



INCREASING RENT ASSISTANCE BY 30%

Helping Australians struggling with rental stress

Reducing poverty and inequality

Housing affordability in Australia has reached a crisis point, especially for young people, pensioners and single people in the rental market.

Commonwealth Rent Assistance assists more than one million people but has not kept up with spiralling rent prices. Our proposal is a long overdue measure to reduce pressure on people struggling to meet their basic housing needs.

Commonwealth Rent Assistance (CRA) has been important in improving housing affordability for low-income earners, however over 40% of those receiving CRA payments are still suffering from housing stress.

We need to restructure the CRA to ensure the maximum possible effect for low-income households struggling to meet the demands of high cost rental housing.

> HOW WILL WE DO THIS?

The Greens proposal will tackle this problem at its core by increasing Commonwealth Rent Assistance by 30%, through an increase of 10 per cent on current levels in each of 2017-18, 2018-19 and 2019-20.

This would equate to an increase of between \$13-25 a week.

The Greens will also review the structure of CRA payments in accordance with reports by peak bodies recommending that the level of payment should vary according to the average rental cost in each location. We will look at abandoning the Rent Assistance rules regarding 'sharers' and aim at linking payments to the level of rent paid, rather than the type of living arrangement people may be in.

> THE SITUATION FOR LOW- INCOME EARNERS

The current system of Commonwealth Rent Assistance is failing to help those who need it most. Tens of thousands of low-income earners right across Australia are still living with extreme housing poverty.¹

This is largely because rent assistance payments have been linked to the Consumer Price Index instead of national average increases in rent. This means that while payments are reducing housing stress for some, this number is being outstripped by the overall increase in those suffering from housing stress.

As it stands, many people receiving rent assistance face housing costs that are much higher than the support they receive through rent assistance.

This is the case for two thirds (65%) of the people receiving rent assistance who live in major cities. Rent is generally higher in these areas that are deemed to have strong labour markets. The level of rent assistance received by most households does not cover anywhere near the total cost of housing needs.

37.6 per cent of rent assistance recipients who are receiving student payments (26,003 people) are paying more than half of their income in rent. On top of this students are adversely restricted by the 'sharer' Rent Assistance rules further limiting the amount of assistance they can receive.

This is why peak bodies *ACOSS* and *National Shelter* have both written reports recommending a complete restructure of Commonwealth Rent Assistance. Payments should be made at a rate more appropriate for meeting people's housing needs. Levels of rent assistance should vary in accordance with the area lived in, the level of rent paid and needs of the individual receiving the payments.² These recommendations include abandoning the 'sharer' rules which currently place too much focus on the nature of a person's living arrangements.

Table 1 shows the percentage decrease in those suffering from rental stress if maximum rates were increased by \$25 a week.

These recommendations are the first step towards providing relief for those left in a critical condition with no means of finding affordable housing.

¹ National Welfare Rights Network, [A home on the range or a home out of range?](#)

² National Welfare Rights Network, [The impact of Rent Assistance on housing affordability for low-income renters: Australia.](#)

Table 1: Percentage decrease in rental stress after CRA increase of \$25 per week

CRA RECIPIENTS	CURRENT NO. IN HOUSING STRESS		WITH A \$25 PW INCREASE	
	Total Recipients	% in housing stress	Reduction in housing stress	% in housing stress
Aged Pension	201 215	29%	19 854	19%
Disability Support Pension	235 851	31%	25 373	21%
Carer Payment	29 489	29%	2267	22%
Newstart Allowance	211 765	64%	21 139	54%
Austudy	17 848	72%	1420	64%
Youth Allowance-student	65 431	77%	3656	71%
Youth Allowance-other	15 050	72%	488	69%
Parenting payment (single)	166 160	38%	16 303	28%
Parenting payment (partnered)	27 896	46%	1789	40%
Family Tax Benefit Only	147 006	18%	5996	14%
Other	12 821	64%	1472	53%
All	1 130 532	41%	99 726	32%

Source: Australians for Affordable Housing, [Easing Housing Stress Budget Statement 2012-13](#).

> WHO WILL THIS HELP?

There are more than 1.3 million people receiving income support across Australia.

- 41% of those receiving rent assistance are people aged between 30-49;
- 24% are 60 years and older, with 18% also on the aged pension,³ and
- 12% are young people under 25 (many of these are also students).⁴

This initiative will help improve the lives of thousands of families and people who are struggling with housing costs, and move thousands of households who out of housing stress.

³ Australian Institute of Health and Welfare, [Financial Assistance](#).

⁴ Productivity Commission, [Report on Government Services](#), Volume G.

> WHAT IS HOUSING STRESS?

Households are generally held to be experiencing housing stress if more than 30 per cent of household income is being spent on rent.

The current level of rent assistance means 40% of recipients still experience housing stress after receiving rent assistance. Some groups receiving rent assistance are particularly vulnerable to rental stress:

- **57.5 per cent** of households including young people (24 and under) were in rental stress;
- **31.2 per cent** of recipients on the DSP were in rental stress; and
- **32.8 per cent** of Aboriginal and Torres Strait Islander recipients were in rental stress.⁵

The real value of rent assistance has declined over time as rents have risen faster than inflation, leaving low-income earners even further behind. In order to reduce the number of rent assistance recipients in housing stress, the maximum rate of payment needs to be increased by 30 per cent.

> BUDGET IMPLICATIONS

The Greens will increase rent assistance by 30 per cent on current rates by 2019-20, through an increase of 10 per cent in each of 2017-18, 2018-19 and 2019-20. This will cost approximately **\$2.2 billion over the forward estimates**.

> INACTION BY THE OLD PARTIES

The Greens believe that everyone should be able to access secure, appropriate and affordable housing. The old parties have consistently failed to take action on rent assistance and housing affordability, despite recommendations and independent reviews.

The Greens will increase rent assistance, helping reduce inequality and supporting people struggling with poverty. A comprehensive package of housing measures will help ensure everyone has access to appropriate, affordable housing.⁶

⁵ Productivity Commission, [Report on Government Services](#), Volume G, p. G6.

⁶ <http://greens.org.au/housing>