

Budget 2020 – Housing

Housing Budget Overview

The Budget supports prospective first-home buyers and eligible owner-occupiers building or renovating a home.

Those women who are not homeowners are largely left behind. Budget funds are primarily directed to existing commitments in the National Housing and Homelessness Agreement. While the National Housing Finance and Investment Corporation guarantee extension may support further building of affordable housing, the large numbers of women in need of secure social housing including older women and single parents will see little benefit and continue to face an elevated risk of homelessness. The growing incidence of domestic violence observed during the COVID-19 pandemic elevates these risks.

With no change to Commonwealth Rent Assistance or income support payment rates, recipients will continue to struggle to secure affordable housing.

Housing and homelessness

The Budget

Affordable housing and homelessness

National Housing and Homelessness Agreement

The indexed investment in the National Housing and Homelessness Agreement (NHHA) is maintained with a commitment of \$6.3bn over the next four years. States receive approximately \$1.5bn per annum over this period. This accounts for 84% of affordable housing funding.

There is no provision to continue funding to supplement the wages costs of the Equal Remuneration Order (ERO) made by the Fair Work Commission in 2012 and supplemented up to 2021. The financial impact of this change is a \$41 million loss for the social housing and homelessness sector. There are, however, indications that some funding might be forthcoming (see Pay Equity – Equal Remuneration Order section).

Table 2.7: Payments to support state affordable housing services

\$million	2020-21	2021-22	2022-23	2023-24
National Housing and Homelessness Agreement				
Homelessness Agreement	1,594.5	1,553.2	1,571.9	1,593.9
National Partnership payments				
Total National Partnership payments	921.9	190.8	111.1	1.1
Total	2,516.5	1,744.1	1,682.9	1,595.0

National Housing and Homelessness Agreement

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2020-21	489.3	414.6	327.6	170.3	110.9	34.5	27.1	20.2	1,594.5
2021-22	485.3	399.0	320.7	163.4	107.1	33.1	25.7	19.0	1,553.2
2022-23	490.1	405.2	325.4	165.0	107.9	33.4	26.0	19.0	1,571.9
2023-24	496.0	412.7	330.5	166.7	108.8	33.7	26.3	19.1	1,593.9
Total	1,960.7	1,631.5	1,304.2	665.4	434.7	134.7	105.1	77.3	6,313.5

Source: Modified from Budget Paper No 3, Table 2.7, Payments to support state affordable housing services.

National Partnership payments

The remaining \$1.22 million allocated to affordable housing over four years consists of:

- Homebuilder (a pre-budget announcement): \$680 m in 2020-21. The program provides a tax-free grant of \$25,000 to eligible home owners to build or renovate an existing home. New homes must be worth less than \$750,000 and renovations (on homes less than \$1.5 million pre-renovation) must be between \$150,000 and \$750,000 (2020 Budget Paper No 3, p 42);
- funding for remote housing, including \$237.2 million in 2020-21, designed to support “delivery of new houses, housing refurbishments and housing-related infrastructure” (2020 Budget Paper No 3, p 43); and
- social impact investments aimed at vulnerable groups including youths at risk of homelessness amounting to \$0.5m in 2020-21 (2020 Budget Paper No 3, p43).

The Indigenous Home Ownership Program

Indigenous Business Australia will receive a \$150 million equity injection for new housing construction loans, specifically in regional Australia (2020 Budget Paper No 2, p 12).

National Housing Finance and Investment Corporation

The cap on total guaranteed liabilities increased from \$2 billion to \$3 billion “to further support the community housing sector by facilitating institutional investment to provide lower cost loans to community housing providers” (2020 Budget Paper No 2, p 162).

The First Home Loan Deposit Scheme will be extended to provide an additional 10,000 guarantees in 2020-21 to allow eligible first home buyers to build a new home or purchase a newly constructed home sooner with a deposit of as little as 5% (2020 Budget Paper No 2, p 162). Added to guarantees available in 2020, a total of 20,000 guarantees will be available for eligible first home-owners from January 2020 to June 2021. These will be administered by the National Housing Finance and Investment Corporation (NHFIC).

Commonwealth Rent Assistance

Commonwealth Rent Assistance (CRA) rate is unchanged (Department of Social Services, 2020 Budget Statements, pp. 48 and 60). A partial subsidy, based on household composition, it is capped at \$139.60 for singles and \$185.36 for couples with three or more children.

Exempting granny flat arrangements from capital gains tax

Capital gains tax (CGT) exemption will be provided for granny flat arrangements where there is a formal written agreement with an older Australian or an individual with a disability. The measure is designed to mitigate the risk of abuse of vulnerable Australians (2020 Budget Paper No 2, page 23). The cost of this measure over the forward estimates cannot be reliably estimated (2020 Budget Paper No 2, Budget Measures 2020-21 — Part 1: Receipt Measures p. 23). The budget proposal does not address the potential issue that the land-owner may lose the main residence exemption for the part of the land occupied by the granny flat.

Other measures affecting housing

- There is a 'one off' provision of \$100 million in 2021 to fund remote Indigenous Housing in Queensland (2020 Budget paper No 2, p 147), which is part of an agreement with the state to assume full responsibility for housing in remote communities.
- \$17.5 million is being provided to the Northern Territory and South Australia to rebuild public housing damaged by natural disasters in 2015 (2020 Budget Paper No 2, p 108).
- \$237.3 million is being made available from 2020-21 to 2023-24 to support projects under the Perth City Deal, inclusive of homelessness projects in the Perth CBD (2020 Budget Paper No 2, p 143).

Gender implications

Why is this an issue for women?

The ability to access safe, secure and appropriate housing is an especially significant issue for women who have lower average incomes and less savings and superannuation than men. Nationally, while young adults (60 per cent female) are the predominant clients of specialist homeless services, 245,000 women aged 55 and over, and 430,000 women aged 45 years and over are at risk of homelessness. Women aged 45-55 have nearly double the risk of homelessness compared to men and older women who rent have more than two times the risk of homelessness as those with a mortgage. Women are also at higher risk of losing their housing due to domestic violence, rates of which have increased since COVID-19.

Housing assistance plays a critical role in managing homelessness risks. The Women's Economic Security Statement 2020 points out that through the National Housing and Homelessness Agreement (NHHA) funding is targeted to priority cohorts, "including women and children who are escaping domestic and family violence, as well as older Australians, many of whom are women". However, Specialist Homelessness Services and other human services need to be supported by affordable, suitable housing across the housing system to enable women to prosper longer-term. Secure and affordable housing enables women, particularly those at risk, to meet everyday needs including food and healthcare, and to participate actively in the community. Assistance and access to affordable and appropriate housing along the housing continuum - from

crisis care to social housing, from the private rental sector through to home ownership – is essential to support all women and mitigate the risk of homelessness.

What are the 2020 Budget impacts on women?

Women planning to buy a first home or planning to build or undertake substantial renovations to a home may benefit from the extension of the First Home Loan Deposit Scheme or HomeBuilder. However, with fluctuating house prices these programs may also bring economic risk through encouraging home buyers and owners to become over leveraged. HomeBuilder minimum spend requirements of \$150,000 are high relative to income caps of \$125,000 for individuals and \$200,000 for couples, further driving this risk.

The budget offers little additional support to women experiencing housing insecurity. Budget funds are primarily directed to existing agreements in the NHHHA. While the NHFIC guarantee extension may support building more affordable housing, the large numbers of women in need of secure social housing including older women and single parents will see little benefit and will continue to face an elevated risk of homelessness. The growing incidence of domestic violence observed during the COVID-19 pandemic heightens these risks. Lack of alternative options for women, including crisis care, may hinder women leaving dangerous domestic contexts.

There is no change to Commonwealth Rent Assistance (CRA) or associated income support payments beyond pre-budget announcements. Women now make up over half of CRA recipients nationally. Older renters are especially vulnerable, with 21% paying more than 60 per cent of their income, including CRA, towards rent. Fifty-six per cent of women receiving JobSeeker are aged 45 years and over, and 27 per cent are primary carers of dependent children. The inadequacy of CRA is highlighted in the Anglicare Rental Affordability Snapshot which found only “three per cent of all properties for rent were affordable and appropriate for households on government income support payments”-- including CRA. As the fastest growing part of the Australian housing system, the opportunity to support households struggling in the private rental sector was missed in the budget.

Housing budget provisions will also negatively impact employment in the social and community services sector. Women make up 84 per cent of staff employed in this sector in Australia. A lack of provision to continue the Equal Remuneration Order and Supplementation payments will disproportionately and negatively affect women.

Older women and women with disability

Older women and women with disability can benefit from changes to Capital Gains Tax exemptions for granny flat arrangements. Women over the age of 65 make up 16.8 per cent of the population in Australia, with 72 per cent of women over 80 being single or widowed. A granny flat arrangement allows the occupant to retain independence while having assistance nearby if needed. It is a practical alternative for a person who does not yet need residential care.

Financial abuse and exploitation is the most prevalent form of elder abuse (Joosten et al, 2016 at 23). The ALRC Protecting the Rights of Older Australians from Abuse enquiry heard of women left destitute as a result of investing their savings in property owned by another person with the expectation that they were securing accommodation for life. This budget measure is based on the recommendations of the Board of Taxation and will remove taxation as a barrier to executing a formal granny flat agreement to protect the rights of occupants who have invested in a property that they do not own.

Aboriginal and Torres Strait Islander Women

Aboriginal and Torres Strait Islander Women and their children experience acute shortages in housing support and culturally safe service in remote and regional areas. The Women's Economic Security Statement recognized the pivotal role that Aboriginal and Torres Strait Islander women "have for their families, communities and in public life". Under the National Agreement on Closing the Gap, housing was one of 16 socio-economic targets established to improve outcomes for Aboriginal and Torres Strait Islander peoples.

The budget directs some funding towards Indigenous households. This funding is, however, substantially geographically limited, in some cases short-term and vastly inadequate to the scale of the housing gap. It may not necessarily match the cultural protocols of extended family and collective living of Aboriginal and Torres Strait Islander people.

Indigenous Business Australia, the recipient of funding through the Indigenous Home Ownership Program is a Commonwealth Government corporate entity, not an Aboriginal and Torres Strait Islander community-controlled organization. Funds do not go directly to Aboriginal and Torres Strait Islander communities, and therefore this initiative does not directly support self-determination which is a recognized right of Aboriginal and Torres Strait Islander people according to the United Nations Declaration on the Rights of Indigenous Peoples.

Recommendations

1. The government should increase direct investment in social housing to support the growing numbers of women in need of secure, affordable housing. Investment in social housing has broader economic benefits, supporting employment and income growth. Every dollar invested in social housing is estimated to boost GDP by \$1.30.
2. Commonwealth Rent Assistance rates should be raised to immediately support very low-income households to access the private rental sector. Single older women who are not homeowners and single mothers and their children will be supported through this measure.
3. National funding to address the housing needs of Aboriginal and Torres Strait Islander women should flow through programs that support self-determination and address the known housing gap, in all housing sectors.