

Socialist Alliance policy

<http://www.socialist-alliance.org>



Housing

Context

1. Not all Australians have access to decent, affordable and secure housing. Aside from homelessness, people battle to keep a roof over their head and are forced to live in locations inconvenient to work, education and social participation.
2. This social crisis is a result of inadequate incomes combined with increased housing costs, and a lack of affordable housing. Over the past 40 years, house prices have risen at a far greater rate than household incomes, creating barriers to home ownership and putting greater pressure on rental accommodation.
3. “The average house price in the capital cities is now equivalent to over seven years of average earnings; up from three in the 1950s to the early 1980s. Only a third of transacted dwellings would have been accessible to the median young household in 2006–07, compared to a long-run average of almost a half. Around two-thirds of households in the lowest 40 per cent of the income distribution with a mortgage or renting were spending over 30 per cent of their income on housing, the established benchmark for ‘housing stress’. As house prices have increased, so too have rents and there are many more renting households in stress than home buying households. As many as 100 000 Australians are currently homeless.” (Commonwealth of Australia: 2008/1)
4. The availability of public and private rental properties has declined. The public housing sector has shrunk under the neo-liberal agenda of ALP and Liberal governments. Capital funding for public housing under the Commonwealth State Housing Agreement has been in absolute decline for decades and has barely been enough to replace old stock, let alone meet growing need. The government’s policy shifted from providing low-income earners with a genuine alternative to private rental and home ownership, towards welfare housing instead.
5. In response, state housing authorities have tightened eligibility criteria for public housing to people with high needs like mental health problems or homelessness, and eliminated security of tenure. But, even with the far-tighter eligibility criteria, the Australian Institute of Health and Welfare estimated in January that more than 200,000 people remained on public housing waiting lists.
6. Private owners buy and sell houses for speculative purposes, encouraged by generous tax benefits. (The capital gain on the sale of a principal residence is exempt from capital gains tax, unlike all other capital gains.) This speculation inflates house prices and makes housing unaffordable for lower income people, trapping us in a lifetime of renting.
7. Eligibility criteria for public and community housing has a dramatic effect on the degree of social disadvantage and stigmatisation associated with social (public and community) housing. Narrowing eligibility criteria to only people with the highest socio-economic need has the effect of entrenching socio-economic disadvantage. Such policies exacerbate social disharmony and community dysfunction in public housing areas and undermining community development.
8. The combined total of capital gains tax arrangements, land tax exemption and negative gearing arrangements is estimated to be in the order of \$50 billion per year. That reflects against the \$1.5 billion in the Commonwealth–State Housing Agreement and the \$1 billion spread over four to five years proposed for the new National Rental Affordability Scheme and the Housing Affordability Fund. These tax concessions also mean that the overall support to wealthy homeowners is greater than that to low income renters. The Industry Commission (1993, p. 21) cite estimates that in 1990–91 subsidies to homeowners in the top quintile of income earners

averaged \$3180 while those to private renters in the bottom quintile were less than half as much, at \$1440.” (Commonwealth of Australia: 2008/1)

9. These tax concessions are popular with homeowners and home buyers, who make up 70% of Australian households. “By pushing up the price of homes it makes it that much harder to attain the state of being a home owner, but makes the benefits of home ownership even greater if you manage to make it. The jackpot’s bigger, but harder to win. And a system that is biased in favour of owner-occupiers is a system that is biased against renters. That’s unfair to people who spend all their lives as renters, as well as making it harder for would-be home owners to make the leap.” (Gittens: 2007)
10. Close to 600,000 private renters are in housing stress, but ineligible for public housing. It is estimated that there are 400,000 units of affordable housing Australia-wide. The National Housing Supply Council said in 2006 there was a shortfall of 250,000 affordable rental properties for low to moderate income earners on \$643 to \$771 a week. For those on less than \$256 a week, there was a shortfall of 110,000 rental properties. The council recognised a shortfall of 202,000 for those earning between \$257 and \$385 a week.
11. Low cost housing is not produced due to market failure. Not enough low-cost housing is built as it is not profitable enough, compared to investment housing. Private landlords succeed in renting expensive housing to tenants as the cheaper, affordable houses do not exist. The federal government housing inquiry found that, “There is often inadequate housing for those looking to downsize and for those with limited means seeking less expensive private rental housing or social housing”. (Commonwealth of Australia: 2008/1)
12. The Commonwealth-State Housing Agreements that have provided funding for public and community housing in the past has been largely replaced by market subsidy models like the National Rental Affordability Scheme (NRAS). While this is a big increase in funding, it is one-off and encourages the role of for-profit players in the provision of low cost housing, who have an interest in profit about their interest in the social goals of affordable housing.
13. The National Rental Affordability Scheme provides 10-year subsidies for new properties rented at 20% below market rent. The aim is to increase the number of affordable dwellings by up to 50,000 by mid 2012. The flaw in this scheme is that it is a market-based solution to a crisis that has been brought on by a failure of the market. The solution needs to be longer term than 10 years, and in public control not vulnerable to market forces of for-profit providers.
14. Housing supply must be well located and well serviced with supporting jobs, public transport and social and community infrastructure. “The way to improve housing affordability is not to build cheap houses on the outskirts of cities away from employment, services and public transport links. This simply shifts costs from housing to the cost—in dollars and time—of transport. Rather, the aim must be to build affordable housing in areas where infrastructure can provide for and attract new residents. In considering longer-term changes in the housing stock, thought must also be given to it being environmentally sustainable for it to be truly ‘affordable’ in a broader sense.” (Commonwealth of Australia: 2008/1)
15. Affordable housing needs to take advantage of energy efficiency to reduce living costs for residents.
16. The construction industry argue that they a shortage of skilled labour and that this contributes to the shortage of affordable housing. Rather than investing in skills development in Australia, one of the solutions they propose is a “more flexible and streamlined utilisation of temporary overseas workers on section 457 skilled worker visas.” (Commonwealth of Australia: 2008/1)

Policy

Housing is a basic human right that should not be reduced to a commodity only available at the whim of the market. We aim for housing that is affordable, secure, good quality, appropriately located, for all.

In the long-term, the Socialist Alliance will:

1. Establish a publicly-owned and controlled not-for-profit housing finance corporation to:
 - Finance maintenance of current public housing stock, including retrofitting for energy efficiency with insulation and solar hot water;
 - Provide low-interest home loans for those in need;
 - Establish a large-scale building program to make good quality, creatively designed, energy efficient, appropriately located, affordable, long term social housing with a low carbon footprint, to suit a wide variety of domestic arrangements, including the needs of people living communally, in extended families and in Aboriginal communities, available for all who choose it; and
 - Invest in social infrastructure to support housing - local health services, education, employment and other services and access to quality public transport.
2. Fund the corporation from developer contributions via local and state government planning laws, taxation, superannuation funds.
3. Work with construction unions to implement the construction and maintenance program and include an investment in apprenticeships and training to meet the labour needs.
4. All overseas workers to work under the same award conditions as Australian workers.
5. Prioritise Aboriginal housing needs.
6. Eliminate capital gains tax exemptions and negative gearing, which inflate the market and keep lower income people out of home ownership.
7. Community control of public housing through democratically-elected housing boards comprised of tenants and housing workers.

In the interim, the Socialist Alliance will:

1. Address spiralling rental price increases by implementing rent control laws similar to those in place in Los Angeles and New York, which limit the amount that rent can be increased and all rents to be capped at a maximum of 20% of income.
2. Mandate high standards for private accommodation and require landlords to fix problems and maintain private housing stock in good condition. Nationalise and renovate all substandard landlord holdings.
3. Expand funding to, and support the development of, resident controlled housing co-operatives.
4. Extend rent assistance to low income home buyers for mortgage assistance.
5. Extend rent assistance to those receiving Austudy payments.
6. Increase funding to the Supported Accommodation Assistance Program (SAAP) to a level sufficient to provide crisis accommodation for all who need it, as well as to maintain support services to assist homeless persons into independent accommodation and preventive programs for those at risk of homelessness. Ensure a continuum of support from crisis accommodation through to long-term stable accommodation.
7. Provide high quality, community-based, supported accommodation for people with disabilities or other special needs. Fully fund refuges and other secure emergency accommodation for women and children escaping domestic violence.
8. Provide outreach workers to seek out service providers who may qualify for SAAP to guide them through the funding process, in order to ease the onerous bureaucratic requirements that these service providers have to endure in order to get and retain funding.
9. Provide additional funding to community organisations to enable them to provide education, training and housing assistance packages to young homeless people.

10. Provide additional funding for programs which provide support services for the aged homeless including additional funding to ensure greater access to aged care accommodation.
11. State and local governments planning frameworks to legislate for developer allocations of 30% of housing for low rent tenants in major new developments
12. State and local governments planning frameworks must force private developers to allocate 30% of housing for low-rent tenants in every development.
13. Strengthen legislation covering the rights of both public and private tenants, including the right to long-term leases.