

Submission to the Senate Economics References Committee Inquiry into Affordable Housing

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Combined Pensioners & Superannuants Association of NSW Inc (CPSA)

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CPSA is a non-profit, non-party-political membership association founded in 1931 which serves pensioners of all ages, superannuants and low-income retirees. CPSA has 130 branches and affiliated organisations with a combined membership of over 31,000 people living throughout NSW. CPSA's aim is to improve the standard of living and well-being of its members and constituents. CPSA depends for the majority of its funding for core activities as a peak body on a \$450,000 grant from NSW Family and Community Services' Office for Ageing. CPSA engages in systemic advocacy on behalf of its constituency. CPSA acknowledges the potential for conflict of interest arising for CPSA and the NSW Government as a result of this funding arrangement. CPSA is committed to managing any conflict of interest issues in an ethical manner.

CPSA welcomes the opportunity to provide input into the Senate Economics References Committee Inquiry into Affordable Housing.

Australia is in desperate need of an overarching affordable housing policy. Affordable housing is crucial for a well-functioning society. It can mean the difference between abject poverty and being able to put food on the table and is critical for employment, good health, and general social participation and well-being.

However, Australia has an affordable housing crisis which is, in part, a result of an ad hoc approach to affordable housing over the past thirty years. Housing stress is endemic among people on low incomes, notably those who do not own their own home (and who are not lucky enough to be housed in social housing). Social housing is an increasingly scarce resource, available to only the very needy. A lack of affordable housing is contributing to an increase in homelessness, particularly among older cohorts. Fewer retirees are entering retirement owning their home, which is placing pressure on an already stretched social housing system. Commonwealth Rent Assistance (CRA) is falling further and further behind market rents, making many areas unaffordable for people in receipt of income support.

This situation is the result of not having a long-term national affordable housing plan and it will worsen if substantial action is not taken. It is also the result of Australia's tax system favouring home owners and investors over everyone else.

Federal and State funding for housing programs

The current Federal and State funding environment will not result in sufficient affordable housing to meet demand. It is widely acknowledged that there is a major shortfall in affordable housing in most cities and many regional and rural communities across Australia. The National Affordable Housing Agreement (NAHA), which came into force on 1 January 2009, is the key framework shaping affordable housing policy. NAHA replaced a number of earlier arrangements in the housing area including the Commonwealth State Housing Agreement and the Supported Accommodation Assistance Program. It has adopted a more holistic housing framework than previous agreements, and is concerned with the delivery of all forms of housing need, from efficiently delivered market housing, social and affordable housing for diverse low- and moderate-income groups, the needs of particular target groups such as homeless people and people with an Indigenous background.

When it came to power in 2007, the Federal Labor Government introduced a range of measures which arguably opened up the most significant opportunities for expansion of affordable and social housing supply for around two decades. In contrast to the previous Government, which focused increasingly on demand-side measures such as CRA to private renters and on first-homebuyer subsidies, new policy and funding initiatives have

often focused on stimulating the supply of affordable housing in particular through subsidies, incentives and grants, for example, NRAS, Housing Affordability Fund (HAF) and Building Better Regional Cities (BBRC).

There have also been a range of more recent State Government initiatives to support maintenance and growth of social and affordable housing, many of these focussed on growing affordable housing through increased community housing sector capacity to deliver and manage such housing. These include increased funding for community housing providers, transfer of social housing stock to community housing providers, and regulatory support to increase their professionalism and capacity.

There has also been an increased emphasis on partnerships that can make the most efficient use of Federal and State Government funding and resources, including between State and Local Government, the private sector and community housing providers. The rationale for such partnerships is to increase affordable housing constructed through leveraging State and Federal funding including through access to Council or other publicly-owned land, access to resources created through the planning system, or through the accumulated funds or the borrowing capacity against equity of larger community housing providers.

There has also been an increased emphasis on providing positive housing outcomes for homeless people and those at risk of homelessness, including rough sleepers, and people insecure or marginal housing situations, such as couch surfers and those without tenancy agreements in residential parks and lodging arrangements. Policy initiatives including the *White Paper on Homelessness: The Road Home*, which emphasises early intervention and prevention strategies and other service measures for reducing homelessness; and the National Partnership Agreement on Homelessness (NPAH), under which the Australian Government agreed to provide additional funding for homelessness to the States and Territories which in turn agreed to match Australian Government funding and deliver services and capital projects which will contribute to an overall reduction in homelessness.

The more recent engagement of the Australian Government with supply-side measures to address housing affordability for low and moderate-income earners and those with special needs, and a more integrated approach to meeting the broad spectrum of affordable housing needs evident in the NAHA, has made an important contribution to increasing housing opportunities for key target groups in the last few years. However, it is likely that there will be far less growth in social housing stock through direct funding and subsidies compared with recent activity under initiatives such as the economic stimulus and NRAS, although initiatives like BBRC may provide a small amount of growth in some areas.

Moreover, the lack of ongoing policy and funding commitment for the creation of affordable housing at the national level means that individual states and Local Government authorities are left to pursue often piecemeal and inconsistent strategies in different jurisdictions. In this way, Australia is quite different to other Western democracies where affordable housing is a central platform of federal policy. Although writing in 2008, the comments of Gurran et. al. still provide a useful reflection on the limitations of comprehensive commitment to affordable housing at the federal sphere. They note that:

“two major elements separate Australia from the majority of international jurisdictions’: The first is the lack of any national policy for housing affordability in general, and new affordable housing creation in particular. The second element that is distinctly absent from Australian practice is a [linkage between] planning objectives or requirements and existing funding or incentives for affordable housing development.”¹

Given the extent of unmet affordable housing need, and the policy and funding environment described above, the creation of affordable housing for low-income renting households in particular becomes crucial. Direct creation of such housing through Federal-State Government funding, revenue raising measures such as planning incentives and affordable housing contributions to capture benefit created through the planning and development process, and affordable housing development and management partnerships with community housing providers are needed as a ‘suite of interventions’ to create affordable housing.

Commonwealth Rent Assistance (CRA)

Although CRA is an important form of assistance for renters, it fails to keep many low-income renters out of housing stress². In 2012, it was estimated that of 1,209,338 CRA recipients, over 480,000 were in housing stress.³ It is also estimated that without CRA, 810,000 households would be in housing stress.⁴ While CRA is keeping most recipients out of housing stress, there remains almost half a million recipients paying more than 30 per cent of their income in rent.

Inadequate supply of affordable rental housing is weakening the ability of CRA to reduce housing stress. It is estimated that there is a shortfall of 539,000 affordable private rentals nation-wide. The private rental sector has a very low vacancy rate across

¹ in CPSA (2014) ‘Affordable housing for older people and people with a disability in NSW’, p.117

² ‘Housing stress’ is defined as spending more than 30% of household income on household costs.

³ Senate Community Affairs Committee, Answers to Questions on Notice, FaHCSIA Portfolio, 2011-12 Budget Estimates Hearings, Question No. 246.

⁴ Ibid.

Australia (two per cent in October 2013), with three per cent considered the best balance between supply and demand.⁵

CPSA engaged Judith Stubbs & Associates (JSA) to map housing affordability in NSW. JSA provided an analysis of market rents across NSW and then documented the effectiveness of CRA in preventing housing stress for pensioners at a regional level.

JSA found that in all metropolitan areas, CRA needs to be topped up by as much as \$250 per week to make rental housing affordable, bringing the maximum rate of CRA for single pensioners to \$310 per week.

In other regions of NSW, there was no need to top up CRA, providing baseline rentals were available to people on low incomes.

The following table provides the detail of CRA top-ups across NSW for pensioners, noting that renters on lower incomes, such as Newstart Allowance and Parenting Payment recipients, would need higher top-ups for the same rental housing to be affordable.

Table 1. Weekly CRA increases for NSW regions (ABS SA4)

Macro Region	Regions (SA4s)	Recommended Increase to Maximum CRA	Recommended Maximum CRA
Sydney – Inner and Northern	<ul style="list-style-type: none"> • Sydney – City and Inner South • Sydney – Eastern Suburbs • Sydney – Inner West • Sydney – North Sydney and Hornsby • Sydney – Northern Beaches 	<ul style="list-style-type: none"> • Single Pensioners: ~\$250 per week • Pensioner Couple: ~\$100 each per week ~\$200 total per week 	<ul style="list-style-type: none"> • Single Pensioners: ~\$310 per week • Pensioner Couple: ~\$130 each per week ~\$260 total per week

⁵ National Shelter (2013) Housing – Factsheet, p.9

Macro Region	Regions (SA4s)	Recommended Increase to Maximum CRA	Recommended Maximum CRA
Sydney – Parramatta, Ryde, Inner South West and Sutherland	<ul style="list-style-type: none"> • Sydney – Parramatta • Sydney – Ryde • Sydney – Inner South West • Sydney – Sutherland 	<ul style="list-style-type: none"> • Single Pensioners: ~\$150 per week • Pensioner Couple: ~\$50 each per week ~\$100 total per week 	<ul style="list-style-type: none"> • Single Pensioners: ~\$210 per week • Pensioner Couple: ~\$80 each per week ~\$160 total per week
Sydney – North Western, Western and South Western	<ul style="list-style-type: none"> • Sydney – Baulkham Hills and Hawkesbury • Sydney – Blacktown • Sydney – South West • Sydney – Outer South West 	<ul style="list-style-type: none"> • Single Pensioners: ~\$80 per week • Pensioner Couple: ~\$10 each per week ~\$20 total per week 	<ul style="list-style-type: none"> • Single Pensioners: ~\$140 per week • Pensioner Couple: ~\$40 each per week ~\$80 total per week
Outer Metropolitan	<ul style="list-style-type: none"> • Central Coast • Newcastle and Lake Macquarie • Sydney – Outer West and Blue Mountains • Illawarra • Richmond – Tweed 	<ul style="list-style-type: none"> • Single Pensioners: ~\$40 per week • Pensioner Couple: No increase 	<ul style="list-style-type: none"> • Single Pensioners: ~\$100 per week • Pensioner Couple: \$29 each per week \$58 total per week

Macro Region	Regions (SA4s)	Recommended Increase to Maximum CRA	Recommended Maximum CRA
Remainder of NSW	<ul style="list-style-type: none"> • Capital Region • Central West • Coffs Harbour – Grafton • Far West and Orana • Hunter Valley excl. Newcastle • Mid North Coast • Murray • New England and North West • Riverina • Southern Highlands and Shoalhaven 	<ul style="list-style-type: none"> • Single Pensioners: No Increase • Pensioner Couple: No Increase 	<ul style="list-style-type: none"> • Single Pensioners: \$62 per week • Pensioner Couple: \$29 each per week \$58 total per week

Source: JSA 2014, calculations based on Median Single Bedroom Rental Prices from Housing NSW Rent and Sales Report Issue 105 (December Quarter 2013).

Note: Median prices used for regions (SA4s) are averages for LGAs in those regions, since medians for regions are not reported in the Housing NSW Rent and Sales Report.

CRA is poorly targeted and fails to prevent housing stress in many areas. Its value has eroded over time, particularly in areas with strong housing markets because of the manner in which it is indexed (CPI as opposed to market rents).

Currently CRA is \$3,224 per year for a single pensioner. If CRA was increased to \$10,660 for a single pensioner, the pensioner would be able to affordably rent a first quartile single bedroom apartment in the Sydney middle ring. The alternative for the pensioner is likely to be public housing, at an annual cost of \$26,000.

Put another way, for the cost of housing two single pensioners in public housing, five could be housed affordably in private rental.

For a pensioner couple, CRA is \$3,032 per year. If CRA was increased to \$7,540, the pensioner couple would be able to affordably rent a first quartile single bedroom apartment in the Sydney middle ring. The alternative for the couple is likely to be public housing, at an annual cost of \$26,000. In this case, for the cost of housing two pensioner couples in public housing, seven could be housed affordably in private rental.

Given the substantial decline in social housing investment by the Australian and State Governments over the past ten years (even with the 2009 Stimulus Package), consideration should be given by the Australian Government to making private rentals

affordable for low-income households. This would quickly provide affordable housing to householders whose needs would only otherwise be met through social housing. It would also be a more efficient use of government resources than investment in social housing as more people would be able to be affordably housed than if they were housed in a social housing dwelling.

CPSA does not believe that the Australian Government should discontinue investment in social housing; to the contrary, investment should be increased. However, to alleviate the housing stress experienced by hundreds of thousands of private renters, top-ups to CRA on a regional basis are required.

The Australian Government should also investigate topping up CRA to renters in community housing to provide greater investment in the community housing sector.

Recommendation: The Australian Government map the shortfalls in Commonwealth Rent Assistance (CRA) for private renters to achieve affordable housing and top up CRA accordingly. Consideration should be given to topping up CRA for community housing recipients under this model, as a way of increasing government investment in the community housing sector.

The National Rental Affordability Scheme (NRAS)

NRAS is an important scheme designed to boost affordable housing through lower-cost rentals targeted at low- and middle-income households. NRAS provides an incentive of approximately \$10,000 per annum to investors to rent out the home at 20 per cent below market rent for up to ten years. Only low to moderate-income households are eligible to rent a NRAS property.

The difficulty with NRAS is that most housing markets remain unaffordable for people on low incomes, even after a 20 per cent rent reduction. In 2012, the median weekly rent Australia-wide was \$350.⁶ With a 20 per cent reduction, rents become \$280 per week. While this would improve affordability for many households, low-income households would likely remain in housing stress paying the reduced rent. The reality is that most low-income households need deep subsidies to achieve affordable housing.

The 2012/13 income thresholds for eligible tenants were as follows:

Eligible Tenant income profiles (2013/2014)		
Household type	Initial income limit	Upper income limit
One adult	45,956	57,445

⁶ National Shelter (2013) Housing-Factsheet, p.9

2 adults	63,535	79,419
3 adults	81,114	101,393
4 adults	98,693	123,366
Sole-parent with 1 child	63,579	79,474
Sole-parent with 2 children	78,822	98,528
Sole-parent with 3 children	94,065	117,581
Couple with 1 child	78,778	98,473
Couple with 2 children	94,021	117,526
Couple with 3 children	109,264	136,580

Evidently, the income thresholds are well above the income of a single pensioner (\$25,136 per annum as at March 2014, including the full rate of CRA). While the thresholds are not unreasonable, it does mean that moderate-income households will be in a better position to afford the rents charged than low-income households.

For NRAS to better provide for low-income households, the rent reduction needs to be increased from the current 20 per cent. One option may be to have rent reduction tiers; for example, 20 per cent for moderate-income households and 50 per cent for low-income households. In some markets, even a 50 per cent rent reduction would be insufficient to ensure a single pensioner could rent affordably. However, a larger rent subsidy under NRAS would improve affordability for lower-income renters under the scheme.

Another issue for low-income renters is that the scheme is time-limited. Properties are rented out under scheme rents for a maximum of ten years. While this may not be so much of an issue for householders engaged in the workforce, it does pose a risk for householders who need long-term security of tenure, such as pensioner householders who have limited or no employment prospects.

Recommendation: The Australian Government should reform the National Rental Affordability Scheme (NRAS) so that rent reductions are at a level which would allow a low-income household to rent affordably and so that security of tenure is assured for people to rent long-term (more than ten years).

Homelessness

According to the ABS, a person is homeless if they do not have suitable accommodation alternatives and their current living arrangement:

- is in a dwelling that is inadequate, or
- has no tenure, or if their initial tenure is short and not extendable, or
- does not allow them to have control of, and access to, space for social relations.

Between 2001 and 2006, the rate of homelessness among the general population rose by five per cent. However, homelessness among those aged 65 and over rose by 23 per cent during that time. The homelessness rate among those aged between 50 and 64 rose by 36 per cent.

A reason behind this increase in homelessness among older people may be the drop in home ownership rates. Fewer older people are entering retirement owning their home. Life changes, such as the loss of a partner and a decline in income contribute to the loss of secure housing for older cohorts. The loss of affordable housing, such as residential parks, has also likely contributed to the increase in homelessness. Social housing has been depleted to such a level so as to generally only provide (in a reasonable timeframe) for some people who are considered 'priority'.

Social housing

Australia's social housing system is in the midst of a 'perfect storm'. Social housing stock has declined substantially over the past ten years. In 2001, social housing comprised 5.14 per cent of total housing stock. By 2011, this had fallen to 4.52 per cent.⁷ Total social housing dwelling construction has declined from a high in 1974 of more than 18,000 dwellings per year to just over 4,000 in 2010.⁸ Demand for social housing increased by over 12 per cent between 2008 and 2012, with 224,876 households awaiting a social housing dwelling. There are more single-person households requiring social housing, which is placing pressure on a system which was designed to house families. The lack of supply to meet demand means that social housing is increasingly being concentrated on high-priority tenants, which leaves households on the 'general' waiting list waiting for up to ten years or more to get social housing.

The Auditor General in 2013 estimated that NSW's social housing system meets only 44 per cent of demand.⁹ In the past four years, NSW has been disposing of twice as many social housing dwellings as it builds. This has resulted in a net loss of social housing stock.

The NSW Government recently announced it will sell off 300 public housing dwellings at Millers Point, in inner-Sydney, displacing over 400 tenants. Revenue from the sale of the Millers Point homes will be "reinvested into the social housing system". There is no commitment to replenish lost stock, despite more than 50,000 households waiting for social housing. This decision also goes against recommendations made in an

⁷ Groenhart, L. (2013) Reflecting on a Decade of Australian Social Housing Policy: Changes in Supply and Geography, 2001–2011 *Geographical Research* Institute of Australian Geographers, November, 51 (4), p. 390

⁸ Ibid.

⁹ Peter Achterstraat Auditor-General (2013) 'Making the best use of public housing' *New South Wales Auditor-General's Report Performance Audit Housing NSW*, NSW Land and Housing Corporation.

independent Social Impact Assessment, which advised the NSW Government to direct sales revenue to the construction of new dwellings.¹⁰

A combination of debt, ageing stock and a lower rental base in an increasingly residualised social housing sector has seen major redevelopment of stock through public-private partnerships as well as ongoing sale and redevelopment of smaller stock holdings, and much of the growth of community housing stock has been through stock transfers. Although there are strong policy aspirations which support growth in the community housing sector (through, for example, leveraging existing equity through debt financing including capitalising on CRA maximisation), growth in community housing appears unlikely to offset losses in the social housing sector as a whole, or to meet growing housing needs, at least in the short to medium term.

The decline in social housing stock pushes low-income renters into the private rental market, which is broadly unaffordable, insecure and often of a poor standard. Increasing social housing supply would relieve pressure on the private rental market and drive down rents, benefiting moderate-income renter households. For the majority of people on low incomes, social housing presents the only affordable housing option.

In addition to restricted availability, there are increasing constraints on security of tenure for social housing tenants. Since October 2006, new tenants entering social housing managed by Housing NSW are offered fixed term leases of two, five or ten years. Prior to this, tenants on continuous leases could remain in public housing 'for life' subject to meeting their obligations under the Residential Tenancy Agreement. Leases are now reviewed at the end of the fixed terms, and where tenants' circumstances have changed in that time, tenants are encouraged to accept adjustments to their housing, for example, by moving to a smaller property. Tenants who do not take up 'reasonable offers' to relocate to a smaller dwelling may have their rent adjusted to pay a 'vacant bedroom charge' to cover the cost of the vacant bedroom. The rent the tenant pays will increase by \$20 per week for one person households and \$30 per week for two person households. The vacant bedroom charge may impact on the ability of older people to 'age in place' in the home and community of their choice, by increasing the cost of their accommodation.

Recommendation: Investment in social housing must increase on an ongoing basis to meet demand. Areas of greatest need should be targeted with construction and/or purchase of new social housing stock.

Recommendation: State Governments should not allow divesture of social housing stock where it would result in a net loss of dwellings.

¹⁰ Cred Community Planning (2014) 'Social Impact Assessment of the sale of any further social housing in Millers Point' prepared for the NSW Land and Housing Corporation.

Home ownership and retirement income

Australia's retirement system is often characterised as having four pillars: the Age Pension, superannuation, voluntary savings and the family home. There is no doubt that home ownership in retirement can mean the difference between getting by and abject poverty. For this reason, CPSA is gravely concerned about the decline in home ownership among people entering retirement. Many pensioners renting privately go without basic goods and services to cover housing costs because the pension is generally designed for home owners as opposed to supporting private rental (even with CRA). For example, there are virtually no affordable rentals for a single Age Pensioner in the Sydney region. The situation is slightly better for couples, but a baseline unit in Sydney would still see a pensioner couple pay more than 30 per cent of their income in rent.¹¹

Aside from affordability, home ownership in retirement has additional advantages such as security of tenure, and it provides an asset to top-up retirement incomes or fund aged care. These advantages cannot be understated when compared with renters over the age of 65.

The Australian tax and transfer system is designed to encourage and support home ownership. The family home has not been included in the pension means test since 1912. The owner-occupied home is exempt from capital gains tax and land tax. Pensioners receive concessional treatment under the means test on a loan taken out against the owner-occupied home through an equity release scheme.

At the same time, the tax and transfer system encourages older people to remain in their homes. Stamp duties act as an inhibitor to downsizing (except in the ACT where over 65s are exempt from stamp duty). Proceeds from the sale of the home are exempt from the pension means test for at least 12 months. It should be acknowledged that overriding reasons for downsizing among people aged over 50 are an inability to maintain the home and garden, disability that demands greater accessibility in the home, or a breakdown in a partnership.¹² According to the AHURI research, financial motivations do not feature as a strong factor behind downsizing. AHURI's research also found that the vast majority of people aged 50 and over had not downsized.

The Australian Government's 2013/14 Budget initiative to encourage Age Pensioners to downsize will unlikely encourage swathes of pensioners to downsize; the program, due to commence in July 2014, is quite restrictive. In addition, older Australians attach great importance to the family home and this is evident in the majority of people electing to stay put.

¹¹ CPSA (2014) Affordable housing for older people and people with a disability' available upon request.

¹² Bruce Judd, Edgar Liu, Hazel Easthope, Laura Davy and Catherine Bridge (2014) 'Downsizing amongst Older Australians' *Australian Housing and Urban Research Institute (AHURI) AHURI Final Report No. 214*, pp. 4-5

If the Australian Government wishes to encourage downsizing among older home owners, it should create incentives to do so, including facilitating sufficient supply of age-appropriate housing (which is not confined to retirement villages). States and territories should remove stamp duties for pensioner home owners. These measures would remove some of the disincentives to downsizing.

Recommendation: The Australian and State Governments should ensure there is sufficient supply of age-appropriate housing.

Recommendation: Stamp duties should be removed for pensioner homeowners.

Taxation and its impact on affordable housing

As mentioned above, the tax system favours home owners and investors. One in seven Australians own at least one investment property and for good reason – negative gearing makes property investment extremely attractive. Home owners are exempt from capital gains tax on the owner-occupied home, and investors receive a 50 per cent tax break on capital gains on investment properties. This encourages investment in high-growth areas.

Investors have driven up the price of housing pushing many first-home buyers out of the market. Low and middle-income first-home buyers cannot compete with wealthy investors who benefit from high house prices because it gives them larger tax advantages. This system not only prevents lower-income people from buying their first home, it drives up rents. This adds to the difficulties faced by people trying to buy their first home (who are presumably renting and trying to save for a deposit) and particularly disadvantages private renters on income support who would otherwise be in social housing if there was sufficient supply.

Negative-gearing needs urgent reform to arrest spiralling house prices. The Australian Government must aim to reduce investor demand to even up the playing field between investors and first-home buyers and relieve pressure on house prices.

The Grattan Institute put together a number of options to reduce the benefits provided to property investors. These include:

- Saul Eslake's proposal of limiting interest expenses deductions to investment income earned in that year. Rental property losses would not be able to be used to reduce annual income tax liability, but may be carried forward to offset capital gains tax liability when the property is sold;
- Tax capital gains as they were taxed before the 50 per cent discount rule was introduced (pre 1999); or

- Reduce the capital gains discount from 50 per cent to 40 per cent and only allow 60 per cent of annual losses on rental properties to be deducted from taxable income (in line with the Henry Review's recommendation).¹³

CPSA calls on the Australian Government to implement one of these options to relieve pressure on house prices (and rents) and wind back the profligate tax breaks going to mostly wealthy individuals.

Recommendation: The Australian Government reform the tax system which encourages overinvestment in property, and consider implementing any of the following:

- **limit interest expenses deductions to investment income earned in one year and not allow rental property losses to be used to reduce annual income tax liability;**
- **Tax capital gains as they were taxed before the 50 per cent discount rule was introduced (pre 1999); or**
- **Reduce the capital gains discount from 50 per cent to 40 per cent and only allow 60 per cent of annual losses on rental properties to be deducted from taxable income.**

Implications of other Federal Government policy areas on housing

There are two key areas of Federal Government policy which need to be considered in relation to affordable housing. The first is aged care and the second is the National Disability Insurance Scheme (NDIS).

As discussed above, home ownership for older people is a key support in their retirement, particularly if they require aged care. The older person has a greater capacity to make changes to their home to improve accessibility, can use the home to finance aged care entry and is generally provided more options compared with a renter. Renters are generally in a much more tenuous situation and may not be able to adapt their home to meet their needs. This can result in premature entry into a nursing home, particularly when there is insufficient social housing. The NSW Minister for Family and Community Services recently admitted as much when responding to questions about where displaced tenants from Millers Point would go, stating "we've got aged residential facilities, for example, that would be wonderful for some of our older tenants."¹⁴

There is also concern that many older private renters are prematurely moving into nursing homes because they cannot find an affordable rental.

¹³ Jane-Frances Kelly (2013) 'Renovating housing policy' Grattan Institute, p. 38

¹⁴ NSW Minister for Family and Community Services The Hon. Pru Goward, MP, interview on *The Project*, Channel Ten, 20 March 2014,

The Australian Government has shifted aged care policy to place a greater emphasis on home care as opposed to residential care. This is welcome, as most older people wish to stay in their homes for as long as possible. However, 'ageing in place' also requires age-appropriate housing, underscoring the need for universal housing design, particularly in the social housing sector. There should also be sufficient funding for home modifications for older people to be able to remain in their homes.

There is a similar, if not more pronounced problem for people with a disability. People with a disability are more likely to be in housing stress compared with their counterparts living in social housing.

Again, social housing must be accessible and located in high-amenity areas in close proximity to accessible public transport and services. Aged care accommodation must not be used as a form of housing for people with disability. Already, 6,200 young people with a disability reside in residential aged care. These young people need access to affordable housing which is designed to meet their needs so that they can utilise home care.

With the expansion of the NDIS, the Australian and State Governments must ensure that people with a disability have appropriate and secure housing. There should be a focus on increasing the supply of social housing and other affordable housing with universal design to reduce the number of people with a disability being inappropriately housed in institutionalised care. Governments should ensure that good housing principles are adopted in all new affordable housing developments, such as:

- Dwellings should be accessible with ground floor one or two bedroom villas (single level multi-unit housing) ideal. Steps should be limited to five steps;
- If dwellings are provided as multi-storey, there should be at least two functional lifts to provide redundancy in the event of breakdown;
- Bathrooms should be adaptable, including 'wet area' hobless showers, and the ability to install grab rails in the toilet and shower;
- An internal laundry should be included, either in a larger bathroom or a hall cupboard;
- Private clotheslines should be provided;
- Living areas in one bedroom apartments should be large enough to accommodate a sofa bed for visitors and grandchildren;
- Dwellings should have good natural light, and be airy with cross-ventilation;
- Private open space should consist of small, manageable private courtyards with small areas of lawn and no high maintenance trees;
- Reasonable common areas should be provided to encourage social interaction e.g. picnic tables, barbeque area, common room;
- Common areas should have good lighting to promote feeling of safety at night;

- 'Street frontage' arrangements with 'patio' out front are favoured to encourage social interaction to the street and to neighbours; and;
- Provision of sufficient parking, including visitor / temporary parking for home care / personal services to access.

The NDIS must also provide sufficient funding to individuals with a disability to make their existing homes accessible.

Recommendation: The Australian Government should make accessible and affordable housing a priority to allow older people and people with a disability to live in the community rather than in institutions.

Recommendation: Social and other affordable housing should be constructed under universal housing design principles.

Recommendation: Older people and people with disability should also have access to sufficient resources through the aged care system and the NDIS to modify their homes to make them accessible.