

27 April 2024

People's Commission into the Housing Crisis  
c/- Everybody's Home  
info@everybodyshome.com.au  
2 Stanley Street  
Collingwood  
Victoria 3066

Dear Commissioners

## **Re: Submission to the People's Commission into the Housing Crisis**

Combined Pensioners and Superannuants Association of NSW Inc (CPSA) appreciates the opportunity to make a submission to the People's Commission into the Housing Crisis.

CPSA is a non-profit, non-party-political membership association that promotes the rights and interests of pensioners of all ages and older people on low incomes. Founded in 1931, our aim is to improve the standard of living and well-being of CPSA's constituents.

CPSA's 48 local branches provide members with the opportunity to have a say in their local community. Members also shape our policy and advocacy work.

Most of our local branches are in regional or rural NSW. CPSA is proud to be a voice for our constituents across the state, including those who are not currently members of the association.

This contribution speaks to the following aspects the Commission's terms of reference:

- The experiences of people struggling to access affordable and suitable housing;
- The flow-on impacts of the housing crisis;
- The impacts of current policy settings on housing affordability and access to housing;
- Actions that can be taken by governments to improve affordability and access to housing; and
- Related matters

## **Housing affordability for pensioners and low-income retirees**

### **Context**

Many older people are finding it difficult to keep up with basic living expenses. This isn't a new situation, but the social and economic conditions in Australia are making it difficult to manage these challenges through individual measures such as reducing discretionary spending or accessing long-standing supports such as concessions and rebates for pensioners.

There are a wide range of expenses that are increasingly unaffordable for people on a limited income, but under current conditions the biggest expense for most of us is housing. To put it in less dispassionate terms, people are struggling to afford a home.

Fewer older people own their home, more older people are still paying off mortgages, and a lower percentage of older people are living in public or community housing<sup>1</sup>.

In fact, as of 2021, just 3.4% of households in Australia were living in social housing<sup>2</sup>. It's estimated that there is a shortfall of at least 221,500 social housing dwellings<sup>3</sup>.

This leaves an increasing number of people to rent privately. However, Australia is also ranked as one of the most unaffordable housing markets in the world, with 5 of our highest density cities considered to be severely unaffordable. Sydney is the worst of these, second only to Hong Kong globally<sup>4</sup>.

Whilst this data looks at the median cost of purchasing a home compared against median household income, there are obvious flow-on effects for rental prices, particularly as current policy settings have promoted homeownership as an investment market.

According to recent estimates, 0.2% of rental properties in Australia are affordable for a single pensioner. This increases to 1% for couples. For those who receive the JobSeeker Payment, many of whom are unable to find suitable work for a range of reasons, 0% of rental properties are affordable<sup>5</sup>. Given that people aged 55-64 represent the largest age group receiving the JobSeeker payment<sup>6</sup>, this lack of affordable housing can entrench the already precarious circumstances of this cohort, making them more vulnerable to housing insecurity as they approach Pension age.

Paired with the current rental vacancy rate of 0.7%<sup>7</sup> and the steady decline of available social housing properties, this is a dire situation.

Whilst older people don't make up the largest age group of unhoused or marginally housed people in Australia, the numbers are increasing rapidly<sup>8</sup>. Homelessness is daunting at any age, but the potential health consequences for older people are particularly stark.

Everyone deserves a home that is safe, healthy and secure. At this juncture, this is far from certain for many people.

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<sup>1</sup> F. York (2023) [Older People and the Housing Crisis](#), *Chain Reaction* 145, p.8

<sup>2</sup> Australian Housing and Urban Research Institute (2022) [What is the right level of social housing in Australia?](#)

<sup>3</sup> City Futures Research Centre (2022) [Quantifying Australia's unmet housing need: A national snapshot](#)

<sup>4</sup> Demographia (2023) [Demographia International Housing Affordability](#)

<sup>5</sup> Anglicare (2024) [Rental Affordability Snapshot 2024](#)

<sup>6</sup> <https://data.gov.au/data/dataset/dss-payment-demographic-data/resource/d3fc019c-0b4d-401a-937a-fde9591ad46a>

<sup>7</sup> Ibid.

<sup>8</sup> Combined Pensioners and Superannuants Association (2022) [Homelessness amongst older people aged over 55 in New South Wales](#)

## Issues

### Accessibility

Housing affordability is undeniably a critical issue, but a key consideration that is frequently missing from the conversation is the dearth of affordable housing that is also accessible and appropriate for older people or people with a physical disability<sup>9</sup>.

Older homes are cheaper to rent and very little of Australia's social housing was built to current accessibility standards<sup>10</sup>. However, they are also often completely unsuitable for a person with mobility issues. Narrow corridors and internal steps that cannot accommodate mobility aids are common, as are inaccessible bathrooms<sup>11</sup>.

What happens if the only available property has a combined shower and bath? Well, many people just do their best to make it work. This puts people at higher risk of falls, or preventable infections. It also robs people of their dignity.

What if there are too many stairs to navigate safely when leaving your home? Most likely, you won't leave the house very often.

This isn't a problem that can be resolved simply. We need new social and affordable housing that is designed to suit people throughout their lifespan, and we need it urgently. Our population is ageing rapidly and we are not prepared to provide social support to those who need it now, let alone into the future.

### Limited social housing

There is a huge gap between demand for social housing and what is currently available, which doesn't account for households that would benefit immensely from social housing but are deterred by the ever-growing waitlists. According to research from the Australian Housing and Urban Research Institute (AHURI), more than 700,000 new social housing dwellings will need to be built by 2036 to meet the growing need. This would mean building around 60,000 new dwellings every year. However, from 2021 to 2022, just 2,545 dwellings were added to Australia's stock of social housing<sup>12</sup>.

In many parts of NSW, the waitlist for a single occupancy social housing property is over 10 years unless you are on the priority list. To be eligible for this list based on age, you must be 80 years or older. However, for this to change, there needs to be enough social housing to ensure that everyone has a home, regardless of income.

### Lack of appropriate targeted financial support

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<sup>9</sup> Physical Disability Council of NSW (2022) '[Access Denied](#)'

<sup>10</sup> Ibid.

<sup>11</sup> C. Welleke et al. (2022) '[Accessibility design features and home modifications to improve physical housing accessibility: A mixed-methods survey of occupational therapists](#)', *Disability and Health Journal* 15(3)

<sup>12</sup> Australian Institute of Health and Welfare, 2023 <https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia/contents/social-housing-dwellings>

The method of indexation for social security payments means that pensioners and allowees are constantly on the back foot. The Consumer Price Index (CPI) and Pensioner and Beneficiary Cost of Living Index (PBLCI) reflect inflation over 3 months, which is then averaged over 6 months to inform indexation.

This means that social security payments, including Commonwealth Rent Assistance (CRA), are always at least 6 months behind real price increases<sup>13</sup>. Increasing rental costs exacerbate this situation even further. Rents in Sydney increased 10.2% between December 2022 and December 2023<sup>14</sup>, while CPI increased by 4.1% in the same period<sup>15</sup>. Although rent is factored into CPI calculations, it makes up a relatively small percentage of the total CPI figure<sup>16</sup>. In contrast, the median rent in Sydney is 114% of the Age Pension with Commonwealth Rent Assistance.

More frequent indexation of the Age Pension is essential to give pensioners and allowees the chance to keep up with real price increases and to insulate them from the impacts of sudden price increases. However, even with more frequent indexation, the Age Pension will continue to fall further and further behind the cost of housing. This highlights the need for measures to limit rent increases and make renting more affordable.

### Flow-on effects

Housing stress doesn't exist in a vacuum. Most people who are living in insecure or unaffordable housing have limited resources and rarely have a financial buffer.

In a recent survey, respondents told us about the decisions they have been forced to make to make ends meet. Many of the areas where people are reducing their spending are basic expenses, including food, utilities and medical treatment.

This included making less nutritious food choices or skipping meals entirely, limiting energy usage despite health risks, and even putting off medical appointments or procedures. These are unreasonable sacrifices to have to make, with major potential health implications.

People are also cutting back on social engagements. Social isolation is a major risk factor for a range of poor health outcomes including mental health<sup>17</sup>.

These responses weren't just from renters, but also homeowners who are having difficulty keeping up with their rates and insurance. The latter is a necessity in regional areas that are prone to floods or fire. However, there are limited alternatives available.

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<sup>13</sup> <https://nationalseniors.com.au/uploads/2023-NSA-Ch-Financial-wellbeing-and-cost-of-living.pdf>

<sup>14</sup> [https://www.corelogic.com.au/news-research/news/2024/australias-median-rent-hits-new-record,-surpasses-\\$600-per-week](https://www.corelogic.com.au/news-research/news/2024/australias-median-rent-hits-new-record,-surpasses-$600-per-week)

<sup>15</sup> Australian Bureau of Statistics, 2024 <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/dec-quarter-2023>

<sup>16</sup> <https://www.corelogic.com.au/news-research/news/2024/an-update-on-inflation-key-take-outs-for-the-housing-market>

<sup>17</sup> Australian Institute of Health and Welfare, 2023 [https://www.aihw.gov.au/getmedia/c47cb232-4f6f-4eb0-853e-d6018f6ee01c/aihw-aus-246\\_chapter\\_2.pdf](https://www.aihw.gov.au/getmedia/c47cb232-4f6f-4eb0-853e-d6018f6ee01c/aihw-aus-246_chapter_2.pdf)

The health implications of this level of stress and deprivation cannot be underestimated. All people should be able to afford to live with dignity, in a safe home, without fearing that there will be nowhere else to go.

### Current policy settings

Existing policy approaches tend to focus on subsidising the private rental market through Commonwealth Rent Assistance rather than providing actual affordable housing. Where affordable housing does exist, as in the social housing sector, policies have tended to focus more on ‘renewing’ existing social housing rather than growing the overall social housing stock through new builds and acquisitions<sup>18</sup>.

There is also a tendency for policies to group together ‘social and affordable housing’, despite the stark differences between the two. While social housing rents are set at 25% of an occupant’s income (with community housing providers also able to add the comparative rate of Commonwealth Rent Assistance onto this amount)<sup>19</sup>, so-called ‘affordable housing’ rents are set at no more than 80% of market rent<sup>20</sup>, with no regulatory requirement to benchmark this amount to an occupant’s income. In addition, dwellings that are built or registered as affordable housing are only required to meet these criteria for 15 years.

This discrepancy can result in a significant difference in the amount of rent charged to an occupant of social housing compared to an occupant of affordable housing. However, as the NSW Affordable Housing Ministerial Guidelines 2023/24 notes: “If a household on the NSW Housing Register [the waiting list for social housing] accepts a tenancy in an affordable housing property, they will be regarded as suitably housed and removed from the Register”<sup>21</sup>.

This means that someone on the NSW Housing Register must choose between sacrificing their chance at an actually affordable home in order to gain a temporary reprieve from housing insecurity, or wait for what could be more than 10 years in the hopes of one day being placed in a home that can provide long-term stability and financial security.

Existing policy approaches also subsidise property speculation and investment through negative gearing and the capital gains tax discount. Extensive evidence<sup>22</sup> has shown that the combination of these two incentives has driven up housing prices, thereby also locking people out of the housing market and keeping them in the rental market for longer.

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<sup>18</sup> <https://theconversation.com/growth-of-community-housing-may-be-an-illusion-the-cost-shifting-isnt-108598>

<sup>19</sup> Ibid.

<sup>20</sup> NSW Affordable Housing Ministerial Guidelines 2023/24 <https://homesnorth.org.au/wp-content/uploads/2023/08/Affordable-Housing-Ministerial-Guidelines-2023-24.pdf>

<sup>21</sup> NSW Affordable Housing Ministerial Guidelines 2023/24, p. 7. <https://homesnorth.org.au/wp-content/uploads/2023/08/Affordable-Housing-Ministerial-Guidelines-2023-24.pdf>

<sup>22</sup> <https://link.springer.com/article/10.1007/s10901-023-10069-3>

These incentives have also contributed to the financialisation of housing, which has seen more smaller investors enter into the rental market with the goal of maximising the profit of their investment rather than providing adequate and affordable housing<sup>23</sup>.

Rather than address these inequitable demand-side policies, Governments have instead tried to shift focus to the supply of housing by incentivizing new builds and rezoning for higher density in many current and future population centres. However, this approach is insufficient so long as the subsidies offered to investors continue to give them a significant financial advantage in bidding against first home buyers for housing.

## Recommendations

**Recommendation 1:** That the tax benefits that contribute to the financialisation of housing be removed to allow more people to afford to move out of the rental market and into the housing market.

**Recommendation 2:** That Commonwealth Rent Assistance (CRA) be significantly increased in-line with the real cost of renting, and that a plan be implemented to phase out CRA, which functions as a subsidy for landlords, in favour of higher income support payments across the board.

**Recommendation 3:** That all income support payments be increased to above the Henderson Poverty Line, and be indexed more frequently to keep up with cost-of-living increases.

**Recommendation 4:** That accessibility standards of social and affordable housing, and an adequate proportion of private rental housing, be increased. In addition, accessible properties should be ringfenced for people with accessibility requirements, and that all new builds meeting gold standards of accessibility to permit ageing in place.

**Recommendation 5:** That dwellings built or registered as affordable housing be permanently classified as such, in place of the current 15-year contract system. This could be achieved through mandatory quotas and incentives to ensure that the supply of affordable housing does not decrease.

**Recommendation 6:** That improved energy efficiency standards be implemented for all new and existing homes, with support provided to convert and retrofit existing homes.

**Recommendation 7:** That rental reforms be implemented in all jurisdictions to end no-fault evictions (also known as no-cause evictions), to limit the frequency and magnitude of rental increases, and to aggressively tax unoccupied properties to maximise the utilisation of Australia's housing stock.

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<sup>23</sup> <https://www.anglicare.asn.au/wp-content/uploads/2024/04/Rental-Affordability-Snapshot-National-Report.pdf>

## **Further involvement**

CPSA would welcome the opportunity to expand on our recommendations, or further discuss our proposals in this area. Please do not hesitate to be in touch if you would like to discuss the issues raised in greater detail.

## **Contact**

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