

Poverty

& Inequality

IN AUSTRALIA

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STATES' HOUSING STEP-UP NO SUBSTITUTE FOR FEDERAL ACTION

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New research by the ACOSS/UNSW Poverty and Inequality Partnership shows renters on low and modest incomes are in the grip of a housing pincer, especially in regional Australia, as surging rents and the Commonwealth's neglect of social and affordable housing creates acute stress.

The report notes that while some States have recently increased their investment in social housing, they simply lack the financial firepower to make up for a decade of neglect. Four state Governments (Victoria, Queensland, Tasmania and Western Australia) have announced significant self-funded public housing construction programs as a component of post-pandemic stimulus investment, providing an investment of nearly \$10 billion over the next few years.

While these programs will add over 23,000 badly needed new homes to the stock of public and community housing over the next four years, more than 155,000 households are registered on social housing waiting lists across the country with more than 400,000 households in need of affordable housing.

The report reveals that across Australia newly announced social housing construction will be extremely patchy. For example, while Victoria and Queensland can anticipate social housing net growth of 8,300 and 4,400 units over the next three years, this will be little more than 400 in New South Wales. And even the states that have recently stepped up investment lack the financial capacity to maintain it at this level over an extended period. Future growth on an adequate scale demands that the Commonwealth Government resumes its historical role as the main funder of social housing development. Shifting this responsibility to the states is untenable.

Housing stress due to both affordability and availability pressures is already rising significantly thanks to a looming rental crisis. While rents declined sharply in some inner city suburbs at the beginning of the pandemic, from mid-2020 they increased, and by August 2021 were accelerating at more than 8% - the fastest pace since 2008, and far ahead of wage growth of under 2%.

And rapid rent acceleration isn't just confined to the cities. According to the report, regional rent rises are now outpacing metropolitan areas, particularly in NSW, Victoria and Queensland, surging ahead by a massive 12.4% (to August 2021) and raising the prospect of growing homelessness in these overheated markets.

For regional Australia, the proportion of tenancies low-income tenants can afford has declined from 41% to 33% over the course of this year. This percentage looks set to deteriorate further with the end of affordable rents for homes developed under the "National Rental Affordability Scheme" (NRAS).

The NRAS program funded 38,000 newly built rental homes for key workers and other disadvantaged renters to be let at 75-80% of market rates. Government figures show that over the next three years the subsidies and rent restrictions attached to some 22,000 of these affordable homes will expire.

ACOSS CEO, Dr. Cassandra Goldie said: "Community organisations across the country are telling us about the growing levels of despair experienced by people trying and failing to find affordable accommodation for their families in both metropolitan and regional areas.

“The situation for those on the waiting list for social housing feels increasingly hopeless, as individuals and families struggle to keep a roof over their heads in the face of rising private market rents or are forced to stay in circumstances that are not healthy or safe.

“The COVID crisis tested governments. Most state governments did a remarkably good job in protecting people who were homeless during COVID. But with such a chronic shortage of affordable homes, the resources they are putting towards social and affordable housing are just not enough to meet existing demand, let alone future need.

“We need the Federal Government to step up and step back into this space and do some heavy lifting to both address the massive social housing shortfall and meet the future needs of a growing and aging population.

Lead author, Professor Hal Pawson, Associate Director of UNSW’s City Futures Research Centre, said: “A crucial part of any crisis is what lessons can be learnt that could and should lead to policy reform. State governments generally responded well in their emergency actions to help homeless people and protect vulnerable renters during the worst of COVID. And to their credit, some have gone much further by pledging billions for short term social housing investment. But there is little sign of any positive legacy on the systemic reforms and Commonwealth Government re-engagement is fundamentally needed to fix our housing system.”

Adrian Pisarski, Executive Officer of National Shelter, said: “The Leptos National Housing Finance Investment Corporation Review has found that Australia needs to finance \$290b in social and affordable housing investment over the next 20 years. The Federal Government has the opportunity to provide the incentives to generate the vast bulk of that investment from equity investors but it must provide the financial incentives to allow that to occur.”

Mission Australia CEO James Toomey said: “A silver lining of the pandemic was its role as catalyst for several State Governments to move fast to provide short-term temporary accommodation to rough sleepers and boost their investment in social and affordable housing. We thank the State Governments that really buckled down and took their role of supporting people who were homeless during COVID-19 seriously.

“But with huge social housing waiting lists and a housing crisis to contend with, Australia remains under a dark cloud when it comes to providing long-term housing solutions to address our stark nationwide shortage of social and affordable homes.

“Alone, our States and Territories simply don’t have the resources to address Australia’s social and affordable home shortfall. With the recent National review stating such a large investment is needed to address the shortage, our Federal Government holds the key. We need a national plan to end homelessness where the Federal Government takes a lead role in investment and that can also leverage private investment to create significantly more social and affordable homes.”

ACOSS recommends that the Federal Government urgently commit to funding a national social housing construction program, boost Commonwealth Rent Assistance and continue to support and extend affordable housing rental incentive programs to generate new supply, to help to protect people from financial distress and homelessness. It proposes:

- A major Commonwealth Government capital funding boost to deliver at least 20,000 new social housing dwellings;
- A 50% boost to the Commonwealth Rent Assistance payment to low income households to relieve rental stress;
- Creation of a new investment incentive to support construction of new affordable rental properties for people on low and modest incomes

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