

**Submission to
the Senate Community Affairs Committee inquiry into "National
Rental Affordability Scheme Bill 2008 and "National Rental
Affordability Scheme Bill (Consequential Amendments) Bill 2008"**

From: St Vincent de Paul Tasmanian Social Justice Committee

The St Vincent de Paul Tasmanian Social Justice Committee has produced a Rental Stress issue sheet to be published soon and last year appeared before the Tasmanian Legislative Council Housing Affordability in Tasmania Select Committee.

We submit quotes from Tasmanians the Society of St Vincent de Paul has visited in their rental accommodation (2007):

- "We don't know where to turn- we just can't afford the rent; it's taking too much of our income."
- "We have to rent in the private sector because we can't get government housing. The rents are so high".
- "By the time we pay the rent there is not enough to live on. We see this as a very serious situation leading to greater poverty".

We submit further quotes from Society of St Vincent de Paul members observing the problems of rental stress:

- "Kathy' and her partner have had to leave their rented home and take shelter in not much more than a humpy. They have two children under two years. A job loss has forced them out of their previous home as they had no money to pay rent and keep up with other bills. Without money Kathy calls us to help her feed her children. It will be a long wait for public housing".
- "We have visited a single mother who receives approximately \$742 per fortnight in benefits. The rent is \$380 per fortnight which is 50% of her income. This leaves very little to live on: after paying Aurora for power, telephone, and other bills we calculate she has only \$132 per fortnight to live on."

The most marginalized Tasmanians are being hit by tightening global and national economies. The members of the Society of St Vincent de Paul are privileged to visit these Tasmanians in their own homes, flats and caravans and to support them when they become homeless. The cost of rent, already squeezing these families and individuals, is likely to rise again and again. Vincentians see a desperate need for access to affordable housing and in particular affordable rentals yet promised state housing stock has not yet been built and rents continue to rise. Housing was an issue touched upon during the Federal election and Tasmanian State budget but the policy must now become reality.

We commend the initiatives of the Federal Government around housing affordability but believe the policy priority needs to be making rent more affordable in Australia. Last week's announcements of \$10.4 billion fiscal stimulus included supports for first home buyers that risks pushing up housing prices and pressing more Australians into an already over-stretched rental market with low vacancy rates. We agree with Saul Eslake (chief economist ANZ) that "it would have been better to put that money into expanding the National Rental Affordability Scheme, which is a cleverly crafted scheme that does increase low rental housing, which is what we need now" (interviewed by Kerry O'Brien, 7.30 Report, ABC, 14/10/2008).

The housing affordability crisis and rental availability means that:

- Almost one million low income people receiving Rent Assistance from the Government spend more than 30% of their income on rent. (ACOSS: Causes of Poverty 2005).
- A lack of affordable housing options has contributed to a rise in homelessness with 105,000 people homeless on Census night in 2006. (ABS).
- Continued low vacancy rates and strong demand for housing have driven rents higher across all the capital cities. Rents increased by 2.2 per cent in the quarter, the largest quarterly rise since 1989, to be 7.7 per cent higher through the year. (ALP Media Statement 24 July 2008)
- 'Housing stress' describes the circumstances of Australians on the lowest 40% of incomes who are paying more than 30% of their income in rent.
- Every year the number of Tasmanians living in housing stress increases: in fact, there are more than 22,000 households in the private rental market with recent projections expecting this will increase. (Shelter Tasmania)
- In Tasmania the Commonwealth Government contributes 22 million a year for public housing but almost \$17 million is paid back on pre 1989 Commonwealth State Housing Agreement Debts. (HIA, Housing Industry Australia, 2008)
- Tasmania has seen constant rent increases and low vacancy rates in the private rental market. Private rent is 40-50% higher than 7 years ago.
- For the past six years the vacancy rate in the private rental market has remained tight and intensely competitive averaging below 3%. (Shelter Tasmania).
- The HIA stated recently on that just 0.7 of rental properties in Hobart were vacant and that available rentals had halved state wide in recent months. (The Mercury, July 27 2008)
- All over Tasmania there is a chronic shortage of boarding house accommodation and yet the State Government last week reversed its move to establish a 40 bed homeless accommodation unit in Hobart.

In short the Society of St Vincent de Paul in Tasmania believes the Federal Government is on the right path with its National Rental Affordability Scheme but would encourage the policy and amendments to go further. In the current economic downturn it is critical that the Federal Government moves to support Australians struggling to find and or afford rental accommodation and to avoid the hardships of poverty and homelessness.

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