



# Australian Association of Social Workers

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Committee Secretary  
Community Affairs Committee  
Department of the Senate  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
Australia

24 October 2008

Dear Sir / Madam

Thank you for the opportunity to provide comment on the provisions of the National Rental Affordability Scheme Bill 2008 and the National Rental Affordability Scheme (Consequential Amendments) 2008.

The Australian Association of Social Workers (AASW) is the professional body representing professional social workers in Australia. Social workers are employed at the interface between the person and their environment. That environment encompasses the social, economic and political contexts.

The AASW advocates for the most vulnerable groups in society, including those unable to access secure accommodation. Housing stability (a secure roof over one's head) is a basic prerequisite for emotional and psychological wellbeing, and for successful outcomes in family functioning, physical and mental health, education and employment. We hope that this Inquiry and these Bills will result in far reaching change, making the Australian housing system more integrated across all three levels of Government, to better provide affordable and appropriate housing for low income Australians.

Over the years the AASW made a number of submissions to the Federal Government and its agencies on the issue of housing affordability, stability and accessibility including to: the Productivity Commission Inquiry into First Home Ownership (2003) and more recently to the Senate Select Committee on Housing Affordability in Australia (2008) and to the Australian Government's Green Paper on Homelessness "**Which Way Home?: A New Approach to Homelessness**".

The needs of a significant proportion of the population are not met by home ownership. Some 20% of Australian households are in private rental, and a further 6% are in public or not-for-profit housing. The Association believes that housing policy centred on a dominant paradigm of home ownership fails to consider the evidence on economic and demographic changes and the rationality of renting for many Australians. Home ownership is not inherently virtuous, and does not make economic sense for everyone.

For some groups historically, affordable home ownership has offered security of tenure and a choice of location, therefore enhancing access to employment opportunities. Others have found that home ownership is not sufficient to balance the inequity in distribution of employment opportunities across the metropolitan/rural divide.

The AASW has welcomed the Australian Government's commitment to reforming, improving and maximising housing and housing affordability for all Australians, including the introduction of the National Rental Affordability Scheme (NRAS). The AASW believes that a comprehensive housing strategy is critical to achieving these aims, which is integrated across all levels of government and brings together a number of policy strands, settings and economic levers.



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The NRAS is one such policy strand, utilising economic levers to encourage predominantly private sector investment in affordable housing. However it is essential that major additional investment is now made in the public and non-profit housing. Over the last twelve years Commonwealth funding in these housing sectors has fallen by around 30% in real terms and dwellings in these sectors have declined by 30,000.<sup>1</sup>

The direct results of this chronic under investment and failure to maintain public and non-profit housing stock may be seen in 105,000 people experiencing homelessness on any given night and the 600,000 individuals and families in the private rental market experiencing housing stress.<sup>2</sup>

The AASW echoes the recommendations of Australia Fair, ACOSS and the National Affordable Housing Summit Group<sup>3</sup> for a comprehensive housing strategy which include:

- A Growth Target should be established involving an increase in the stock of public and non-profit housing by 30,000 additional dwellings by 2012
- An Affordable Housing Growth Fund should be established with funding of \$7.5 billion over 4 years strictly ear-marked for expanding the stock of public and non-profit housing, contributed on a proportional matching basis by the Commonwealth and the States/Territories
- An Operating Subsidy Program should be established, with funding of \$3.5 billion over four years provided by the Commonwealth
- These funding arrangements will require approximately \$5 billion above funding currently provided by the Commonwealth and State / Territory Governments through the Commonwealth State Housing Agreement (CSHA)
- New stock should meet standards relating to dwelling quality, disability accessibility and energy efficiency
- Commonwealth Rent Assistance (CRA) should be reviewed to ensure that it best meets the needs of all low income renters. As a first step, the maximum rate of CRA should be increased by 30% for low income households currently receiving the highest rate of CRA at a cost of \$500 million per annum.<sup>4</sup>

The principles and aspirations of the Universal Declaration of Human Rights and other international covenants focus on the right to adequate, appropriate and affordable housing and the right of individuals and families to have social connections and a sense of place is recognised by the World Health Organisation as a social determinant of health. Forced migrations due to financial stress, have

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<sup>1</sup> Australia Fair (2008), National Rental Housing Advocacy Day, Position Statement  
[http://www.australiafair.org.au/upload/site/pdf/publications/5184\\_\\_Housing%20advocacy%20position%20statement-%20web%20final.pdf](http://www.australiafair.org.au/upload/site/pdf/publications/5184__Housing%20advocacy%20position%20statement-%20web%20final.pdf)

<sup>2</sup> Ibid

<sup>3</sup> The Housing Summit Group, Chaired by Professor Julian Disney, comprises the Australian Council of Social Services, Australian Council of Trade Unions, Housing Industry Association, National Shelter and the Community Housing Federation of Australia

<sup>4</sup> Australia Fair (2008), *op cit*



long term impacts on the social, economic, political and emotional wellbeing of individuals, families and children.<sup>5</sup>

## 1. Whether the Bills are targeted to deliver affordable housing to those in greatest need

The AASW notes that there are at least 600,000 individuals and families in the private rental market in housing stress<sup>6</sup>, which represents 65% of low income private renters<sup>7</sup>.

The NRAS is designed to alleviate housing stress on this group of people who are struggling to meet private market rents.

This case study is a typical example of the situations, individuals and families, AASW members' are working with everyday:

*"We have lived in this area for over twenty years. I am 75 and my husband is 77, he relies on oxygen throughout the day, but especially at night. I have had five operations on my back. We are both on a lot of medication and have many outpatients visit to specialists at the local hospital. We have to leave here where we have rented for fifteen years because it is being sold but we cannot find anything to rent, even within the ring of ten kilometers from this area and everything we have tried has then had an extra \$50 added to the weekly advertised rent by the time we have inspected or applied for it – we are about to be thrown out on the street" – George and Mary.*

Low to moderate income households are increasingly locked out of home ownership or chose not to own their own home. Many of these households are also increasingly locked out of the private rental market, unable to access affordable housing near to transport, community and family ties, and employment and health services. Inner city redevelopment and the associated loss of low cost housing stock in these areas have also effectively locked out people traditionally accommodated in these areas.

In these circumstances many households are forced to annually migrate to more affordable rental accommodation, become the hidden homeless or apply for public and or community housing. With more than 180,000 households on waiting lists for public housing as at 30 June 2007, for many individuals and families, caravan parks, the streets, their cars and or SAAP services are their only alternative<sup>8</sup>.

The NRAS assumes by offering affordable housing options to those households struggling to meet open market rents, although able to meet the 80% capped rent rate, a 'trickle down' effect will occur freeing up public, not for profit and community housing to those individuals and families in the SAAP housing system or on waiting lists for SAAP housing.

## 2. Whether the Bills are an efficient and effective way to deliver increased affordable housing.

<sup>5</sup> <http://www.un.org/Overview/rights.html>; Article 11(1) of the International Covenant on Economic, Social and Cultural Rights General Comment No 4 on the Right to Adequate Housing;

[http://www.who.int/social\\_determinants/resources/latest\\_publications/en/index.html](http://www.who.int/social_determinants/resources/latest_publications/en/index.html)

<sup>6</sup> Australia Fair (2008); Australian Institute of Health and Welfare (AIHW) (2007), *Australia's Welfare 2007* at 219.

<sup>7</sup> Australia Fair (2008); AHURI, 'Housing Affordability: a 21<sup>st</sup> century problem', National Research Venture: Housing Affordability for Lower Income Australians, by Judith Yates and Vivienne Milligan et al, September 2007 at 19.

<sup>8</sup> Australia Fair (2008); AIHW (2007)



The AASW is supportive of the NRAS as a key component in delivering increased affordable housing options to Australian households. For those individuals and families unable to access public housing and struggling to meet open market rents (even if they receive CRA) have little likelihood of entering home ownership, the NRAS will offer alternative affordable housing options.

As indicated elsewhere in our response, the AASW contends that the NRAS will not deliver adequate increased affordable housing to those individuals and families unable to meet 80% of open market rents. It is hoped that this have a 'trickle down' effect i.e. that the NRAS may result in freeing up some public and non-profit housing dwellings, as those households able to afford up to 80% of private market move out of public and not-for profit housing into the NRAS dwellings.

Australia Fair's six recommendations to increase public and not-for-profit sector housing and housing affordability are the other side of the housing affordability equation. The NRAS as a stand alone measure is not the most efficient and effective way to deliver increased affordable housing, it must be done in concert with increased investment in Commonwealth, State / Territory and not-for-profit housing stock.

The AASW acknowledges that these Bills are retrospective to allow for the first NRAS funding round to have occurred on 1 July 2008. However the effects of the NRAS are unlikely to be experienced by many low to moderate income households for sometime. In 2007 it was acknowledged that 65% of these households were experiencing financial stress<sup>9</sup>. For these households some financial relief is required in the immediate short term, particularly in light of escalating cost of living prices and uncertain economic and employment conditions due to the global financial crisis.

The AASW reiterates the call of Australia Fair for a review of the CRA and an immediate 30% increase for those households currently receiving maximum CRA to deliver increased affordable housing in the immediate short term.

### **3. Whether the Bills facilitate investment in social housing by the not for profit community housing organisations, as well as private investors.**

The ASSW believes that more investment ownership in the private rental market is required to improve supply of housing stock designed for the low income rental market and understands that there was a lack of incentive for the business sector to invest in the construction of affordable housing prior to the introduction of the NRAS.

These Bills are a great way to entice investment interest in both private and not-for-profit community housing organisations. The AASW does acknowledge, however that many investors such as superannuation funds, will proceed warily, due to their fiduciary duties to deliver the best possible investment return to their members, which may result in a slower than hoped for uptake of the NRAS by these investors until solid investment returns are proven.

Furthermore the Association also notes that the doubling and tripling of the first home owners' grant for established and new homes respectively may will encourage property developers and other private investors to remain in the high cost property market which has historically yielded good financial returns and attracts the benefits of negative gearing and other tax concessions.

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<sup>9</sup> AIHW (2007)



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The AASW also believes that consideration should also be given to the long term sustainability of this class of affordable housing. The objectives of housing policy for low income households should be less about home ownership and more about security of tenure; allowing children to grow up in one home, for community ties to be established, and the health and wellbeing of the family to be strengthened and maximised. The experience of the United States of America suggests that at the end of the ten year cycle, if the subsidy is not maintained and rents revert to their open market rates, many of these households will once again face the prospect of needing to seek cheaper rental accommodation regardless of geographical location, employment and educational opportunities and community connections.

## Concluding comments

In addition to our own submission, the AASW endorses the submissions of ACOSS, the National Affordable Housing Summit Group and the Community Housing Federation of Australia.

The AASW welcomes the opportunity to provide comment on these Bills in the interest of securing safe and affordable housing for all Australians.

Should you require any further information or comment please don't hesitate to contact either Ms Kandie Allen-Kelly, Senior Executive Officer on 02 6270 7200 or [kandiea@aasw.asn.au](mailto:kandiea@aasw.asn.au) or Mr Karl Charikar, Senior Manager, Communications & Advocacy on 03 9375 7163 or [karlc@aasw.asn.au](mailto:karlc@aasw.asn.au)

Kind regards

Dr Bob Lonne

AASW National President