



**FAITH  
HOUSING  
ALLIANCE**

## **2024-25 Pre-Budget Submission** January 2024





## **About this submission**

Faith Housing Alliance welcomes the opportunity to outline priorities for the 2024-25 Budget - to provide urgent and essential relief to Australians bearing the brunt of the housing and cost of living crises and reinforce Community Housing Providers and Specialist Homelessness Services experiencing surging demand.

## **About us**

Faith Housing Alliance (FHA) is the peak body supporting the faith housing sector. Many of our member organisations operate nationally, supporting communities across Australia.

The faith housing sector is an important contributor to housing supply across all forms of social and affordable rental housing, including transitional, emergency and crisis accommodation, ably supported by more than 30,000 staff and over 40,000 volunteers.

The faith housing sector includes:

- Faith-based organisations, including 'for-purpose' not-for-profit Community Housing Providers (CHPs) supporting more than 14,500 tenants and Specialist Homelessness Services (SHS) assisting more than 33,000 clients. Many of these organisations have an impressive track record of providing support to the community over hundreds of years
- Places of worship across all faiths who want to use their land for housing justice
- Faith leaders of all denominations and religions who see housing as a critical component of social justice
- Any individual, organisation, foundation, or program committed to housing justice, including architects, planners, and other professional support organisations.

FHA is committed to partnering with governments to address the urgent need for more social housing, affordable rental housing, and the vital wrap-around support needed to sustain tenancies and break the cycle of homelessness.



## Introduction: our current context of crises

Australians face multiple and deepening crises that significantly impact their wellbeing. These include:

- **Housing crisis** – Australians across cities, in regional areas, and in every State and Territory are affected, including;
  - 122,494 people who experience homelessness in Australia<sup>1</sup>
  - 224,326 households on waiting lists for social housing<sup>24</sup>
  - 645,000 households with unmet housing needs<sup>2</sup>
  - 1 million low-income households experiencing financial housing stress, spending more than 30% of their income on housing<sup>3</sup>
- **Cost of living crisis** – Australians, particularly those on low incomes, are bearing the brunt of high prices and urgently need support to meet basic living costs.
  - Research commissioned by the St Vincent de Paul Society National Council reports that the after-housing poverty rate is 11.7% of households or 3.15 million people for December 2023<sup>4</sup>

In response to these national crises, housing and homelessness services are experiencing surging demand, placing additional strain on services already operating beyond capacity and with limited resources.

### **The government's critical window of opportunity to support its most vulnerable citizens is now.**

In announcing the changes to the Stage 3 tax cuts, the Prime Minister articulated a vision for Australia of 'no one held back, no one left behind'<sup>5</sup>.

We recognise the challenge of inflation while noting the progress made and the best monthly outcome in almost two years of 4.3% for November 2023<sup>6</sup>. When considered alongside the revised, improved budget deficit announced in 2023-24 MYEFO<sup>7</sup>, we strongly call, alongside other peak organisations, for the government to take the opportunity to deliver the following outcomes:

- Deliver meaningful **cost of living relief** measures prioritising its most vulnerable citizens, including people receiving income support and people whose incomes are below the tax threshold
- Support the **National Housing and Homelessness Plan** to deliver a bold and credible agenda to end homelessness and invest further to address significant unmet housing need both now and in the future
- **Reform policies** that work against long-term housing outcomes, inflate prices and further entrench inequality.

As such, this submission outlines nine recommendations for Treasury in two sections:

- 1. Addressing the housing crisis**
- 2. Delivering cost of living relief**



## 1. Addressing the housing crisis

### Recommendation 1:

#### Fund a bold and credible National Housing and Homelessness Plan

FHA members believe the National Housing and Homelessness Plan (Plan) presents an opportunity to create fundamental change. The opportunity for national alignment requires a radical rethink, as current plans, systems, and mechanisms have failed to deliver.

The Australian Housing and Urban Research Institute (AHURI) outlines that an appropriately bold Plan should be able to “shape and create the kind of housing markets we need, promote the right kind of innovation and channel resources to address pressing housing need. This involves more than fixing market failures and filling the unprofitable gaps in the market.”<sup>8</sup>

FHA’s submission to the Plan lays out a comprehensive strategic framework with actionable recommendations to strengthen governance, housing supply, support for homelessness services, and the role of planning in addressing the crisis<sup>9</sup>. In short, the Plan presents an opportunity to shape a reimagined housing system with the primary objective of providing all Australians with a safe and affordable home.

**For the Plan to deliver a bold and credible agenda to end homelessness and address unmet housing need, it must be well-resourced** and included in the budget cycle so that implementation can commence urgently in the 2024-25 financial year, as per the original timeline outlined by the government.

### Recommendation 2:

#### Review and implement critical taxation reform

Treasury plays an important role in housing policy, and a comprehensive Plan to address the housing crisis must consider all levers and take a coordinated, whole-of-government approach.

If the Plan does not already trigger a review of tax policy settings impacting long-term housing and homelessness outcomes, **we call for the Treasurer to direct the Productivity Commission to conduct a review of all tax settings that affect housing supply and affordability**, including negative gearing and the Capital Gains Tax discount.

A recent report by Per Capita Australia showed the share of federal housing spending going to the lowest 20% of income earners declined from 44% in 1993 to 23% in 2023, while the share going to the top 20% increased from 9% to 43%<sup>10</sup>.

In 2023-2024, investor tax breaks will be worth more than ten times the amount spent by the Federal Government on social housing and homelessness services through the National Housing and Homelessness Agreement.

With investor tax concessions estimated to reach \$18 billion in 2024<sup>10</sup>, revenue gains from reform should be redirected to rapidly increase the supply of social and affordable housing.



### Recommendation 3: Double the Housing Australia Future Fund investment cap to at least \$20 billion

We applaud the government's housing reform agenda in establishing the Housing Australia Future Fund (HAFF) to deliver 40,000 new social and affordable homes through the HAFF Facility and National Housing Accord Facility (NHAF). Alongside additional investment via the Social Housing Accelerator and National Housing Infrastructure Facility, these reforms represent record investment and are a critical first step.

However, research demonstrates that the true scale of the crisis will require a more ambitious agenda and significant further investment to begin to meet the projected housing shortfall:

- Housing Australia projects a shortfall of 163,400 homes between 2025 and 2032<sup>11</sup>
- UNSW City Futures Research Centre projects a shortfall of 727,300 social dwellings over 2016-2036<sup>12</sup>
- AHURI calculates that the current unmet housing need of 640,000 Australian households is projected to grow to 940,000 households by 2041<sup>2</sup>

Delivering social housing requires increased and sustained investment. Effectively, Australia's social housing system capacity has been cut by more than half since the 1990s. Social housing stock in Australia increased by just 2.6% for 2016-2021, compared to solid household growth of 8.2%.<sup>13</sup>

**Doubling the HAFF stake would continue to build on the government's current reform agenda and go some way to righting recent generations' chronic underinvestment in social housing. As a measure, it does not need to add to inflation, if structured to extend the program beyond 2030 through further funding rounds.** It would also send a strong message to Community Housing Providers, developers, builders and institutional investors alike to continue to build capacity and strategic relationships and address shortages on a longer-term scale.

FHA also recommends that any extension expand the variety of funding products available under HAFF/NHAF to include capital grants in a broader range of circumstances. This will offer greater flexibility to Community Housing Providers in meeting community needs.



#### Recommendation 4: Ensure tailored, ongoing wrap-around supports are included and funded in all social and affordable housing programs/contracts

The provision of tailored wrap-around supports is not a clear criterion in the HAFF Investment Mandate as a project requirement. Only a brief operational consideration for ‘facilitating access to support for social housing applicants and tenants with complex needs’ is mentioned in Round 1 documentation.

Research has shown the critical importance of combining safe and secure housing with ongoing support to improve wellbeing and deliver sustainable solutions to end homelessness.<sup>14</sup> Housing First approaches that harness rapid rehousing and wrap-around supports are recognised as the most successful model to end homelessness for people with high support needs.<sup>15</sup>

Social and affordable housing delivery models that pair providing a safe and secure dwelling with ongoing support are known to offer notable societal savings, including reduced health, justice, and other costs associated with homelessness.

Research by ACIL Allen for FHA member BaptistCare NSW & ACT suggests a three-fold social return on investment (including health, wellbeing, economic, employment and other social benefits) for safe and secure living combined with wrap-around tenant support services.<sup>13</sup>

While addressing housing supply is a critical first step, **providing tailored and ongoing support to tenants in social and affordable housing is needed to sustain tenancies, improve long-term housing and health outcomes, and prevent people from re-experiencing homelessness.**

Many state and territory governments build extended support provisions into social and affordable housing contracts. NSW Government departments and agencies have long embraced this best-practice approach, implementing and funding ongoing support in programs delivered under Future Directions for Social Housing,<sup>16</sup> including the Social and Affordable Housing Fund and Together Home<sup>17</sup>.

#### Recommendation 5: Full implementation of the National Regulatory System for Community Housing (NRSCH)

**The expected growth of CHPs through record HAFF investment is best supported by a unified regulatory framework** to deliver a “well-governed, well-managed, scalable and sustainable community housing sector”.<sup>18</sup>

Our member CHPs operating nationally must register with the NRSCH and separate regulatory systems in VIC and WA, adding a considerable administrative and compliance burden.

The National Housing Supply and Affordability Council recognises the sector’s desire to harmonise regulatory frameworks and suggests that not implementing a truly national regulatory regime is a barrier to institutional investment in social and affordable housing.<sup>19</sup>

FHA calls for an independent review to be commissioned, including consultation with key stakeholders to determine a way forward that supports and underpins the successful implementation of HAFF, NHAF and the Plan.



## Recommendation 6: Fund homelessness services to meet demand and create a Prevention Transformation Fund

**Specialist Homelessness Services (SHS) do not have the resources to respond to everyone who needs help, leading to missed opportunities for prevention and re-entry to homelessness** whilst creating significant costs and pressures on acute health, child protection and justice systems.<sup>20</sup>

Staffing in already stretched services is under threat as the government has not committed to continue funding to meet the increased wage costs from the Equal Remuneration Order.

FHA member Mission Australia is reporting demand for their homelessness and housing services has risen by 26% over the past three years.<sup>21</sup>

FHA joins with urgent calls from other peak bodies, including Homelessness Australia<sup>22</sup> and Mission Australia, for the government to:

- Provide an immediate funding increase of \$450 million annually to fund SHS to address current unmet need
- Commit to adjusting SHS funding with rising costs, including wage increases
- Establish a mechanism that adjusts SHS funding in response to need
- Shift to longer-term contracts to support a well-functioning, sustainable SHS system
- Invest an additional \$500 million in a dedicated Prevention Transformation Fund to support the strategic shift to homelessness prevention as a key commitment of the Plan. The Fund should be above any current expenditure and focused on funding policy, program and practice change

## 2. Delivering cost of living relief

### Recommendation 7: Increase Commonwealth Rent Assistance by at least 50%

Commonwealth Rent Assistance (CRA) is the most effective way to support low-income households in meeting housing costs and reducing housing stress. Increasing CRA also supports CHPs in housing the most vulnerable tenants in supported accommodation.

The 15% increase to CRA implemented in September 2023 is welcome but does not go far enough in the current climate of significant rent increases. FHA member Mission Australia finds, “the 15% CRA increase adds only \$15.50 per week to the maximum CRA rate – around one-tenth of the median rental cost increase over the past two years.”<sup>23</sup>

The Productivity Commission *Report on Government Services 2024* shows that 42.9% of low-income households renting from the private market were under housing stress despite receiving CRA.<sup>24</sup>

The Commission has recommended a CRA review to ensure its value reflects rent growth over time<sup>25</sup>. Until a thorough review can occur, **‘topping up’ CRA to 50% is an effective and immediate interim measure to deliver cost of living relief.**

Based on a recent Grattan Institute calculation, it is estimated that taking the increase to 50% would cost around \$1.68 billion in addition to the amount budgeted in 2023.<sup>26</sup>



**Recommendation 8:  
Lift income support payments to at least \$78 per day**

FHA's members support ACOSS-led calls to **'raise the rate' of Jobseeker and other income support payments to at least \$78 a day** as a key measure to prevent homelessness and reduce poverty.

Research into community attitudes by UNSW for ACOSS demonstrates that 86% of Australians agree that nobody deserves to live in poverty, and 76% support increasing the incomes of those on the lowest incomes<sup>27</sup>.

**Recommendation 9:  
Increase base funding for Commonwealth Emergency Relief by 30% for 2024-25**

The cost of living crisis and the impact of natural disasters are placing additional strain on services experiencing surging demand.

St Vincent de Paul Australia reports that requests for assistance have increased by 20-40% across Australia.

**Increasing base funding for Commonwealth Emergency Relief by 30% for 2024-25 will support FHA members, including Anglicare North Coast, Anglicare NSW South, NSW West & ACT, Anglicare Sydney, Catholic Care – Diocese of Broken Bay, Mission Australia, The Salvation Army, Samaritans, St Vincent de Paul Society NSW and Wesley Mission to help people meet their immediate basic needs and prevent homelessness precipitated by financial crisis.**

Increasing funding for the next financial year will effectively target people most affected by the cost of living crisis, who can experience financial hardship and require urgent access to material aid such as food vouchers or assistance paying essential bills.





## Conclusion

Faith Housing Alliance stands ready to support the government in addressing the housing crisis and in the rollout of cost of living relief.

Many FHA members operate nationally and include some of Australia’s oldest and most established charities with a successful track record of providing housing and delivering homelessness services among a broad range of community services.

The faith housing sector is a critical success partner for governments, marshalling unique resources to aid community flourishing, including chaplains, well-positioned land and countless volunteers motivated to offer compassion.





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