

Key Policy in discussion

HOUSING AND HOMELESSNESS

Portfolio and or agency

DEPT OF SOCIAL SERVICES, TREASURY

Date Issued

3 April 2022

Key author/s of this budget analysis:

Associate Professor Emma Power, Western Sydney University,
0410 466 744 e.power@westernsydney.edu.au

Associate Professor Amity James, Curtin University, 08 9266
7866 Amity.James@Curtin.edu.au

Dr Liz Allen, The Australian National University, 0401 358 091
Liz.Allen@anu.edu.au

Chair, Social Policy Committee NFAW: Prof. Helen Hodgson 0418 906 162 h.hodgson@tpg.com.au

Budget Overview

In our [pre-budget briefing](#), we raised a number of priority policies for women in this space. Women are amongst the most at risk in the housing system. Lower average incomes, time out of the workforce to care for children, and less savings and superannuation make it difficult for many women to achieve secure housing through the private housing market. Women and children are overrepresented in homelessness data and single older women are the fastest growing group of homeless people nationally. Single parent families face particular challenges. Most are headed by women and earn in the bottom 40% of incomes in Australia. There is a shortage of affordable housing for these families. Urgent action is needed -- public investment in secure social housing, action to address affordability within the private housing market, addressing income support payments so these households can meet basic needs. **Budget 2022-23 offers little for the many Australian households struggling with housing affordability, especially women who are the most vulnerable in the Australia housing system.**

At a time when Australia faces a growing housing crisis, it is concerning that this budget proposes no steps that will substantively address the lack of social housing or access to secure and affordable rental options for low-income households, including income support recipients. Women and children are [overrepresented amongst those accessing homelessness support](#). Beyond ongoing measures, they receive little recognition or support to access secure housing from this budget. Many low-income households will continue to struggle in unaffordable and insecure housing with implications for wellbeing, employment and education stability. This budget was a lost opportunity to offer a diversified housing response at a time of growing housing stress.

The budget does offer support to aspiring homeowners through a range of guarantees to participating lenders for low deposit home loans. This includes provisions for those looking to re-enter home ownership through the Rural and Family Home Guarantees, both of which are potentially significant to women across the life course.

The National Foundation for Australian Women is dedicated to promoting and protecting the interests of Australian women, including intellectual, cultural, political, social, economic, legal, industrial and domestic spheres, and ensuring that the aims and ideals of the women's movement and its collective wisdom are handed on to new generations of women. NFAW is a feminist organisation, independent of party politics and working in partnership with other women's organisations.

Authorised by the National Foundation for Australian Women, Canberra: President Ms Jane Madden.

However, there are limits and risks within these programs. They are only helpful to those who have an income sufficient to service a mortgage and leave out the many low-income households including single parent households predominately headed by women who are unable to service a mortgage. Further, house price caps that exist in the scheme will also make it difficult for households to secure housing in well-resourced areas. This is made more challenging by the fact that the caps are not equivalised to recognise different household size or housing needs and risk marginalising eligible larger households. The focus on new build rather than existing dwellings exacerbates this problem. While this may provide support to the construction industry, it could force participants to the urban fringes or regions geographically distant from their employment or social support networks.

First Home Guarantees can also bring financial risks to recipients. In the absence of any measures to manage the cost of housing in Australia, these guarantees support new homeowners to take on larger mortgages that represent a large proportion of house value. This brings greater mortgage risk if interest payments increase, which they are projected to do. If large numbers of households default on their mortgage and housing prices subsequently drop these borrowers will be left with substantial debt.

Much greater investment in social and affordable housing is required. Secure and affordable housing is a human right without which access to education and employment are disrupted and it is more difficult to age in place. Investment in an affordable and diversified housing system can ameliorate these social problems and would represent a proactive investment in Australia's economic and social future.

The lack of a cohesive approach to national housing policy is a significant missed opportunity, with likely future generational impacts on Australians.

In our pre-budget briefing on housing and homelessness we raised a number of questions around priority policies for women that need to be addressed. Some of these are not budget matters. Of those that are, how effective was the budget response? Is there a corresponding Opposition measure?

1. What steps will your government take to address the lack of social housing and access to secure and affordable rental and homeownership options for low income households, including income support recipients?

Budget 2022-23 offers little for the many Australian households who are struggling with housing affordability. Women and children are amongst the most vulnerable in the housing system and will gain little long-term assistance through funded measures. Home guarantees will be beneficial for those with income to service a mortgage, but also bring risk.

- *Social and affordable housing and homelessness*

The **National Housing and Homelessness Agreement** (NHHA) with state and territories is indexed to the inflation rate but with no increase. Valued at approximately \$1.6 billion per annum the NHHA is committed to improve access to affordable housing and homelessness supports (Budget Paper 3, p. 52). The National Housing and Homelessness Agreement is scheduled to conclude on 30 June 2023. The forward estimates indicate a reduction in funding of [nearly \\$40 million from July 2023](#).

The 2022-23 Budget has increased the National Housing Finance and Investment Corporation liability cap by \$2 billion to \$5.5 billion to support increased loans through the Affordable Housing Aggregator, including for affordable housing (BP2, p. 170). While this may support building more affordable housing, [National Shelter](#) point out that "this is not a grant provided directly to community housing providers. Providers will still be required to source funding to build housing."

There is no change to Social Impact Investments which include vulnerable priority groups and youth at risk of homelessness (Table 2.7 BP3, p. 52).

Remote housing: \$223.8 million in 2022-21, is allocated to the “delivery of new houses, housing refurbishments and housing-related infrastructure” and to incentivise “more sustainable housing systems” in remote Indigenous communities (BP3, p. 54). In addition, as part of the **Remote Australia strategies component**, \$3.8 million is allocated to the Northern Territory Remote Aboriginal Investment Agreement to improve public housing in remote communities (BP3, p. 53), and a further \$87.8 million has been allocated to the school and children component of the Agreement, for the purpose of improving student attendance, educational attainment, Indigenous workforce development and **teacher housing in remote and very remote schools** (BP3, p. 42).

“The Government will re-profile existing funding provided to Indigenous Business Australia for regional housing construction loans as part of the **Indigenous Home Ownership Program**, at a cost of \$7.7 million over 5 years from 2021-22. More than \$100.0 million remains available from the Government’s equity injection into the program to support new loans which will boost housing construction, create jobs and increase rates of Indigenous home ownership in regional Australia” (BP2, p. 14). This small investment is not new money and is unlikely to have a significant effect on Indigenous housing. NFAW considers it would be more useful to support serious housing rental affordability measures with particular focus on Indigenous housing.

Labor would build 20,000 social housing properties, including delivering \$1.6 billion to build at least 4,000 new social housing properties for women and children fleeing domestic and family violence. \$100 million will be allocated for crisis and transitional housing for women and children fleeing domestic violence and older women on low incomes who are at risk of homelessness.

- *Several budget measures support existing and aspiring homeowners:*

HomeBuilder Scheme: The scheme encourages “eligible Australians to build a new home or substantially renovate an existing home.” Applications for the program closed on 14 April 2021 and the funding will not continue beyond this budget (BP1, p. 159; BP3, p. 53).

First home buyers are a particular focus of budget support. The **Home Guarantee Scheme** consists of three initiatives guaranteed by NHFIC supporting entry of 50,000 Australians into home ownership (BP1 p16).

- The **First Home Guarantee Scheme**, formerly the First Home Loan Deposit Scheme, which was previously capped at 10,000 places, has been increased to 35,000 places and provides a guarantee to participating lenders for up to 15% of the property purchase price of a new build home (BP1, p. 16). Despite the expanded number of places this may benefit only a small proportion of first home buyers.
- **Rural Home Guarantee** is a new program designed to support eligible Australians who have not owned a home for five years to purchase a new home in a regional location with a 5% deposit (BP2, p. 170). The Rural Home Guarantees will offer 10,000 places per year to 30 June 2025 and commence in 2022-23 subject to passage of legislation (BP1, p. 267).
- **Family Home Guarantee**, designed to support single parents with dependents seeking to enter, or re-enter, the housing market with a deposit of as little as 2%, is continued in the 2022-23 Federal budget (BP1, p266). The 5,000 places being offered per year to 30 June 2025 is a decrease on the 10,000 places offered in the 2021-22 Federal budget (BP2, p. 188).

2. What steps will your government take to address taxation settings that are stimulating the cost of housing in Australia, including negative gearing and capital gains tax discounts?

There is no proposed change to taxation settings that are stimulating the cost of housing in Australia. Existing settings will continue to give financial advantage to housing investors relative to home buyers, particularly those seeking homeownership for the first time.

3. Will your government raise Commonwealth Rent Assistance rates to immediately support very low income households to access the rental sector, and increase JobSeeker rates to lift households out of poverty?

The Budget does not provide any increase to Commonwealth Rent Assistance or JobSeeker rates. Households that receive these payments will continue to struggle to access the private rental sector.

4. How will your government address the needs of women who are at most risk in the housing system, including older women, women leaving family violence, and those heading single parent families?

The Budget provides \$100.0 million new funding for emergency accommodation for women and children leaving family and domestic violence via the *Safe Places Emergency Accommodation Program*. This is provided to fund building, renovation or purchase of approximately 720 new emergency accommodation places for women and children and projected to bring the total places available to around 1,500 (Social Services Portfolio, p. 17; Women’s Budget Statement, p. 17).

\$54.6 million over five years is allocated to security measures to support up to 30,000 victim-survivors experiencing family and domestic violence to stay safe in their own home. It will allow for “security assessments and upgrades including cameras, bug sweeps and safe phones.” These are funded via the *Keeping Women Safe in their Homes* program and are designed to provide an alternative to emergency accommodation (Women’s Budget Statement, p. 17).

These measures are commendable and can support women in crisis. However, they do little to support these women and children to access long-term secure and affordable housing. Women and children and [overrepresented amongst people seeking homelessness support](#) and in 2020 [1 in 3 women and girls experiencing family violence who approached specialist homelessness services needing accommodation were unable to be housed](#), foregrounding the urgency of long term measures and increased social and affordable housing supply.

5. Will your government develop a national housing policy that sets a cross-tenure vision for housing access and affordability nationally and that addresses climate change resiliency?

The budget does not set out a clear vision for housing policy or to address homelessness. It does not address the pressing challenge of climate change mitigation in housing.

There were opportunities for housing to be included in the Regional Accelerator Program (RAP) established in the Budget. However, while this scheme focuses on economic activities and productivity it overlooks the critical nature of affordable and resilient housing within these activities. RAP is a \$2 billion scheme over five years, slated to inject \$434.8 million for the first period (2022-23) “to drive growth and production in regional areas” (BP2, p. 41; BP1, p. 9). RAP takes a “whole-of-government approach” and is targeted at regional areas that have experienced “high levels of population growth and economic performance or undergoing long-term structural adjustment” (BP2, p. 150). The lack of inclusion of housing in the RAP is a significant missed opportunity, especially as the cost of housing in regional areas has increased substantially over the past three years with COVID-related migration. The fact that housing has been omitted from such a significant policy shows the urgent need for a national housing policy.

Questions that still need to be raised in the run up to the election.

1. Will your government develop a national housing policy that sets a cross-tenure vision for housing access and affordability nationally and that addresses climate change resiliency?