [Measuring What Matters Consultation Phase One and Consultation Phase Two](#)

National Shelter has also made a separate submission through the pre-budget submission process to restore Commonwealth funding to National Shelter.

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 Australia, and Everybody's Home.

BUDGET PRIORITIES 2024-25

1 Double the investment in social and affordable housing.

The current \$10billion Housing Australia Future Fund (HAFF) and the National Housing Accord (NHA) is targeted to deliver 40,000 social and affordable rental homes over five years. The \$2billion Social Housing Accelerator (SHA) is estimated to deliver approximately 3,750 social housing[1]. There is also an additional \$1billion in the National Housing Infrastructure Facility (NHIF). Combined with the establishment of Housing Australia, the National Housing Supply and Affordability Council, and the development of the National Housing and Homelessness Plan, these substantial investments and commitments provide the foundation to repair Australia's social and affordable housing system for lower income households.

However, it is still not enough. It is estimated that by 2041 there will be almost one million households with unmet housing needs[vi] - an increase of 300,000 households from 2021[2]. The research illustrates an overrepresentation of families with unmet housing need, and that lone person households' regional areas will be considerably impacted. Additionally, the proportion of social housing stock to overall dwellings has declined, and the production of social housing is significantly lower than population growth[vii].

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 2024-25, 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 National Housing and Homelessness Agreement (NHHA), the NHA, the NHIF, and the HAFF will not achieve this aim.

1 Funds are to be committed by states and territories by June 2025

2 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.

Doubling the HAFF to \$20billion continues the pipeline of social and housing beyond the current timeframe of 2030. It also provides an opportunity to expand on the range of dwellings that are delivered, and the range of locations, as well as targeted housing for priority cohorts. It would provide a more sustainable, ongoing fund that is capable of delivering the quantum of funding required to respond to the need for social and affordable housing.

National Shelter recommends:

- **Doubling the Housing Australia Future Fund from \$10billion to \$20billion to provide a further pipeline of social and affordable housing.**

2 Making renting more affordable and fairer

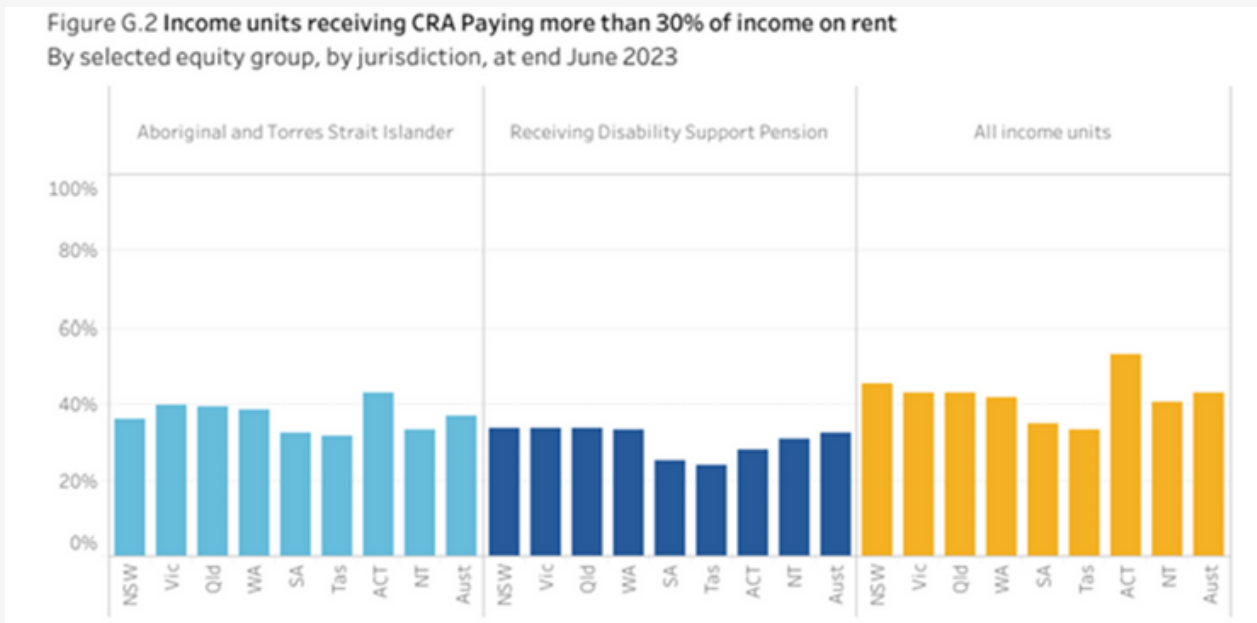
The current Australian private rental market remains highly competitive and highly dysfunctional. Tenants are finding it increasingly difficult to locate appropriate and affordable housing. Tenants who are housed are facing insecurity of tenure as property owners significantly increase rents meaning that households must decide whether to pay the increase or attempt to seek housing elsewhere. They are having to decide between paying for housing or paying for food, medicines, utilities, and other essentials. It is an unenviable position that is stressful for households and is harmful to their health and wellbeing[3].

Low-income households are particularly at risk. In 2019-20, 42% of all low-income households were in rental stress (paying more than 30% of income on housing costs), compared to 35% in 2008. This rises to 58% when considering only the private rental market[viii]. The 2023 Rental Affordability Index[ix] demonstrated that renters in every capital city are now in a worse position than they were in 2019, prior to the start of the pandemic. It also demonstrated that rental affordability in regional areas of Australia continuing to decline in the past 12 months.

In 2023 we saw the Commonwealth increase the maximum rate of Commonwealth Rent Assistance (CRA) by 15%. We also saw National Cabinet introduce 'A Better Deal for Renters'[x]. National Shelter has welcomed both as they broadly align with our policy positions. However, the amount of the increase of CRA is not enough to make a meaningful impact on rental affordability for low-income households. Additionally, the national tenancy reform does not include restrictions on the quantum of rent increases or the inclusion of minor modifications. There is room for improvement.

³ See National Shelter submission to the Worsening Rental Inquiry for further information.

We need to immediately alleviate the considerable and immediate housing stress for very low- and low-income households in the private rental market. The most recent Report on Government Services (ROGS) states that the Australian government expenditure on Commonwealth Rent Assistance was \$4.7billion in 2022-23[xi]. Of low-income households that were CRA recipients at end June 2023, 70.6% would have experienced rental stress without CRA, With CRA, 42.9% still experienced rental stress. This means the value of CRA is not keeping pace with rental increases.



Source: <https://www.pc.gov.au/ongoing/report-on-government-services/2024/housing-and-homelessness/rogs-2024-partg-overview-and-sections.pdf>

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[xii]. 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.

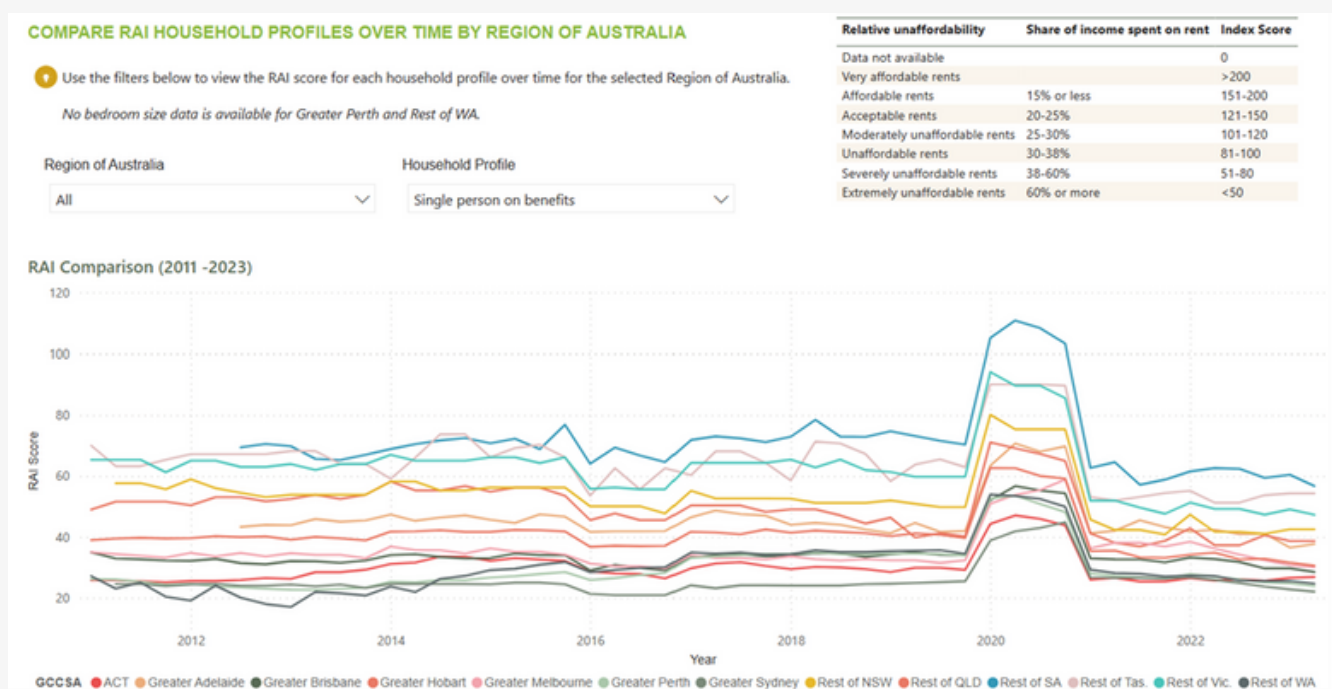
We also need to limit the rent increases. The National Cabinet reforms limit rent increases to one per year, but they do not quantify the amount of the increase. We urge the Commonwealth to lead National Cabinet to deliver rental regulations that restrict rental increases. Renters need certainty about not only when they may expect rent increases (such as once yearly), but also an indication that rental increases are not unreasonable.

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 during the pandemic. Once the supplement ceased, almost all areas reverted to their prior level of unaffordability.

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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 \$78 per day. This would have a meaningful impact on the ability of low income households to meet housing costs and other non-discretionary items.

National Shelter recommends:

- **The Commonwealth continue to lead the development of the rental reform agenda through National Cabinet to provide better, transparent regulations on rental increases.**
- **Increase the maximum rate of CRA by at least 50%, and that this amount be indexed to the rental component of CPI from 2024 onwards.**
- **Eligibility for CRA be extended to all people who meet income tests requirements, irrespective of their source of income, and**
- **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.**
- **A permanent increase JobSeeker, Youth Allowance, Austudy, Abstudy, Special Benefit and Parenting Payments to at least \$78 per day.**

3 Reform housing taxation to make housing equitable

Key measures that significant influence the housing market such as negative gearing and the discount on Capital Gains Tax (CGT) form the greatest housing component of the Federal Budget.

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 those trying to get into the market. 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.

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>

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.

The recent report from Everybody's Home demonstrates that the budget will lose almost \$228billion to negative gearing and CGT concessions between 2010-2033. These are tax breaks that could construct over half a million social homes. The report also found that tax breaks for investors have outstripped spending on social housing by at least five times[xiii]. Per Capital's recent report on government spending on housing noted that the share of total federal housing expenditure going to property investors rose from 16.5% in 1993-94 to 61.4% in 2021-22[xiv].

Australia's housing expenditure through tax concessions disproportionately benefit higher income households. According to Per Capita, the share of total federal housing expenditure going to property investors rose from 16.5% in 1993-94 to 61.4% in 2021-22. 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[xv].

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[xvi][xvii].

Removing property tax concessions to investors recalibrates Australia's housing expenditure to those who are in greater need and shifts the focus of housing from wealth creation and accumulation to that of home and shelter. Recommendation

National Shelter recommends:

- **Phase out negative gearing and the CGT discount to reduce inequity in the housing system**
- **Redirect revenue savings towards social and affordable housing.**

4 A well resourced housing and homelessness sector

The demand for homelessness services is surging. The housing crisis and the cost-of-living crisis is playing significant pressure on homelessness services. In 2022-23 over 273,600 clients assisted were assisted by services, and accommodation issues, including a housing crisis or housing stress, was nominated by over 56% of clients. There is significant pressure on services with very low vacancy rates and significant rent increases leading to increased demand for assistance[xviii].

The recent Report on Government Services found an increase of 23% of people existing homelessness support into rough sleeping, and an increase of 21% of people sleeping rough before they accessed a service. The daily unassisted requests for accommodation have increased 5%, meaning that 57,519 people with an identified need for accommodation were not provided with any[xix].

Current increased demand for homelessness assistance requires enhanced funding to Specialist Homelessness Services (SHS). This immediate response is essential to ensure that all people needing assistance can access services while also helping to ensure reasonable demands on the workforce.

Homelessness Australia has estimated that at least an additional \$450million each year in homelessness support is needed to respond to new people needing homelessness assistance and people currently being turned away[xx]. There are also concerns about the total funding to homelessness services through the National Housing and Homelessness Agreement, and a shortfall of \$73million at the end of June 2024[xxi].

The sector needs an immediate response to ensure that all people needing assistance can access services while also helping to ensure reasonable demands on the workforce. It is critical that the sector is able to respond to the needs of client, but also retain staff during a housing crisis.

National Shelter recommends:

- **Increasing the funding to homelessness services by \$450million per annum so it can meet current and future demand.**
- **Ensure funding certainty for homelessness services, including extending the Equal Remuneration Order (ERO) funding of \$73million (2024-25), to cover wages, staffing costs, and fair indexation.**

5 Fund National Shelter

Australia has been without funded national peak housing body since June 2015[xxii]. 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 voice of peak bodies is needed now more than ever during this national housing emergency to assist government inform the implementation of the National Housing and Homelessness Plan and its broader housing activities including the rental reform agenda, as well as policy development more generally.

While National Shelter has been effective with limited resources, this approach is not sustainable. Unlike the private sector, housing and homelessness service providers have limited budgets reinvesting surpluses into enhancing their service delivery for clients and tenants. The sector has limited capacity to self-fund the full range of functions performed by peak bodies.

National Shelter has made a separate submission to the pre-budget submission process requesting funding up to \$1.2million (ex GST) per year for three years to fund a range of core and enhanced activities. The work of National Shelter represents significant value for government investment. It cannot be easily replaced, and the sector would be poorer if National Shelter is not able to achieve sustainable funding.

National Shelter recommends:

- **Restoring funding to National Shelter to operate sustainably as the national peak body representing the housing interests of low-income households.**

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- [i] See [Vacancy rates: October 2023 \(domain.com.au\)](#)
- [ii] See [Australia's median rent hits new record, surpasses \\$600 per week | CoreLogic Australia](#)
- [iii] See [SGS-Economics-and-Planning_RAI2023-Website.pdf \(sgsep.com.au\)](#)
- [iv] See [Australian real estate surpasses \\$10 trillion: CoreLogic October housing chart update - Wealth Street \(wealthstreetproperty.com.au\)](#)
- [v] See [The housing wealth gap between older and younger Australians has widened alarmingly in the past 30 years. Here's why \(theconversation.com\)](#)
- [vi] <https://www.communityhousing.com.au/chia-media-release-housing-stress-could-envelope-one-million-households-by-2041/>
- [vii] See <https://blogs.unsw.edu.au/cityfutures/blog/2021/01/social-housing-production-continues-to-languish-while-demand-is-soaring/>
- [viii] See Australian Bureau of Statistics. Housing Occupancy and Costs 2019-20. [Table 1; Table 5; Table 13]
- [ix] See [SGS-Economics-and-Planning_RAI2023-Website.pdf \(sgsep.com.au\)](#)
- [x] See [Meeting of National Cabinet - Working together to deliver better housing outcomes | Prime Minister of Australia \(pm.gov.au\)](#)
- [xi] See [rogs-2024-partg-overview-and-sections.pdf \(pc.gov.au\)](#)
- [xii] 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.
- [xiii] See [Written-Off-Report-2024.pdf \(everybodyshome.com.au\)](#)
- [xiv] See [On Whose Account? Government Spending on Housing - The Centre for Equitable Housing](#)
- [xv] <https://www.oecd.org/ctp/housing-taxation-in-oecd-countries-03dfe007-en.htm>
- [xvi] https://www.ahuri.edu.au/sites/default/files/migration/documents/AHURI_Final_Report_No250_The_relationship_between_intergenerational_transfers_housing_and_economic_outcomes.pdf
https://www.ahuri.edu.au/sites/default/files/migration/documents/AHURI_Final_Report_No250_The_relationship_between_intergenerational_transfers_housing_and_economic_outcomes.pdf
- [xvii] <https://www.pc.gov.au/research/completed/wealth-transfers/wealth-transfers.pdf>
- [xviii] See [Specialist homelessness services annual report 2022-23, Clients, services and outcomes - Australian Institute of Health and Welfare \(aihw.gov.au\)](#)
- [xix] See [19 Homelessness services - Report on Government Services 2024 - Productivity Commission \(pc.gov.au\)](#)
- [xx] See [HA-Overstretched-and-overwhelmed-report-v03-1.pdf \(homelessnessaustralia.org.au\)](#)
- [xxi] See [MYEFO-statement.pdf \(homelessnessaustralia.org.au\)](#)
- [xxii] See [Social Services scraps funding for homeless and housing groups \(smh.com.au\) and report.pdf \(aph.gov.au\)](#)



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