



## Everybody's Home Pre-Budget Submission 2021-2022

### About Everybody's Home

Everybody's Home campaign has been working since March 2018 to build community support for Australian governments to invest in social and affordable housing. The campaign has built a network of more than 400 organisational supporters, and 39,000 individual supporters. The campaign has focused on the large number of people experiencing homelessness in Australia and the fact that prices for rental properties for low- and middle-income Australians are unaffordable.

### Introduction

The current context of COVID- 19 -induced high unemployment has increased the possibility of homelessness in Australia rising and the number of Australian's facing the prospect of eviction from their rental dwellings. COVID has also exposed the consequences of a housing system that is not meeting the needs of many Australians. It forced state governments to take action to address both rough sleeping and overcrowded shelters and boarding houses where residents share facilities.

All this demonstrates that in a crisis, governments are able work collaboratively with other housing service providers and take rapid and effective action to provide temporary accommodation for around 40,000 people. As the economic pressures of COVID continue, the need for more suitable housing options, and support to sustain them are needed if we're to keep people safely off the street. And as unemployment slowly recovers housing affordability will remain a big issue for a large section of the population.

It is now more important than ever for the Federal Government to:

- a. act urgently to invest directly into building social housing
- b. provide adequate income support for our most vulnerable
- c. provide an increase in rental support for those facing housing stress

Such an investment would be beneficial to our economy through the creation of jobs and the opportunity of growing the ability of many more Australians to participate in the world of work and education.

## Key facts relating to housing

- The latest official figures (2016) show that 116,000 Australians are homeless on any given night. In capital cities, the past decade has seen homelessness rising far ahead of general population growth.<sup>1</sup>
- A study by Equity Economics commissioned by Everybody's Home which projected changes in housing stress and homelessness in Australia in relation to expected increases in unemployment suggested that on average homelessness could increase by nine per cent in 2021 and that 24 per cent more Australian families will experience housing stress this year due to the COVID-19 crisis.<sup>2</sup>
- When housing costs were taken into account, by 2015-16, more than three million Australians were living in poverty.<sup>3</sup>
- There are currently no dwellings affordable in the private market for households in the lowest income quintile. (ie.\$220 or less per week). While there are some homes affordable to households in the second bottom quintile (i.e. at no more than \$355 per week) the homes are increasingly unavailable to these households; being occupied by higher income earners.<sup>4</sup> The effect of COVID is to decrease affordability further. On the weekend of the 21 March 2020, of the approximately 70,000 rental properties advertised across Australia just nine properties in Australia were affordable to a person on the JobSeeker payment<sup>4</sup>.
- Using the projected number of households in Australia (ABS 2015) the number of social housing dwellings per 100 households has declined from 5.1 per 100 households in 2007–08 to 4.6 in 2017–18
- A 2019 report estimated that just to deal with the current social housing shortfall of over 430,000 dwellings there is a need for a national program producing just over 290,000 additional homes over the [20-year] projection period, or nearly 15,000 per year.<sup>5</sup>

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<sup>1</sup> Australian Bureau of Statistics 2018, <https://www.abs.gov.au/ausstats/abs@.nsf/mf/2049.0>

<sup>2</sup> <https://everybodyshome.com.au/wp-content/uploads/2020/12/201215-Double-Return-Homelessness-Report-UpdatedProofed2.pdf>

<sup>3</sup> Hulse, K., Reynolds, M., Nygaard, C., Parkinson, S. and Yates, J. (2019) *The supply of affordable private rental housing in Australian cities: short-term and longer-term changes*, AHURI Final Report No. 323, Australian Housing and Urban Research Institute Limited, Melbourne, <https://www.ahuri.edu.au/research/final-reports/323>, doi:10.18408/ahuri-5120101.

<sup>4</sup> Anglicare Australia, 2020, *Rental Affordability Snapshot; National Report April 2020*, p.9.

<sup>5</sup> Lawson, J., Denham, T., Dodson, D., Flanagan, K., Jacobs, K., Martin, C., Van den Nouweland, R., Pawson, H. and Troy, L. (2019) *Social housing as infrastructure: rationale, prioritisation and investment pathway*, AHURI Final Report No. 315, Australian Housing and Urban Research Institute

- For every dollar invested in social housing, it is estimated to boost GDP by \$1.30. (KPMG 2012, Social Housing Initiative Review – Report to Housing Ministers’ Advisory Committee).
- Unlike major transport projects, social housing construction can be undertaken at scale within 2-3 years of the policy announcement, and the jobs would be widely distributed across regions with high unemployment.
- The construction industry is facing significant job losses with the latest ABS Business Activity showing total building work done falling by 2.8 per cent to \$28.8 billion.

### The economic benefits of direct investment in social housing

Whilst government investing in social housing provides safe and stable environments to vulnerable and low waged households who cannot access suitable market housing, there is a lot of evidence that it can produce net financial gains in terms of overall cost to government.<sup>ii</sup> For every dollar invested in social housing construction, it is estimated to boost GDP by \$1.30.<sup>6</sup>

A report commissioned by Everybody’s Home member-organisation CHIA (Community Housing Industry Association) shows “the available evidence suggests that the attainable wider social and economic benefits can be large for individuals and society, and in some cases can equal the funding gap that currently prevails in social and affordable housing provision.” This is because the provision of social and affordable housing has a clear potential in improving national productivity by addressing problems that otherwise impose economic, social and/or environmental costs or by realising economic, social and environmental benefits.<sup>7</sup>

Social housing is also a boon for the residential construction industry, a key part of the Australian economy and one of the country’s major employers. In February 2020, 1.2 million people were employed in the construction industry,<sup>8</sup> and residential construction is the second-

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Limited, Melbourne, <https://www.ahuri.edu.au/research/final-reports/315>, doi:10.18408/ahuri-5314001.

<sup>6</sup> KPMG 2012, Social Housing Initiative Review – Report to Housing Ministers’ Advisory Committee

<sup>7</sup> Nygaard, C (2019) Social and Affordable Housing as Infrastructure

<https://www.communityhousing.com.au/wp-content/uploads/2019/11/Social-and-affordable-housing-as-social-infrastructure-FINAL.pdf?x33467>

<sup>8</sup> SGS Economics and Planning 2020: Economic Impacts of Investing in Social Housing

<https://www.communityhousing.com.au/wp-content/uploads/2020/06/20200197-SHARP-Final-ReportSGS.pdf?x73896>

largest economic multiplier of all industries with \$1 dollar invested realising almost \$3 in additional economic output.<sup>9</sup>

Whilst the HomeBuilder program combined with other home building grants offered by state governments has created a recent spike in borrowing for detached housing construction, according to the latest forecast by the National Housing Finance & Investment Corporation (NHFC) the dwelling construction industry is forecast to collapse by 2022 and 2023 as the stimulus declines.<sup>10</sup>

Figure 4.1: Annual change in demand and supply and supply-demand balance

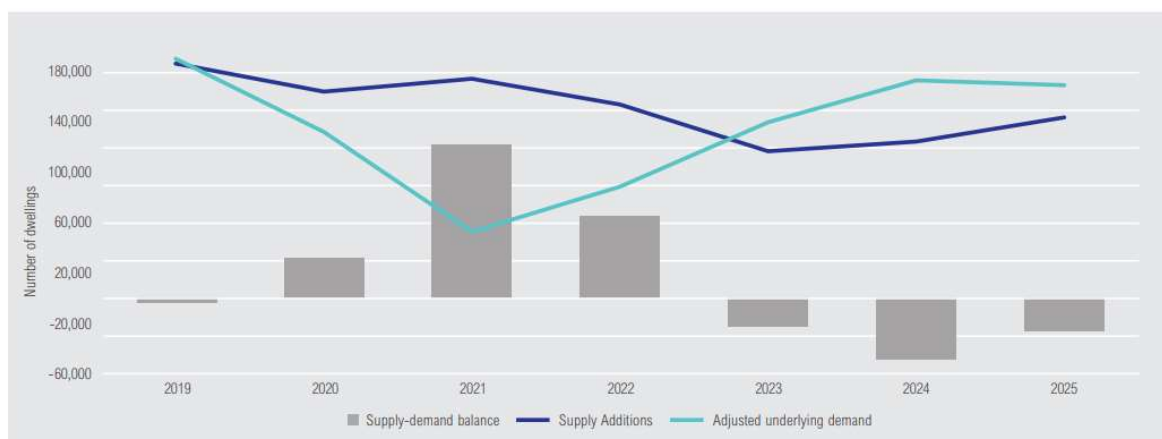


Table 4.1: Annual change in demand and supply and supply-demand balance

Year	2019	2020	2021	2022	2023	2024	2025
Change in adjusted underlying demand	192,400	136,400	54,200	91,600	144,700	178,800	175,300
Change in annual underlying demand	177,600	142,500	58,200	69,900	111,600	150,700	155,100
New net annual dwelling supply	188,900	170,000	180,900	159,600	120,500	128,300	148,300
Supply-demand balance	-3,500	33,600	126,700	68,000	-24,200	-50,500	-27,000

From: State of the Nation's Housing 2020 report, published on 15/12/2020

Social housing could step in to partly address this reduction in the overall housing supply through a social housing investment program.

### Leveraging historically low bond rates to introduce a social housing acceleration renovation program (SHARP)

SHARP is a proposal for a short-term program<sup>11</sup> to deliver 30,000 social rental housing units over four years. Through Australian Government investment and with state/territory

<sup>9</sup> <https://www.nhfc.gov.au/what-we-do/building-jobs-how-residential-construction-drives-the-economy/>

<sup>10</sup> <https://www.nhfc.gov.au/research/thematics/state-of-the-nations-housing/>

<sup>11</sup> <https://www.communityhousing.com.au/wp-content/uploads/2020/05/SHARP-Full-Report-1.pdf?x73896>

contributions the support would enable 30,000 social housing units to be built and renovations to existing social housing.

The program will also boost residential construction activity and employment in the building industry at a time when residential construction for apartments has dropped significantly. Registered Community Housing Organisations would commission private sector builders to deliver the housing and thus stimulate the construction industry too. Modelling by SGS Economics and Planning estimates that on average between 15,500 and 18,000 FTE jobs per annum will be supported by SHARP. In addition, output would be raised by \$15 billion to \$18.2 billion in total over the four years of construction.<sup>12</sup>

The cost to the Government of SHARP would be around \$7.7 billion but these costs are assumed under the proposal to be shared with state and territory governments. There are also options for land contributions, philanthropic donations and cross subsidisation. As borrowing costs are at an all-time low, the cost to the Government will be relatively cheap.

With high unemployment set to linger for years to come, investing in building social housing is a smart economic choice that can both provide job opportunities and be a critical factor responding to growing homelessness in Australia. Currently, 55 per cent of people accessing homelessness services cite financial or housing issues as the main reasons for seeking assistance, and due to the unaffordability of the private market.<sup>13</sup>

Through a survey led by CHIA, Australian community housing providers have identified potential development projects which would deliver over 12,500 new homes over the next five years if supported by government investment. Projects include social and affordable rental housing and homes for sale. The mix of tenures in developments will in part be determined by the level of government support for the projects.

Most importantly these 12,500 homes would be built in metro and regional areas, bringing jobs to places that need it the most.<sup>14</sup>

The latest (January 2021, ABS) figures show only two thirds of full-time time jobs lost in the COVID recession have been restored leaving one and a half million people unemployed. This means we have to revive the economy to bring back employment levels to not just restore the old level of unemployment but also to deal with the 200,000 new entrants.

We know that for every job vacancy, there are nine people looking for a job or more hours, and that this is even worse in many regional areas. Building social housing would invest both in construction jobs and have a multiplier effect by creating other jobs.

## **Recommendation 1**

Everybody's Home joins the Community Housing Industry Association (CHIA), National Shelter and Homelessness Australia to urge the Federal Government to invest in the Social Housing Acceleration Renovation Program (SHARP) proposal. The \$7billion investment would result in 18,000 jobs being created each year of the 4-year length of the project and create

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<sup>12</sup> SGS Economics and Planning 2020

<sup>13</sup> Anglicare Australia, 2020, *Rental Affordability Snapshot; National Report April 2020*

<sup>14</sup> <https://www.communityhousing.com.au/wp-content/uploads/2020/05/SHARP-Full-Report-1.pdf?x65959>

30,000 homes for people in need. It should be included as a part of the critical infrastructure investment in the 2021 Budget.

## Permanently increasing income support to allow a liveable income

COVID resulted in a swift reduction of jobs, wreaking unemployment in many sectors of the economy. Whilst the economy is slowly recovering, high unemployment and underemployment still remains.

By doubling the \$287 per week JobSeeker Payment, the Government acknowledged that the previous payment was grossly inadequate. The best way to strengthen consumer demand and create jobs is to boost incomes on a permanent basis.

Evidence shows that people who were unemployed spent 85 per cent of the \$750 lump sum stimulus payments delivered in March 2020, compared with 74% spent by people in paid work and 63% for older people<sup>15</sup>. At the same time, research by Deloitte Access Economics for ACOSS found that cuts to the Coronavirus Supplement for people on JobSeeker, Youth Allowance and parenting payments would see the economy lose \$31.3 billion and 145,000 full-time jobs over the next two years.<sup>16</sup>

The Government's decision to cut the incomes of 2.3 million people by \$300 a fortnight in September and then a further \$250 per fortnight in January sent people who are unemployed back to the totally inadequate old Newstart rate of \$51 a day.

Many in our community believe that unemployment and related payments must be permanently increased. The increased income support payments have had a profound effect in homes across the country. For starters, people are in a much better position to keep a roof over their head. A survey conducted by ACOSS in May of people on Jobseeker showed that 93 per cent of people said they could now afford fresh fruit and vegetables. This compares with three-quarters saying they had to regularly skip meals to get by before the coronavirus supplement was introduced.<sup>17</sup>

This clearly shows just how inadequate support payments were before the COVID supplement and why the payments need to permanently increase to allow people a basic standard of living. It's important to note that around one million children now have a parent who relies on JobSeeker.<sup>18</sup>

By permanently increasing JobSeeker and related payments in the May 2021 budget, the Federal Government can avoid pushing hundreds of thousands of Australian households into poverty.

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<sup>15</sup> ABS, Receipt and use of government stimulus payments, July 2020

<sup>16</sup> ACOSS Supplementary Budget Submission, August, 2020, p.9  
<https://www.acoss.org.au/wp-content/uploads/2020/09/Final-ACOSS-Coronavirus-Supplement-to-ACOSS-09.09.2020.pdf>

<sup>17</sup> SGS Economics and Planning 2020

<sup>18</sup> Australian Institute of Health and Welfare (2020) Specialist Homelessness Services: monthly data.  
<https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-monthly-data/data>

## Recommendation 2

Everybody's Home calls on the Federal Government to permanently increase JobSeeker payments to an adequate level. We propose that this and related income support payments be increased to at least pension rates, with an increase of \$185 per week for single adults on Jobseeker. A permanent boost to people on low incomes, especially those who are unemployed, is the most cost-effective way to strengthen consumer demand and sustain growth in jobs and incomes, especially in the parts of the country most affected by higher unemployment.

### Supporting people to have a roof over their heads

As raised previously rental housing affordability is a big issue in Australia and the risk of homelessness has increased.

With 1.5 million Australians locked out of work we must remember that many of them are renters. While a lot of focus has been placed on homeowners, and a lot of comment made about how we have entered a 'renter's heaven', the stark reality is that there is a major disconnect between commentary on the rental market and how it's actually working for those who are hardest hit by the pandemic. Many will be surprised to learn that affordability has not improved for people on low incomes but has in effect gotten worse.

For most people on low incomes, rent should not exceed 30 percent of a household budget to avoid financial stress. This is an internationally accepted benchmark drawn from years of study into the cost of living and how it affects people.

Early on, the Federal Government was forced to plug some of the gaping holes in Australia's safety net in order to avoid a major collapse. But these actions were temporary and didn't make any necessary structural changes. Now, renters again find themselves in housing stress. In most states deferrals and eviction moratoriums have ended, with many in arrears for thousands of dollars. Cuts to JobSeeker, will leave many once again on the brink of losing their home while others will find themselves on the streets or seeking help from stretched service providers.

Before COVID, research indicated that there is a national shortage of just over 433,400 homes that are affordable for people who are homeless or living on the lowest incomes (the lowest 20% by household income).<sup>19</sup> This figure has grown. The latest report from Equity Economics and Everybody's Home measuring the economic fallout of COVID-19, projects that 24 per cent more Australian families will experience housing stress in 2021 due to the impact of the crisis.<sup>20</sup>

It is clear that renters have found themselves on the frontlines of the economic crisis caused by COVID. They are much more likely to be in low-paid or insecure work, and many of now face a situation where they are not only losing income, but at risk of losing their homes. So in addition to building social housing the Government must ensure that those renting can afford to do so. Like JobSeeker, the maximum rate of rental assistance hasn't increased in real term

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<sup>19</sup> Australian Housing and Urban Research Institute (2018) [Social housing as infrastructure: an investment pathway](#).

<sup>20</sup> <https://everybodyshome.com.au/wp-content/uploads/2020/12/201215-Double-Return-Homelessness-Report-UpdatedProofed2.pdf>

for a decade or more, despite the fact that rents have increased much faster than inflation and more people rent than own housing than ever before.

### **Recommendation 3**

We call on the Government to increase the maximum rate of Commonwealth Rent Assistance by 50% to more adequately subsidise private rental costs for low-income tenants. For a single person without children, this increase would see CRA rise from \$70 to \$105 per week. With 1.5 million unemployed and rental affordability at an all-time low, an increase in the CRA is crucial to ensuring those facing housing stress can keep a roof over their head.

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