

Pre-Budget Submission 2024-25

JANUARY 2024



Introduction

Relentless rent increases and record low vacancy rates are driving more Australians into homelessness and services are unable to keep up with demand.

Meanwhile funding for homelessness services is falling behind the cost of inflation, and homelessness services face a funding cliff beyond June 2024.

This Budget Submission calls for an emergency investment into homelessness services on the front line of the housing crisis, and for increased income support to assist struggling renters with the rising cost of rent.

We also call for investments that will drive down homelessness over time, including into social housing, homelessness prevention, and the homelessness system infrastructure needed to drive policy change and stronger practice.

1



There is huge unmet demand for homelessness services but federal funding is decreasing

When people experience a housing crisis and face homelessness they expect that homelessness services will be able to help them. But in 2022–23, homelessness services had to turn away nearly 295 people per day on average; a total of around 108,000 unassisted requests across the year, 2,400 more than in 2021–22. (1)

A survey of 252 workers across frontline homelessness support services demonstrated how the homelessness crisis has been deepening in 2023, with 93% of respondents saying that they increasingly had to turn away people seeking help due to the housing crisis or to provide less help than was needed in 2023. (2)

Of those being turned away from the help they need, 80% are women and children, many of whom are fleeing domestic and family violence.

When people can't get the help they need they fall deeper into crisis, making it harder to escape homelessness. This was apparent in the latest homelessness data which showed that the proportion of people sleeping rough when they first approached homelessness services increased 17% in 2022–23, compared to 2021–22. (3)

For homelessness services to be able to respond to everyone needing urgent homelessness help, a significant funding boost is needed. Homelessness Australia has estimated that an additional \$450 million in homelessness support is needed to respond to new people needing homelessness assistance and people currently being turned away. (4)

Rather than increasing funding in response to increasing demand, homelessness funding has instead been falling in real terms. In 2023–24, funding increased 4.4%, but CPI over the same period increased 6.0%. (5) (6)

	2022-23	2023-24	2024-25
Homelessness component	\$123.6 M	\$127.8 M	\$132 M
Equal Remuneration Order supplement homelessness (7)	\$63.4 M	\$67.5 M	-
Total homelessness	\$187.0 M	\$195.3 M	\$132 M
Funding needed to keep pace with inflation (8)		\$198.2 M	\$205 M

In June 2024 the current National Housing and Homelessness Agreement expires and homelessness services face a funding cliff of \$73 million if the agreement continues without continued funding for the ERO component, and adequate indexation.

Recommendation

Increase funding for homelessness services to the level needed to create a well-functioning system by:

- immediately increasing funding by \$450 million annually to address current unmet need and projected growth in demand
- extending the Equal Remuneration Order funding of \$73 million which expires on 30 June 2024, and
- adjusting funding in line with rising costs, including wage increases

(1) AIHW, [Unmet demand for specialist homelessness services](#) in Specialist homelessness services annual report 2022–23, December 2023

(2) Homelessness Australia, [Impact of the housing crisis survey](#), December 2023

(3) AIHW, Specialist homelessness services annual report 2022–23, December 2023

(4) Homelessness Australia, [Overstretched and overwhelmed: the strain on homelessness services](#), August 2023

(5) Commonwealth of Australia, Budget 2023, Budget Paper No. 3: Federal Financial Relations, May 2023

(6) Australian Bureau of Statistics, Consumer Price Index, Australia, September 2023

(7) The Council on [Federal Financial Relations](#) National Housing and Homelessness Agreement, page 11 and Bilateral Agreements

(8) Projected inflation for June 2024 is 3.5% : Reserve Bank of Australia, [Economic Outlook](#) Table 5.1

Struggling renters urgently need cost of living relief

The inability to keep up with the cost of rent is the biggest and fastest growing cause of homelessness. Since January 2022 rents have skyrocketed by 19.5%, and the number of people seeking homelessness support each month because of financial stress or housing crisis has surged by 4,700 to 55,264 people in September 2023. (9) (10)

For low income households, high housing costs are increasingly a cause of poverty and precarity. In 2022, well over half of low-income households in the private rental market (58%) were paying 'unaffordable' rents (more than 30% of household income). (11) Given high rent inflation, we anticipate this proportion will have increased. (11) Many of these households are not eligible for Commonwealth Rental Assistance (CRA).

The situation is especially dire for people reliant on income support payments. In June 2022, 63% of JobSeeker recipients and 75% of Youth Allowance recipients were in rental stress, even after receiving CRA. (12)

Modelling by Professor Rachel Ong and colleagues has revealed that rental stress among low income households could be immediately halved by restructuring CRA to extend its eligibility to low wage earners in private rental who are currently ineligible, and by increasing the payment. (13)

Increasing the base rates of JobSeeker, Youth Allowance and related working-age payments are another way to relieve the profound financial stress driving people into homelessness.

Recommendation

Reduce the rental stress experienced by the worst impacted households by:

- increasing JobSeeker, Youth Allowance and related income support to parity with pensions (including pension supplement), at least \$78 a day on current rates, and index payments to wages as well as prices, and
- increasing the maximum threshold for Commonwealth Rent Assistance (CRA) by 60% (resulting in a 110% increase in the payment) and initiate a review process to better align eligibility with need.



(9) SQM research, [Weekly rents national and national vacancy rates](#), Accessed 17/1/2024

(10) AIHW, [SHS clients by reasons for seeking assistance \(main categories\)](#) in Specialist Homelessness Services: monthly data, November 2023

(11) Pawson et al. [Australian Homelessness Monitor 2022](#)

(12) AIHW, Housing assistance in Australia web report at <https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia/contents/financial-assistance> July 2023 Accessed on 12 October 2023

(13) R Ong, H Pawson, R Singh and C Martin, [Demand-side assistance in Australia's rental housing market: exploring reform options](#), AHURI 2020 <https://www.ahuri.edu.au/research/final-reports/342>, doi:10.18408/ahuri8120801.

New social housing is needed to end homelessness

Australia’s record low vacancy rates and high rents are driving fierce competition in the private rental sector that is supercharging housing inequality. Rental market competition strongly disadvantages people subject to racism, homophobia or transphobia, or discrimination on the basis of age or disability. These households are both more likely to have low incomes and to experience discrimination in the rental market.

Social housing targets homes to those at most risk in the private rental market.

While the Federal Government has provided some welcome commitments to grow the stock of social housing, the national shortfall of 640,000 social housing properties far exceeds current growth projections. (14)

The 2022-23 AIHW data below highlights that the overwhelming majority of people needing settled and medium term accommodation cannot get the support they need. (15)

Homeless children and young people without homes are at a particular disadvantage in the housing market. Each year more than 15,000 young people who come to homelessness services seeking medium or long term housing are turned away without a home. (16)

This is because there aren’t housing options that meet young people’s needs in either the private market or in social housing. They can’t access essential care or support, and neither homelessness nor social housing funding programs deliver the resources needed to establish new dedicated tenancies with the necessary linked support for children and young people.

Housing outcomes for First Nations people are also shockingly bad, with First Nations people 3.8% of Australia’s population but one-fifth of people experiencing homelessness. (17) Record low vacancy rates have supercharged competition in the rental market, inevitably increasing First Nations housing exclusion. (18)

Service sought by the client	Service need (no of households)	Service provided	Service not provided or referred
Long-term housing	109,151	4%	73%
Medium-term accommodation	81,743	25%	58%

(14) Ryan van den Nouwelant, Laurence Troy and Balamurugan Soundararaj, UNSW City Futures Research Centre, [Quantifying Australia’s unmet housing need: A national snapshot](#), November 2022

(15) AIHW, Table CLIENTS.24: Clients, by need for services and assistance and service provision status, and by state and territory, 2022–23 in Specialist homelessness services annual report 2022–23, December 2023

(16) AIHW, Specialist Homelessness Services Collection data cubes 2011–12 to 2021–22, December 2022

(17) AIHW, Specialist homelessness services annual report 2022–23, December 2023

(18) Stone, W.M., Goodall, Z.A., Peters, A. and Veeroja, P. (2021) Aboriginal Private Rental Access in Victoria: “Excluded from the Start”. A Report Commissioned by the Consumer Policy Research Centre, Swinburne University of Technology, Melbourne

New social housing is needed to end homelessness

While in the five years from 2013-14 the Federal Government spent over \$500 million per year on First Nations housing, only \$186.7 million is budgeted in 2023-24. The Housing Australia Future Fund includes \$200 million over five years for repairs and maintenance of remote Indigenous housing but there is no dedicated new funding to replace previously the axed Indigenous Housing Agreement. (19)

The 2024 Budget will provide the resources for the new National Housing and Homelessness Agreement (NHHA); an important opportunity to embed social housing growth in the federal and state funding and cooperation architecture.

The NHHA could be better aligned to achieve growth if it included a social housing growth fund separate to resourcing of the current social housing stock, and if state governments were required to match federal funds. Social housing growth could also be achieved by increasing the capital pool in the Housing Australia Future Fund or via new funding partnerships, including for First Nations housing.

The 2024 Budget needs to increase investment in social housing to deliver a pipeline of 25,000 social housing properties each year.

This pipeline should include:

- specific funding for Aboriginal community controlled housing to close the gap in housing outcomes for First Nations Australians, and
- resources to create 15,000 youth specific tenancies.

Recommendation

Deliver the homes needed to end homelessness by:

- delivering the investment needed to create a pipeline of 25,000 social housing properties a year
- providing specific funding for Aboriginal community controlled housing to close the gap in housing outcomes for First Nations Australians
- resourcing 15,000 youth specific tenancies.



(19) Commonwealth of Australia, Budget Paper No. 3: Federal Financial Relations in each Budget year

Dedicated investment is needed to prevent more people becoming homeless

Caught at the right time, many incidences of homelessness can be avoided. However, homelessness services that are overwhelmed by people with nowhere to sleep that night are often unable to spend the time needed to prevent impending homelessness.

Where homelessness services are able to respond to people at risk of homelessness, they achieve excellent results, with 80% of clients avoiding an experience of homelessness. (20) However, in 2022-23 services were unable to provide the support needed to 17% of people needing assistance to sustain their housing; 28% of people needing legal support or financial counselling, 17% of people needing assistance to obtain or maintain their Centrelink payment, and 17% of people needing support with family relationships. (21)

The National Plan should include a significant investment for a Prevention Transformation Fund, as recommended by the Productivity Commission. (22)

An initial annual investment of \$500 million would establish a ring fenced funding stream, over and above current homelessness expenditure, in the next NHHA. The Fund would target early-stage, crisis and emergency prevention interventions as well as other supporting measures that will be needed to shift to a prevention approach.

Recommendation

Focus the balance of new investment into homelessness services into prevention by making an initial \$500 million investment into a Homelessness Prevention Transformation Fund.



(20) Productivity Commission, Report on Government Services 2024, Homelessness services data tables, Table 19A. 30 Clients at risk of homelessness who avoided homelessness

(21) AIHW, Specialist Homelessness Services Annual Report 2022-23, Table CLIENTS.24: Clients, by need for services and assistance and service provision status, and by state and territory, 2022-23

(22) Productivity Commission, In need of repair: The National Housing and Homelessness Agreement, August 2022

Peak body expertise is critical to homelessness policy development and scaling up of Housing First

In 2024, the Federal Government will deliver a 10-year national housing and homelessness plan, followed by five year action plans, and will pursue policy development that impacts homelessness in disability policy, emergency response, income support, family violence, mental health, aged care and child and youth policy.

The summary report from consultations for the national plan has identified change is needed to:

- scale up use of Housing First models to end homelessness
- increase the focus on homelessness prevention and early intervention across government
- educate the community around homelessness
- better tailor homelessness services to people's circumstances
- provide more training and support for homelessness services, and
- collect better data on homelessness

To achieve the best results, national peak body expertise is needed to inform these policy change processes, and to deliver the knowledge and training needed to scale up Housing First and provide sector capacity support. To be most effective, this voice needs to be closely informed by the homelessness sector and people with lived experience of homelessness.

Homelessness Australia proposes building on its experience delivering policy and practice expertise and the Australian Housing First train the trainer program to deliver a scaled up policy capacity, and sector capacity building program that includes an Australian Housing First Hub.

Scaling up will deliver Government:

- expert policy advice on how to reduce homelessness, and improve pathways out of homelessness

- a conduit of information and dialogue to and from the homelessness sector to identify emerging issues, understand pathways into and out of homelessness, and to foster collaboration with government to create solutions
- collaborations and connections across the homelessness sector, academia, government, and people with lived experience, and across Australian and international homelessness sectors
- space for sector learning and capacity building across the breadth of current and emerging homelessness practice, including homelessness prevention
- community education on the drivers of homelessness and effective solutions

An Australian Housing First Hub will deliver:

- resources and information to guide service providers to transform existing programs to a more successful high-fidelity Housing First model
- upskilling the homelessness workforce with Housing First training
- upskilling governments in commissioning Housing First programs
- sustaining a national Housing First Community of Practice to foster shared learning and to consciously evolve and develop the model for cohorts with specific needs or specific locational or demographic contexts
- research to understand more about Housing First implementation and feed new knowledge into the sector.

Recommendation

Invest \$3 million over two years to resource Homelessness Australia to provide expert advice to inform the Government's policy change processes and to deliver the knowledge and training needed to scale up Housing First and provide sector capacity support.