

care DIGNITY  
respect  
change HOPE

## **Budget 2017**

### **Housing Fact Sheet**

Anglicare Australia  
May 2017

*[www.anglicare.asn.au](http://www.anglicare.asn.au)*

## Anglicare Australia

Anglicare Australia is a network of 36 independent local, state, national and international organisations that are linked to the Anglican Church and are joined by values of service, innovation, leadership and the Christian faith that every individual has intrinsic value. Our services are delivered to one in 26 Australians, in partnership with them, the communities in which they live, and other like-minded organisations in those areas. In all, over 13,000 staff and 9,000 volunteers work with over 940,000 vulnerable Australians every year delivering diverse services, in every region of Australia.

Anglicare Australia has as its Mission “to engage with all Australians to create communities of resilience, hope and justice”. Our first strategic goal charges us with reaching this by “influencing social and economic policy across Australia...informed by research and the practical experience of the Anglicare Australia network”.

## Contact Person

Maiy Azize  
Anglicare Australia  
PO Box 4093  
Ainslie ACT 2602  
T: 02 62301775  
Maiy.Azize@anglicare.asn.au

## Expenditure Measures

### **Replacing the National Affordable Housing Agreement (NAHA) with a new agreement**

From 2018–19 NAHA will be replaced by a new agreement, National Housing and Homelessness Agreement (NHHA). This measure will redirect \$1.3 billion a year to the states and territories and replace it with a new set of agreements, with the same funding, that requires them to deliver on housing supply targets and reform their planning systems, and ongoing funding will be outcomes based.

The NHHA will combine funding from the National Affordable Housing Specific Purpose Payment (NAHSPP) and the \$115 million under the National Partnership Agreement on Homelessness (NPAH). This funding will increase under the NHHA, as it will be indexed annually. The National Competition Council will receive \$6.5 million to assist with implementation and performance assessment under the NHHA.

### **Bond aggregator for community housing**

The Budget provides \$63.1 million over four years to establish the National Housing Finance and Investment Corporation (NHFIC). This measure will use Government bonds to raise cheaper, long-term finance for affordable housing, to be deployed through an affordable housing finance corporation.

The bond aggregator will provide a long-term funding source of up to 20 years, and allow for securitisation of debt used in the construction and maintenance of housing for low-income families. The Affordable Housing Implementation Taskforce will inform the design of the NHFIC.

### **Additional funding for homelessness support services**

From 2018–19 an additional \$375.3 million will be provided for homelessness support services over three years. This funding is conditional on co-contributions from the State and Territory Governments.

### **Additional funding for housing infrastructure**

The Budget establishes a National Housing Infrastructure Facility (NHIF). This will provide financial assistance of up to \$1 billion to local government over five years from 2018-19 for infrastructure to support new housing.

### **Incentives for investment in affordable housing**

The Budget provides tax incentives for Managed Investment Trusts (MITs) to invest in affordable housing. This measure closely resembles Anglicare Australia's ongoing call for negative gearing concessions to be linked to affordable housing.

Investments that meet the criteria are the acquisition, construction or redevelopment of property that derives 80% or more of its assessable income from affordable housing for at least 10 years. Affordable housing will be defined as housing rented to low to moderate income tenants at a rate below market rates.

### **Incentives for older people to downsize their home**

From July 2018, owner-occupiers aged 65 or over will be able to contribute up to \$300,000 from the proceeds of the sale of their home to their superannuation. This is aimed at encouraging downsizing and increasing the supply of suitable housing for families.

The impact of this measure is unclear – theoretically, low income retirees would downsize their home and access the equity in their property. On the other hand, this initiative could become provide a tax break for high income earners with high marginal tax rates.

**Incentives for first home buyers**

From July 2017, first home buyers will be able to salary sacrifice extra contributions into their superannuation account above the compulsory contribution, up to a maximum of \$30,000 in total and \$15,000 in a single year. They will then be able to withdraw those savings from July 1, 2018 onwards.

There is some concern that by putting more money into the housing market, this measure could further fuel the increase in house prices. It has also been noted that the maximum \$30,000 savings pool would not provide an adequate deposit in most Australian cities.

**Savings Measures****Limiting negative gearing deductions**

From July 2017, negative gearing depreciation deductions for plant and equipment items such as washing machines and ceiling fans will only be allowed if the investor actually bought them. This is estimated to save \$260m over the next four years.

Investors will also no longer be able to claim tax deductions for travel expenses “related to inspecting, maintaining or collecting rent for a residential rental property.”

**Reducing tax breaks for foreign investors**

Foreign owners of residential property not unoccupied or available for rent for at least six months of the year will be levied. This measure aims to free up more residential property.

The capital gains tax withholding threshold for foreign tax residents will also be reduced from \$2m to \$750,000 from 1 July 2017. New foreign investors will also lose access the CGT exemption for their main residence.

**What's Missing****Reform to negative gearing**

Disappointingly, the Government will leave negative gearing in place. Simple adjustments will generate \$800 million in revenue over four years, which shows what a gold mine for Budget repair negative gearing actually is. More substantial reform has the potential to generate billions of savings for investment in public and social housing.

**Reform to capital gains tax**

While rules have been tightened for foreign owners, the capital gains tax regime remains largely unchanged. This is a lost opportunity to generate savings for investment in public and social housing.

**Investment in public housing**

Anglicare has called for increased funding for public housing and community housing by rebooting national agreements, and increasing transparency so that goals can be tracked and are delivered. There is still potential to achieve this as part of the NHHA.

**A plan for renter's rights**

Anglicare had called for a national plan on renters rights, to ensure the same rights are guaranteed across Australia. Making renting fairer, more secure and more acceptable is an essential part of ensuring every person in Australia has a home. The Government does say that it is “providing more security for renters” by working with state and territory governments to “standardise use of long-term leases”, but no detail is provided in the Budget papers.

**Ending the poverty trap**

It will take years to fix the lack of public and community housing for people on low incomes. It is therefore all the more urgent to increase government income payments to that of a living wage. This Budget freezes government payments at dangerously low levels. At the same time, new punitive and onerous Centrelink requirements handed down as part of the Budget will make it much easier for vulnerable to lose their payments or have them suspended.

**What the Sector is Saying****ACOSS**

*“ACOSS welcomes the first steps to address housing affordability, including key elements to encourage private investment in affordable housing and secure funding for homelessness services. This start will only deliver for those on the lowest incomes if the next step is taken: new public investment in social housing and improved rent assistance for tenants. On the other hand, the extension of super tax breaks to people buying a first home or downsizing is a backward step that will increase house prices and waste public revenue.”*

**Homelessness Australia**

*“While the increased security of funding for homelessness services is very welcome, the fact remains that we can't house the 105,000 Australians experiencing homelessness each night until there is a real increase in public housing to get 200,000 people off waiting lists.”*

**Mission Australia**

*“We have been advocating for sustained homelessness funding for years and are very glad to have some certainty in this year's Budget that vital homelessness services will receive ongoing funding, without an annual fight... Disappointingly, the Budget contained inadequate assistance for the many people in rental stress who remain just one step away from homelessness. Rents are becoming increasingly unaffordable for older and younger Australians alike, with those on Newstart and the age pension struggling to find a home within their means.”*

**National Shelter**

*“This is a good start from a government which has flagged affordable housing as a centrepiece, but not so deep or comprehensive to get a thorough tick... Overall the budget has provided a range of measures which will help but which is short of new direct investment to encourage and foster its intent sufficiently and has not provided much needed increases to commonwealth rent assistance to mitigate rising rental unaffordability.”*

**UnitingCare Australia**

*“The measures that the Government will establish to encourage investors to provide affordable rental housing for low to moderate income renters include tax incentives and assistance to reduce borrowing costs for new housing... With the shortfall of available and affordable housing units in the hundreds of thousands, it is difficult to see these measures having a significant impact on the numbers of people experiencing or at risk of homelessness.”*