



Homelessness Australia

Creating a framework for ending homelessness

Federal Budget Submission

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Introduction

Australia stands at the precipice. The events of 2020 will remain in the minds of Australians for as long as we live. As we fight to contain the deadly pandemic, public health measures taken to stop the spread of the COVID19 have impeded economic activity. Australia is in recession.

What this recession will look like will be the focus of the next Federal budget. Homelessness Australia has stood with innumerable other Australians to call for economic stimulus by funding social housing. This will provide more jobs in the critical Australian construction industry, lessen the depth of the recession, and create homes for the people who will inevitably be pushed into poverty when this recession bites.

Homelessness almost always occurs in the context of poverty. Homelessness Australia holds concerns for those who entered the year in poverty and exclusion, without a home. Thousands of Australians with high support needs are now living in hotels, staying safe from the pandemic. But hotel rooms are not an alternative to homes, and just keeping people safe requires a great surge in the capacity of specialist homelessness services to support these thousands of additional people. Housing and support options are also needed to end homelessness for good for people taking refuge in hotels.

What the shape of Australia's recession and recovery looks like, will ultimately depend on the structural settings the Commonwealth adopts. Income supports that leave people in poverty, and housing costs that are beyond the means of those impacted by recession, may lead to homelessness on a scale unseen in Australia. In a deep recession, the difference between a rising tide of homelessness and a tsunami of people without a home, will be determined by the level of income support available to those who are unable to find work, and the social housing options available.

Only the Federal Government can address these matters. While every budget shapes the nation, this budget like no other, represents the difference between a dramatic range of possible futures. Rarely in its history has the nation stood in such a precarious position. A well supported and shallow recession is still possible. So too is homelessness on a scale that has previously been unimaginable.



Social Housing Acceleration Renovation Program

Social housing makes great economic stimulus. It's fast to roll out, directs funding predominantly to local jobs and local products (creating a multiplier effect for every dollar spent), and it achieves a hugely positive social outcome, creating infrastructure that benefits the community into the future, while ending homelessness.

With Australia in the midst of a recession resulting from the COVID19 public health measures, now is an ideal time for the Federal Government to partner with State and Territory Governments to deliver an immediate boost to social housing of 30,000 dwellings.

A commitment to start a social housing building program now will boost residential construction just as private investment is plummeting and construction jobs are being lost, saving 18,000 jobs per year over the life of the investment.

Together with the Community Housing Industry Association (CHIA), National Shelter, and the Everybody's Home campaign, Homelessness Australia urges the Federal Government to invest in the Social Housing Acceleration Renovation Program (SHARP) proposal to build 30,000 homes over four years and renovate tens of thousands of existing properties; an investment of \$7.7 billion over four years – split between Federal and State Government. This would raise output in Australia by at least \$15.7 billion in total, over the four years of construction and increase GDP by anywhere between \$5.8 to \$6.7 billion.

Building more social housing is also critical to efforts to respond 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, with each set of issues connected to the difficulty people on low incomes face accessing housing they can afford in the private rental market.

With a more adequate social housing safety net, fewer Australians would experience homelessness, and specialist homelessness services could rapidly re-house people who did lose their home. Long wait times for social housing now, mean many people who lost their housing spend years in a cycle of crisis accommodation and other temporary options, with devastating consequences to their health and capacity to engage in employment or education.



Pandemic Surge Support

The advent of COVID19 sees Australians living in differing states of lockdown. Across the country we are all trying to stay at home, maintain physical distance from one another, and stop the spread of this highly contagious deadly disease. Like everyone else, homeless Australians are doing their bit.

Thousands of Australians without homes are taking refuge from the deadly spread of COVID19 in hotels, seeking to “stay at home” as best as their circumstances allow. As public health restrictions approach their sixth month in much of Australia, and with no end in sight, more suitable housing options, and support to sustain them are needed if we’re to keep people safely off the street.

Where in the past only a proportion of people without homes have sought help to end their homelessness in a given year, 2020 has seen a surge in people seeking assistance. Alongside people who have taken refuge in temporary hotel accommodation for extended periods, are a growing number of people who have lost their home as a consequence of unemployment or family violence over this time, and who have needed emergency accommodation. This has inundated a service system that has never before had so many people in desperate need of help at the same time. Even with significantly increases in State/ Territory Government resourcing for crisis accommodation and other homelessness services, increased demand from people experiencing homelessness for the first time has exceeded capacity to respond across the nation.

Hotels around Australia are now housing some of the highest needs people in Australia – people who are high frequency users of government services like hospitals, mental health and disability services, and who are almost totally unsupported. This situation is unsustainable. It’s clear that if we’re to seize this unique opportunity to keep people safely housed, we need a surge in support capacity to meet the needs of the most complex service users, and more suitable accommodation options.

A two-year commitment to provide a surge in immediately available Housing First responses would complement the efforts of State and Territory Governments and provide secure medium term accommodation that could fill the gap between hotel accommodation and a flow of newly built long term social housing.

An annual investment of \$256 million would support 10,000 people with high support needs into rental head leases with an annual per person rent subsidy of \$9,360 and support package of \$16,250.



Maintaining adequate income support

Australia is now in the midst of a recession as a result of COVID19, and the public health measures that Australians have adopted to limit the spread of the disease. Effective unemployment rate is set to rise to 13 per cent by the end of the year,¹ and there is one job advertised for every 12 people out of work.²

The former rate at which income support benefits including JobSeeker and Youth Allowance were paid, were insufficient for people to afford necessary basics. Of the approximately 70,000 rental properties advertised across Australia on the weekend of 21 March 2020, just nine properties in Australia were affordable to a person on the JobSeeker payment.³ After paying for housing 55 per cent of households on the old rate of JobSeeker were living in poverty.⁴

Availability of housing significantly improved when income support was increased. The number of advertised properties on the weekend of 21 March 2020 that were affordable to a person on JobSeeker increased to 1,040 when the temporary 'coronavirus supplement' was taken into account. Since that time, the supplement has enabled tens of thousands of Australians who lost their jobs to sustain rent payments and remain housed.

This security is now set to end with the Federal Government cutting \$300 a fortnight from the income support payments of 2.3 million Australians on 25 September. Tens, if not hundreds of thousands of Australians will lose their precarious hold on their housing situation and be forced into homelessness. It has never been more urgent for the Government to act.

The Government should reverse the planned cuts and sustain the current level of Supplement to avoid a huge surge in people losing their home.



Commonwealth Rent Assistance

Millions of Australians are living in a state of significant economic uncertainty, unsure about the size and shape of the impending 'coronavirus recession'. Housing is the greatest cost in Australian household budgets,⁵ and as such, one of the most difficult to control should households lose their incomes, an inevitability over the coming months.

Should great numbers of Australian households be unable to meet their rental commitments, non-payment of rent will likely lead to mass evictions, particularly as National Cabinet's eviction moratorium comes to a close. Every eviction has the potential to create homelessness and any massive eviction event will create homelessness on a grand scale.

Commonwealth Rent Assistance (CRA) is a Federal Government scheme supporting families and individuals who receive income support and rent their homes. However, since its introduction CRA has lost much of its value – the payment is indexed against the Consumer Price Index (CPI), but the cost of rental housing has grown far more quickly than CPI.

In order to avert mass evictions in an impending recession, low income renters require greater certainty that they can meet their housing costs. CRA should be increased by 50 per cent, at a cost to the Federal Government of \$1.9 billion in 2021-22.



References

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- ³ Anglicare Australia, 2020, *Rental Affordability Snapshot; National Report April 2020*, p.9.
- ⁴ Davidson, P., Saunders, P., Bradbury, B. and Wong, M., 2018, *Poverty in Australia, 2018*, ACOSS/UNSW Poverty and Inequality Partnership Report No. 2, Sydney: ACOSS, p.6
- ⁵ Australian Bureau of Statistics, 2017, *6530.0 - Household Expenditure Survey, Australia: Summary of Results, 2015-16*, Australian Government, Canberra.